

U. S. STEEL CANADA INC.

**INFORMATION CIRCULAR
WITH RESPECT TO A
PLAN OF COMPROMISE, ARRANGEMENT AND REORGANIZATION**

pursuant to the

Companies' Creditors Arrangement Act (Canada) and the Canada Business Corporations Act

concerning, affecting and involving U. S. Steel Canada Inc.

March 15, 2017

This circular is being sent to certain creditors of U. S. Steel Canada Inc. in connection with meetings called to consider its plan of compromise, arrangement and reorganization dated March 15, 2017 (as may be amended) that are scheduled to be held on April 27, 2017 at the Metro Toronto Convention Centre, North Building, Room 201, 222 Bremner Blvd, Toronto, Ontario, M5V 3L9.

These materials require your immediate attention. You should consult your legal, financial, tax and other professional advisors in connection with the contents of these documents. If you have any questions regarding voting procedures or other matters or if you wish to obtain additional copies of these materials, you may contact the court-appointed monitor, Ernst & Young Inc., by telephone at 416-941-7764 (Toronto local) or +1 844 941 7764 (toll-free) or by email at USSC.Monitor@ca.ey.com. Copies of these materials and other materials in the within proceedings are also posted on the following website: www.ey.com/ca/ussc.

U. S. STEEL CANADA INC.

March 15, 2017

TO: The Affected Creditors of U. S. Steel Canada Inc. (the “**Applicant**”)

Meetings of the affected creditors of the Applicant (as defined in the Plan, “**Affected Creditors**”) are to be held on April 27, 2017 in Toronto, Ontario to consider a resolution to approve a plan of compromise, arrangement and reorganization (as amended from time to time, the “**Plan**”) pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”) and the *Canada Business Corporations Act*. The accompanying circular describes the terms of the Plan. All capitalized terms used herein have the meaning attributed to them in the accompanying circular, unless otherwise defined in this letter.

The purpose of the Plan is to restructure certain liabilities of the Applicant and to facilitate the restructuring of the Applicant into a viable and competitive industry participant.

The Plan is the result of an extensive canvass of potentially interested parties for a purchase of USSC’s business and assets and a thorough review of the available alternatives by the Applicant’s board of directors, management and its financial and legal advisors, as well as by Ernst & Young Inc., the court-appointed Monitor in the CCAA proceedings of the Applicant.

We believe that implementation of the Plan and the various Stakeholder Agreements contemplated by it will generate the highest reasonable value in a timely manner for Affected Creditors and other creditors given the available alternatives. Failure to implement the Plan could result in Affected Creditors and other creditors receiving significantly less value at a much later unknown date.

The board of directors of the Applicant and the Monitor recommend that all Affected Creditors vote FOR the resolution to approve the Plan.

Under this Plan, each General Unsecured Creditor with Proven Claims not exceeding an aggregate of \$7,500 or who has filed an Election Notice with the Monitor (a “**Convenience Creditor**”), will receive, in full satisfaction of such Proven Claims, a payment in an amount equal to the lesser of \$7,500 and the actual amount of the Proven Claims. Each General Unsecured Creditor with Proven Claims that exceed an aggregate of \$7,500 who has not filed an Election Notice, other than the Province, will receive its *pro rata* share of the General Unsecured Creditor Pool remaining after payment of all Convenience Creditors. Under the Plan, USS would not be a General Unsecured Creditor and therefore will not receive any proceeds from the General Unsecured Creditor Pool in respect of its unsecured claims.

Each of the Existing Non-USW Main Pension and OPEB Benefits provided to Non-USW Main Pension and OPEB Claim holders will be replaced with New Non-USW Pension and OPEB Benefits in full satisfaction of the Non-USW Main Pension and OPEB Claims.

We are asking the Affected Creditors of the Applicant to approve the Plan so that the Applicant can emerge from the CCAA proceedings as a viable business able to compete effectively in the North American steel industry.

All Affected Creditors should review the accompanying circular and consult their own advisors. The board of directors of the Applicant and the Monitor recommend that all Affected Creditors vote to approve the Plan.

If the necessary approvals are obtained and the other conditions fulfilled, we expect to be able to implement the Plan by May 31, 2017.

Yours truly,

“William E. Aziz”

William E. Aziz
Chief Restructuring Officer

TABLE OF CONTENTS

INFORMATION CIRCULAR	1
SUMMARY	1
IMPORTANT INFORMATION	8
THE MEETINGS.....	9
PROCEDURE FOR MEETINGS	9
VOTING AT MEETINGS.....	9
Voting and Classes	9
Voting by Proxy	10
Voting by Proxy – Holders of Non-USW Main Pension and OPEB Claims	11
Unresolved Claims	12
Transfer and Assignment of Claims	12
THE PLAN	13
BACKGROUND TO THE PLAN.....	13
Background and Operations	13
Circumstances Prior to Filing under CCAA.....	14
Filing for CCAA Protection and Subsequent Events	14
Initial Order.....	14
Sale and Restructuring Process.....	15
Cash Conservation and Business Preservation Order	15
Sale and Investment Solicitation Process.....	16
Determination of USS Claims	16
USS IP Claims	17
Stakeholder Agreements	17
Entering into the CCAA Acquisition and Plan Sponsor Agreement and Province Support Agreement.....	18
DIP Loan.....	18
CCAA Plan.....	19
Status of Claims Process	19
OVERVIEW OF THE TRANSACTION	21
Land Related Transactions	21
Land Vehicle and Land Assets	21
Land Vehicle Lease.....	22
Environmental Matters	22
MOECC Release and Province Payment	23

Labour Matters	23
OPEB Matters.....	23
Provincial OPEB Loan.....	24
Pension Matters	24
Bedrock Guarantee.....	25
Carried Interest Agreement and Pension Deficit Funding Trust.....	25
New Regulation	26
Tax Savings.....	26
Other	26
DESCRIPTION OF THE PLAN	28
Purpose and Effect of the Plan	28
Purpose.....	28
Affected Claims and Released Claims	28
Unaffected Claims	28
Equity Claims	29
Classification and Treatment of Creditors and Related Matters.....	29
Claims Procedures	30
Classification of Creditors	30
Creditors' Meetings	30
Treatment of General Unsecured Claims.....	30
Treatment of Non-USW Main Pension and OPEB Claims	31
Unaffected Claims	31
Insured Claims	31
Unresolved Claims.....	31
Extinguishment of Claims.....	31
Guarantees and Similar Covenants	32
Set-off	32
Restructuring Steps and Reorganization	32
Articles of Reorganization	32
Restructuring Steps	32
Corporate Approvals.....	34
Cash Pool and Unresolved Claims Reserve and Administration Reserve.....	34
General Unsecured Creditor Pool	34
Unresolved Claims Reserve and Administration Reserve	34
Provisions Regarding Distributions, Payments and Currency.....	35

Payments of Certain Unaffected Claims	35
Distribution Mechanics for General Unsecured Claims	36
Distributions in Respect of Unresolved Claims	36
Allocation of Distributions	36
Treatment of Unclaimed Distributions	36
Withholding Rights.....	37
Cancellation of Certificates and Notes, etc.....	37
Calculations	37
Currency Matters	37
Releases	37
Plan Releases	37
Stakeholder Releases	38
Indemnities.....	38
Injunctions	38
Court Sanction.....	38
Other Conditions	39
Timing for Plan to be Effective	41
Modification of the Plan.....	41
RECOMMENDATION OF MONITOR	42
RECOMMENDATION OF BOARD	43
APPROVAL OF CIRCULAR	45
GLOSSARY OF TERMS.....	46
EXHIBIT A PLAN RESOLUTION	A-1
EXHIBIT B PLAN OF COMPROMISE, ARRANGEMENT AND REORGANIZATION	B-1
EXHIBIT C LIQUIDATION ANALYSIS	C-1
Appendix A ILLUSTRATIVE ESTIMATE OF THE NET REALIZABLE VALUE OF THE ASSETS FOR USSC	C-6
EXHIBIT D ILLUSTRATIVE ESTIMATE OF THE SUMMARY OF CLAIMS AGAINST USSC	D-1
EXHIBIT E ESTIMATED GENERAL UNSECURED CREDITOR CLAIMS POOL AND ILLUSTRATIVE RECOVERY TO THE GENERAL UNSECURED CREDITORS ("GUC") UNDER THE PLAN	E-1

INFORMATION CIRCULAR

Summary

The following is a summary of certain information contained elsewhere in this Circular. This summary is included for convenience only and is qualified in its entirety by the more detailed information contained elsewhere in this Circular, including the terms of the Plan, which should be read by all Affected Creditors to determine whether to approve the Plan. Unless otherwise indicated, terms defined in the section “Glossary of Terms” starting at page 46 have the same meaning in this summary. References to USSC relating to agreements and arrangements post-implementation of the Plan refer to USSC as owned by the Plan Sponsor and as restructured pursuant to the Plan and the restructuring transaction.

Meetings

Meetings of the Affected Creditors (i.e., General Unsecured Creditors and holders of Non-USW Main Pension and OPEB Claims) with Proven Claims will be held on April 27, 2017 at Toronto, Ontario. See “*The Meetings*”. The purpose of the Meetings is to consider and, if thought advisable, to pass, with or without variation, the Arrangement Resolution to approve the Plan proposed by the Applicant under the CCAA and section 191 of the CBCA. A copy of the Plan is set out as Exhibit B to this information circular dated March 15, 2017 for the Meetings (the “**Circular**”).

For the reasons set out in this summary and the balance of the Circular, the board of directors of the Applicant and the Monitor recommend that all Affected Creditors vote FOR the resolution to approve the Plan.

Background

U. S. Steel Canada Inc. (“**USSC**” or the “**Applicant**”) is a large, diversified steel producer. USSC is involved in major segments of the steel industry through its integrated steel businesses. USSC operates from two principal facilities: Lake Erie Works near Nanticoke, Ontario and Hamilton Works in Hamilton, Ontario.

Since 2008, USSC has experienced significant operational and economic headwinds which have detrimentally impacted its financial performance. As a result of these and other factors, USSC idled or closed some of its steel making facilities. In these circumstances, the significant losses incurred by USSC were projected to continue in 2014 and beyond unless a comprehensive restructuring of USSC’s operations and obligations was undertaken.

On September 16, 2014, USSC filed for and received protection under the CCAA in the form of a general stay of proceedings and Ernst & Young Inc. was appointed by the Court as Monitor (“**EY**” or the “**Monitor**”) of USSC.

On April 2, 2015, the Ontario Superior Court of Justice (the “**Court**”) issued an order approving a sale and restructuring/recapitalization process for USSC to market USSC’s business and assets to potential purchasers or investors. More than 100 strategic and financial parties were contacted and a number of parties submitted bids or proposals. None of the bids or proposals received provided an overall solution for USSC that resulted in an executable transaction. This effort was the first of two thorough attempts to identify an executable transaction.

On September 15, 2015, the Court directed USSC's key Stakeholders to attend a mediation to address the feasibility of a comprehensive agreement among the parties. The mediation lasted approximately one week and ultimately, no agreement was reached between the parties. As a result, on October 9, 2015, the Court granted an order authorizing USSC to discontinue the sale and restructuring/recapitalization process.

In early December 2015, discussions with each of the significant Stakeholders were held regarding a further sale and investment solicitation process. On January 12, 2016, the Court issued an order approving the sale and investment solicitation process for USSC to market its business and assets for either sale or recapitalization. Out of this extensive and time intensive process, by the end of July 2016 the proposal from Bedrock Industries L.P. and Bedrock Industries Canada LLC (together "**Bedrock**") emerged as the most promising bid.

Bedrock then conducted negotiations with Stakeholders and ultimately reached understandings with the Province and USS in support of a potential transaction involving USSC and gained public support from other Stakeholders.

On December 9, 2016, USSC entered into a CCAA acquisition and plan sponsor agreement (the "**Plan Sponsor Agreement**" or "**PSA**") with Bedrock, as amended from time to time, which was authorized by the Court on December 15, 2016. This agreement, among other things, contemplates the implementation of the Plan and transfer of ownership of USSC to Bedrock, which, if successfully completed, will result in the emergence of a restructured USSC, which will continue with substantially all of its producing assets and operations.

Overview of the Transaction

Pursuant to the Transaction, Bedrock will, directly or indirectly, acquire substantially all of USSC's operating assets and Business on a going concern basis by, directly or indirectly, acquiring all of the outstanding shares of USSC through the Plan. USSC will continue with substantially all of its producing assets and operations. ***The Transaction is expected to generate the highest reasonable value in a timely manner for Affected Creditors and other creditors given the available alternatives.*** As a result of the proposed Transaction, USSC will emerge as a stand-alone steel manufacturer with a restructured balance sheet and improved liquidity to provide USSC with stability to enable it to compete in challenging steel market conditions. The transaction and Plan contemplate agreements with a variety of Stakeholders in respect of USSC assets and real property, environmental matters, labour matters, OPEB and pension matters.

The Plan

The objective of the Plan is to allow the Applicant to emerge from the CCAA Proceedings while balancing the interests of all stakeholders of the Applicant in a fair and reasonable manner in the circumstances.

By the completion of the CCAA Proceedings, the aim of the Plan is to:

- (a) complete a restructuring and reorganization of USSC by implementing the Restructuring Steps and filing the Articles of Reorganization;
- (b) provide for a compromise of, and consideration for, all Affected Claims that are Proven Claims by:

- (i) providing to holders of all General Unsecured Claims that are Proven Claims a distribution from the General Unsecured Creditor Pool;
- (ii) replacing Existing Non-USW Main Pension and OPEB Benefits provided to Non-USW Main Pension and OPEB Claim holders with New Non-USW Pension and OPEB Benefits;
- (c) effect a release and discharge of all Affected Claims and Released Claims; and
- (d) ensure USSC and its Business continue as a going concern, having addressed USSC's balance sheet issues and legacy obligations,

in the expectation that all Affected Creditors will derive a greater benefit from implementation of the Plan than they would derive from a bankruptcy or liquidation of USSC.

Under the Plan, USSC will file Articles of Reorganization to amend its articles of incorporation to change USSC's name to "Stelco Inc.". Pursuant to the Transaction, all of the issued and outstanding shares of the Applicant will be transferred by the Shareholder to Bedrock.

Under the Plan, each General Unsecured Creditor with Proven Claims not exceeding an aggregate of \$7,500 or who has filed an Election Notice with the Monitor will receive, in full satisfaction of such Proven Claims, a payment in an amount equal to the lesser of \$7,500 and the actual amount of the Proven Claims. Each General Unsecured Creditor with Proven Claims that exceed an aggregate of \$7,500 who has not filed an Election Notice, other than the Province, will receive its *pro rata* share of the General Unsecured Creditor Pool remaining after payment of all Convenience Creditors. Pursuant to its support agreement with USSC and subject to the terms and conditions set out therein, the Province has agreed to vote its Proven Claim in favour of the Arrangement Resolution but has agreed not to receive its *pro rata* share of the General Unsecured Creditor Pool in respect of its claim of approximately \$150 million. Under the Plan, USSC would not be a General Unsecured Creditor and therefore will not receive any proceeds from the General Unsecured Creditor Pool in respect of its unsecured claims.

Implementation of the Plan and the various Stakeholder Agreements contemplated by it will generate the highest reasonable value in a timely manner for Affected Creditors and other creditors given the available alternatives. Failure to implement the Plan could result in Affected Creditors and other creditors receiving significantly less value at a much later unknown date.

Each of the Existing Non-USW Main Pension and OPEB Benefits provided to Non-USW Main Pension and OPEB Claim holders will be replaced with New Non-USW Pension and OPEB Benefits in full satisfaction of the Non-USW Main Pension and OPEB Claims.

Conditions to Implementation of the Plan

In order for the Plan to be implemented, the following conditions, among others, must be satisfied:

- (a) the Plan will have been approved by each class of Affected Creditors of the Applicant;
- (b) the Sanction Order will have been issued by the Court, consistent with the terms of the Plan;

- (c) all applicable appeal periods in respect of the Sanction Order will have expired and any appeals therefrom will have been finally disposed of by the applicable appellant tribunal;
- (d) the Sanction Order will have been recognized and given full force and effect in the United States by an order of the U.S. Bankruptcy Court in the Chapter 15 Proceedings;
- (e) the Plan Sponsor will have paid the Plan Funding Amount to the Applicant in accordance with the Plan Sponsor Agreement;
- (f) the CBA Amendments will have been executed and ratified and become effective in accordance with their terms, subject only to the occurrence of the Plan Implementation Date;
- (g) the OPEB Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (h) the Pension Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (i) the Environmental Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (j) the Land Vehicle Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (k) the Lease Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (l) the Tax Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (m) the D&O Claims Condition will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (n) the USS Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (o) the USSCPF Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (p) the USS Indemnity Release Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (q) the loan agreement in respect of the New ABL Facility and all other security and agreements required pursuant thereto will have been executed, delivered and become effective in accordance with their terms, subject only to the occurrence of the Plan Implementation Date, on terms and conditions satisfactory to the Plan Sponsor, acting reasonably;
- (r) the Stakeholder Contractual Releases will have been executed, delivered and become effective in accordance with their terms, subject only to the occurrence of the Plan

Implementation Date, in each case on terms satisfactory to the Applicant, the Plan Sponsor and each Stakeholder, to the extent that the Applicant, the Plan Sponsor or such Stakeholder are parties receiving or giving the applicable release or releases;

- (s) all other Stakeholder Agreements, if any, will have been executed and delivered by all parties thereto on terms and conditions acceptable to the Plan Sponsor, the Applicant and any applicable Stakeholder(s), each acting reasonably;
- (t) each of the conditions precedent to the closing of the Transaction provided in the Plan Sponsor Agreement will have been satisfied or waived in accordance with the terms of the Plan Sponsor Agreement;
- (u) all relevant Persons will have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicant and Plan Sponsor, acting reasonably, are necessary to implement the provisions of the Plan or the Sanction Order;
- (v) no action or proceeding will be pending by any third party to enjoin or prohibit the Transaction; and
- (w) all applicable approvals and orders of, and all applicable submissions and filings with, Governmental Authorities having jurisdiction for the completion of the steps and transactions contemplated by the Plan (including the steps and transactions which are Plan Implementation Conditions) will have been obtained or made, as the case may be, in each case to the extent deemed necessary or advisable by the Applicant and Plan Sponsor, in form and substance satisfactory to the Applicant and Plan Sponsor.

