
PENSION AGREEMENT

Dated as of the 31st day of March, 2006

Between

STELCO INC.

and

SUPERINTENDENT OF FINANCIAL SERVICES

and

**HER MAJESTY THE QUEEN IN RIGHT OF ONTARIO,
AS REPRESENTED BY THE MINISTER OF FINANCE**

and

**HAMILTON COKE LIMITED PARTNERSHIP,
by its general partner HAMILTON COKE GP INC.**

and

**HAMILTON LAND LIMITED PARTNERSHIP,
by its general partner HAMILTON LAND GP INC.**

and

**HAMILTON STEEL LIMITED PARTNERSHIP,
by its general partner HAMILTON STEEL GP INC.**

and

**LAKE ERIE COKE LIMITED PARTNERSHIP,
by its general partner LAKE ERIE COKE GP INC.**

and

**LAKE ERIE LAND LIMITED PARTNERSHIP,
by its general partner LAKE ERIE LAND GP INC.**

and

**LAKE ERIE STEEL LIMITED PARTNERSHIP,
by its general partner LAKE ERIE STEEL GP INC.**

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PENSION AGREEMENT

THIS AGREEMENT made as of the 31st day of March, 2006

BETWEEN:

STELCO INC., a corporation incorporated under the
Canada Business Corporations Act

("Stelco")

- and -

SUPERINTENDENT OF FINANCIAL SERVICES,
appointed under the *Financial Services Commission of
Ontario Act, 1997*

(the "Superintendent")

- and -

**HER MAJESTY THE QUEEN IN RIGHT OF
ONTARIO, AS REPRESENTED BY THE MINISTER
OF FINANCE**

(the "Province")

- and -

HAMILTON COKE LIMITED PARTNERSHIP, a
limited partnership established under the laws of the Province
of Ontario, by its general partner, **HAMILTON COKE GP
INC.**

- and -

HAMILTON LAND LIMITED PARTNERSHIP, a
limited partnership established under the laws of the Province
of Ontario, by its general partner, **HAMILTON LAND GP
INC.**

- and -

HAMILTON STEEL LIMITED PARTNERSHIP, a
limited partnership established under the laws of the Province
of Ontario, by its general partner, **HAMILTON STEEL GP
INC.**

- and -

LAKE ERIE COKE LIMITED PARTNERSHIP, a limited partnership established under the laws of the Province of Ontario, by its general partner, **LAKE ERIE COKE GP INC.**

- and -

LAKE ERIE LAND LIMITED PARTNERSHIP, a limited partnership established under the laws of the Province of Ontario, by its general partner, **LAKE ERIE LAND GP INC.**

- and -

LAKE ERIE STEEL LIMITED PARTNERSHIP, a limited partnership established under the laws of the Province of Ontario, by its general partner, **LAKE ERIE STEEL GP INC.**

WHEREAS Stelco's creditors have voted in favour of, and the Ontario Superior Court of Justice (Commercial List) (the "**Court**") has approved, the Third Amended and Restated Plan of Arrangement and Reorganization of Stelco and certain of its subsidiaries dated December 9, 2005 pursuant to the *Companies' Creditors Arrangement Act* (the "**CCAA**") (the "**CCAA Plan**");

AND WHEREAS the Province has agreed to enter into this Pension Agreement in connection with the restructuring of Stelco as contemplated by the CCAA Plan;

AND WHEREAS Stelco sponsors the Stelco Main Pension Plans (as defined below);

AND WHEREAS Stelco made the Section 5.1 Election (as defined below) in respect of each of the Stelco Main Pension Plans;

AND WHEREAS each of the Stelco Main Pension Plans is currently underfunded on a solvency basis;

AND WHEREAS the parties have reached an agreement with respect to the funding of the Stelco Main Pension Plans to facilitate the transition of the Stelco Main Pension Plans from the Section 5.1 Election regime to funding such plans in accordance with the general regulatory regime of the PBA (as defined below) and on a basis consistent with the CCAA Plan and related transactions;

AND WHEREAS the Minister of Finance will recommend to the Lieutenant Governor-in-Council that a new regulation be made the purpose of which shall be to assist the Stelco Main Pension Plans to make the transition from the Section 5.1 Election to the general regulatory regime of the PBA not later than January 1, 2016, if all conditions agreed to by the parties in this Agreement are satisfied;

AND WHEREAS this Agreement is intended to be a document that supports the pension plan for each of the Stelco Main Pension Plans;

NOW THEREFORE for value received (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

ARTICLE 1 INTERPRETATION

1.1 **Definitions**

In this Agreement the following terms shall have the meanings set forth below:

“Actuarial Valuation Sanction” or **“Sanction”** means, in connection with a filed Initial Actuarial Valuation, Annual Actuarial Valuation or Terminal Actuarial Valuation, one of the following:

- (a) the Superintendent’s advice in writing that he will not issue a Notice of Proposal; or
- (b) where the Superintendent has issued a Notice of Proposal, the date such Notice of Proposal is withdrawn, a settlement in respect of such Notice of Proposal is reached, or a final decision of a tribunal or court of competent jurisdiction relating to such Notice of Proposal is rendered and the time period for initiating an appeal or further appeal has elapsed.

“Adjusted Solvency Deficit” for any year means the Initial Solvency Deficit, as adjusted on the basis of the Annual Actuarial Valuation up to that year, and equal to the particular plan’s solvency liabilities less the market value of the assets as determined by the Annual Actuarial Valuation for that year, except that the solvency liabilities and related assets with respect to any Benefit Improvement or Wind-up Benefits will be excluded and disclosed separately.

“Agreement” means this Pension Agreement and all instruments and amendments or confirmations of it; “hereof”, “hereto” and “hereunder” and similar expressions refer to the Agreement and not to any particular Article, Section or other subdivision of the Agreement; “Article”, “Section” or other subdivision of the Agreement followed by a number refers to the specified Article, Section or other subdivision of the Agreement.

“Allocation Process” means the process for determining the proportion of contributions to be allocated to each of the Stelco Main Pension Plans, including any allocations of additional contributions as set out in Section 3.6 of this Agreement, any Free Cash Flow contributions required by Section 3.3 of this Agreement and any adjustments as required by Section 3.2(5) of this Agreement, all as set out in the Stelco Regulation.

“Annual Actuarial Valuation” means the actuarial valuation of each of the Stelco Main Pension Plans which shall be performed, in the absence of a Solvency Event, as at December 31 of each year for plan years 2006 to 2014 in a manner

- (a) that is based on the same actuarial methodology used to perform the Initial Actuarial Valuation, and without any smoothing of the assets and/or liabilities of the particular plan;
- (b) which includes all experience gains and losses since the preceding valuation; and

- (c) separately discloses the solvency liabilities and related assets with respect to any Benefit Improvements and Wind-up Benefits;

subject to those changes in generally accepted actuarial assumptions that are applicable at the valuation date.

