

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

**IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PROPOSED PLAN OF
COMPROMISE OR ARRANGEMENT WITH RESPECT TO
STELCO INC. AND THE OTHER APPLICANTS LISTED
IN SCHEDULE "A"**

**APPLICATION UNDER THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED**

NOTICE OF MOTION

**(motion for an order in respect of the New Secured FRNs,
returnable March 28, 2006)**

THE APPLICANTS will make a Motion to a Judge presiding over the Commercial List on Tuesday, March 28, 2006 at 10:00 [a.m.](#), or as soon after that time as the motion can be heard, at 361 University Avenue, [Toronto](#).

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. an Order that, that the terms and conditions of the issuance and exchange of the New Secured FRNs (for greater certainty, with the amendments to the terms thereof contemplated by the Second Amending Letter and including all guarantees of Stelco's and any other obligor's payment and/or performance given to the holders of the New Secured FRNs or the trustee(s) therefor in connection therewith), the New Common Shares, the New Warrants and cash to and with the Affected Creditors in exchange for, and in full and final satisfaction of, the Claims held

by the Affected Creditors pursuant to or in connection with the CCAA Plan are approved and are determined to be substantively and procedurally “fair” to the Affected Creditors.

THE GROUNDS FOR THE MOTION ARE:

1. On January 29, 2004, the Applicants applied for and were granted protection from their creditors under the CCAA, pursuant to the Initial Order.
2. By order of this court dated January 20, 2006, the Applicants’ Third Amended and Restated Plan of Arrangement and Reorganization dated December 9, 2005 (the “CCAA Plan”) was sanctioned and approved. By order of this court dated February 14, 2006, a plan of arrangement under the CBCA (the “CBCA Plan”) was sanctioned and approved.
3. The CCAA Plan contemplates the issuance of New Secured FRNs, New Common Shares, New Warrants and cash to the Affected Creditors in exchange for their Affected Claims.
4. Section 5.03(1)(n) of the CCAA Plan provides that implementation of the CCAA Plan is conditional on the New Secured FRNs being freely transferable in the United States, subject to certain exceptions.
5. Stelco intends to rely on paragraph 6 of the Sanction Order, and the Order obtained on March 9, 2006 as constituting a part of the basis, under Section 3(a)(10) of the United States Securities Act of 1933, for claiming an exemption from the registration requirements of the United States Securities Act of 1933 (the “Section 3(a)(10) Exemption”) with respect to the issuance of the New Secured FRNs of Stelco to residents of the United States in connection with the CCAA Plan.
6. Section 3(a)(10) of the U.S. Securities Act of 1933 reads as follows:

“Except with respect to a security exchanged in a case under title 11 of the United States Code, any security which is issued in exchange for one or more bona fide outstanding securities, claims or property interests, or partly in such exchange and partly for cash, where the terms and conditions of such issuance and exchange are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear, by any court, or by any official or agency of the United States, or by any State or Territorial banking or insurance commission or other governmental authority expressly authorized by law to grant such approval.”

7. As a result of negotiations among key stakeholders with respect to the terms of the New ABL Facility, the New Secured FRNs, the New Secured Revolving Term Loan and the Intercreditor Agreement, the Applicants have amended certain terms of the New Secured FRNs pursuant to the Second Amending Letter with the consent or support of those stakeholders, all in accordance with the terms of the CCAA Plan.
8. US. securities law counsel to the Applicants have advised that in order to rely on the Section 3(a)(10) Exemption in respect of the issuance and exchange of the New Secured FRNs as amended by the Second Amending Letter, the Applicants need to obtain an order of the Court similar in nature to the March 9 Order and paragraph 6 of the Sanction Order.
9. The Sanction Order, including paragraph 37 of the Sanction Order which allows the Applicants at any time prior to the Plan Implementation Date to apply to this Court for such other relief as they may consider necessary or desirable in connection with the Non-Core-Asset Sales, the Plan, any of the transactions contemplated by the Plan or any condition to implementation of the Plan.
10. Such further and other ground as counsel may advise and this Honorable Court deem just.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. the Affidavit of Andrew Parker to be sworn in connection with this motion;
2. the Sanction Order of the Honourable Mr. Justice Farley dated January 20, 2006; and
3. such further and other materials as counsel may advise and this Honourable Court may permit.

March 24, 2006

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TO: THE SERVICE LIST

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COMMERCIAL LIST
Proceeding commenced at TORONTO

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