The conditions above include the execution and delivery of Stakeholder Agreements and other agreements that include one or more Stakeholders or other Persons as counterparties. Each such Stakeholder and other Person will need to be satisfied with and agree to the terms and conditions of the applicable agreements in order for them to become parties thereto and for the relevant conditions to be satisfied.

If the approval of the Affected Creditors is obtained, the hearing in respect of the Sanction Order is scheduled to take place at 10:00 a.m. on May 9, 2017 at 330 University Avenue, Toronto, Ontario, Canada. At the hearing, any interested party may appear and present evidence supporting or opposing the motion for the Sanction Order provided the party has filed with the Court a notice of appearance and served such notice of appearance and notice setting out the basis for its support or opposition and a copy of the materials to be used on the Applicant's solicitors at least four days before the Court hearing.

Recommendation of the Board and Monitor

The Directors of USSC and the Monitor recommend that Affected Creditors vote FOR the Arrangement Resolution to approve the Plan. If the Plan is not implemented the Monitor believes that the most likely alternative would be a realization of the Applicant's assets, whether within the existing CCAA proceeding or through receivership, the exercise of creditors rights or bankruptcy.

The Monitor's illustrative Liquidation Analysis indicates that Affected Creditors in respect of their unsecured claims would recover between 7% to 11% of their claims from such a realization of the assets of the Applicant. Such a realization and distribution to Creditors would almost certainly take much longer than the distribution contemplated by the Plan. Such estimated realizations do not take into account potential priority or deemed trust claims, such as potential employee and environmental claims,

or other claims or disputes as to priority that might ensue in a realization scenario, other than perfected secured claims and construction lien claims, and it could take substantial time for such matters to be determined before distributions could be made to Creditors. This analysis uses the US/Canada exchange rate in force as of the date upon which the Applicant filed for protection under the CCAA. If the US/Canada exchange rate in force on March 6, 2017 was used, the amount available for recovery by General Unsecured Creditors would be reduced by approximately \$30 million. Accordingly, actual recoveries in a realization scenario may differ materially from such estimates and reference should be made to Exhibit C to the Circular and the assumptions, notes and disclaimers set out therein.

Under the Plan, based upon the Claims filed pursuant to the Claims Process Order and the provisions of the Plan, the Monitor estimates that each General Unsecured Creditor with Proven Claims will recover approximately 10% of the principal amount of its Proven Claims, with Convenience Creditors recovering as much as 100% of their claim, and that they will receive payment on account of such claims shortly after implementation of the Plan. Reference should be made to the illustrative recovery for General Unsecured Creditors under the Plan at Exhibit E and the assumptions, notes and disclaimers set out therein.

The Board has approved the Plan and has authorized its submission to the Affected Creditors for their approval and, subject to that approval, to the Court for approval. In arriving at its decision, the Board of USSC thoroughly considered a number of factors and issues as a basis for concluding that the Plan is in the best interests of USSC. In approving the Plan, the Board also considered the need to create a new and better corporation and the general fairness standards and considerations expected to be applied by the Court in connection with the Sanction Order.

In making its recommendation that Affected Creditors vote FOR the resolution to approve the Plan, the Board has given consideration to, among other things:

1. **Implementation of the Plan results in the highest and most certain reasonable value in a timely manner for Creditors and the continuation of OPEBs and the Main Pension Plans.**

Under the Plan, the Monitor estimates that General Unsecured Creditors with Proven Claims will recover approximately 10% of the principal amount of their Proven Claims (with Convenience Creditors recovering as much as 100% of their claims) and that they will receive payment shortly after implementation of the Plan. While the Liquidation Analysis prepared by the Monitor indicates recovery for unsecured creditors of between approximately 7% to 11% in a liquidation scenario, it does not take into account potential priority disputes associated with a realization scenario, among other things, that would be expected to significantly reduce such recovery. Failure to implement the Plan could result in General Unsecured Creditors receiving significantly less value at a much later unknown date.

The Plan also provides for the restructuring and continuation of OPEBs and the Main Pension Plans with guaranteed minimum contributions plus participation in future free cash flows generated by USSC and additional potential value for pension and OPEB claimants in the future through the Land Vehicle. The Plan also addresses environmental claims through an environmental framework agreement and provides releases to create certainty and enable the business to restructure and continue as a going concern.

If the Plan is not approved and USSC is liquidated in the near term, OPEBs will permanently cease, without replacement coverage, and the Main Pension Plans will be wound up with wind up deficits that will result in the reduction of members' pensions, based upon the funded status or transfer ratio of each of the plans at the date of wind up. In this case, OPEB beneficiaries

would be general unsecured creditors and the administrator of the Main Pension Plans would be an unsecured creditor in respect of the pension deficits.

The Board concluded that implementing the Plan would be superior to a liquidation of USSC due to higher, more certain and more timely estimated recoveries for General Unsecured Creditors and the continuation of the Main Pension Plans and OPEB beneficiaries under the Plan.

2. Lack of alternatives to the Plan to achieve a viable USSC on emergence from the CCAA Proceedings.

The Board, having received legal advice and with the assistance of the CRO and Rothschild, conducted an extensive and time intensive process over a period of more than two years to identify potential transactions involving a sale, restructuring, recapitalization process (“SARP”) of USSC. Over 100 strategic and financial parties were contacted in 2015 in connection with the SARP. After the SARP failed to result in an executable transaction, more than 100 strategic and financial parties were contacted in 2016 as part of the sale and investment solicitation process (the “SISP”).

The Bedrock proposal emerged from the SISP process as the most promising bid and, following several months of complex negotiations with USSC and each of the Stakeholders, the transaction contemplated by the Plan is the only transaction that has received support from Stakeholders that USSC expects will be sufficient to result in a completed transaction.

The Board also considered a number of other factors and potential risks relating to the Plan, including:

- the treatment of each stakeholder group having regard to relative legal priorities and to overall fairness between stakeholders in the circumstances;
- the financial condition of USSC on emergence from CCAA protection, including liquidity and leverage and other factors affecting viability such as the ability of USSC to undertake strategic capital expenditures that are critical to its future and USSC’s pension and OPEB funding obligations;
- credibility of Bedrock and its sponsors and the likelihood of the transaction being completed;
- the advice of USSC’s financial advisors provided to the Board;
- the advice of USSC’s legal advisors, including with respect to the Plan and the considerations expected to be applied by the Court in connection with the Sanction Order;
- the advice of independent legal counsel to the Board;
- the opinions and views of management;
- the Plan approval procedures, including the requirement for the approval of Affected Creditors and the approval by the Court at which the fairness of the Plan will be considered;
- the circumstances leading up to the Plan;
- the risks to USSC if the Transaction is not completed;
- the conditions to the various counterparties’ obligations to complete the Transaction; and
- such other considerations as it deemed appropriate.

Additional Information and Inquiries

If you have any questions regarding voting procedures or other matters or if you wish to obtain additional copies of these materials, you may contact the Monitor by telephone at 416-941-7764 (Toronto local) or +1-844-941-7764 (toll-free) or by email at USSC.Monitor@ca.ey.com. Copies of these materials and other materials in these proceedings are also posted on the following website: www.ey.com/ca/ussc.

IMPORTANT INFORMATION

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the Applicant for use at the Meetings of Affected Creditors to be held on April 27, 2017. This Circular contains important information that should be read before any decision is made with respect to the matters referred to herein. All summaries of and references to the Plan in this Circular are qualified in their entirety by references to the text of the Plan, which is set out in Exhibit B to this Circular. All summaries of and references to other documents entered into in connection with the Plan are qualified in their entirety by the definitive documentation in respect thereof and the terms of such documents may, in accordance with their terms and the Plan, be amended or supplemented. Capitalized terms, except as otherwise defined herein, are defined in the section "*Glossary of Terms*".

Information in this Circular is given as at March 15, 2017 unless otherwise indicated.

No Person is authorized to give any information or to make any representation not contained or incorporated by reference in this Circular and, if given or made, such information or representation should not be relied upon. This Circular does not constitute the solicitation of a proxy in any jurisdiction in which such a solicitation is not authorized, or to or from any Person to or from whom it is unlawful to make such proxy solicitation. The delivery of this Circular will not, under any circumstances, create any implication that there has been no change in the information set forth herein since the date of this Circular.

This Circular does not address income tax consequences to Affected Creditors of their participation in the Plan and all persons are urged to consult their own tax advisors regarding the income tax consequences of their participation in the Plan.

Affected Creditors should not construe the contents of this Circular as investment, legal or tax advice. Affected Creditors should consult their own counsel, accountants and other advisors as to legal, tax, business, financial and related aspects of the Plan.

THE MEETINGS

PROCEDURE FOR MEETINGS

Pursuant to the meetings order made on March 15, 2017 by Justice Wilton-Siegel of the Ontario Superior Court of Justice (the “**Meetings Order**”), a copy of which is posted on the Monitor’s website at www.ey.com/ca/ussc, the Meetings of Affected Creditors have been called to consider and vote on the Plan. The Meetings will be held at the Metro Toronto Convention Centre, North Building, Room 201, 222 Bremner Blvd, Toronto, Ontario, M5V 3L9 on April 27, 2017 at the times set out below.

Each Meeting will be held and conducted in accordance with the provisions of the Meetings Order, notwithstanding the provisions of any other agreement or instrument.

A representative of the Monitor will act as the chair (the “**Chair**”) of each Meeting and decide all matters relating to the conduct of the Meeting. The Monitor may appoint scrutineers (the “**Scrutineers**”) for the supervision and tabulation of the attendance, quorum and votes cast at each Meeting. A Person designated by the Monitor will act as secretary at each Meeting.

The only Persons entitled to attend a Meeting are the Monitor and its representatives and counsel; those Persons, including the holders of proxies, entitled to vote at a Meeting and their legal counsel and advisors; the Applicant’s officers, legal counsel and advisors; the Chief Restructuring Officer; the Plan Sponsor’s officers, legal counsel and advisors; and the Scrutineers. Any other Person may be admitted to a Meeting on invitation of the Chair.

The quorum for each Meeting is one Affected Creditor of the Applicant with a Voting Claim present in person or represented by proxy and entitled to vote at the applicable Meeting.

The Chair will be entitled to adjourn and further adjourn a Meeting at a Meeting or any adjourned Meeting provided that any such adjournment or adjournments must be for a period of not more than 30 days in total and, in the event of any such adjournment, USSC and the Monitor will not be required to deliver any notice of adjournment of a Meeting or adjourned Meeting other than announcing the adjournment at the applicable Meeting or posting notice at the originally designated time and location of the Meeting or adjourned Meeting and on the Monitor’s website at www.ey.com/ca/ussc. Any proxy validly delivered in connection with the Meeting will be accepted as a proxy in respect of any adjourned Meeting.

VOTING AT MEETINGS

Voting and Classes

There are two classes of Affected Creditors (together, the “**Affected Creditors Classes**”): (i) the class of General Unsecured Creditors (the “**General Unsecured Creditor Class**”); and (ii) the class of Non-USW Main Pension and OPEB Claim holders (the “**Non-USW Main Pension and OPEB Class**”). The vote on the Arrangement Resolution to approve the Plan will be decided by approval of a majority in number of the Affected Creditors of each of the Affected Creditors Classes holding Voting Claims representing a two-thirds majority in value of such class that is present and voting at the Meeting in person or by proxy (the “**Required Majorities**”).

The following Creditors are entitled to vote,

- (a) in respect of the General Unsecured Creditor Class Meeting: only Affected Creditors holding General Unsecured Claims that are Proven Claims or Unresolved Claims or their proxies will be entitled to vote at such Meeting; and
- (b) in respect of the Non-USW Main Pension and OPEB Class Meeting: only the administrator of each Non-USW Main Pension Plan and the Non-USW OPEB Affected Creditors holding Proven Claims or their proxies will be entitled to vote at such Meeting. As noted below, Representative Counsel will be deemed to be proxy for the administrator of each of the Non-USW Main Pension Plans and each Affected Creditor who is a retiree of the Applicant (or its predecessors or affiliates) not represented by the USW, and eligible spouses and beneficiaries of such retirees who have an independent entitlement to OPEBs (each a **“Non-USW OPEB Affected Creditor”**) with the exceptions described below.

Unaffected Creditors and holders of Equity Claims are not entitled, in such capacity, to attend the Meetings or vote on the Plan.

The voting entitlement on the Plan is calculated as follows (such Claims, collectively, the **“Voting Claims”**):

- (a) for the General Unsecured Creditor Class: each General Unsecured Creditor with a Proven Claim is entitled to one vote with a value equal to the dollar value of such Proven Claim in accordance with the Claims Procedure Orders; and
- (b) for the Non-USW Main Pension and OPEB Class: each administrator of each of the Non-USW Main Pension Plans and each Non-USW OPEB Affected Creditor with a Proven Claim is entitled to one vote (to be voted by Representative Counsel with the exceptions set out below) with a value equal to either (i) the amount of the wind-up deficiency in respect of the applicable Non-USW Main Pension Plan in respect of a vote by the Non-USW Main Pension Plan administrator, as determined in accordance with the Claims Procedure Orders; or (ii) the amount of such Non-USW OPEB Affected Creditor's Proven Claim as determined in the Claims Procedure Orders in respect of a vote by a Non-USW OPEB Affected Creditor.

Affected Creditors with Unresolved Claims (or their proxies) may attend and vote at the Meetings and will have their voting intentions with respect to the Unresolved Claims separately recorded by the Monitor and reported to the Court. See “Unresolved Claims” below.

Voting by Proxy

Each Affected Creditor entitled to vote at a Meeting may vote at the Meeting in person or by proxy. A form of proxy for use at the Meetings accompanies this Circular. Pursuant to the Meetings Order, each Convenience Creditor with a Voting Claim will be deemed to vote in favour of the Plan unless such Convenience Creditor has notified the Monitor in writing of its intention to vote against the Plan prior to the Meeting of the General Unsecured Creditor Class and does vote against the Plan at such Meeting either in person or by proxy.

Pursuant to the Plan (to the extent implemented and in accordance with the terms thereof), Convenience Creditors will receive payment in an amount equal to the lesser of \$7,500 and the actual

amount of such Proven Claims. General Unsecured Creditors with Proven Claims not exceeding an aggregate of \$7,500 are not required to attend the Meetings or to complete or file any forms as they are deemed to be a Convenience Creditor who will receive an amount equal to the actual amount of such Proven Claims pursuant to the Plan (to the extent implemented and in accordance with the terms thereof) and deemed to vote in favour of the Plan. Only if a Convenience Creditor wishes to vote against the Plan will the Convenience Creditor be required to submit a General Unsecured Creditor proxy or attend the Meeting in person, and notify the Monitor in writing of its intention to vote against the Plan prior to the Meeting of the General Unsecured Creditor Class.

General Unsecured Creditors with Proven Claims exceeding an aggregate of \$7,500 may elect to be a Convenience Creditor and to receive \$7,500 in full satisfaction of such Proven Claims in accordance with the Plan (to the extent implemented and in accordance with the terms thereof). Such election can be made by completing and duly submitting the Election Notice portion of the General Unsecured Creditor proxy. Once such an election is made, the Convenience Creditor will be deemed to vote in favour of the Plan unless the Convenience Creditor has notified the Monitor in writing of its intention to vote against the Plan prior to the Meeting of the General Unsecured Creditor Class and do vote against the Plan at such Meeting either in person or by submitting the General Unsecured Creditor proxy.

All other General Unsecured Creditors with Proven Claims exceeding an aggregate of \$7,500 that do not elect to be a Convenience Creditor may vote by duly submitting a proxy (in which case they are not required to attend the Meeting) or may attend the General Unsecured Creditor Meeting to vote by proxy or in person (unless such creditor is a corporation in which case it must vote by proxy).

Any proxy, including any Election Notice portion of the General Unsecured Creditor proxy, must be sent to the Monitor by email, fax, or mail such that it is received by the Monitor **by no later than 5:00 p.m. on April 24, 2017** or three Business Days prior to any adjournment of the relevant Meeting (provided that the Monitor may waive strict compliance with the time limits imposed for receipt of a proxy if deemed advisable to do so by the Monitor, in consultation with the Applicant).

An Affected Creditor may indicate on the form of proxy how it wishes its proxyholder to vote. Proxies in favour of officers of the Monitor will be voted on any ballot that may be called for and, when the Affected Creditor has specified a choice, will be voted in accordance with that specification. **In the absence of any specification on the proxy, the proxy will be voted FOR approval of the Arrangement Resolution.**

Voting by Proxy – Holders of Non-USW Main Pension and OPEB Claims

Further to the above, in respect of the Meeting for holders of Non-USW Main Pension and OPEB Claims, Representative Counsel has been appointed pursuant to the Meetings Order as proxy for the following Affected Creditors, who are not required to deliver a proxy unless they wish to vote against the Plan and will not be attending the Meeting in person:

- (i) the administrator of each of the Non-USW Main Pension Plans; and
- (ii) each Non-USW OPEB Affected Creditor,

other than,

- (iii) any Non-USW OPEB Affected Creditor who is an Opt-Out Individual, as defined in the Representative Counsel Order; and

- (iv) any Non-USW OPEB Affected Creditor with a Non-USW Main Pension and OPEB Claim who appoints an alternative proxy and submits his or her proxy to the Monitor or attends the Meeting of the holders of the Non-USW Main Pension and OPEB Claims in person to vote on the Plan in respect of his or her Non-USW Main Pension or OPEB Claims.