“Average Liquidity” means the arithmetic average of Liquidity at October 31, November 30 and December 31 of the applicable year, calculated in the same manner as reported in the unaudited interim and annual financial statements of Stelco.

“Benefit Improvement” means an amendment to one of the Stelco Main Pension Plans, and includes any amendment to provide cost of living adjustments, that is effective as of a date on or after January 1, 2006 which improves the pension benefits accrued and/or accruing or being paid under the particular plan.

“Business Day” means any day of the year (other than any Saturday or Sunday) on which banks are open for business in Toronto, Ontario.

“CBCA” means the *Canada Business Corporations Act*.

“CCAA” means the *Companies’ Creditors Arrangement Act* (Canada).

“Disposition” means with respect to any asset and property of any Person, any direct or indirect sale, lease (where such Person is the lessor of such asset), assignment, cession, transfer (including any transfer of title or possession), exchange, conveyance, release or gift of such asset, including by means of a sale-leaseback transaction, or any reorganization, consolidation, amalgamation or merger of such Person pursuant to which such asset becomes the property of any other Person; and “Dispose” and “Disposed” have meanings correlative thereto.

“EBITDA” means consolidated earnings before interest, income taxes, depreciation and amortization.

“Existing Subsidiaries” means Subsidiaries of the Limited Partnerships and the General Partners (other than the Limited Partnerships) existing on the date hereof.

“Expiration Date” means the date that is sixty (60) days following the Terminal Actuarial Valuation Sanction.

“Free Cash Flow” means, for any year, the EBITDA for such year of Stelco on a consolidated basis adjusted for pension and post-employment benefits on a cash basis, and reduced by any interest expense incurred during such year, cash income taxes paid or payable in respect of such year, capital expenditures made during such year and debt principal payments paid in such year under any credit facilities, but excluding any repayment of debt principal payments in which there is any right to re-borrow under any such credit facilities.

“Free Cash Flow Contribution” has the meaning specified in Section 3.3(2) of this Agreement.

“GAAP” means generally accepted accounting principles, from time to time in effect in Canada.

“General Partners” means, collectively, Hamilton Coke GP, Hamilton Land GP, Hamilton Steel GP, Lake Erie Coke GP, Lake Erie Land GP and Lake Erie Steel GP.

“General Regulation” means Regulation 909, R.R.O. 1990, as amended.

“general regulatory regime of the PBA” includes the PBA and the General Regulation, and for greater certainty excludes the Stelco Regulation.

“Governing Authority” means any government or governmental entity, parliament, legislature, or commission or board of any government, parliament or legislature, or any political subdivision thereof, or any court or (without limitation to the foregoing) any other Law, regulation or rule-making entity (including, without limitation, any central bank, fiscal or monetary authority or authority regulating banks or pension plans) having or purporting to have jurisdiction in the relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing (including, without limitation, any arbitrator) or any other authority charged with the administration or enforcement of applicable Laws.

“Hamilton Coke GP” means Hamilton Coke GP Inc., a corporation governed by the CBCA.

“Hamilton Coke LP” means Hamilton Coke Limited Partnership, the limited partnership established under the laws of the Province of Ontario pursuant to a limited partnership agreement dated March 1, 2006 between Hamilton Coke GP, as the general partner, and Stelco, as the initial limited partner.

“Hamilton Land GP” means Hamilton Land GP Inc., a corporation governed by the CBCA.

“Hamilton Land LP” means Hamilton Land Limited Partnership, the limited partnership established under the laws of the Province of Ontario pursuant to a limited partnership agreement dated March 1, 2006 between Hamilton Land GP, as the general partner, and Stelco, as the initial limited partner.

“Hamilton Steel GP” means Hamilton Steel GP Inc., a corporation governed by the CBCA.

“Hamilton Steel LP” means Hamilton Steel Limited Partnership, the limited partnership established under the laws of the Province of Ontario pursuant to a limited partnership agreement dated March 1, 2006 between Hamilton Steel GP, as the general partner, and Stelco, as the initial limited partner.

“Hamilton Plans” means, collectively, the Hamilton Hourly Plan and the Hamilton Salaried Plan.

“Improvement Funding” means any contributions made in accordance with the general regulatory regime of the PBA to a Stelco Main Pension Plan in respect of any Benefit Improvement to the particular plan.

“Initial 2006 Monthly Payments” means any normal cost contributions or special payments made by Stelco to the Stelco Main Pension Plans between January 1, 2006 and the Plan Implementation Date (but will not include any PBGF assessments or any pension contributions due in respect of 2005 but paid in 2006).

“Initial Actuarial Valuation” means the actuarial valuation to be performed for each of the Stelco Main Pension Plans as at December 31, 2005, in accordance with generally accepted actuarial methods and assumptions as of the valuation date and with the general regulatory regime of the PBA, but without any smoothing of the assets and/or liabilities of the particular plan.

“Initial Contribution” means the \$400 million aggregate contributions to be made by Stelco to the Stelco Main Pension Plans on the Plan Implementation Date.

“Initial Solvency Deficit” means, for each of the Stelco Main Pension Plans, the particular plan’s solvency liabilities less the market value of its assets (before the allocation of the Initial Contribution), both as determined and disclosed in the Initial Actuarial Valuation.

“Lake Erie Coke GP” means Lake Erie Coke GP Inc., a corporation governed by the CBCA.

“Lake Erie Coke LP” means Lake Erie Coke Limited Partnership, the limited partnership established under the laws of the Province of Ontario pursuant to a limited partnership agreement dated March 1, 2006 between Lake Erie Coke GP, as the general partner, and Stelco, as the initial limited partner.

“Lake Erie Land GP” means Lake Erie Land GP Inc., a corporation governed by the CBCA.

“Lake Erie Land LP” means Lake Erie Land Limited Partnership, the limited partnership established under the laws of the Province of Ontario pursuant to a limited partnership agreement dated March 1, 2006 between Lake Erie Land GP, as the general partner, and Stelco, as the initial limited partner.

“Lake Erie Steel GP” means Lake Erie Steel GP Inc., a corporation governed by the CBCA.

“Lake Erie Steel LP” means Lake Erie Steel Limited Partnership, the limited partnership established under the laws of the Province of Ontario pursuant to a limited partnership agreement dated March 1, 2006 between Lake Erie Steel GP, as the general partner, and Stelco, as the initial limited partner.

“Lake Erie Plans” means, collectively, the Lake Erie Hourly Plan and the Lake Erie Salaried Plan.

“Laws” means in respect of any Person, property, transaction or event, all applicable laws, standards, requirements, policies, approvals, statutes, ordinances, codes, guidelines, treaties, rules, regulations, by-laws and all applicable orders, permits, judgments, injunctions, awards and decrees of any Governing Authority whether or not having the force of law.

“Level Contributions” has the meaning specified in Section 3.2(1) of this Agreement.

“Limited Partnerships” means, collectively, Hamilton Coke LP, Hamilton Land LP, Hamilton Steel LP, Lake Erie Coke LP, Lake Erie Land LP and Lake Erie Steel LP.

“Liquidity” means, at any date, all cash and cash equivalents, plus net availability under all credit facilities, of Stelco on a consolidated basis, as at such date.

“Liquidity Limit Amount” has the meaning specified in Section 3.3(3) of this Agreement.

“**Non-Core Pension Plans**” means:

- (a) the Stelpipe Ltd. Bargaining Unit Pension Plan for Members of the National Automobile, Aerospace, Transportation and General Workers’ Union of Canada (CAW-Canada), registered under the PBA as number #1018860 (the “**Stelpipe Hourly Plan**”);
- (b) the Stelpipe Ltd. Retirement Plan for Salaried Employees, registered under the PBA as number #1017177 (the “**Stelpipe Salaried Plan**”);
- (c) the Welland Pipe Pension Plan for Members of the National Automobile, Aerospace, Transportation and General Workers’ Union of Canada (CAW-Canada), registered under the PBA as number #1018878 (the “**Welland Hourly Plan**”); and
- (d) the Welland Pipe Pension Plan for Salaried Employees, registered under the PBA as #1017185 (the “**Welland Salaried Plan**”).

“**Non Core Subsidiaries**” means Alta Steel Ltd., Norambar Inc., Stelfil Ltée, Stelwire Ltd., Stelpipe Ltd., Welland Pipe Ltd., and CHT Steel Company Inc.

“**Notice of Proposal**” means a Notice of Proposal to Make an Order under subsection 88 (2) of the PBA, issued by the Superintendent.

“**Person**” means a natural person, partnership, limited partnership, corporation, company, joint stock company, trust, unincorporated association, joint venture or other entity or Governing Authority, and pronouns that have a similarly extended meaning.

“**PBA**” means the *Pension Benefits Act* (Ontario).

“**PBGF**” means the Pension Benefits Guarantee Fund continued under section 82 of the PBA.

“**Plan Implementation Date**” means the date of the implementation of the CCAA Plan.

“**Section 5.1 Election**” means Stelco’s election to take the benefit of section 5.1 of the General Regulation.

“**Solvency**” means, at the relevant date, full funding of the Adjusted Solvency Deficit of each and all of the Stelco Main Pension Plans such that the Adjusted Solvency Deficit for each and all of the plans is not greater than zero. In determining Solvency, assets related to Benefit Improvements and Wind-up Benefits that are in excess of the liabilities for such Benefit Improvements and Wind-up Benefits, as the case may be, may be included.

“**Solvency Event**” means that the following have occurred as at a date prior to December 31, 2015:

- (a) Stelco has filed Terminal Actuarial Valuations with the Superintendent that disclose that each and all of the Stelco Main Pension Plans have achieved Solvency; and
- (b) Sanction of such Terminal Actuarial Valuations has been obtained,

and, for greater clarity, the effective date of a Solvency Event shall be the effective date of such Terminal Actuarial Valuations.

“**Steel GP**” means the Hamilton Steel GP and/or the Lake Erie Steel GP, as the context requires.

“**Steel LP**” means the Hamilton Steel LP and/or the Lake Erie Steel LP, as the context requires.

“**Steel LP Asset Sale**” means a transaction in which there is a Disposition of substantially all of the assets and property of a Steel LP business to a Person, except to Stelco and its Subsidiaries.

“**Steel LP Sale**” means a Disposition of an interest in a Steel LP that results in the Steel LP no longer being a Subsidiary of Stelco.

“**Stelco**” or “**Stelco Inc.**” means Stelco Inc.

“**Stelco Group**” means, and will have the following members, from time to time:

- (a) Stelco Inc.;
- (b) subject to subparagraph (d) below and Section 6.1(5) of this Agreement, the Steel GPs and the Steel LPs, and their Subsidiaries, (excluding any Existing Subsidiaries);
- (c) subject to subparagraph (d) below, the General Partners and the Limited Partnerships (other than the Steel GPs and Steel LPs), and any of their Subsidiaries (excluding any Existing Subsidiaries); and
- (d) any Subsidiary of Stelco to which a material portion of the assets or operations of a Limited Partnership or General Partner (or any of their Subsidiaries) is transferred,

in respect of (c) and (d), for so long as such Person is a “Subsidiary” of Stelco, as defined herein. In the event that a Person described in (b), (c) or (d) ceases to be a member of the Stelco Group, any Subsidiaries of such member shall cease to be a member of the Stelco Group and, in the case of a member of the Stelco Group that is a limited partnership that ceases to be a member of the Stelco Group, then notwithstanding (b) and (c) above the general partner of such limited partnership shall also cease to be a member of the Stelco Group.

“**Stelco Main Pension Plans**” means at any given time:

- (a) the Stelco Inc. Bargaining Unit Pension Plan for Members of United Steelworkers of America, registered under the PBA as number #354878 (the “**Hamilton Hourly Plan**”);
- (b) the Stelco Inc. Bargaining Unit Pension Plan for Lake Erie Steel Company Members of United Steelworkers of America, registered under the PBA as number #698761 (the “**Lake Erie Hourly Plan**”);
- (c) the Stelco Inc. and Participating Subsidiaries Retirement Plan for Salaried Employees, registered under the PBA as number #338509 (the “**Hamilton Salaried Plan**”); and

- (d) the Stelco Inc. Retirement Plan for Lake Erie Steel Company Salaried Employees, registered under the PBA as number #698753 (the “**Lake Erie Salaried Plan**”),

but not including any such plans which have been assigned and assumed pursuant to a Steel LP Sale or a Steel LP Asset Sale.

“**Stelco Regulation**” means the new regulation, specific to the Stelco Main Pension Plans, passed by the Lieutenant Governor-in-Council, and effective as of March 31, 2006, as amended or superseded from time to time.

“**Stock**” means all shares, options, warrants, or other equivalents (regardless of how designated) of or in a corporation, whether voting or non-voting, participating or non-participating, including common shares, preferred shares or any other equity security.

“**Subsidiary**” means, with respect to any Person, any corporation with share capital of which Stock to which is attached more than sixty-six and two-thirds percent (66 2/3%) of the votes which may be cast to elect the directors of such corporation is owned legally or beneficially by such Person, directly or indirectly through one or more Subsidiaries of such Person, or with respect to which any such Person has the right to vote, or designate the vote, attaching to such Stock whether by proxy, agreement, operation of law or otherwise.