Representative Counsel is authorized to vote all Non-USW Main Pension and OPEB Claims in respect of which it acts as proxy holder in favour of the Plan except in respect of any Non-USW OPEB Affected Creditor that has indicated in its proxy that he or she wishes to vote against the Plan.

Unresolved Claims

Affected Creditors with Unresolved Claims or their proxies may attend and vote at the Meetings and will have their voting intentions with respect to the Unresolved Claims separately recorded by the Monitor and reported to the Court. For purposes of the vote, each Affected Creditor with an Unresolved Claim is entitled to one vote in the General Unsecured Creditor Class, which vote shall have the value accepted by the Monitor, if any, for voting purposes only, in respect of an Unresolved Claim. The voting of such a claim at the Meeting and valuation of the Unresolved Claim for voting purposes is without prejudice to the rights of the Applicant and Monitor or the holder of the Unresolved Claim with respect to the resolution of the Claim for distribution purposes. Votes by Affected Creditors with Unresolved Claims in respect of such Unresolved Claims will not be considered in the calculation of the required majorities; however, if approval or non-approval of the Plan by any of the Affected Creditors Classes proves to be determined by the votes cast in respect of Unresolved Claims, the Applicant and the Monitor, in consultation with the Plan Sponsor, will request further direction from the Court.

The Monitor will report to the Court as soon as reasonably possible after the Meetings with respect to (a) the results of the voting on the Arrangement Resolution and (b) whether the approval or non-approval of the Arrangement Resolution by Affected Creditors was determined by the votes cast in respect of Unresolved Claims accepted for voting purposes.

Transfer and Assignment of Claims

An Affected Creditor may transfer or assign the whole of its General Unsecured Claim prior to the Meetings. If an Affected Creditor transfers or assigns the whole of a General Unsecured Claim that is an Affected Claim to another Person, the transferee or assignee will not be entitled to attend and vote the transferred or assigned General Unsecured Claim that is an Affected Claim at the applicable Meeting unless (a) the assigned General Unsecured Claim that is an Affected Claim is a Voting Claim (as defined in the Meetings Order) or Unresolved Claim, or a combination thereof; and (b) satisfactory notice of and proof of transfer or assignment has been delivered to the Applicant and Monitor no later than five days prior to the date of the applicable Meeting.

THE PLAN

BACKGROUND TO THE PLAN

Background and Operations

USSC is an indirect, wholly-owned subsidiary of United States Steel Corporation (“USS”, collectively with its affiliates, other than the Applicant and its subsidiaries, the “USS Group”) and operates from two principal facilities: Lake Erie Works (“LEW”) and Hamilton Works (“HW”). USSC is an integrated steel producer and was formed after Stelco Inc. was acquired by USS in 2007.

Lake Erie Works:

LEW is located on the shores of Lake Erie (near Nanticoke, Ontario). It is situated on a 6,600 acre property zoned as industrial land with a 1.2 kilometre dock on Lake Erie able to receive St. Lawrence Seaway dimension ships. LEW is an integrated steel mill with an annual capacity of approximately 2.7 million tons of raw steel production, although given steel market constraints, it is producing an annualized total of approximately 1.8 to 2.0 million tons of raw steel, depending on market conditions.

The principal operations of LEW include coke making (the process whereby metallurgical coal is converted into coke by baking the coal in coke ovens), iron and steel making (the process whereby coke is combined with iron ore and limestone in a blast furnace and ultimately combined with scrap metal and injected with oxygen to produce liquid steel and then processed into slabs) and finishing (the process whereby slabs are rolled on a hot strip mill and formed into steel sheet and then rolled into coils).

LEW also operates a pickling line finishing facility, a process whereby hot rolled coils are cleaned by running them through an acid solution. A significant number of the hot rolled coils produced at LEW are shipped to HW for further finishing and then ultimately sold to end customers.

LEW products can be broken into three broad categories: (i) slabs, which can be either processed further at LEW or sold to another processor for hot-rolling; (ii) hot rolled band, which is relatively thick sheet steel used for structural, construction, automotive or tubing purposes or further processing; and (iii) hot rolled pickle, which is hot rolled band that has been further processed when surface quality is important.

The historical financials demonstrate some of the economic and operational headwinds endured by LEW since 2008. LEW was idled between April and July 2009 due to adverse market conditions caused by the credit crisis. As a result of labour disputes, LEW was idled again between August 2009 and April 2010 and May and September 2013. LEW idled its coke battery in April 2013 which was restarted in September 2014.

USSC has invested over \$600 million on major projects at LEW since 2000. Approximately 65% of this amount has been related to the expansion of the LEW hot strip mill, which, among other improvements, increased the facility’s production capacity and enhanced quality capabilities. Another 25% of the capital spent over this period was attributable to iron and steel making operations of LEW, including enhancements to LEW’s ability to produce high quality, customized slabs.

Hamilton Works:

HW is located in Hamilton, Ontario. Steelmaking operations were permanently shut down in 2013 after being idle since 2010. Its operations now consist of coke ovens, certain finishing lines, including a cold reduction mill (which forms hot rolled steel into thinner gauges of steel for end customer use i.e. cold-rolled steel) and two galvanizing lines (which add zinc to the cold-rolled steel), which are used to further process steel to meet specific customer requirements.

HW is situated on an approximately 810 acre parcel of land located directly on Hamilton Harbour, providing access to the Great Lakes and the St. Lawrence Seaway System. HW has direct access to water through two deep water docks providing 8,000 feet of access, rail service and is also located in close proximity to several major highways.

HW cold-rolling and coating products can be broken into two broad categories: (i) cold-rolled full hard, which is used when surface finish is important or when the desired thickness is less than the minimum thickness available in hot-rolled form; and (ii) galvanized and galvalume sheet steel for automotive, construction, pre-paint and appliance applications.

HW has faced significant challenges since 2008. Due to adverse market conditions, HW idled the iron and steel making facilities between October 2008 and August 2009. The iron making and steel making facilities were again idled in 2010 before being permanently shut down in 2013. Similarly, all three cold-rolling and coating lines were idled in April 2009 due to adverse market conditions, with lines coming back on-line in January 2010, March 2010 and May 2012, respectively.

Circumstances Prior to Filing under CCAA

Shortly after USSC was acquired by USS, the 2008 financial crisis and its after-effects throughout the economy dealt a significant blow to USSC's financial position and to the steel market more generally.

Since 2008, USSC has experienced significant operational and economic headwinds which have detrimentally impacted its financial performance. Due to adverse market conditions, USSC idled a number of HW and LEW facilities, and permanently closed HW's iron and steel making facilities. In addition to the impact of the economic environment, USSC experienced a number of labour interruptions during this period. The frequent idling and start-up of USSC's facilities has had a significant impact on its cash flows and associated impact on working capital.

Prior to filing, steel markets remained very challenging and, six years later, still had not recovered to pre-2008 levels. In Canada, in particular, a combination of reduced manufacturing and a high percentage of imports into the market made for continued difficult conditions for USSC. In these circumstances, the significant losses incurred by USSC were projected to continue in 2014 and beyond unless a comprehensive restructuring of USSC's operations and obligations was undertaken.

Filing for CCAA Protection and Subsequent Events

Initial Order

On September 16, 2014, USSC applied for and was granted protection by the Ontario Superior Court of Justice (Commercial List) (the "**Court**") under the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**"). Pursuant to an Order as amended and restated (the "**Initial Order**") of the Court dated September 16, 2014 (the "**Filing Date**"), EY was appointed Monitor of USSC in the CCAA

proceeding. The Court also approved the engagement of BlueTree Advisors II Inc. and the provision of services by William E. Aziz (together, the “**CRO**”) on the Filing Date.

The Initial Order provided for a stay of proceedings through October 15, 2014 (the “**Stay Period**”), which has been extended by subsequent Orders of the Court, most recently through March 31, 2017 by Order of the Court dated November 20, 2016.

Sale and Restructuring Process

On April 2, 2015, the Court issued an order (the “**SARP Order**”) approving a sale and restructuring/recapitalization process (“**SARP**”) for USSC, with the assistance of the Monitor and Rothschild Inc. (“**Rothschild**”), to market USSC’s business and assets to potential purchasers or investors for a sale or recapitalization of USSC.

More than 100 strategic and financial parties were contacted and a number of parties submitted bids or proposals. None of the bids and proposals received pursuant to the SARP provided an overall solution for USSC that resulted in an executable transaction. Each of the bids required significant contributions or compromises from certain Stakeholders which were not acceptable to such Stakeholders.

On September 15, 2015, the Court directed USSC’s key Stakeholders to attend a mediation to address the feasibility of a comprehensive consensual restructuring among the parties. The mediation lasted approximately one week and ultimately, no agreement was reached between the parties. As a result, on October 9, 2015, the Court authorized USSC to discontinue the SARP process. As a result of the failure to produce an executable transaction, and the failure of the Court-directed mediation to produce a comprehensive consensual resolution, in addition to the increasingly difficult steel market conditions at the time, USSC was granted an order from the Court that was intended to allow USSC to operate on a more stand-alone basis in relation to USS and to conserve cash so as to enable USSC the opportunity to engage in a further sale or restructuring process.

Cash Conservation and Business Preservation Order

As a result of the failure of the SARP to produce an executable transaction, and the failure of the Court-directed mediation to produce a comprehensive consensual resolution, in addition to the increasingly difficult steel market conditions at the time, USSC brought a motion that was intended to allow USSC to operate on a more stand-alone basis in relation to USS and to conserve cash so as to enable USSC the opportunity to engage in a further sale or restructuring process.

In connection therewith, on October 9, 2015 the Court granted an order (the “**Cash Conservation and Business Preservation Order**”), which approved certain transition arrangements (the “**Transition Arrangements**”) pursuant to which USS agreed to continue to provide certain administrative services to USSC for a period of up to 24 months, authorized USSC to discontinue the SARP process, and authorized USSC to immediately suspend, among other things, all payments with respect to post-retirement benefit and other payments to former employees, (other than life insurance coverage), benefit payments to those in receipt of benefits under the unfunded supplemental pension arrangements, contributions to the funded supplemental pension arrangements, as well as past service and special payments required to fund any unfunded going concern or solvency deficiency under any of USSC’s registered pension plans. USSC suspended these payments as authorized by the Cash Conservation and Business Preservation Order.

Sale and Investment Solicitation Process

In early December, 2015, discussions with each of the significant Stakeholders were held regarding a further sale and investment solicitation process (the “**SISP**”). The SISP was further developed over December with input from the significant Stakeholders and USSC filed a motion on December 22, 2015 for Court approval of the SISP.

On January 12, 2016, the Court issued an Order (the “**SISP Order**”) approving the SISP for USSC to market its business and assets for either sale or recapitalization, with the assistance of the Monitor and Rothschild. Rothschild, in consultation with the CRO and the Monitor, developed a list of potential bidders with potential interest in all or parts of USSC’s assets and business operations. After this list of potential bidders was reviewed by the major Stakeholders for potential suggested additions, Rothschild began to approach those on the list. As with the SARP, more than 100 strategic and financial parties were contacted to solicit potential interest. In addition, a notice of the SISP was published in various newspapers and a press release was issued in February, 2016 throughout Canada and in major financial centres in the United States.

In accordance with the SISP Order, the first phase of the SISP ended on February 29, 2016. USSC, the CRO and Rothschild assessed the bids received, and after obtaining input from the key stakeholder groups, and with the concurrence of the Monitor, selected a number of bidders as qualified bidders for the second phase of the SISP.

The period for bid submissions for the second phase of the SISP ended on May 13, 2016. USSC, along with the CRO, Rothschild, and the Monitor, reviewed and evaluated the offers received, discussed such offers with the key stakeholder groups and facilitated numerous meetings and negotiations between bidders and various key Stakeholders, including the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (“**USW**”) working together with its local unions USW Local 1005, USW Local 8782 and USW Local 8782(b) (the “**Locals**”), the Province of Ontario (the “**Province**”), the court-appointed representatives of the non-USW employees and retirees of USSC (the “**Non-USW Representatives**”) and USS. USSC also provided target dates to bidders for the completion of such meetings and negotiations. These meetings and negotiations took place over the course of several months.

In accordance with the SISP and after receiving input from key Stakeholders, and with the agreement of the Monitor, USSC narrowed the number of going concern bidders participating in the process. As the going concern offers received required the settlement of specific issues between certain key Stakeholders and the bidders, numerous discussions (supervised by the Monitor in accordance with the SISP) took place throughout the summer and fall of 2016 to try and facilitate a going concern solution. Out of this extensive and time intensive process, the Bedrock proposal emerged as the most promising bid, and was designated as a “Qualified Bid”. Since emerging as the most promising bid, Bedrock with the support of USSC continued discussions and negotiations with Stakeholders including the USW and its Locals, the Non-USW Representatives, the Province and USS. These complex negotiations have required a considerable commitment of time and resources by Bedrock, each stakeholder group and USSC, but have been highly productive.

Determination of USS Claims

Pursuant to the Claims Process Order, USS filed certain secured and unsecured claims against USSC. In accordance with the Claims Process Order, the Monitor prepared and filed a report detailing its review of all USS Claims and its recommendations with respect to the determination of such claims. Based on its review, the Monitor recommended, subject to the Court’s determination in relation to any possible

challenges to the USS Claims, that the USS Claims be accepted as Proven Claims in the amounts of (i) USD\$118.7 million in Secured Claims, and (ii) USD\$131.5 million and \$1,847.2 million in unsecured Claims.

Objections to portions of the USS Claims were filed by the USW, the Province, and Representative Counsel (the “**Objecting Parties**”) objecting to the USS Claims on a number of grounds, including that the USS debt was in the nature of equity and should be recharacterized as equity and be subordinated pursuant to the doctrine of equitable subordination.

On August 13, 2015, the CCAA Court issued an endorsement finding that the CCAA did not grant jurisdiction to the CCAA Court to apply the doctrine of equitable subordination. The Court of Appeal upheld the CCAA Court’s decision on other grounds. The Objecting Parties sought leave to appeal the decision to the Supreme Court of Canada and leave has been granted.

The Objecting Parties proceeded with the remainder of their objections. After a court-ordered documentary production process and discoveries of witnesses from USS and USSC conducted by the Objecting Parties, the motion for determination of the USS Claims was heard in January 2016. On February 29, 2016, the Court issued endorsements determining that the USS Claims were Proven Claims in the following amounts: (i) unsecured Claims in the aggregate amount of \$1.99 billion, and (ii) Secured Claims in the amount of \$130.4 million.

The Objecting Parties have sought and obtained leave to appeal the CCAA Court’s determination of the USS Claims.

USS IP Claims

USS made allegations that it has certain proprietary or other rights in intellectual property used by or in the possession of USSC. On June 13, 2016, USSC sought and obtained an order approving a claims process to identify and determine certain intellectual property claims of USS to the extent these claims are not otherwise resolved.

Stakeholder Agreements

MOU with the Province

On September 21, 2016, the Province announced that it had signed a Memorandum of Understanding with Bedrock to help facilitate a restructuring of USSC (the “**Province MOU**”). This agreement with a key stakeholder assisted in forming the framework of a comprehensive restructuring of USSC. Its terms remained confidential until December 9, 2016. It contained various conditions, including acceptance by USSC, ratified collective bargaining agreements with the USW and its Locals, agreements with certain Stakeholders, government approvals and the approval of the Court.

USS/Bedrock ITS

On November 1, 2016, USS announced that it had reached an agreement with Bedrock regarding the sale and transition of its ownership of USSC (the “**USS/Bedrock ITS**”). The agreement incorporated terms related to the treatment of USS’ secured and unsecured claims against USSC, and contemplated the provision of mutual releases among key Stakeholders, including USSC, the continued provision of certain shared services to USSC during a transition period, and an agreement for a five-year supply by USS of certain key raw materials.

Labour Matters

Also on November 1, 2016, the USW issued a press release stating that the USW believed that the Bedrock arrangements with the Province and USSC represented “the best opportunity to date for the restructuring and continued operation of U. S. Steel Canada facilities”. On November 22, 2016, USW Local 8782 and USW Local 8782(b) delivered a letter to Bedrock indicating their support for Bedrock’s efforts to proceed with a transaction and plan of compromise and arrangement relating to USSC.

Entering into the CCAA Acquisition and Plan Sponsor Agreement and Province Support Agreement

On December 9, 2016, USSC entered into a CCAA acquisition and plan sponsor agreement (as amended, the “**Plan Sponsor Agreement**” or the “**PSA**”) with Bedrock which was authorized by the Court on December 15, 2016. In addition, Bedrock was declared to be the Successful Bidder as defined in paragraph 27 of the SISP Order. If successfully completed, the transactions contemplated by the PSA will result in the emergence of a restructured USSC which will continue to operate with substantially all of its producing assets and operations intact. The PSA contemplates, among other things, the filing of the Plan. The Transaction is further described in the section “*Overview of the Transaction*”. A summary of the PSA is available in the Monitor’s 33rd Report a copy of which is posted on the Monitor’s website at www.ey.com/ca/ussc.

Also on December 9, 2016, the Province entered into an agreement with USSC to support the PSA (as amended, the “**Support Agreement**”), whereby both parties acknowledge that the Transaction would be implemented through an acquisition of the shares of USSC, directly or indirectly, by Bedrock, pursuant to the Plan. The Province further agreed to support specific common transaction elements between the PSA and the terms of the Province MOU.

DIP Loan

On October 8, 2014, the Court first approved debtor-in-possession financing for USSC in these CCAA Proceedings.