In addition, a general partnership, limited partnership, limited liability company, trust or any other Person (other than a corporation with share capital), (the “**Controlled Person**”) shall be considered to be a Subsidiary of a Person if that Person, either directly or indirectly through one or more Subsidiaries;

- (a) if the Controlled Person is a limited partnership, such Person or its Subsidiary is the general partner of such limited partnership;
- (b) holds an interest in the Controlled Person entitling it to sixty-six and two-thirds percent (66 2/3%) or more of the profits of the Controlled Person;
- (c) holds an interest in the Controlled Person entitling it to sixty-six and two-thirds (66 2/3%) or more of the assets of the Controlled Person on dissolution; or
- (d) holds an interest in the Controlled Person entitling it to exercise more than sixty-six and two-thirds percent (66 2/3%) of the votes that may be cast to elect, replace or appoint the general partner(s) (in the case of a limited partnership), directors, management committee members, trustees or Persons exercising similar functions with respect to the Controlled Person.

“**Superintendent**” means the Superintendent of Financial Services appointed under the *Financial Services Commission of Ontario Act, 1997*.

“Terminal Actuarial Valuations” means the actuarial valuations for each and all of the Stelco Main Pension Plans prepared as at the earlier of (i) December 31, 2015; or (ii) the effective date of the actuarial valuations prepared for the purpose of demonstrating that the Stelco Main Pension Plans have achieved Solvency. The actuarial valuations shall be prepared in a manner

- (a) that is based on the same actuarial methodology used to perform the Initial Actuarial Valuation, and without any smoothing of the assets and/or liabilities of the particular plan;
- (b) which includes all experience gains and losses since the preceding valuation; and
- (c) separately discloses the solvency liabilities and related assets with respect to any Benefit Improvements and Wind-up Benefits;

subject to those changes in generally accepted actuarial assumptions that are applicable at the valuation date.

“Top-up Amount” means the contributions disclosed in the Terminal Actuarial Valuations filed with the Superintendent (and which has obtained Sanction) which is required to be made into the Stelco Main Pension Plans to achieve Solvency.

“Wind-up Benefits” means pension benefits and entitlements that are required to be funded under section 75 of the PBA in the event of the full or partial wind-up of any of the Stelco Main Pension Plans that are not included in the solvency liabilities used to determine the Initial Solvency Deficit or Adjusted Solvency Deficit for that plan at any valuation date.

“Wind-up Funding” means any contributions required to be made in accordance with the general regulatory regime of the PBA to a Stelco Main Pension Plan in respect of Wind-up Benefits.

1.2 Interpretation

This Agreement will be interpreted in accordance with the following:

- (a) words importing the singular include the plural and vice versa and words denoting any gender include all genders;
- (b) headings will not affect the interpretation of this Agreement;
- (c) references to dollars, unless otherwise specifically indicated, will be references to Canadian Dollars;
- (d) the word “including” will mean “including without limitation” and “includes” will mean “includes without limitation”;
- (e) the expressions “the aggregate”, “the total”, “the sum” and expressions of similar meaning will mean “the aggregate (or total or sum) without duplication”; and

- (f) in the computation of periods of time, unless otherwise expressly provided, the word “from” means “from and excluding” and the words “to” and “until” mean “to and including”.

1.3 Accounting Terms

All accounting terms not specifically defined in this Agreement will be interpreted in accordance with GAAP.

1.4 Severability

If any provision of this Agreement is, or becomes as a result of a change of law or otherwise, illegal, invalid or unenforceable, such provision will be severed from this Agreement and be ineffective to the extent of such illegality, invalidity or unenforceability. The remainder of this Agreement will be construed as if such provision had not been inserted. Without prejudice to any other rights of the parties under or in respect of this Agreement, if the severance of an illegal, invalid or unenforceable provision would result in a material deviation from the general intent and purposes of the parties as reflected in this Agreement, the parties will use their best efforts to negotiate a mutually satisfactory amendment to this Agreement to address such circumstance and to achieve the original intent and purposes of the parties.

1.5 Entire Agreement

This Agreement supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties relating to the subject matter hereof and entered into prior to the date of this Agreement.

1.6 Waiver

No failure on the part of any party to exercise, and no delay in exercising, any right under this Agreement will operate as a waiver of such right; nor will any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right; nor will any waiver of one provision be deemed to constitute a waiver of any other provision (whether or not similar). No waiver of any of the provisions of this Agreement will be effective unless it is in writing and duly executed.

1.7 Supporting Document

This Agreement shall be a document that supports each of the Stelco Main Pension Plans. The administrator for each of the Stelco Main Pension Plans shall file or cause to be filed a copy of this Agreement with the Superintendent within sixty (60) days of the effective date of this Agreement.

ARTICLE 2 TRANSITION RULES

2.1 Termination of Section 5.1 Election

The Section 5.1 Election shall cease to apply in respect of each of the Stelco Main Pension Plans on the coming into force of the Stelco Regulation. Notwithstanding that Stelco will not rescind its Section 5.1 Election, Stelco shall not be entitled at any time to make the Section 5.1 Election after the date of this Agreement.

2.2 Application of Stelco Regulation

- (1) On the Expiration Date, the Stelco Regulation shall cease to apply to the Stelco Main Pension Plans.
- (2) Notwithstanding any term or condition herein, the Stelco Main Pension Plans shall be funded in accordance with the general regulatory regime of the PBA commencing at the earlier of a Solvency Event or January 1, 2016.

ARTICLE 3 FUNDING REGIME UNDER THE STELCO REGULATION

3.1 \$400 Million Initial Contribution

- (1) On the Plan Implementation Date, Stelco shall make an initial contribution in the aggregate amount of FOUR HUNDRED MILLION DOLLARS (\$400,000,000) (the “**Initial Contribution**”) to the Stelco Main Pension Plans. The amount of the Initial Contribution required to be made by Stelco will be reduced by any Initial 2006 Monthly Payments.
- (2) Stelco shall take all steps required to cause the Initial Contribution to be allocated among the Stelco Main Pension Plans based on an estimate (made by an actuary appointed by Stelco) in accordance with the Allocation Process. This estimate will be based on the December 31, 2004 actuarial valuations or, if available, any preliminary December 31, 2005 valuation results.
- (3) Once the Initial Actuarial Valuations have been filed with the Superintendent and the proper allocation of the Initial Contribution has been determined in accordance with the Stelco Regulation (taking into account any Initial 2006 Monthly Payments made), the estimated allocation of the Initial Contribution will be adjusted in accordance with the Allocation Process. Stelco shall take all steps necessary and authorized by the Stelco Regulation to ensure that such contributions are so allocated.

3.2 Level Funding

- (1) In lieu of the funding required under the general regulatory regime of the PBA as disclosed in the Annual Actuarial Valuations, Stelco shall make or cause to be made the following contributions (the “**Level Contributions**”) in respect of the Stelco Main Pension Plans:
 - (a) From July 1, 2006 to December 31, 2006, the aggregate amount of THIRTY TWO MILLION, FIVE HUNDRED THOUSAND DOLLARS (\$32,500,000) to the Stelco Main Pension Plans, payable in six (6) equal monthly instalments;

- (b) From January 1, 2007 to December 31, 2010, the aggregate amount of SIXTY-FIVE MILLION DOLLARS (\$65,000,000) per annum to the Stelco Main Pension Plans;
 - (c) From January 1, 2011 to December 31, 2015, the aggregate amount of SEVENTY MILLION DOLLARS (\$70,000,000) per annum to the Stelco Main Pension Plans.
- (2) Stelco shall pay or cause to be paid the contributions required under Sections 3.2(1)(b) and 3.2(1)(c) each year in twelve (12) equal monthly instalments.
- (3) Stelco shall make or cause to be made the monthly Level Contributions which shall be due on the last day of the month to which the contribution relates. For greater certainty, the first monthly contribution in respect of July, 2006 will not be due under the Stelco Regulation until July 31, 2006.
- (4) Stelco shall take all steps required and authorized by the Stelco Regulation to cause the Level Contributions made to be allocated among the Stelco Main Pension Plans in accordance with the Allocation Process.
- (5) When the Level Contributions for a particular year in respect of the Stelco Main Pension Plans are allocated in accordance with the Allocation Process, the amount of the contribution allocated to the relevant pension plan shall be at least equal to the normal cost requirement under the General Regulation in respect of that plan as disclosed in the relevant Initial Actuarial Valuation or Annual Actuarial Valuation, as the case may be. However, for greater clarity, the normal cost in respect of a Benefit Improvement required under the General Regulation is in addition to the Level Contribution funding.

3.3 Free Cash Flow Funding

- (1) For each plan year from January 1, 2007 to December 31, 2015, in addition to the Level Contributions, Stelco shall pay or cause to be paid into the Stelco Main Pension Plans contributions based on Free Cash Flow in accordance with this Agreement.
- (2) Subject to Section 3.3(3), Stelco shall make or cause to be made contributions in respect of any applicable fiscal year commencing January 1, 2007 as follows: to the extent that Free Cash Flow for any such year, subject to Section 3.3(5), exceeds SEVENTY-FIVE MILLION DOLLARS (\$75,000,000), Stelco shall contribute or cause to be contributed TWENTY PERCENT (20%) of such excess to the Stelco Main Pension Plans (the “**Free Cash Flow Contribution**”); provided that the Free Cash Flow Contribution will not exceed FIFTY MILLION DOLLARS (\$50,000,000) in each of the years 2007, 2008 and 2009 and SEVENTY-FIVE MILLION DOLLARS (\$75,000,000) in each of the years 2010 and 2011; provided further that there is no limit on the amount of the Free Cash Flow Contribution in respect of each of the years 2012, 2013, 2014 and 2015.
- (3) Notwithstanding Section 3.3(2), in respect of any year:
- (a) if Stelco’s Average Liquidity is less than or equal to FIVE HUNDRED AND SEVENTY-FIVE MILLION DOLLARS (\$575,000,000), the Free Cash Flow Contribution for that particular fiscal year shall be zero; and
 - (b) if Stelco’s Average Liquidity is greater than FIVE HUNDRED AND SEVENTY-FIVE MILLION DOLLARS (\$575,000,000), but the difference between such

Average Liquidity and FIVE HUNDRED AND SEVENTY-FIVE MILLION DOLLARS (\$575,000,000), (such difference being the “**Liquidity Limit Amount**”) is less than the Free Cash Flow Contribution calculated pursuant to Section 3.3(2), the Free Cash Flow Contribution for that particular fiscal year shall be reduced to the Liquidity Limit Amount.

(4) The Free Cash Flow Contribution, if any, shall accrue as of and shall be due on March 31 of the year following the year to which it relates, and Stelco may include such Free Cash Contributions as an asset in-transit in the applicable Annual Actuarial Valuation. Stelco shall allocate or cause to be allocated any Free Cash Flow Contributions among the Stelco Main Pension Plans in accordance with the Allocation Process as though they were additional Level Contributions for the year to which they relate.

(5) Free Cash Flow which is negative in any one immediately preceding fiscal year may be carried forward by Stelco to the next year to reduce positive Free Cash Flow in that year, provided there is no such carry forward of negative Free Cash Flow to the years 2007 and 2008.

(6) Stelco shall deliver to the Province within thirty (30) days of the end of each fiscal year, an Officer’s Certificate executed by Stelco’s Chief Financial Officer setting out Average Liquidity together with a report of Stelco’s auditor on the calculation thereof.

3.4 Benefit Improvements and Funding

(1) Stelco shall, or shall cause, in accordance with the general regulatory regime of the PBA, Improvement Funding to the relevant Stelco Main Pension Plan to commence as at the effective date of a Benefit Improvement to that plan.

(2) Improvement Funding will be in addition to all other funding required under the Stelco Regulation and this Agreement.

(3) Improvement Funding will not be allocated in accordance with the Allocation Process and will not be included in the determination of the Adjusted Solvency Deficit. In addition, any funding of the normal cost required under the General Regulation in respect of a Benefit Improvement shall not be included as part of the normal cost used in the funding test under the Allocation Process in respect of Level Contributions.

(4) Assets relating to Benefit Improvements will not be held separate and apart during the currency of the Stelco Regulation, provided that the liabilities and assets relating to Benefit Improvements are tracked and reported separately.

(5) For the purpose of determining Solvency, assets related to Benefit Improvements that are in excess of the liabilities related to the Benefit Improvements may be included.

3.5 Wind-up Benefits and Wind-up Funding

Wind-up Benefits shall be funded pursuant to Article 7 of this Agreement and the Stelco Regulation.

3.6 Additional Funding

Nothing in this Agreement shall prevent any contributions from being made to the Stelco Main Pension Plans that are additional to the funding required under the Stelco Regulation and this Agreement. All such contributions, except Top-up Amounts, shall be allocated in accordance with the Allocation Process as though they were additional Level Contributions for the year in which they are paid.

3.7 Liability for Funding of Pension Obligations

(1) Subject to any assignment and assumption of a Stelco Main Pension Plan pursuant to Article 6 of this Agreement, Stelco is and shall remain the plan sponsor, the administrator and an employer with respect to each of the Stelco Main Pension Plans under the general regulatory regime of the PBA, the Stelco Regulation and this Agreement.

(2) Persons required to make Level Contributions and Free Cash Flow Contributions to the Stelco Main Pension Plans on behalf of an employer shall be any Person who is a member of the Stelco Group. Notwithstanding any term or condition herein, each member of the Stelco Group shall be liable for all Level Contributions and Free Cash Flow Contributions required to be made to the Stelco Main Pension Plans, but (other than Stelco and the Steel GPs on behalf of the Steel LPs as set out in Section 3.7(3)) (a) no member of the Stelco Group shall have any obligations in respect of the Stelco Main Pension Plans other than the Level Contributions and Free Cash Flow Contributions, and (b) for greater certainty, no member of the Stelco Group shall be deemed to be an employer for any purposes under the PBA or subject to any other obligations imposed on an employer under the PBA by virtue only of its liability hereunder.