USSC is party to an amended and restated interim financing term sheet dated as of November 4, 2015 as amended by an amending and extension agreement to amended and restated term sheet dated as of January 25, 2016, as amended by a second amending and extension agreement to amended and restated term sheet dated July 15, 2016 and a third amending and extension agreement dated December 22, 2016 (the “**DIP Agreement**”) with Brookfield Capital Partners Ltd. (the “**DIP Lender**”).

USSC is authorized to access the funds under the DIP Agreement to provide working capital and for other corporate purposes, to make payments necessary to comply with the Initial Order, to provide guarantees that support the operations of the business, and to repay borrowings, interest and fees under this and any existing loan facilities. USSC has paid to the DIP Lender 3% of the original loan amount of \$150 million as a commitment fee. USSC must pay a monthly monitoring fee of 0.1% on the \$30 million loan amount and a one-time exit fee of 2% on the original loan amount. The interest rate is set at 11% plus the greater of 1% or the CDOR rate as defined in the DIP Agreement. There has not been a drawdown on the loan facility at any time.

On December 22, 2016, at the request of USSC, the third amending and extension agreement to the DIP Agreement was entered into by USSC and the DIP Lender, among others, to extend the maturity date of the DIP Agreement from December 31, 2016 to June 30, 2017. In consideration for this extension, USSC agreed to pay to the DIP Lender an extension fee equal to 2% of the \$30 million loan amount. The

DIP Agreement helps to maintain USSC's current liquidity position and provides additional comfort to USSC's customers and suppliers in the event that any unforeseen working capital needs arise.

CCAA Plan

On March 10, 2017, after extensive discussions with stakeholders and pursuant to the PSA, the board of directors of USSC approved a draft Plan. On March 10, 2017, USSC filed motion materials with the Court seeking an Order authorizing it to file the Plan and directing a meeting of the Affected Creditors. The terms of the Plan are outlined in detail in this Circular.

Status of Claims Process

Pursuant to a claims process order dated November 13, 2014 (the “**Initial Claims Process Order**”), the Monitor commenced a process for creditors (excluding certain creditors with excluded claims, as defined in the Claims Process Orders) to file with the Monitor Proofs of Claim for Claims incurred prior to September 14, 2014 and for Restructuring Claims. The bar date for claims affected by the initial Claims Process Order was December 22, 2014. The Restructuring Claims bar date was a date 45 days after the delivery of a Proof of Claim Document Package by the Monitor. Capitalized terms used in this section and not otherwise defined in this Circular will have the meaning given to them in the Initial Claims Process Order.

Pursuant to the Initial Claims Process Order, a claimant seeking to dispute a Claim was required to file a Notice of Dispute within 14 days of receipt of a Notice of Revision or Disallowance from the Monitor. A dispute mechanism is in place for those Claims that cannot be resolved by way of negotiation with the Applicant and/or the Monitor. Disputed claims may be referred to a Claims Officer and both USSC and the claimant may appeal the decision of the Claims Officer to the Court within 10 days of notification of the Claims Officer's decision. All determinations from the Court regarding appealed Claims are final for the purpose of recording Claims.

Certain claims were excluded from the Initial Claims Process Order, including “Employee Claims”, “OPEB Claims”, “Pension Claims” (each as defined in the Initial Claims Process Order), and grievances. Pursuant to a supplementary claims process order dated March 15, 2017 (the “**Supplementary Claims Process Order**”), USSC has commenced a supplementary claims process for the valuation of certain claims for the purpose of voting on a Plan, as well as for certain Employee Claims relating to the cessation of employment, Non-USW Supplemental Pension Claims, and other restructuring claims not filed to date.

Claims against USSC pursuant to the Initial Claims Process Order are tabulated below:

Claim Category	Filed Proof of Claim			Proven Claims			Value per Notice of Dispute ⁽¹⁾			Unresolved Claims ⁽⁴⁾		
	#	Secured (\$)	Unsecured (\$)	#	Secured (\$)	Unsecured (\$)	#	Secured (\$)	Unsecured (\$)	#	Secured (\$)	Unsecured (\$)
Trade and Other Government ⁽¹⁾	602	2,486	106,430	565	-	77,373	6	51	1,525	31	1,857	26,324
Liens	11	11,168	433	11	10,861	425	-	-	-	-	-	-
Province Note	1	-	150,695	-	-	-	-	-	-	1	-	150,695
Employee Related ⁽²⁾	9	-	921	1	-	-	-	-	-	8	-	921
Claims filed by USS	14	213,358	1,987,683	11	130,483	1,991,796	-	-	-	3	78,167	-
Late claims	40	235	1,788	-	-	-	-	-	-	40	235	1,788
Total ⁽³⁾	677	227,246	2,247,949	588	141,345	2,069,593	6	51	1,525	83	80,259	179,727

Notes:

Note 1: Includes trade claims and claims filed by government agencies including the Canada Revenue Agency and Ministre du Revenu of Quebec but excludes the claim of the Province in respect of the Province note of \$150.6 million.

Note 2: Nine Employee related claims were filed pursuant to the General Claims Process Order but may be duplicative of claims anticipated to be filed pursuant to the Supplementary Claims Process Order.

Note 3: Unresolved claims for which the Monitor issued Notices of Revision or Disallowance for which a Notice of Dispute has been filed by the Claimant.

Note 4: Unresolved claims which the Monitor has not yet accepted as a Proven Claim or issued a Notice of Revision or Disallowance in respect of.

Note 5: There were three (3) contingent claims filed (the USW, the Province of Ontario and by USS) with a proof of claim value "To be Determined" and therefore the total value of claims shown above claim value is subject to material change.

The above summary does not include Non-USW Main Pension and OPEB Claims or other Claims that may be filed as part of the Supplementary Claims Process Order. An updated summary of Claims including Claims filed under the Supplementary Claims Process Order will be provided in a subsequent Monitor's report a copy of which will be posted on the Monitor's website at www.ey.com/ca/ussc.

Pursuant to the Supplementary Claims Process Order, the bar dates are as follows (each as further described in the Supplementary Claims Process Order):

The later of 21 days after the Monitor delivers a Notice of Non-USW Employee Restructuring Claim or April 20, 2017	Non-USW Employee Restructuring Claims
30 days after the Monitor delivers a Proof of Claim Document Package	Restructuring Claims
April 20, 2017	Supplemental Pension Claims
April 20, 2017	D&O Claims

OVERVIEW OF THE TRANSACTION

Pursuant to the Transaction, Bedrock will, directly or indirectly, acquire substantially all of USSC's operating assets and business on a going concern basis by, directly or indirectly, acquiring all of the outstanding shares of USSC through the Plan. USSC will continue with substantially all of its producing assets and operations and the Applicant believes that the implementation of the Plan and the various Stakeholder Agreements contemplated by it will generate the highest reasonable value in a timely manner for Affected Creditors and other creditors given the available alternatives. As a result of the proposed Transaction, USSC will emerge as a stand-alone steel manufacturer with a restructured balance sheet and improved liquidity to provide USSC with stability to enable it to compete in challenging steel market conditions.

Land Related Transactions

Land Vehicle and Land Assets

Prior to or at the closing of the Transaction, USSC will contribute and convey to an entity, partnership trust or other vehicle established for the purpose of holding and monetizing the certain Land Assets (the "**Land Vehicle**") all of the right, title, benefit and interest of USSC in and to the HW Lands and LEW Lands, and such other equipment, buildings, scrap material or other tangible assets of USSC that are located on the portion of the USSC lands that will not be leased by USSC (the "**Land Assets**"); except for those assets that are not on the leased premises but which are still used for steel-making operations in the ordinary course, as approved by Bedrock, USSC, the Province and the USW no later than five days prior to the closing of the Transaction.

Pursuant to the Plan, the Land Vehicle will issue the Land Notes to USSC in consideration for the transfer of the Land Assets. USSC will then contribute an amount equal to the aggregate principal amount of the Land Notes, 50% to the Main Pension Plans and 50% to the OPEB Entities (the "**Land Contribution**") with the allocation of the Land Contribution to each of the Main Pension Plans and the OPEB Entities, to be specified in the Pension Agreement and the OPEB Agreement. Each of the Main Pension Plans and the OPEB Entities will purchase a Land Note from USSC with a principal amount equal to the amount of the Land Contribution made to the respective Main Pension Plan and OPEB Entity, with the aggregate purchase price for the Land Notes equal to the aggregate principal amount of the Land Notes.

The Land Vehicle, or such other entity acceptable to the Province and the USW, will assume, fulfill, perform and discharge, as applicable and when due, all of the liabilities related to the Land Assets, as approved by Bedrock, USSC, the Province and the USW no later than five days prior to closing of the Transaction. The Land Vehicle will be governed by a board who are independent from the Province, the USW, the Non-USW Representatives and USSC. The Land Vehicle Board may initially be appointed by the Court and thereafter shall be self-perpetuating such that members of the Land Vehicle Board shall appoint new members to fill any vacancies. The Province will not have control over the Land Vehicle Board or the Land Vehicle.

The Land Vehicle will conduct a sale process on terms acceptable to the Province and must sell the Land Assets within five years. Subject to funding Land Vehicle operating costs for five years and environmental testing and monitoring expenses and subject to the first ranking security of the Province in the Land Assets and the Land Proceeds and repayment of the Provincial Land Vehicle Loan and the Provincial OPEB Loan as defined and described below, the proceeds following the sale of the Land Assets shall be applied to first repay the Land Notes, and thereafter as follows:

- (a) 50% will be allocated to the OPEB Entities and allocated among the OPEB Entities as set in the OPEB Agreement; and
- (b) 50% will be allocated to the Pension Deficit Funding Trust and then allocated among the Main Pension Plans as determined by the Superintendent and set out in the New Regulation.

Concurrent with the transfer of the Land Assets to the Land Vehicle, the Province will provide a secured revolving line of credit to the Land Vehicle up to a maximum of \$10 million for the sole purpose of funding the operations of the Land Vehicle (the “**Provincial Land Vehicle Loan**”). The Provincial Land Vehicle Loan will mature and be repaid no later than six years from the closing date of the Transaction. The Provincial Land Vehicle Loan will be secured by a first-ranking secured charge on the Land Assets and a first charge on the Land Proceeds (as such term is defined below), the OPEB Entities’ entitlement to the OPEB Free Cash Flow Contribution, the OPEB Remaining Share (as such term is defined below), and the Pension Remaining Share (as such term is defined below).

Land Vehicle Lease

USSC will enter into a long-term lease arrangement with the Land Vehicle to lease the portion of the HW Lands and LEW Lands required to operate the purchased assets and business. The lease will pertain to up to 300 acres and 2,200 acres of the HW and LEW real properties, respectively. The lease term will be for a period of 21 years less a day, provided that once consent under the *Planning Act* (Ontario) has been obtained, the term of the lease will be 25 years with lessee rights to extend including for certain 10-year renewal periods. USSC will pay at its option either (a) an initial annual triple net annual rent of \$17,000 per acre on the leased portion of HW real property and \$1,000 per acre on the leased portion of LEW real property, which will escalate annually at the consumer price index for inflation in Canada, with a minimum annual escalation of zero, or (b) a “percentage rent” based on the total third party revenues of USSC. In addition to such rent amounts, USSC will be responsible for paying its share (based upon a formula to be agreed upon) of realty taxes and of the common costs of the HW and LEW real property (including security, maintenance of common facilities such as roads, jointly used power and lighting, snow removal, etc.). USSC and the Land Vehicle may also enter into a separate, shorter-term lease in respect of certain offices currently occupied by USSC in buildings that are not being leased on a long-term basis. USSC and the Land Vehicle will enter into mutually satisfactory arrangements with respect to the costs required to sever USSC’s operating facilities on the leased lands from the common utilities of the HW and the LEW real property. USSC and the Province will also work together in good faith to seek a reduction in the property taxes payable on the HW and LEW real property.

Environmental Matters

USSC will be responsible for any post-closing environmental liabilities that do not arise from historic contamination at the properties of USSC known as the “Hamilton Works” and the “Lake Erie Works” as set out in the Environmental Term Sheet (the “**HW and LEW Properties**”). In a definitive legally binding agreement to be executed by USSC and the MOECC, USSC will retain a qualified person to design, implement and oversee a baseline monitoring program at the HW and LEW Properties. Upon approval by the MOECC, USSC will implement the baseline monitoring program for a period of three years.

USSC and the MOECC will also agree to an environmental management plan relating to USSC’s operations at the HW and LEW Properties, to be overseen by a qualified person. As part of the definitive legally binding agreement, the MOECC will agree to not take any regulatory action against USSC for

historical contamination except where USSC has altered, exposed or mobilized the historical contamination through certain defined activities or conduct.

MOECC Release and Province Payment

In exchange for a release by the MOECC of historic environmental liabilities at or from the HW and LEW Properties, the Province will receive a one-time irrevocable cash payment of US\$61 million from USSC (the “**Province Payment**”) on closing of the Transaction. In addition, USSC will enter into an environmental agreement with the MOECC for the management of environmental issues at the sites. The Province Payment will be applied first to the repayment of professional fees and expenses incurred by the Province with respect to restructuring matters in the CCAA Proceedings. The Province Payment will be used by the MOECC in connection with historic environmental issues relating to the HW and LEW Properties.

If the MOECC determines that there is a portion of the Province Payment that is not required by the MOECC in connection with historic environmental issues, one half of such portion will then be allocated to the OPEB Entities (the “**OPEB Remaining Share**”) and the other half will be paid to the Main Pension Plans and allocated among such plans as determined by the Superintendent and set out in the New Regulation (the “**Pension Remaining Share**”). All such distributions will be subject to the application of such funds to the payments in respect of (i) the Provincial Land Vehicle Loan (as such term is defined below) and (ii) the Provincial OPEB Loan (as such terms are defined below).

If the MOECC incurs any expenditures in connection with testing, monitoring or investigating environmental conditions on the HW and LEW real property, such expenditures will be reimbursed first from any proceeds derived from the sale or lease of the Land Assets and any residual portion of the Land Vehicle Funding remaining following the sale of the Land Assets (the “**Land Proceeds**”).

Labour Matters

The LEW Local 8782 CBA Amendment, the LEW Local 8782(b) CBA Amendment and the HW Local 1005 CBA Amendment will be in effect as of the Plan Implementation Date and will provide for the New Local 1005 Pension and OPEB Benefits, the New 8782 Pension and OPEB benefits and the New LEW Local 8782(b) Pension and OEPB Benefits.

OPEB Matters

Entities (the “**OPEB Entities**”) satisfactory to USSC, Bedrock, Representative Counsel, USW and the Province will be established for the purpose of receiving, holding and distributing funds on account of OPEBs. The type and level of OPEBs to be provided on and after the closing of the Transaction shall be set out in the OPEB ELHT Documents.

In addition to any funding received by the OPEB Entities from the Land Vehicle and the OPEB Remaining Share from the Province, USSC will make annual contributions to the OPEB Entities in the amount of \$15 million in the aggregate (the “**OPEB Fixed Contribution**”) and 6.5% of USSC’s Free Cash Flow, to a maximum additional annual amount of \$11 million (the “**OPEB Free Cash Flow Contribution**” and together with the OPEB Fixed Contribution, the “**OPEB Contributions**”). For 2017, the \$15 million annual contribution shall be pro-rated based on the number of completed months between the Plan Implementation Date and December 31, 2017. USSC’s Free Cash Flow (“**Free Cash Flow**” is calculated as: (a) consolidated net income after tax (before free cash flow sweep); plus/minus; (b) all non-cash charges/credits (e.g. depreciation, deferred tax, etc.) included in the calculation of consolidated net income; plus/minus (c) changes in working capital in the year; less (d) capital expenditures incurred in the

course of USSC's Business in the year (net of any government grants or subsidies for capital expenditures)¹.

USSC will also contribute an amount in excess of \$20 million in respect of OPEBs for USW Local Union 8782 for the first five years following the closing (any additional amount in excess of \$20 million for the five years being the "**Excess 8782 Amount**"). The Excess 8782 Amount, if any, shall be payable by USSC to the OPEB Entity from which the 8782 OPEBs are payable by May 31, 2022.

The OPEB Contributions will be unsecured, contractual obligations of USSC that will rank equally with and not lower than other unsecured obligations of USSC.

In addition to any funding received by the OPEB Entities from the Land Vehicle and the Tax Savings Agreement, USSC will make a lump sum advance payment to the OPEB Entities of \$30 million (the "**Advance OPEB Payment**") on the earlier of: (i) the date on which USSC first makes any distribution to Bedrock or its affiliates, investors or funds; and (ii) the date that is three years following the closing of the Transaction. The benefit of the Advance OPEB Payment will be amortized over the period continuing from the fourth year through the ninth year following the closing date of the Transaction such that the OPEB Fixed Contribution owed by USSC to the OPEB Entities will be: (a) \$12 million per year in the fourth and fifth years following the closing date of the Transaction; (b) \$9 million per year in the sixth, seventh, eighth and ninth years following the closing date of the Transaction; and (c) \$15 million per year in the tenth year following the closing date of the Transaction and thereafter. As described above, the OPEB Entities will also hold Land Notes of the Land Vehicle in an aggregate principal amount equal to the amount of the Land Contribution made by USSC to the OPEB Entities.

Overall, the maximum annual amount paid by USSC to the OPEB Entities will be no greater than the sum of the OPEB Fixed Contribution, the OPEB Free Cash Flow Contribution and the Excess 8782 Amount (with the exception of the year in which the Advance OPEB Payment is paid to the OPEB Entities).

Provincial OPEB Loan

The Province will provide an interest-free secured reducing, non-revolving line of credit to the OPEB Entities (up to a maximum aggregate amount of \$66 million) for the sole purpose of providing the OPEB Entities with cash to fund OPEBs (the "**Provincial OPEB Loan**"). The Provincial OPEB Loan shall mature and be repaid by the OPEB Entities no later than six years from the closing date of the Transaction. The Provincial OPEB Loan shall be secured by a first charge on: (a) the HW and LEW real property; (b) the Land Proceeds; (c) the OPEB Entities' entitlement to the OPEB Free Cash Flow Contribution; (d) the OPEB Remaining Share; and (e) the Pension Remaining Share.