(3) Stelco is and shall remain liable in respect of all pension obligations for the Stelco Main Pension Plans. Hamilton Steel GP, for and on behalf of Hamilton Steel LP, shall be a participating employer in each of the Hamilton Plans. Stelco and Hamilton Steel GP, for and on behalf of Hamilton Steel LP, shall each have all of the obligations of an employer relating to each of the Hamilton Plans, but the Hamilton Steel GP, for and on behalf of Hamilton Steel LP, shall not by virtue of its liability hereunder, be deemed to be an employer with respect to the Lake Erie Plans. Lake Erie Steel GP, for and on behalf of Lake Erie Steel LP, shall be a participating employer in each of the Lake Erie Plans. Stelco and Lake Erie Steel GP, for and on behalf of Lake Erie Steel LP, shall each have all of the obligations of an employer relating to each of the Lake Erie Plans, but the Lake Erie Steel GP, for and on behalf of Lake Erie Steel LP, shall not by virtue of its liability hereunder, be deemed to be an employer with respect to the Hamilton Plans.

3.8 Restrictions on Distributions

Stelco shall not, until the Expiration Date, declare or pay any dividends or distributions of any kind on any shares of Stelco or call for redemption or purchase for cancellation or make any capital distribution with respect to any shares of Stelco, save and except for any such payments on any preferred shares of Stelco issued by Stelco after the Plan Implementation Date for fair value and not as part of a dividend on, or any reorganization or reclassification of, any other shares of Stelco.

ARTICLE 4 ACTUARIAL VALUATIONS

4.1 General

(1) The Superintendent will review each actuarial valuation filed under the Stelco Regulation and, within three months of such filing:

- (i) if he is satisfied with the valuation, he will advise Stelco in writing that he will not issue a Notice of Proposal; or
- (ii) if he is not satisfied with the valuation, he may issue a Notice of Proposal. In such case, and for greater clarity, the Superintendent and Stelco will have all rights (including rights of appeal) provided to each of them under the PBA or at law.

4.2 Initial Actuarial Valuation

On or before May 1, 2006, Stelco shall cause an Initial Actuarial Valuation to be prepared and filed with the Superintendent for each and all of the Stelco Main Pension Plans to determine, among other things, the Initial Solvency Deficit for each and all of such Plans. In the preparation of the Initial Actuarial Valuation in respect of each and all of the Stelco Main Pension Plans, Stelco shall instruct its actuary that the Initial Actuarial Valuation will be prepared in accordance with the Stelco Regulation.

4.3 Annual Actuarial Valuations

(1) Unless a Solvency Event has occurred, for plan years 2006 to 2014 Stelco shall cause the Annual Actuarial Valuations of the Stelco Main Pension Plans to be prepared and filed in accordance with the time deadlines set out in the General Regulation. With respect to the preparation of the Annual Actuarial Valuations, Stelco shall instruct its actuary that, in addition to the regulatory requirements of the General Regulation applicable to actuarial valuations, the Annual Actuarial Valuations will:

- (i) determine the Adjusted Solvency Deficit at each valuation date for each of the Stelco Main Pension Plans;
- (ii) disclose the funding for the following plan year otherwise provided for under the general regulatory regime of the PBA; and
- (iii) reflect actual contributions made up to the effective date of the Annual Actuarial Valuation.

(2) Stelco shall cause the valuation of all Benefit Improvements to be performed and disclosed in the Annual Actuarial Valuation of the relevant Stelco Main Pension Plan. With respect to such Benefit Improvements, Stelco shall instruct its actuary that:

- (i) the assets and liabilities related to such Benefit Improvements must be tracked, valued and accounted for separately on a separate schedule to all applicable actuarial reports; and
 - (ii) the assets and liabilities related to such Benefit Improvements will not be used in the determination of the Adjusted Solvency Deficit, which is to be funded from time to time under the Stelco Regulation. However, for the purposes of determining Solvency, assets related to Benefit Improvements that are in excess of the liabilities for such Benefit Improvements may be included.
- (3) Stelco shall cause the separate funding and reporting schedule for Benefit Improvements to continue until the earlier of:
- (a) December 31, 2015; and
 - (b) the occurrence of a Solvency Event.

4.4 Terminal Actuarial Valuations

- (1) Stelco shall cause Terminal Actuarial Valuations for each and all of the Stelco Main Pension Plans to be prepared as at the earlier of:
- (a) the effective date when such plans have achieved Solvency; and
 - (b) December 31, 2015.
- (2) Stelco shall cause the Terminal Actuarial Valuations to be filed with the Superintendent not later than four months following the effective date of such Terminal Actuarial Valuations.
- (i) Terminal Actuarial Valuation with Effective Date that is Prior to December 31, 2015*
- (3) Where a Terminal Actuarial Valuation with an effective date prior to December 31, 2015 is filed with the Superintendent, Stelco shall continue to make, or cause to be made, all required contributions under Article 3 of this Agreement and shall allocate or cause to be allocated such contributions in accordance with the last Annual Actuarial Valuation of the relevant Stelco Main Pension Plan for which Sanction was obtained until the earlier of:
- (a) Terminal Actuarial Valuation Sanction; and
 - (b) December 31, 2015.

Thereafter, contributions shall be in accordance with the general regulatory regime of the PBA.

- (4) Despite paragraph 4.4(3) above, from and after Sanction, future contributions to the Stelco Main Pension Plans may be adjusted to reflect the difference between contributions actually paid into the relevant pension plan and contributions required to be paid under the general regulatory regime of the PBA from the effective date of the Terminal Actuarial Valuation. Any over-

contributions may be withdrawn from the relevant pension plan, subject to the approval of the Superintendent as to the amount.

(i) Terminal Actuarial Valuation with Effective Date that is as at December 31, 2015

(5) Where a Terminal Actuarial Valuation with an effective date of December 31, 2015 is filed with the Superintendent, Stelco shall make or cause to be made all contributions to the relevant Stelco Main Pension Plan from and after January 1, 2016 in accordance with the general regulatory regime of the PBA as reflected in the last Annual Actuarial Valuation for which Sanction was obtained.

(6) Despite paragraph 4.4(5) above, from and after Sanction, future contributions to the Stelco Main Pension Plans may be adjusted to reflect the difference between contributions actually paid into the relevant pension plan and contributions required to be paid under the general regulatory regime of the PBA from the effective date of the Terminal Actuarial Valuation. Any over-contributions may be withdrawn from the relevant pension plan, subject to the approval of the Superintendent as to the amount.

**ARTICLE 5
ALLOCATION AND PAYMENT PROCEDURES**

5.1 Allocation of Contributions

Stelco shall take all steps required and authorized by the Stelco Regulation to cause any contributions made to the Stelco Main Pension Plans (other than any Improvement Funding, Wind-up Funding and any Top-up Amounts) to be allocated among such plans in accordance with the Allocation Process.