Pension Matters

USSC is the sponsor and administrator of five main registered pension plans (the "**Main Pension Plans**"). A new administrator will be appointed for the Main Pension Plans. USSC's ongoing funding obligations with respect to the Main Pension Plans will be fixed (as described below) in respect of service accrued to the Plan Implementation Date. The Main Pension Plans will continue to be covered by the Ontario Pension Benefits Guarantee Fund.

¹ In the event USSC enters into or undertakes any non-arm's length transactions that are not on a strictly cost recovery basis or that otherwise contain non-market terms the Free Cash Flow shall be adjusted to reflect such transactions.

In addition to any funding received by the Main Pension Plans from the Land Vehicle and from the Carried Interest Agreement through the Pension Deficit Funding Trust and from the Tax Savings Agreement, USSC will make lump sum and ongoing contributions into these Main Pension Plans including: 10% of USSC's Free Cash Flow (the "**Pension Free Cash Flow Contribution**"), subject to a minimum of: (i) the pro rata portion of \$10 million based on the number of completed months between the Plan Implementation Date and December 31, 2017; (ii) \$10 million per year for the first four years commencing on January 1, 2018; (iii) a minimum of \$15 million for the next 15 years commencing on January 1, 2022; and (iv) in respect of 2037, a minimum contribution of \$10 million less any amounts paid for 2017 under (i) (clauses (i) to (iv)), the "**Minimum Contribution**"). In addition, USSC will make a lump sum contribution to the Main Pension Plans by way of a \$30 million upfront payment upon the closing of the Transaction (the "**Upfront Payment**"). USSC must make an additional \$20 million payment to the Main Pension Plans prior to any dividend distribution to Bedrock (the "**Advance Pension Payment**"). As described above, the Main Pension Plans will also hold Land Notes of the Land Vehicle in an aggregate principal amount equal to the amount of the Land Contribution made by USSC to the Main Pension Plans.

The Pension Free Cash Flow Contribution for each year will be paid monthly based on the pro-rated monthly amount of the Minimum Contribution. The Pension Free Cash Flow Contribution (including, for greater certainty the obligation to pay the Minimum Contribution) will be an unsecured contractual obligation of USSC ranking equally with other unsecured obligations of USSC.

The maximum total contribution of USSC to the Main Pension Plans will be \$400 million (the "**Maximum Contribution**") which does not include the Upfront Payment or any funds received from or in respect of the Land Vehicle or the Carried Interest Agreement. USSC will have no further obligation to make contributions to the Main Pension Plans once it has made the Maximum Contribution. USSC will not be liable for any deficit in the Main Pension Plans existing as of the closing date of the Transaction or thereafter and will be exempt from any deficit funding obligations, including any wind up deficit funding obligation under section 75, or similar section of, the *Pension Benefits Act* (Ontario).

All contributions to the Main Pension Plans will be allocated among the Main Pension Plans as determined by the Superintendent and set out in the New Regulation.

Bedrock Guarantee

The Plan Sponsor will guarantee the Minimum Contribution (the "**Bedrock Guarantee**"). The maximum amount of contributions guaranteed is \$160 million (the "**Guaranteed Amount**"), which will be reduced on a dollar-for-dollar basis by any: (a) payment by USSC of an amount in excess of the Minimum Contribution payable in any year; (b) payment by the Plan Sponsor under the Bedrock Guarantee; (c) payment by USSC made after the aggregate amount paid to the Main Pension Plans exceeds \$140 million (excluding the Upfront Payment); and (d) Advance Pension Payment. The Bedrock Guarantee will be an unsecured contractual obligation of the Plan Sponsor ranking equally with other unsecured obligations of the Plan Sponsor, with the capital structure of the Plan Sponsor being satisfactory to the Province. The Bedrock Guarantee will be discharged on the earlier of (a) the payment by USSC and/or Bedrock of \$300 million; and (b) the date on which the Guaranteed Amount has been reduced to zero.

Carried Interest Agreement and Pension Deficit Funding Trust

On the closing date of the Transaction, Bedrock, USSC and the Province will enter into a carried interest agreement (the "**Carried Interest Agreement**") with a trust to be established for the benefit of the Main Pension Plans (the "**Pension Deficit Funding Trust**"). The terms of the Pension Deficit

Funding Trust will be determined by the Province. The Carried Interest Agreement will provide that the Pension Deficit Funding Trust will receive 10% of all profits earned by Bedrock (or its investors, funds or affiliates without duplication) arising from USSC to the extent such distributions exceed Bedrock's equity investment in USSC, as set out in the Carried Interest Agreement.

New Regulation

The Minister of Finance will recommend to the Lieutenant Governor-in-Council that a new regulation be made under the *Pension Benefits Act* (Ontario) the purpose of which shall be to implement the arrangements agreed to with respect to the Main Pension Plans, if all conditions are satisfied (the "**New Regulation**").

Tax Savings

On the closing of the Transaction, USSC, Bedrock, the Province and certain other stakeholders will enter into a tax savings agreement (the "**Tax Savings Agreement**") governing the treatment of the accumulated tax losses, undepreciated capital cost and other beneficial tax attributes of USSC. In particular, it is contemplated that the restructured USSC would forego the benefit of 50% of certain existing tax attributes that would otherwise be available. In addition, USSC would make an annual cash payment equal to 33.5% of the tax savings actually realized in respect of the remaining attributes allocated 50% to the OPEB Entities and 50% to the Main Pension Plans with the allocation to each Main Pension Plan and OPEB Entity to be specified in the Pension Agreement and the OPEB Agreement.

Other

While the execution of the PSA and the filing of the Plan represent a significant milestone in the successful restructuring of USSC, there are a number of agreements and arrangements which, while described in general terms in the PSA and the Plan, will need to be developed further and implemented. Matters to be resolved include:

- (a) selection of the organizational and governance structure of the Land Vehicle, and further development of other arrangements relating to the Land Assets described in the Land Term Sheet, the Lease Term Sheet and the Environmental Term Sheet;
- (b) formation of the Pension Deficit Funding Trust, the negotiation and settlement of the Pension Agreement, the coming into force of the New Regulation, settlement of pension benefits to non-Ontario retirees of the Main Pension Plans, and further development of other arrangements relating to the Main Pension Plans described in the Pension Term Sheet;
- (c) formation and organization (including governance) of the OPEB Entities, the negotiation and settlement of the OPEB Funding Agreement and further development of the other arrangements relating to the OPEB entitlements described in the OPEB Term Sheet;
- (d) negotiation and granting of the releases contemplated by the Plan in favour of the recipients;
- (e) addressing any regulatory matters, including under the *Investment Canada Act*;
- (f) execution and ratification of the CBA Amendments in form and substance satisfactory to the USW Locals, Bedrock and USSC; and

(g) obtaining the necessary consents, approvals, notifications or waivers for contracts that are material to USSC's business, the consent of Governmental Authorities, and material third party consents required for the consummation of the transactions contemplated by the Plan or for the operation of the USSC's business following closing of the Transaction.

These remaining considerations are reflective of the complex issues the parties are dealing with and the compromises required in order to make any going concern solution viable in the circumstances. The PSA provides useful parameters around which further negotiations are to take place.

DESCRIPTION OF THE PLAN

Purpose and Effect of the Plan

Purpose

The purpose of the Plan is to:

- (a) complete a restructuring and reorganization of USSC by implementing the Restructuring Steps and filing the Articles of Reorganization;
- (b) provide for a compromise of, and consideration for, all Affected Claims that are Proven Claims by:
 - (i) providing to holders of all General Unsecured Claims that are Proven Claims a distribution from the General Unsecured Creditor Pool;
 - (ii) replacing Existing Non-USW Main Pension and OPEB Benefits provided to holders of the Non-USW Main Pension and OPEB Claims with New Non-USW Pension and OPEB Benefits;
- (c) effect a release and discharge of all Affected Claims and Released Claims; and
- (d) ensure USSC and its Business continue as a going concern, having addressed its balance sheet issues and legacy obligations,

in the expectation that all Affected Creditors will derive a greater benefit from implementation of the Plan than they would derive from a bankruptcy or liquidation of USSC.

Affected Claims and Released Claims

The Plan provides for a compromise with Affected Creditors and a full release and discharge of the Affected Claims and the Released Claims. The Plan will become effective at the Effective Time and will be binding on the Applicant, the Affected Creditors, the Released Parties and all other Persons referred to in the Plan.

Unaffected Claims

Subject to certain provisions, the Plan does not compromise the following (collectively, the “Unaffected Claims”):

- (a) Claims secured by the CCAA Charges;
- (b) USS Secured Claims and USS Unsecured Claims;
- (c) Secured Claims that are accepted as or determined to be Proven Claims pursuant to the Claims Procedure Orders as Secured Claims, Construction Lien Claims and Secured Municipal Tax Claims;
- (d) CCAA Priority Payment Claims;
- (e) Claims of any Subsidiary against the Applicant;

- (f) Claims of USW Employees and their beneficiaries:
 - (i) under the provisions of the Collective Agreements or any employment-related statute, including employment standards and applicable human rights legislation; or
 - (ii) for Existing HW Local 1005 Pension and OPEB Benefits, Existing LEW Local 8782 Pension and OPEB Benefits and Existing LEW 8782(b) Pension and OPEB Benefits;
- (g) Claims of Non-USW Employees and Directors that are unrelated to the cessation of employment for all amounts owing to them in their capacity in connection with accrued salary, accrued wages, accrued bonuses, fees and expenses, reimbursement obligations, accrued vacation leave and accrued vacation pay, other than Non-USW Supplemental Pension Claims and Non-USW Main Pension and OPEB Claims;
- (h) That portion of a Claim arising from a cause of action for which the Applicant is covered by insurance, only to the extent of such coverage and limited to the actual recovery received from the insurer(s) by the Applicant (“**Insured Claims**”);
- (i) Claims by any Director or other Responsible Person under any directors’ or officers’ indemnity policy or agreement with the Applicant to the extent not otherwise covered by the CCAA Charges;
- (j) Claims by EY, the CRO, Rothschild or counsel to the Applicant; and
- (k) Claims in respect of the legal and advisor costs of the Non-USW Employees pursuant to the Representation Order and Claims in respect of legal and advisor costs of the USW to the extent that USSC has agreed to pay them in connection with the CCAA Proceedings.

Nothing in the Plan will affect the Applicant’s rights and defences with respect to any Unaffected Claims including all rights or entitlements to set offs or recoupments against such Unaffected Claims.

Equity Claims

At the Effective Time, the Plan will be binding on all holders of Equity Claims. Holders of Equity Claims will not receive a distribution or other consideration under the Plan and will not be entitled to vote on the Plan in respect of their Equity Claims. On the Plan Implementation Date all Equity Claims will be fully released and discharged without any compensation.

Classification and Treatment of Creditors and Related Matters

In proposing the Plan, the Applicant considered, among other things, the legal entitlements of stakeholders in the absence of the CCAA Proceedings, their expected economic recovery if no Plan is approved and their proposed treatment under the Plan. Since the value of the recoveries to be given to Affected Creditors is less than their Claims, there is no residual value in the Applicant to be given to the Shareholder. The Applicant believes that the Plan fairly balances all stakeholder interests.

Claims Procedures

The procedure for determining the validity and quantum of the Affected Claims for voting and/or distribution purposes under the Plan will be governed by the Claims Procedure Orders, the Meetings Order, the CCAA, the Plan and any further Order of the Court. The Claims Procedure Orders are posted on the Monitor's website at www.ey.com/ca/ussc. All Affected Creditors should refer to the Claims Procedure Orders for a complete description of the procedures pursuant to which Affected Claims are determined for both voting and distribution purposes.

The Claims Procedure Orders provide for, among other things (a) procedures for the filing of Proof of Claim by holders of claims against USSC excluding certain Excluded Claims (as defined in the Claims Procedure Orders); (b) processes for the determination of secured and unsecured claims against USSC; (c) processes for the quantification of Non-USW Main Pension and OPEB Claims for the purposes of establishing values for the vote on a Plan; (d) a process for the quantification of Non-USW Supplemental Pension Claims for the purpose of a vote and distribution pursuant to the Plan; (e) a process for the determination of Non-USW Employee Restructuring Claims relating to termination and severance; (f) a process for the filing of claims against Directors and Officers of USSC and its subsidiaries; and (g) the conversion of Claims denominated in foreign currency into Canadian dollars. See "*Status of Claims Process*".

Classification of Creditors

In accordance with the Meetings Order, Affected Creditors will be divided into two separate classes for the purposes of considering and voting on the Plan as follows:

- (a) the class of General Unsecured Creditors; and
- (b) the class of holders of Non-USW Main Pension Claims and OPEB Claim.

Creditors' Meetings

The Meetings will be held in accordance with the Meetings Order and any further Order of the Court. The only Persons entitled to attend the Meetings are those specified in the Meetings Order and any further Order of the Court.

Treatment of General Unsecured Claims

At the Effective Time, all General Unsecured Claims will be fully released and discharged, cancelled and barred subject only to the right of General Unsecured Creditors with Proven Claims to receive distributions.

Each General Unsecured Creditor with Proven Claims not exceeding an aggregate of \$7,500, or that has filed an Election Notice with the Monitor, will receive, in full satisfaction of such Proven Claims, a payment in an amount equal to the lesser of \$7,500 and the actual amount of its Proven Claims.

Each General Unsecured Creditor with Proven Claims that exceed an aggregate of \$7,500, who has not filed an Election Notice, other than the Province and USS, will receive its *pro rata* share of the General Unsecured Creditor Pool remaining after payment of all Convenience Creditors.

The Province shall be entitled to vote its General Unsecured Claim that is a Proven Claim at the Meeting but has waived its entitlement to, and will not receive, any distributions under the Plan in such respect.

Treatment of Non-USW Main Pension and OPEB Claims

At the Effective Time, each Non-USW Main Pension and OPEB Claim will be compromised and Existing Non-USW Main Pension and OPEB Benefits will be replaced with New Non-USW Pension and OPEB Benefits in accordance with the Pension Agreement, OPEB Agreement and the applicable OPEB ELHT Documents, in full satisfaction of the Non-USW Main Pension and OPEB Claims.

At the Effective Time, all Non-USW Main Pension and OPEB Claims will be fully released and discharged. Holders of Non-USW Main Pension and OPEB Claims are entitled to vote on the Plan in the manner and to the extent set out in the Meetings Order.

Unaffected Claims

Unaffected Creditors will not be entitled to vote on the Plan. Unaffected Claims will be paid in accordance with the section entitled “*Provisions Regarding Distributions, Payments and Currency – Payments of Certain Unaffected Claims*”, addressed pursuant to the Stakeholder Agreements or otherwise satisfied in accordance with the applicable agreements and other arrangements between Unaffected Creditors and the Applicant.

Insured Claims

From the Effective Time, any Person having an Insured Claim will be limited to recovery in respect of the Insured Claim solely from the proceeds of the applicable insurance policies, and Persons with any Insured Claims will have no right to make any claim or seek any recoveries from any Person, other than enforcing that Person’s rights to be paid by the applicable insurer(s) from the proceeds of the insurance policies.

Unresolved Claims

No General Unsecured Creditor will be entitled to receive any distribution with respect to an Unresolved Claim unless and until, and then only to the extent that, the Unresolved Claim is finally resolved in the manner set out in the applicable Claims Procedure Order and becomes a Proven Claim entitled to the treatment described in “*Classification and Treatment of Creditors and Related Matters – Treatment of General Unsecured Claims*”.

Extinguishment of Claims

At the Effective Time, all Affected Claims and all Released Claims will be fully discharged and the Applicant will have no further obligation in respect of the Affected Claims and the Released Claims; provided that (i) the Applicant is not released from the obligation to make distributions or provide entitlements in the manner and to the extent provided for in the Plan; and (ii) the discharge and release of the Applicant will be without prejudice to the right of an Affected Creditor in respect of an Unresolved Claim to prove such Unresolved Claim in accordance with the applicable Claims Procedure Order.

Guarantees and Similar Covenants

No Person who has a claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim which is compromised and released under the Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim which is compromised under the Plan will be entitled to any greater rights as against the Applicant than the Person whose Claim is compromised under the Plan.

Set-off

The law of set off applies to all Claims in accordance with Applicable Law. The Applicant will be entitled to set-off from any payments or distributions to be made to a Creditor, except USS in respect of the USS Secured Claims, any amounts due and owing to the Applicant from such Creditor. The Applicant agrees that, as of the Effective Time, it has no right of set-off or other claims or means of reducing or eliminating the USS Secured Claims and, to the extent any such rights, claims or means did or do exist, they are irrevocably and completely waived and released for all purposes as of the Effective Time.

Restructuring Steps and Reorganization

Articles of Reorganization

In connection with the implementation of the Plan, the Articles of Reorganization of the Applicant, set out as Schedule A to the Plan, will be filed under section 191 of the CBCA. The director under the CBCA will then issue the Certificate of Amendment giving effect to the Articles of Reorganization.

Restructuring Steps

At the Effective Time the following will occur in the order set out below, unless otherwise specified (collectively, the “**Restructuring Steps**”):

- (a) All of the issued and outstanding shares of the Applicant will be transferred by the Shareholder to an Affiliate of the Plan Sponsor;
- (b) Concurrently,
 - (i) The Applicant will pay USS all amounts required to satisfy the USS Secured Claims in full;
 - (ii) All USS Unsecured Claims will be discharged and cancelled for nominal consideration (such consideration to be applied in respect of the principal amount of such USS Unsecured Claims) in accordance with the applicable Stakeholder Agreement;
- (c) The Applicant will pay the DIP Lender all amounts required to satisfy its obligations and liabilities to the DIP Lender;

- (d) Replacement of pension and OPEB benefits for Local 1005, Local 8782 and Local 8782(b) as follows:
 - (i) the New HW Local 1005 Pension and OPEB Benefits will replace, and the Applicant will be released from, the Existing Local 1005 Pension and OPEB Benefits;
 - (ii) the New LEW Local 8782 Pension and OPEB Benefits will replace, and the Applicant will be released from, the Existing LEW Local 8782 Pension and OPEB Benefits;
 - (iii) the New LEW Local 8782(b) Pension and OPEB Benefits will replace, and the Applicant will be released from the Existing LEW Local 8782(b) Pension and OPEB Benefits;
- (e) The Land Assets will be transferred to and vested in the Land Vehicle (free and clear of all Encumbrances other than Permitted Encumbrances) in exchange for the Land Notes and the Applicant will pay to the Land Vehicle the Land Vehicle Funding, if any as provided in the Land Term Sheet;
- (f) The Leased Lands will be leased to the Applicant as provided in the Lease Term Sheet;
- (g) The New ABL Facility will become available to the Applicant (if not previously available);
- (h) If not already paid, the Plan Sponsor will pay the Plan Funding Amount to the Applicant in accordance with the Plan Sponsor Agreement;
- (i) The Applicant will pay USD\$61 million to the Province in accordance with the Environmental Framework Agreement;
- (j) The Applicant will contribute an amount equal to the aggregate principal amount of the Land Notes, 50% to the Main Pension Plans and 50% to the OPEB Entities, with the amount of the Land Contribution to each of the Main Pension Plans and the OPEB Entities to be allocated in accordance with the the Pension Agreement and the OPEB Agreement;
- (k) The Applicant will pay \$30 million to the Main Pension Plans in accordance with the Pension Agreement;
- (l) Each of the Main Pension Plans and the OPEB Entities will purchase a Land Note from the Applicant with a principal amount equal to the amount of the Land Contribution made to the respective Main Pension Plan and OPEB Entity, with the aggregate purchase price for the Land Notes equal to the aggregate principal amount of the Land Notes;
- (m) The Applicant will pay any other amounts that it is required to pay on or before the Effective Time in accordance with the Stakeholder Agreements, the Plan Sponsor Agreement or the Plan;
- (n) To the extent not already paid, the Applicant will deliver to the Monitor, in trust, the amount required to satisfy the CCAA Priority Payment Claims, Secured Municipal Tax

Claims, Construction Lien Claims and all Claims secured by the CCAA Charges, in full, which Unaffected Claims will be paid by the Monitor, for and on behalf of the Applicant, to the respective Unaffected Claim holders from such funds within five (5) Business Days of the Plan Implementation Date;

- (o) The Applicant will deliver to the Monitor, in trust, the General Unsecured Creditor Pool and the Unresolved Claims Reserve from which the Proven Claims of General Unsecured Creditors will be paid in full and final compromise and satisfaction of such General Unsecured Creditors' Proven Claims, as well as the Administration Reserve;
- (p) The New Non-USW Pension and OPEB Benefits will become effective in full and final satisfaction of the Non-USW Main Pension and OPEB Claims;
- (q) All Affected Claims and Released Claims will be fully and irrevocably released, discharged, cancelled and barred, and all notes, certificates and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing) will be deemed cancelled and extinguished and be null and void; and,
- (r) The term of office of those individuals who are directors of the Applicant immediately prior to the Effective Time will terminate and the Plan Sponsor will appoint replacement directors as of the Effective Time.

Corporate Approvals

The implementation of all matters contemplated under the Plan involving corporate action of the Applicant, including the Restructuring Steps and filing of the Articles of Reorganization, will be authorized and approved under the Plan and by the Court as part of the Sanction Order without any requirement of further action.

Cash Pool and Unresolved Claims Reserve and Administration Reserve

General Unsecured Creditor Pool

At the Effective Time, the Applicant will deliver to the Monitor the General Unsecured Creditor Pool from which cash distributions will be made to General Unsecured Creditors with Proven Claims. The Monitor will hold the General Unsecured Creditor Pool in trust for the Applicant, and will oversee the distribution of funds from the General Unsecured Creditor Pool by the Applicant pursuant to the Plan.

Unresolved Claims Reserve and Administration Reserve

At the Effective Time, the Applicant will deliver to the Monitor, in trust, an amount sufficient to pay:

- (a) each holder of an Unresolved Claim in the General Unsecured Creditor Pool the amount approved by the Court in the Sanction Order (the “**Unresolved Claims Reserve**”), to make distributions required by the Plan in respect of Unresolved Claims in accordance with the Claims Procedure Order;
- (b) the fees and expenses of the Monitor and its counsel in administering the resolution of Unresolved Claims in accordance with the Claims Procedure Orders and performing such

other activities as may be required of the Monitor after the Effective Date in the amount approved by the Court in the Sanction Order (the “**Administration Reserve**”)

The Monitor will hold the Unresolved Claims Reserve and the Administration Reserve in trust for those entitled under the Plan, and will oversee the distribution of funds from the Unresolved Claims and Administration Reserve by the Applicant in accordance with the section entitled “*Provisions Regarding Distributions, Payments and Currency – Distributions in Respect of Unresolved Claims*”.

The Monitor and its counsel will be entitled to payment from the Administration Reserve of their fees and expenses in connection with administering the resolution of Unresolved Claims in accordance with the Claims Procedure Order and performing any other work required of the Monitor after the Effective Date. Any amount remaining in the Administration Reserve after completion of such work will be released by the Monitor to the Applicant.

Provisions Regarding Distributions, Payments and Currency

Payments of Certain Unaffected Claims

Unless otherwise indicated, the Applicant will make the following payments from Available Cash in full satisfaction and discharge of the following:

- (a) payment to the DIP Lender of all amounts required to satisfy all obligations and liabilities of the Applicant to the DIP Lender;
- (b) payment to USS of all amounts required to satisfy the USS Secured Claims in full, which payment shall be in U.S. dollars;
- (c) payment of USD\$61 million to the Province as provided in the Environmental Framework Agreement;
- (d) payment to each holder of a CCAA Priority Payment Claim of all amounts required to satisfy such holder’s CCAA Priority Payment Claim in full;
- (e) payment to each holder of a Secured Municipal Tax Claim of all amounts required to satisfy such holder’s Secured Municipal Tax Claim in full;
- (f) payment to each holder of a Construction Lien Claim of all amounts required to satisfy such holder’s Construction Lien Claim in full;
- (g) payment to the Land Vehicle of the Land Vehicle Funding, if any, as provided in the Land Term Sheet;
- (h) payment of \$30 million from USSC to the Main Pension Plans in accordance with the Pension Agreement;
- (i) payment in full of all Claims secured by the CCAA Charges; and
- (j) payment of any other amounts required to be paid in accordance with the Stakeholder Agreements, the PSA or the Plan on or before the Effective Time.

Distribution Mechanics for General Unsecured Claims

The Applicant, with oversight and assistance from the Monitor, will distribute to each General Unsecured Creditor with a Proven Claim (other than the Province in respect of its General Unsecured Claim) its share of the General Unsecured Creditor Pool by: (i) cheque sent by prepaid ordinary mail to the address on file with the Applicant on the Distribution Record Date; or (ii) wire transfer of immediately available funds to an account designated in writing by the Creditor to the Applicant. No distribution will be made for an amount less than \$10. The Applicant's liability to a General Unsecured Creditor for any distribution in an amount less than \$10 will be forever discharged and extinguished.

Distributions in Respect of Unresolved Claims

The Monitor will hold the Unresolved Claims Reserve in trust until the final determination of all Unresolved Claims in accordance with the applicable Claims Procedure Orders.

To the extent that an Unresolved Claim becomes a Proven Claim, the Applicant, with oversight and assistance from the Monitor, will distribute to the holder thereof an amount from the Unresolved Claims Reserve equal to the *pro rata* share that the Creditor would have been entitled to receive in respect of its Proven Claim on the Initial Distribution Date had the Unresolved Claim been a Proven Claim on the Initial Distribution Date.

After all Unresolved Claims have been finally resolved in accordance with the applicable Claims Procedure Orders and any required distributions have been made with respect to Proven Claims, the Applicant, with oversight of and assistance from the Monitor, will distribute the amount remaining in the Unresolved Claims Reserve *pro rata* to each General Unsecured Creditor with a Proven Claim, other than the Convenience Creditors, provided that the amount remaining in the Unresolved Claims Reserve makes such a distribution economically practical (having regard to the funds to be distributed and the cost of such distribution), as determined by the Monitor, acting reasonably. If the Monitor is of the view that the amount remaining in the Unresolved Claims Reserve would not make such a distribution economically practical, then the Monitor will release the amounts remaining to the Applicant.

Allocation of Distributions

All distributions made pursuant to the Plan to General Unsecured Creditors will be allocated first towards the repayment of the amount of the General Unsecured Claim, attributable to principal and, if greater than the amount of principal, second, towards the repayment of any amount of such Claim attributable to unpaid interest.

Treatment of Unclaimed Distributions

If any distribution to a General Unsecured Creditor is returned as undeliverable (an “**Undeliverable Distribution**”), neither the Applicant nor the Monitor will be required to make further efforts to deliver the distribution to the Creditor unless and until the Applicant and Monitor are notified in writing by the Creditor. The obligations of the Applicant and Monitor to a General Unsecured Creditor with an Undeliverable Distribution will expire on the second anniversary of the Plan Implementation Date, after which date any entitlement with respect to any Undeliverable Distributions will be discharged without any compensation. Neither the Applicant nor the Monitor will be required to attempt to locate any Creditor or other Person with respect to an Undeliverable Distribution.

If any cheque in payment of a distribution to a General Unsecured Creditor is not cashed within 6 months after the date of the applicable distribution (an “**Uncashed Distribution**”): (i) such cheque may

be cancelled by the Applicant, after which date any entitlement with respect to such distributions will be discharged and barred; and (ii) the amount otherwise payable pursuant to such cancelled cheque will be released to the Applicant. For greater certainty, neither the Applicant nor the Monitor will be required to attempt to locate any Creditor or other Person with respect to an Uncashed Distribution.

Withholding Rights

The Applicant and any other Person facilitating payments pursuant to the Plan will be entitled to deduct and withhold any amounts as may be required to be deducted or withheld under any Applicable Law and to remit such amounts to the appropriate Governmental Authority or other Person. To the extent that amounts are withheld or deducted and remitted to the appropriate Governmental Authority or other Person, the withheld or deducted amounts will be treated for all purposes as having been paid to the Person as the remainder of the payment in respect of which the withholding or deduction was made.

Each appropriate entity of the USS Group has delivered to the Applicant an executed NR-301 Declaration of Eligibility for Benefits (Reduced Tax) Under a Tax Treaty for a Non-Resident Person form which certifies entitlement to the benefits of Canada-United States Tax Convention (1980), as amended. Provided that there is no change in entitlement to such benefits, the Applicant agrees that no amounts are required to be deducted or withheld on payments to the USS Group in respect of the USS Secured Claims.

Cancellation of Certificates and Notes, etc.

At the Effective Time, all debentures, notes, certificates, indentures, guarantees, agreements, invoices and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing), will not entitle any holder to any compensation or participation other than as expressly provided for in the Plan and will be deemed cancelled and extinguished.

Calculations

All amounts to be paid by the Applicant will be calculated by the Applicant, with the assistance of the Monitor. All calculations made by the Applicant will be conclusive and binding upon the Affected Creditors, the Applicant and all other Persons, absent manifest error.

Currency Matters

Distributions to General Unsecured Creditors with Proven Claims will be paid in Canadian dollars, converted as at the Filing Date in accordance with the Claims Procedure Order.

Releases

Plan Releases

At the Effective Time, each of (i) the members of the USSC Group, (ii) the CRO, (iii) EY, and (iv) their respective Representatives (including Responsible Persons) (collectively, the “**Released USSC Parties**”), will be fully released and discharged from all Released USSC Claims which will be fully released and discharged as against the Released USSC Parties. Notwithstanding the foregoing, nothing in the Plan will release Non-Released USSC Claims.

Stakeholder Releases

At the Effective Time, releases in form and substance satisfactory to the Applicant, USS, USSCPF, the Province, the Unions and the Non-USW Representatives (the “**Primary Parties**”), which releases will be by contract (as described below) and confirmed pursuant to the Plan, will become effective and the claims subject to such releases will be fully discharged and released as against the released parties (the “**Stakeholder Contractual Releases**”). The Stakeholder Contractual Releases will be provided contractually by each of the Primary Parties in favour of such other Primary Parties who are recipients of such releases and their Representatives, in form and substance satisfactory to each of the applicable Primary Parties who is a recipient, and the Stakeholder Contractual Releases will be confirmed by the Plan and the Sanction Order.

Indemnities

The Plan is subject to a condition relating to the indemnification of each of the individuals or their estate, as the case may be (the “**USS Contractually Indemnified Individuals**”) who are or were directors and/or officers of USSC and who have the benefit of a contractual indemnity granted by USS as of September 16, 2014 (the “**Existing USS Indemnities**”). In particular, this condition requires that: (i) USSC will have provided an indemnity in favour of the USS Contractually Indemnified Individuals effective from and after the Effective Date, on substantially the same terms as the Existing USS Indemnities to the extent permitted by Applicable Law, (ii) the Plan Sponsor will have arranged for one or more other parties acceptable to the USS Contractually Indemnified Individuals in their discretion (having regard to, among other things, creditworthiness) to have provided indemnities in favour of the USS Contractually Indemnified Individuals, effective from and after the Effective Date, on substantially the same terms as the Existing USS Indemnities or other terms acceptable to the USS Contractually Indemnified Individuals, and (iii) arrangements satisfactory to USSC and the USS Contractually Indemnified Individuals will have been made for the continuation of insurance coverage for the Directors and employees of USSC under existing insurance policies maintained by or on behalf of USSC and its Affiliates (and any renewals thereof).

Injunctions

As of the Effective Time, all Persons are permanently barred with respect to any Released Claims from: (i) commencing or continuing, directly or indirectly, any action or other proceeding of any kind against any of the Released Parties; (ii) enforcing or recovering by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property; (iii) commencing or continuing in any manner, directly or indirectly, any action or other proceeding of any kind against any Person who makes a claim or might reasonably be expected to make a claim, in any manner or forum, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Encumbrance of any kind against the Released Parties or their property; or (v) taking any actions to interfere with the implementation or consummation of the Plan. All Persons who have previously commenced a Released Claim in any court, which has not been finally determined, dismissed or discontinued prior to the Effective Time, will after the Effective Time take steps to discontinue and/or dismiss, without costs, the Released Claim.

Court Sanction

The Plan has been filed with the Court pursuant to the CCAA. The CCAA requires that the Plan be sanctioned by the Court following approval by the Affected Creditors. The hearing in respect of the Sanction Order, at which Court sanction of the Plan under CCAA will be sought, is scheduled to take place at 10:00 a.m. on May 9, 2017 at 330 University Avenue, Toronto, Ontario, Canada, subject to the

approval of the Affected Creditors being obtained. At the hearing, any interested party desiring to appear and present evidence supporting or opposing the motion for the Sanction Order will be required to file with the Court a notice of appearance and serve such notice of appearance and a notice setting out the basis for such support or opposition and a copy of the materials to be used on the Applicant's solicitors, McCarthy Tétrault LLP, at least three days before the Court hearing. Interested persons should consult their legal advisors with respect to the legal rights available to them in relation to the Plan and the hearing. In the event that the hearing is adjourned, only those Persons who have filed and served a notice of appearance will be served with notice of the adjourned date.

The authority and discretion of the Court is very broad under the CCAA. Counsel for the Applicant has advised that the Court will consider, among other things, the fairness of the terms and conditions of the Plan. The Court may approve the Plan as proposed or as amended and subject to such terms and conditions, if any, as the Court thinks fit.

If the Sanction Order is granted, any interested person may appeal the provisions of the Sanction Order, with leave of the Court or the Ontario Court of Appeal, within 21 days of the date on which the Sanction Order is granted.

Other Conditions

In addition to the required approvals described above, implementation of the Plan is conditional on the satisfaction or mutual waiver (except (a) and (b), below, which may not be waived) of the additional conditions set out below:

- (a) the Plan will have been approved by each class of Affected Creditors of the Applicant;
- (b) the Sanction Order will have been issued by the Court, consistent with the terms of Section 8.2 of the Plan;
- (c) all applicable appeal periods in respect of the Sanction Order will have expired and any appeals therefrom will have been finally disposed of by the applicable appellant tribunal;
- (d) the Sanction Order will have been recognized and given full force and effect in the United States by an order of the U.S. Bankruptcy Court in the Chapter 15 Proceedings;
- (e) the Plan Sponsor will have paid the Plan Funding Amount to the Applicant in accordance with the Plan Sponsor Agreement;
- (f) the CBA Amendments will have been executed and ratified and become effective in accordance with their terms, subject only to the occurrence of the Plan Implementation Date;
- (g) the OPEB Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (h) the Pension Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (i) the Environmental Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;

- (j) the Land Vehicle Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (k) the Lease Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (l) the Tax Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (m) the D&O Claims Condition will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (n) the USS Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (o) the USSCPF Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (p) the USS Indemnity Release Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Applicant, each acting reasonably;
- (q) the loan agreement in respect of the New ABL Facility and all other security and agreements required pursuant thereto will have been executed, delivered and become effective in accordance with their terms, subject only to the occurrence of the Plan Implementation Date, on terms and conditions satisfactory to the Plan Sponsor acting reasonably;
- (r) the Stakeholder Contractual Releases will have been executed, delivered and become effective in accordance with their terms, subject only to the occurrence of the Plan Implementation Date, in each case on terms satisfactory to the Applicant, the Plan Sponsor and each Stakeholder, to the extent that the Applicant, the Plan Sponsor or such Stakeholder are parties receiving or giving the applicable release or releases;
- (s) all other Stakeholder Agreements, if any, will have been executed and delivered by all parties thereto on terms and conditions acceptable to the Plan Sponsor, the Applicant and any applicable Stakeholder(s), each acting reasonably;
- (t) each of the conditions precedent to the closing of the Transaction provided in the Plan Sponsor Agreement will have been satisfied or waived in accordance with the terms of the Plan Sponsor Agreement;
- (u) all relevant Persons will have executed, delivered and filed all documents and other instruments that, in the opinion of the Applicant and Plan Sponsor, acting reasonably, are necessary to implement the provisions of the Plan or the Sanction Order;
- (v) no action or proceeding will be pending by any third party to enjoin or prohibit the Transaction; and
- (w) all applicable approvals and orders of, and all applicable submissions and filings with, Governmental Authorities having jurisdiction for the completion of the steps and transactions contemplated by the Plan (including the steps and transactions which are

Plan Implementation Conditions) will have been obtained or made, as the case may be, in each case to the extent deemed necessary or advisable by the Applicant and Plan Sponsor, in form and substance satisfactory to the Applicant and Plan Sponsor.