**ARTICLE 6
SALES OR OTHER DISPOSITION OF STELCO ASSETS**

6.1 Sales or Other Dispositions

(1) Stelco shall not effect a Disposition of all or substantially all of its assets unless, prior to completion of such Disposition, the acquiror agrees in writing with the Superintendent to be bound by and adhere to the obligations of Stelco hereunder pursuant to a form of assumption agreement satisfactory to the Superintendent, acting reasonably.

(2) In the event of a Steel LP Asset Sale, where the acquiror concurrent with the completion and closing of such acquisition has elected to assume all rights, obligations and liabilities in respect of a Stelco Main Pension Plan, including sponsorship of such plan, the acquiror, with the agreement of Stelco, shall have the option to either:

- (a) be bound by this Agreement, in which case Stelco shall cause the acquiror to execute and deliver to the Superintendent an assumption and assignment agreement under which the acquiror assumes all rights, obligations and liabilities of the applicable Steel GP and Steel LP under this Agreement, and the affected Stelco Main Pension Plan shall continue to be a participating pension plan under the Stelco Regulation; or

- (b) commence funding the affected Stelco Main Pension Plan or Plans in accordance with the general regulatory regime of the PBA.

(3) In the event of a Steel LP Sale, where the Steel GP on behalf of the Steel LP agrees to assume all rights, obligations and liabilities of a Stelco Main Pension Plan or Plans, including sponsorship of such plan or plans, the Steel GP on behalf of the Steel LP, with the agreement of Stelco, shall have the option to either:

- (a) continue to be bound by this Agreement, in which case the Steel GP on behalf of the Steel LP shall execute and deliver to the Superintendent notice of its intention to continue to be so bound, and the affected Stelco Main Pension Plan or Plans shall continue to be a participating pension plan or plans under the Stelco Regulation; or
- (b) commence funding the affected Stelco Main Pension Plan or Plans in accordance with the general regulatory regime of the PBA.

(4) In the event that an acquiror, or the Steel GP on behalf of the Steel LP, as the case may be, elects to assume the general funding requirements under the general regulatory regime of the PBA pursuant to Section 6.1(2)(b) or 6.1(3)(b) in respect of a Stelco Main Pension Plan or Plans:

- (a) Stelco shall, only in such event, have authority to serve notice under the Stelco Regulation in writing to the Superintendent that the relevant Stelco Main Pension Plan or Plans will cease to be a participating pension plan or plans under the Stelco Regulation and will be funded in accordance with the General Regulation; and
- (b) the Stelco Group shall remain obligated for all contributions required under the Stelco Regulation and this Agreement without reduction in the amounts of those contributions for the consequences of Section 6.1(4)(a). Any contributions made after such time will be allocated among the remaining Stelco Main Pension Plans in accordance with the Allocation Process.

(5) In the event of a Steel LP Sale where either:

- (a) a Steel GP on behalf of a Steel LP has made an election under Section 6.1(3)(b) of this Agreement with respect to each Stelco Main Pension Plan of which such Steel GP on behalf of a Steel LP is a participating employer and Stelco has served notice to the Superintendent under Section 6.1(4)(a) of this Agreement with respect to each such Stelco Main Pension Plan; or
- (b) a Steel GP on behalf of a Steel LP has made an election under Section 6.1(3)(b) of this Agreement with respect to a Stelco Main Pension Plan of which such Steel GP on behalf of a Steel LP is a participating employer and Stelco has served notice to the Superintendent under Section 6.1(4)(a) of this Agreement with respect to such Stelco Main Pension Plan, and such Steel GP, on behalf of a Steel LP, is not otherwise participating in any other Stelco Main Pension Plan, but has assumed all the assets and liabilities under any applicable Stelco Main Pension Plan in respect of all its employees

(including its employees not covered in the Stelco Main Pension Plan assumed pursuant to a Steel LP Sale), and regulatory approval to any such asset transfer has been obtained,

such Steel GP and the Steel LP for which the Steel GP has made the election shall cease to be included within the Stelco Group.

ARTICLE 7 FUNDING ON PLAN WIND-UP

7.1 Wind-Up Benefits and Funding

- (1) If any of the Stelco Main Pension Plans is terminated after January 1, 2006, in whole or in part, before a Solvency Event occurs,
 - (a) the Wind-up Benefits shall be determined as at the relevant wind-up date; and
 - (b) Stelco shall commence or cause to be commenced Wind-up Funding in respect of the Wind-up Benefits of the terminated plan as of the wind-up date.
- (2) Wind-up Funding will be in addition to all other funding required under the Stelco Regulation and this Agreement.
- (3) Wind-up Funding will not be allocated in accordance with the Allocation Process and, subject to Section 7.1(5) and the definition of Solvency, will not be included in the determination of the Adjusted Solvency Deficit.
- (4) Assets relating to Wind-up Funding will not be held separate and apart during the currency of the Stelco Regulation, provided that the liabilities and assets relating to Wind-up Benefits are tracked and reported separately.
- (5) Any assets related to Wind-up Funding that are in excess of the related Wind-up Benefit liabilities may be included to demonstrate that Solvency of the relevant Stelco Main Pension Plan has been achieved.
- (6) If a Stelco Main Pension Plan is wound up in whole or in part, the Stelco Group will remain obligated for all contributions required under the Stelco Regulation and this Agreement for the Stelco Main Pension Plans without reduction in the amounts of those contributions for the consequences of such a windup.

ARTICLE 8 NON CORE SUBSIDIARIES

8.1 Not Subject to Section 5.1 Election

The Non Core Pension Plans are not subject to the Section 5.1 Election.

8.2 Assumption of Pension Liabilities

Stelco acknowledges and confirms that it has assumed all registered pension plan liabilities related to any non-transferred employees and retirees who are members of the Stelpipe Hourly Plan and Stelpipe Salaried Plan. Stelco shall assume all registered pension plan liabilities related to any non-transferred employees and retirees who are members of the Welland Hourly Plan and Welland Salaried Plan in accordance with arrangements similar to those provided in an order of the Ontario Superior Court of Justice dated September 6, 2005 respecting the sale of Stelpipe Ltd.

8.3 Funding of Non Core Pension Plans

Stelco shall fund all Non Core Pension Plans in accordance with the general regulatory regime of the PBA.

**ARTICLE 9
PENSION BENEFITS GUARANTEE FUND ASSESSMENT**

9.1 PBGF Assessments

(1) Effective as of the date of this Agreement, Stelco will no longer be obliged to pay the special PBGF assessments attributable to the Section 5.1 Election.

(2) The PBGF assessments due with respect to the Stelco Main Pension Plans in September, 2006 and annually, thereafter will be no greater than the assessments required under the General Regulation.

(3) The PBGF assessments shall not be paid from the pension funds of any of the Stelco Main Pension Plans until December 31, 2015.

(4) The PBGF assessments shall be paid in addition to the funding requirements for the Stelco Main Pension Plans.

**ARTICLE 10
GENERAL**

10.1 Reciprocal Agreement

(1) Each administrator and employer under the Stelco Main Pension Plans shall provide to the administrator of and other employers under any of the Stelco Main Pension Plans, such reports and information required by the administrator or other employer in order to fulfil its obligations under this Agreement, the Stelco Regulation and the general regulatory regime of the PBA, including, without limitation:

- (a) every report submitted to the Superintendent under the Stelco Regulation or this Agreement;
- (b) every Notice of Proposal issued in respect of a Stelco Main Pension Plan; and
- (c) on request, a document that creates and supports a Stelco Main Pension Plan.

(2) The reports and information referred to in Section 10.1(1) shall be made available within sixty (60) days of their filing, issuance or request, as the case may be.

10.2 Amendments, etc.

No amendment or waiver of any provision of this Agreement, nor consent to any departure by Stelco or any other Person from such provisions, is effective unless in writing and approved by the parties hereto. Any amendment, waiver or consent is effective only in the specific instance and for the specific purpose for which it was given.

10.3 Notices, etc.

Any notice, direction or other communication to be given under this Agreement will, except as otherwise permitted, be in writing and given by delivering it or sending it by facsimile or other similar form of recorded communication addressed:

(i) to Stelco at:

Stelco Inc.
386 Wilcox Street
P.O. Box 2030
Hamilton, Ontario
L8L 8K5

Attention: Chief Financial Officer

Facsimile: 905-308-7002

- (ii) to Hamilton Coke Limited Partnership, by its general partner Hamilton Coke GP Inc. at:

Hamilton Coke Limited Partnership
386 Wilcox Street
Hamilton, Ontario
L8L 8K5

Attention: Chief Financial Officer

- (iii) to Hamilton Land Limited Partnership, by its general partner Hamilton Land GP Inc. at:

Hamilton Land Limited Partnership
386 Wilcox Street
Hamilton, Ontario
L8L 8K5

Attention: Chief Financial Officer

- (iv) to Hamilton Steel Limited Partnership, by its general partner Hamilton Steel GP Inc. at:

Hamilton Steel Limited Partnership
386 Wilcox Street
Hamilton, Ontario
L8L 8K5

Attention: Chief Financial Officer

- (v) to Lake Erie Coke Limited Partnership, by its general partner Lake Erie Coke GP Inc. at:

Lake Erie Coke Limited Partnership
2330 Regional Road #3
General Delivery
Nanticoke, Ontario
N0A 1L0

Attention: Chief Financial Officer

- (vi) to Lake Erie Land Limited Partnership, by its general partner Lake Erie Land GP Inc. at:

Lake Erie Land Limited Partnership
2330 Regional Road #3
General Delivery
Nanticoke, Ontario
N0A 1L0

Attention: Chief Financial Officer

- (vii) to Lake Erie Steel Limited Partnership, by its general partner Lake Erie Steel GP Inc. at:

Lake Erie Steel Limited Partnership
2330 Regional Road #3
General Delivery
Nanticoke, Ontario
N0A 1L0

Attention: Chief Financial Officer

- (viii) to the Superintendent at:

Deputy Superintendent, Pensions
Financial Services Commission of Ontario
5160 Yonge Street
4th Floor, Box 85
Toronto, Ontario
M2N 6L9

Fax: 416-226-7787

- (ix) to the Province at:

Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor
Toronto, Ontario M7A 1Y7
Tel: 416-325-0400
Fax: 416-325-0374

-and-

Deputy Minister of Finance
Ministry of Finance
7 Queen's Park Crescent, 7th Floor

Toronto, Ontario M7A 1Y7
Tel: 416-325-1592
Fax: 416-325-1595

Any such communication will be deemed to have been validly and effectively given if:

- (i) personally delivered, on the date of such delivery if such date is a Business Day and such delivery was made prior to 4:00 p.m. (Toronto time), otherwise on the next Business Day, or
- (ii) transmitted by facsimile or similar means of recorded communication on the Business Day following the date of transmission.

10.4 Successors and Assigns

(1) This Agreement will become effective when executed by the parties and after that time will be binding upon and enure to the benefit of Stelco, the General Partners and the Limited Partnerships and their respective successors and permitted assigns.

(2) Subject to Article 6, Stelco, the General Partners and the Limited Partnerships will not have the right to assign their rights or obligations under this Agreement or any interest in this Agreement without the prior consent of the Province, which consent may not be unreasonably withheld.

10.5 Governing Law

This Agreement will be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Stelco hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Ontario Superior Court of Justice and waives any objection based on venue or forum non conveniens with respect to any action commenced in connection with this Agreement.

10.6 Counterparts

This Agreement may be executed in any number of counterparts (including by way of facsimile) and all of such counterparts taken together will be deemed to constitute one and the same instrument.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, each of the signatories hereto has caused this Agreement to be signed by its or his respective duly authorized officers or representatives as of the date first above written.

STELCO INC.

Per: _____

Name: Courtney Pratt
Title: President and Chief Executive Officer

Per: _____

Name: William E. Vaughan
Title: Senior VP Finance and Chief Financial Officer

I/We have authority to bind the Corporation

HAMILTON COKE LIMITED PARTNERSHIP,
by its general partner
HAMILTON COKE GP INC.

Per: _____

Name: Gary Seichter
Title: Secretary

I have authority to bind the Corporation

HAMILTON LAND LIMITED PARTNERSHIP,
by its general partner
HAMILTON LAND GP INC.

Per: _____

Name: Gary Seichter
Title: Secretary

I have authority to bind the Corporation

HAMILTON STEEL LIMITED PARTNERSHIP,
by its general partner
HAMILTON STEEL GP INC.

Per: _____

Name: Gary Seichter
Title: Secretary

I have authority to bind the Corporation

LAKE ERIE COKE LIMITED PARTNERSHIP,
by its general partner
LAKE ERIE COKE GP INC.

Per: _____

Name: Gary Seichter
Title: Secretary

I have authority to bind the Corporation

LAKE ERIE LAND LIMITED PARTNERSHIP,
by its general partner
LAKE ERIE LAND GP INC.

Per: _____

Name: Gary Seichter
Title: Secretary

I have authority to bind the Corporation

LAKE ERIE STEEL LIMITED PARTNERSHIP,
by its general partner
LAKE ERIE STEEL GP INC.

Per: _____

Name: Gary Seichter
Title: Secretary

I have authority to bind the Corporation

SUPERINTENDENT OF FINANCIAL SERVICES

Per: _____

Name: K. David Gordon

Title: Deputy Superintendent, Pensions

**HER MAJESTY THE QUEEN IN RIGHT OF
ONTARIO, AS REPRESENTED BY THE
MINISTER OF FINANCE**

Per: _____

Name: Hon. Dwight Duncan

Title: Minister of Finance