The conditions above also include the execution and delivery of Stakeholder Agreements and other agreements that include one or more Stakeholders or other Persons as counterparties. For greater certainty, to the extent that an applicable Stakeholder or other applicable Person is directly affected by a Plan Implementation Condition, that Stakeholder or other Person must be satisfied with and agree to the terms and conditions of the applicable agreement(s) in order for them to become parties thereto and for the relevant conditions(s) to be satisfied.

Timing for Plan to be Effective

The Applicant's proposed timeline to emergence from the CCAA Proceedings is set out below:

March 10, 2017	Filing of the Plan with the Court
March 15, 2017	Meetings Order
As soon as practicable after March 15, 2017	Mailing of the Circular and related materials as required by the Meetings Order
April 27, 2017	Meetings
May 9, 2017	Court hearing in respect of the Sanction Order
Prior to closing	Completion of conditions precedent and Stakeholder Agreements
May 31, 2017	Plan Implementation Date
As soon as practicable after May 31, 2017	Initial Distribution Date in accordance with the Plan

Any number of circumstances, including a failure to satisfy a condition to implementation of the Plan and an appeal of the Sanction Order, may cause the Plan Implementation Date to be delayed. In such circumstances, the Applicant will apply to the Court for extension of the stay of proceedings under the Initial Order.

If the Sanction Order is granted on May 9, 2017 and there is no appeal or application for leave to appeal (or any appeal or application for leave to appeal is dismissed) and the other conditions to implementation of the Plan are satisfied prior to the end of the appeal period, the Applicant currently intends to file Articles of Reorganization with the director under the CBCA prior to May 31, 2017 with a request that the Director issue the Certificate of Amendment effective on May 31, 2017. The Plan will become effective on such date.

Modification of the Plan

The Applicant may amend the Plan by written instrument at any time and from time to time before and during the Meeting in accordance with the notice and other terms of the Plan and the Meetings Order. After the Meeting, the Applicant may only amend the Plan, as approved, if the Court and the Applicant, or the Monitor and the Applicant without the need for obtaining an Order, determine that the proposed amendment would not be materially prejudicial to the interests of the Affected Creditors under the Plan or is necessary to give full effect to the intent of the Plan or the Sanction Order.

RECOMMENDATION OF MONITOR

The Monitor was appointed under the terms of the Initial Order and has assisted in the development of the Plan.

The Monitor believes that if a Plan is not implemented, the most likely alternative would be a realization of the Applicant's assets under the CCAA, the *Bankruptcy and Insolvency Act* ("BIA") or other statutes and the distribution of the net proceeds of such realization to creditors in accordance with their respective priorities. The Monitor, with the assistance of USSC, has prepared an illustrative estimate of the net realizable value of the Applicant's assets on a consolidated basis based on assets and liabilities as they appear on USSC's financial records as at November 30, 2016, rolled forward based on USSC Management's projected financial results from November 30, 2016 to March 31, 2017. The analysis assumes the liquidation of the assets of the Applicant, as described in more detail in Exhibit C hereto and subject to the assumptions, notes and disclaimers set out therein.

The Monitor's analysis indicates that the estimated proceeds of realization, after repayment of secured claims, will result in a recovery for unsecured creditors of the Applicant of between approximately 7% to 11% based on estimated Claims in a liquidation scenario. Such estimated realizations does not take into account potential priority or deemed trust claims, such as potential employee and environmental claims, or other claims or disputes as to priority that might ensue in a realization scenario, other than perfected secured claims and construction lien claims, and it could take substantial time for such matters to be determined before distributions could be made to Creditors. Accordingly, actual recoveries in a realization scenario may differ materially from such estimates and may take a significant period of time to realize. This analysis uses the US/Canada exchange rate in force as of the date upon which the Applicant filed for protection under the CCAA. If the US/Canada exchange rate in force on March 6, 2017 was used, the amount available for recovery by General Unsecured Creditors would be reduced by approximately \$30 million. If the Plan is not approved and USSC is liquidated in the near term, OPEBs will permanently cease, without replacement coverage, and the Main Pension Plans will be wound up with wind up deficits that will result in the reduction of members' pensions, based upon the funded status or transfer ratio of each of the plans at the date of wind up. In this case, OPEB beneficiaries would be general unsecured creditors and the administrator of the Main Pension Plans would be an unsecured creditor in respect of the pension deficits. Reference should be made to Exhibit C and Exhibit E to the accompanying Circular and the assumptions, notes and disclaimers set out therein.

Under the Plan, based upon the Claims filed pursuant to the Claims Process Order and the provisions of the Plan, the Monitor estimates that each General Unsecured Creditor with Proven Claims will recover approximately 10% of the principal amount of its Proven Claims, with Convenience Creditors recovering as much as 100% of their claim, and that they will receive payment on account of such claims shortly after implementation of the Plan. The Plan also provides for the restructuring and continuation of OPEBs and the Main Pension Plans. Reference should be made to the illustrative recovery for General Unsecured Creditors under the Plan at Exhibit E and the assumptions, notes and disclaimers set out therein.

The Meetings to consider the Plan are scheduled for April 27, 2017. The Monitor believes the Plan will produce a more favourable result for the Affected Creditors and other Stakeholders than a realization of the Applicant's assets, taking into account, among other things, the uncertainties and delays from potential priority disputes that may ensue in a liquidation. **Accordingly, the Monitor recommends that Affected Creditors vote in favour of the Arrangement Resolution to approve the Plan.**

RECOMMENDATION OF BOARD

The Board has approved the Plan and has authorized its submission to the Affected Creditors for their approval and, subject to that approval, to the Court for approval. The Directors of USSC recommend that Affected Creditors vote FOR the Arrangement Resolution to approve the Plan. In arriving at its decision, the Board of USSC considered a number of factors and issues as a basis for concluding that the Plan is in the best interests of USSC. In approving the Plan, the Board also considered the need to create a new and better corporation and the general fairness standards and considerations expected to be applied by the Court in connection with the Sanction Order.

Since September of 2014, the Board has met formally over 100 times. A significant number of these meetings and much of the Board's time during these meetings has been directed at oversight of the restructuring process.

The Board has been assisted in its work by Rothschild as its financial advisor. Rothschild was appointed as financial advisor in 2014. Rothschild has rendered restructuring advice to the Board covering a range of matters including stakeholder analysis and advice relating to the financial structure of USSC on emergence from CCAA.

In making its recommendation that Affected Creditors vote FOR the resolution approving the Plan, the Board has given consideration to, among other things:

1. **Implementation of the Plan results in the highest and most certain reasonable value in a timely manner for Creditors and the continuation of OPEBs and the Main Pension Plans.**

Under the Plan, the Monitor estimates that General Unsecured Creditors with Proven Claims will recover approximately 10% of the principal amount of their Proven Claims (with Convenience Creditors recovering as much as 100% of their claims) and that they will receive payment shortly after implementation of the Plan. While the Liquidation Analysis prepared by the Monitor indicates recovery for unsecured creditors of between approximately 7% to 11% in a liquidation scenario, it does not take into account potential priority disputes associated with a realization scenario, among other things, that would be expected to significantly reduce such recovery. Failure to implement the Plan could result in General Unsecured Creditors receiving significantly less value at a much later unknown date.

The Plan also provides for the restructuring and continuation of OPEBs and the Main Pension Plans with guaranteed minimum contributions plus participation in future free cash flows generated by USSC and additional potential value for pension and OPEB claimants in the future through the Land Vehicle. The Plan also addresses environmental claims through an environmental framework agreement and provides releases to create certainty and enable the business to restructure and continue as a going concern.

If the Plan is not approved and USSC is liquidated in the near term, OPEBs will permanently cease, without replacement coverage, and the Main Pension Plans will be wound up with wind up deficits that will result in the reduction of members' pensions, based upon the funded status or transfer ratio of each of the plans at the date of wind up. In this case, OPEB beneficiaries would be general unsecured creditors and the administrator of the Main Pension Plans would be an unsecured creditor in respect of the pension deficits.

The Board concluded that implementing the Plan would be superior to a liquidation of USSC due to higher, more certain and more timely estimated recoveries for General Unsecured Creditors and the continuation of the Main Pension Plans and OPEB beneficiaries under the Plan.

2. **Lack of alternatives to the Plan to achieve a viable USSC on emergence from the CCAA Proceedings.**

The Board, having received legal advice and with the assistance of the CRO and Rothschild, conducted an extensive and time intensive process over a period of more than two years to identify potential transactions involving a sale, restructuring, recapitalization of USSC. Over 100 strategic and financial parties were contacted in 2015 in connection with the SARP. After the SARP failed to result in an executable transaction, more than 100 strategic and financial parties were contacted in 2016 as part of the SISP.

The Bedrock proposal emerged from the SISP process as the most promising bid and, following several months of complex negotiations with USSC and each of the Stakeholders, the transaction contemplated by the Plan is the only transaction that has received support from Stakeholders that USSC expects will be sufficient to result in a completed transaction.

The Board also considered a number of other factors and potential risks relating to the Plan, including:

- the treatment of each stakeholder group having regard to relative legal priorities and to overall fairness between stakeholders in the circumstances;
- the financial condition of USSC on emergence from CCAA protection, including liquidity and leverage and other factors affecting viability such as the ability of USSC to undertake strategic capital expenditures that are critical to its future and USSC's pension and OPEB funding obligations;
- credibility of Bedrock and its sponsors and the likelihood of the transaction being completed;
- the advice of USSC's financial advisors provided to the Board;
- the advice of USSC's legal advisors, including with respect to the Plan and the considerations expected to be applied by the Court in connection with the Sanction Order;
- the advice of independent legal counsel to the Board;
- the opinions and views of management;
- the Plan approval procedures, including the requirement for the approval of Affected Creditors and the approval by the Court at which the fairness of the Plan will be considered;
- the circumstances leading up to the Plan;
- the risks to USSC if the Transaction is not completed;
- the conditions to the various counterparties' obligations to complete the Transaction; and
- such other considerations as it deemed appropriate.

The foregoing description includes the principal factors considered by the Board, but is not intended to be exhaustive of all of the factors considered, and, in view of the number and complexity of factors considered by the Board, the Board did not find it practicable to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors considered by it in making its recommendation (and individual members of the Board may have given different weights to different factors). The Board reached its recommendation based on the totality of the information presented to, and considered by, it through its deliberations.

The Board believes that the Plan will produce more favourable results for the Affected Creditors and other stakeholders of USSC than would a liquidation or sale of the underlying assets or business. The Plan provides USSC with an opportunity to continue as a viable going concern based on a recapitalized balance sheet. USSC will continue with substantially all of its producing assets and operations, and it is believed that the implementation of the Plan and the various Stakeholder Agreements contemplated by it

will generate the highest reasonable value in a timely manner for Affected Creditors and other creditors given the available alternatives. Failure to implement the Plan could result in Affected Creditors and other creditors receiving significantly less value at a much later unknown date.

The Board has also been assisted by the expertise and experience of its Chief Restructuring Officer. The Chief Restructuring Officer was retained in 2014.

The Monitor has assisted USSC and the Board while at the same time, as an officer of the Court, independently keeping the Court up to date on financial performance of USSC and the status of the restructuring process. The Monitor's recommendations and advice have been considered by the Board as a factor in their approval of the Plan. The Board agrees with the views of the Monitor that the most likely alternative to a Plan would be a realization of the assets of the Applicant and that the proceeds in such circumstances would likely result in a less favourable result for Affected Creditors than they would receive under the Plan, taking into account the uncertainties and delays from potential priority disputes that might ensue in a liquidation scenario.

The Board is of the view that the completion of the Transaction as contemplated will ensure USSC and its business continue as a going concern, having addressed its balance sheet issues and legacy obligations.

APPROVAL OF CIRCULAR

The contents and the sending of this Circular have been approved by the Board.

Toronto, Ontario
March 15, 2017

U. S. Steel Inc.

"William E. Aziz"

William E. Aziz

Chief Restructuring Officer

GLOSSARY OF TERMS

In this Circular, other than the Exhibits:

“Administration Reserve” has the meaning ascribed thereto in *“The Plan – Description of the Plan – Cash Pool and Unresolved Claims Reserve and Administration Reserve – Unresolved Claims Reserve and Administration Reserve”*.

“Advance OPEB Payment” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – OPEB Matters”*.

“Advance Pension Payment” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Pension Matters”*.

“Affected Claims” means the General Unsecured Claims and the Non-USW Main Pension and OPEB Claims.

“Affected Creditor” means a Creditor with an Affected Claim.

“Affected Creditors Classes” means the General Unsecured Creditor Class and the Non-USW Main Pension and OPEB Class.

“Affiliate” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by or is under direct or indirect common control with such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to control a Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the term “controlled” shall have a similar meaning.

“Applicable Law” means:

- (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty, as well as the common law; and
- (ii) any applicable and enforceable rule, regulation, requirement, order, judgment, injunction, award or decree of a Governmental Authority.

“Applicant” means U. S. Steel Canada Inc.

“Arrangement Resolution” means a resolution to approve the Plan in the form set out in Exhibit A to this Circular.

“Articles of Reorganization” means the articles of reorganization of USSC, substantially in the form attached as Schedule A to the Plan and to be filed pursuant to section 191 of the CBCA.

“Available Cash” means Cash on Hand and the Plan Funding Amount.

“Bedrock” has the meaning ascribed thereto in *“Summary – Background”*.

“Bedrock Guarantee” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Pension Matters – Bedrock Guarantee”*.

“Board” means the board of directors of USSC.

“Business” means the business conducted by USSC and its Subsidiaries consisting of cokemaking, ironmaking, steelmaking and production of hot rolled, cold rolled and coated steel products, and the related marketing and sale thereof and other related business operations ancillary thereto.

“Business Day” means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario.

“Carried Interest Agreement” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Pension Matters – Carried Interest Agreement and Pension Trust”*.

“Cash Conservation and Business Preservation Order” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Cash Conservation and Business Preservation Order”*.

“Cash on Hand” means the cash on hand of USSC immediately prior to the Effective Time, which, for greater clarity, does not include the Plan Funding Amount or amounts pursuant to the New ABL Facility.

“CBA Amendments” means the HW Local 1005 CBA Amendment, the LEW Local 8782 CBA Amendment and the LEW Local 8782(b) CBA Amendment.

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

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

“CCAA Charges” means all court-ordered charges created by the Initial Order or subsequent orders in the CCAA Proceedings, including the critical supplier charge granted to USS pursuant to the cash conservation and business preservation order dated October 9, 2015.

“CCAA Priority Payment Claims” means claims for amounts required to be paid by sections 6(3), (5) and (6) of the CCAA.

“CCAA Proceedings” means the proceedings under the CCAA in respect of or relating to the Applicant, commenced by the Initial Order.

“Certificate of Reorganization” means the certificate of reorganization to be issued under the CBCA in respect of the Articles of Reorganization.

“Chapter 15 Proceedings” means proceedings by USSC pursuant to Chapter 15 of the U.S. Bankruptcy Code.

“Circular” means this information circular including the attached Exhibits and any amendment hereto.

“Claim” means any right of any Person against USSC in connection with any indebtedness, liability or obligation of any kind of USSC that exists at the Filing Date, including any Restructuring Claim (as such **“Claims”** are more fully defined in the Plan).

“Claims Procedure Orders” means (i) the Initial Claims Process Order and the Supplementary Claims Process Order respectively, in respect of the procedures governing the proof of claims, and (ii) any other supplemental claims process order made in respect of the procedures governing the proof of claims, in each case as amended and supplemented from time to time.

“**Class**” means one of either the General Unsecured Creditor Class or the Non-USW Main Pension and OPEB Class.

“**Collective Agreements**” means the collective bargaining agreements made between USSC and each of the United Steel, Paper and Forestry, Rubber, Manufacturing, Allied Industrial and Service Workers International Union Local Union No. 1005, the United Steel, Paper and Forestry, Rubber, Manufacturing, Allied Industrial and Service Workers International Union Local Union No. 8782, the United Steel, Paper and Forestry, Rubber, Manufacturing, Allied Industrial and Service Workers International Union Local Union No. 8782(b), and the Brick and Allied Craft Union of Canada Local No. 1.

“**Construction Lien Claims**” means all claims made against USSC or its assets pursuant to or in reliance on the *Construction Lien Act* (Ontario), validly filed pursuant to a Claims Procedure Order, to the extent and in the amount accepted, in accordance with the Claims Procedure Order, as a Secured Claim.

“**Convenience Creditor**” has the meaning set out in Section 3.4(2)(a) of the Plan.

“**Court**” has the meaning ascribed thereto in “*The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Initial Order*”.

“**Creditor**” means a Person having a Claim and includes the transferee or assignee of a transferred Claim that is recognized as a Creditor by the Monitor in accordance with the Claims Procedure Orders, or a trustee, liquidator, receiver, receiver and manager or other Person acting on behalf of such Person.

“**CRO**” has the meaning ascribed thereto in “*The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Initial Order*”.

“**D&O Claim**” is defined in the Claims Procedure Orders.

“**D&O Claims Conditions**” means the satisfaction, release or compromise of all D&O Claims pursuant to and in accordance with the Plan.

“**DIP Agreement**” has the meaning ascribed thereto in “*The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – DIP Loan*”.

“**DIP Lender**” has the meaning ascribed thereto in “*The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – DIP Loan*”.

“**Director**” means any Person who, as at the Effective Time, is a former or present director or officer of USSC or any other Person of a similar position or who by Applicable Law is deemed to be or is treated similarly to a director or officer of USSC or who currently manages or supervises the management of the business and affairs of USSC or did so in the past.

“**Distribution Date or Dates**” means the Business Day or Business Days upon which distributions are made by USSC to the General Unsecured Creditors in accordance with the provisions of the Plan.

“**Distribution Record Date**” means the date that is 7 Business Days prior to the Plan Implementation Date.

“**Effective Time**” means such time on the Plan Implementation Date as USSC may determine.

“Election Notice” means a duly and timely filed election in the form to be provided by USSC to General Unsecured Creditors pursuant to which a General Unsecured Creditor with Proven Claims exceeding \$7,500 (other than the Province and the USS Group) may elect to receive payment of \$7,500 as a Convenience Creditor in full satisfaction of such Proven Claims pursuant to Section 3.4(2)(a) of the Plan, subject to the terms and implementation of the Plan.

“Employees” means all individuals currently or formerly employed by the Applicant and its Subsidiaries immediately prior to the Effective Time, whether on a full-time, part-time, salaried, hourly, unionized or non-unionized basis, including current employees on long-term disability or any other leave of absence, which, for greater certainty, does not include contractors.

“Encumbrance” means any mortgage, charge, pledge, lien (statutory or otherwise), hypothec, security interest (whether contractual, statutory or otherwise), encumbrance, statutory or possessory lien, trust or deemed trust (whether contractual, statutory, or otherwise), execution, levy, charge, interest in property, or other financial or monetary claim or lease of personal property that creates a security interest, in respect of any assets that USSC owns or to which USSC is entitled or that secures payment or performance of an obligation, or similar charge of any kind.

“Environment and Climate Change Canada” means the federal Department of the Environment and its successors.

“Environmental Closing Conditions” means, in respect of the arrangements described in the Environmental Term Sheet: (i) the execution and delivery of the applicable Stakeholder Agreement(s) including, without limitation, the Environmental Framework Agreement and the satisfaction of the conditions precedent set out therein, (ii) the granting of releases or no-action letters by Environment and Climate Change Canada and the MOECC; and (iii) the completion of the steps reasonably necessary in each case to be executed or completed prior to the Effective Time to implement such arrangements, including the execution and delivery of one or more agreements with the MOECC and Environment and Climate Change Canada to give effect to environmental releases/no-action letters in favour of the relevant recipients (including the Corporation and its directors, officers and other relevant recipients with a connection to the Corporation, to be identified in the Environmental Framework Agreement/no action letters), in each case on terms satisfactory to the Applicant, the Plan Sponsor and the MOECC.

“Environmental Framework Agreement” means the agreement between the MOECC, the Plan Sponsor and the Applicant contemplated by the Environmental Term Sheet.

“Environmental Term Sheet” means the term sheet related to environmental matters attached as Schedule B of the Plan.

“Equity Claim” means a Claim that constitutes an “equity claim” as that term is defined by section 2 of the CCAA.

“Excess 8782 Amount” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – OPEB Matters”*.

“Existing HW Local 1005 Pension and OPEB Benefits” means the pension and OPEB benefits provided for pursuant to (i) the Collective Agreement, (ii) the Agreement for a Pension Plan (including Schedule A which is the U. S. Steel Canada Inc. Retirement Plan for USW Local 1005 Members at Hamilton Works), and (iii) the Agreement for an Insurance Program (including the Schedules thereto), in each case between USSC and USW Local 1005 and in effect until March 31, 2017.

“Existing LEW Local 8782 Pension and OPEB Benefits” means the pension and OPEB benefits provided for pursuant to (i) the Collective Agreement, (ii) the Agreement for a Pension Plan (including Schedule A which is the U. S. Steel Canada Inc. Retirement Plan for USW Local 8782 Members at Lake Erie Works), and (iii) the Agreement for an Insurance Program (including the Schedules thereto), in each case between USSC and USW Local 8782 and in effect until September 1, 2018.

“Existing LEW Local 8782(b) Pension and OPEB Benefits” means the pension and OPEB benefits provided for pursuant to (i) the applicable provisions of the Collective Agreement between USSC and USW Local 8782(b) in effect until June 28, 2019 and (ii) the U. S. Steel Canada Inc. Retirement Plan for Employees at the Pickle Line Department of Lake Erie Works and the Administrative Services Only agreement between USSC and Green Shield.

“Existing Non-USW Main Pension and OPEB Benefits” means (i) the pension benefits provided under the Non-USW Main Pension Plans; and (ii) OPEBs provided to retirees of USSC (or its predecessors or affiliates) not represented by the USW, and eligible spouses and beneficiaries of such retirees.

“EY” means Ernst & Young Inc. in respect of the services it provided to USSC before and after the Filing Date including in respect of services provided in its capacity as Monitor, and includes Ernst & Young LLP and any of their affiliates, partners, officers, directors, employees, agents, subcontractors and legal counsel.

“Filing Date” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Initial Order”*.

“Free Cash Flow” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – OPEB Matters”*.

“General Unsecured Claim” means any Claim that is not an Unaffected Claim, Non-USW Main Pension and OPEB Claim and includes, for greater certainty, a Restructuring Claim and a Non-USW Supplemental Pension Claim.

“General Unsecured Creditor” means a Creditor with a General Unsecured Claim.

“General Unsecured Creditor Class” has the meaning ascribed thereto in *“The Meetings – Voting at Meetings – Voting and Classes”*.

“General Unsecured Creditor Pool” means \$17 million to fund distributions to General Unsecured Creditors with Proven Claims as provided in the Plan.

“Governmental Authority” means any domestic or foreign legislative, executive, judicial or administrative body or person having jurisdiction in the relevant circumstances.

“Guaranteed Amount” has the meaning ascribed thereto in *“Overview of the Transaction – Pension Matters – Bedrock Guarantee”*.

“Hamilton Pension Plans” means (i) U. S. Steel Canada Inc. Retirement Plan for USW Local 1005 Members at Hamilton Works, FSCO Registration No. 0354878; and (ii) U. S. Steel Canada Inc. Retirement Plan for Salaried Employees at Hamilton Works, FSCO Registration No. 0338509.

“Hamilton Works” means the Business of USSC conducted on the HW Lands.

“HW and LEW Properties” *The Plan – Overview of the Transaction – Environmental Matters.*

“HW Lands” means all freehold and leasehold property of USSC located in Hamilton, Ontario and interests therein, including all rights of way, licences or rights of occupation, easements or other similar rights of USSC in connection with such freehold and leasehold property.

“HW Local 1005 CBA Amendment” means amendments to the Collective Agreement between HW Local 1005 and USSC, in form and substance also satisfactory to the Plan Sponsor and including, if applicable, any renewal Collective Agreement that takes effect upon the expiry of the Collective Agreement on March 31, 2017.

“Initial Distribution Date” means the first Distribution Date determined by the Applicant, which will be as soon as practicable following the Plan Implementation Date.

“Initial Claims Process Order” has the meaning ascribed thereto under *“The Plan – Background to the Plan – Status of Claims Process”*.

“Initial Order” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Initial Order”*.

“Insured Claims” has the meaning ascribed thereto in *“The Plan – Description of the Plan – Purpose and Effect of the Plan – Unaffected Claims”*.

“Lake Erie Works” means the Business of USSC conducted on the LEW Lands.

“Land Assets” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Land Related Transactions – Land Vehicle and Land Assets”*.

“Land Contribution” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Land Related Transactions – Land Vehicle and Land Assets”*.

“Land Notes” means the non-interest bearing promissory notes issued by the Land Vehicle in consideration of the Land Assets.

“Land Proceeds” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Environmental Matters – MOECC Release and Province Payment”*.

“Land Term Sheet” means the term sheet related to the transfer of the Land Assets to the Land Vehicle and related matters attached as Schedule C of the Plan.

“Land Vehicle” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Land Related Transactions – Land Vehicle and Land Assets”*.

“Land Vehicle Board” means the board to be established governing the Land Vehicle.

“Land Vehicle Closing Conditions” means, in respect of the arrangements described in the Land Term Sheet, the execution and delivery of the applicable Stakeholder Agreement(s) and the completion of the steps reasonably necessary to be executed and delivered or completed prior to the Effective Time to implement such arrangements, including: (i) the formation of the Land Vehicle; (ii) the conveyance by USSC of the Land Assets to the Land Vehicle and related funding; (iii) execution and delivery of the provincial land vehicle loan agreement, security and related documentation; and (iv) receipt of a letter

from the federal Ministry of Finance confirming an intention to recommend amendments to the *Income Tax Regulations* to ensure the Land Vehicle is deemed not to be a retirement compensation arrangement as defined under the Tax Act.

“Land Vehicle Funding” has the meaning set out in the Land Term Sheet.

“Lands” means the HW Lands and the LEW Lands.

“Lease Closing Conditions” means, in respect of the arrangements described in the Lease Term Sheet, the execution and delivery of the applicable Stakeholder Agreement(s) and completion of the steps reasonably necessary in each case to be executed and delivered or completed prior to the Effective Time to implement such arrangements, including: (i) the execution and delivery of leases for the applicable portions of the Lands; (ii) the execution and delivery of applicable shared services agreements and any applicable reciprocal easement and operating agreements or infrastructure agreements; and (iii) arrangements in respect of the abatement, quantum, allocation and payment of property taxes attributable to the Leased Lands.

“Lease Term Sheet” means the term sheet related to leasing matters in respect of the Leased Lands attached as Schedule D of the Plan.

“Leased Lands” has the meaning set out in the Lease Term Sheet.

“LEW Lands” means all freehold and leasehold property of USSC located in Nanticoke, Ontario and interests therein including all rights of way, licences or rights of occupation, easements or other similar rights of the Applicant in connection with such freehold and leasehold property.

“LEW Local 8782 CBA Amendment” means amendments to the Collective Agreement between LEW Local 8782 and USSC, in form and substance also satisfactory to the Plan Sponsor and including, if applicable, any renewal Collective Agreement that takes effect upon the expiry of such amended Collective Agreement.

“LEW Local 8782(b) CBA Amendment” means amendments to the Collective Agreement between LEW Local 8782(b) and USSC, in form and substance also satisfactory to the Plan Sponsor and including, if applicable, any renewal Collective Agreement that takes effect upon the expiry of such amended Collective Agreement.

“LEW Pension Plans” means (i) U. S. Steel Canada Inc. Retirement Plan for USW Local 8782 Members at Lake Erie Works, FSCO Registration No. 0698761; (ii) U. S. Steel Canada Inc. Retirement Plan for Salaried Employees at Lake Erie Works, FSCO Registration No. 0698753; and (iii) the U. S. Steel Canada Inc. Retirement Plan for Employees at the Pickling Line Department of Lake Erie Works, FSCO Registration No. 1206457.

“Liquidation Analysis” has the meaning ascribed thereto in Exhibit C.

“Main Pension Plans” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Pension Matters”*.

“Maximum Contribution” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Pension Matters”*.

“**Meeting**” means a meeting of an Affected Creditors Class to consider and vote on the Plan held pursuant to the Meetings Order.

“**Meetings Order**” has the meaning ascribed thereto in “*The Meetings – Procedure for Meetings*”.

“**Minimum Contribution**” has the meaning ascribed thereto in “*The Plan – Overview of the Transaction – Pension Matters*”.

“**MOECC**” means the Ontario Ministry of the Environment and Climate Change.

“**Monitor**” means EY, in its capacity as the monitor appointed pursuant to the Initial Order, and any successor thereto appointed in accordance with any further order of the Court.

“**New ABL Facility**” means a new loan agreement, security and related documentation arranged by the Plan Sponsor with not less than \$125 million of borrowing availability (which, for greater certainty, excludes the Plan Funding Amount) to USSC and a wholly-owned Subsidiary or Affiliate of the Plan Sponsor, by the lenders thereunder, on terms and conditions satisfactory to the Plan Sponsor acting reasonably.

“**New HW Local 1005 Pension and OPEB Benefits**” means the Existing HW Local 1005 Pension and OPEB Benefits, as modified and amended by the HW Local 1005 CBA Amendment, the Pension Agreement, the Special Regulation, the OPEB Agreement and the applicable OPEB ELHT Documents.

“**New LEW Local 8782 Pension and OPEB Benefits**” means the Existing LEW Local 8782 Pension and OPEB Benefits, as modified and amended by the LEW Local 8782 CBA Amendment, the Pension Agreement, the Special Regulation, the OPEB Agreement and the applicable OPEB ELHT Documents.

“**New LEW Local 8782(b) Pension and OPEB Benefits**” means the Existing LEW Local 8782(b) Pension and OPEB Benefits, as modified and amended by the LEW Local 8782(b) CBA Amendment, the Pension Agreement, the Special Regulation, the OPEB Agreement and the applicable OPEB ELHT Documents.

“**New Non-USW Pension and OPEB Benefits**” means the Existing Non-USW Main Pension and OPEB Benefits, as modified by the Pension Agreement, the Special Regulation, the OPEB Agreement and OPEB ELHT Documents.

“**New Regulation**” has the meaning ascribed thereto in “*The Plan – Overview of the Transaction – Pension Matters – New Regulation*”.

“**Non-Main Pension Plans**” means the Stelco Inc. Retirement Plan for Mark C. Steinman, FSCO Registration No. 1056738; the U. S. Steel Canada Inc. Retirement Plan for CAW Canada Local 523 Employees at the Former Stelpipe Ltd., FSCO Registration No. 1018860; the U. S. Steel Canada Inc. Retirement Plan for Non-USW Employees of the Former Stelpipe Ltd., FSCO Registration No. 1017177; and the U. S. Steel Canada Inc. Retirement Plan for Non-USW Employees at the Former Welland Pipe Ltd., FSCO Registration No. 1017185.

“**Non-Released USSC Claims**” means, collectively: (i) the right to enforce against USSC its obligations under the Plan; (ii) the right to enforce against USSC its obligations under the Stakeholder Agreements, including the agreements between the Applicant and USS contemplated under the USS Closing Conditions; (iii) the right to enforce the Unaffected Claims against USSC; (iv) solely as against a Director in his or her capacity as such, any claim that is not permitted to be released pursuant to section 5.1(2) of

the CCAA; (v) any claim against a Released USSC Party, based on facts not known by the claimant prior to the Effective Time nor reasonably capable of being known, if the Released USSC Party is determined by a final order of a court of competent jurisdiction to have committed fraud; (vi) any claim against USSC for the purchase or supply of goods or services delivered after the Filing Date; (vii) subject to the Environmental Framework Agreement and the releases from the MOECC, any investigation, action, suit, order or proceeding by or before a regulatory body (as defined in the CCAA) unless such investigation, action, suit, order or proceeding constitutes a “claim” within the meaning of the CCAA; and (viii) the right to enforce against the Corporation any agreement in force on the Effective Date that was entered into with the Corporation between the filing of the Plan and the Effective Date.

“Non-USW Employees” means all Employees other than USW Employees.

“Non-USW Main Pension Plans” means the U. S. Steel Canada Inc. Retirement Plan for Salaried Employees at Lake Erie Works (FSCO/CRA Registration No. 0698753), the applicable provisions of the U. S. Steel Canada Inc. Retirement Plan for Employees at the Pickle Line Department of Lake Erie Works (FSCO/CRA Registration No. 1206457) and the U. S. Steel Canada Inc. Retirement Plan for Salaried Employees at Hamilton Works (FSCO/CRA Registration No. 0338509).

“Non-USW Main Pension and OPEB Claim” means a Claim arising in respect of the Existing Non-USW Main Pension and OPEB Benefits (other than, for greater certainty, any Non-USW Supplemental Pension Claim).

“Non-USW Main Pension and OPEB Class” has the meaning ascribed thereto in *“The Meetings – Voting at Meetings – Voting and Classes”*.

“Non-USW OPEB Affected Creditor” has the meaning ascribed thereto in *“The Meetings – Voting at Meetings – Voting and Classes”*.

“Non-USW Representatives” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Sale and Investment Solicitation Process”*.

“Non-USW Supplemental Pension Claim” means a Claim arising in respect of the provision of or an obligation to provide pension benefits to Non-USW Employees and their beneficiaries pursuant to retirement benefit contracts for specified members funded pursuant to a retirement compensation arrangement trust, non-registered unfunded retirement benefit contracts for specified retired members, retiring allowance arrangements for former Stelpipe union members, and special retiring allowances for certain retired members and beneficiaries.

“Objecting Parties” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Determination of USS Claims”*.

“OPEBs” means post-employment health and welfare benefits provided by USSC to retirees of USSC (or its predecessors or affiliates) and eligible spouses and beneficiaries of such retirees, including life insurance, health and dental benefits but excluding pensions and other retirement payments.

“OPEB Agreement” means the agreement between USSC, the Province and the OPEB Entities contemplated by the OPEB Term Sheet, in respect of, among other things, the funding of OPEBs from and after the Plan Implementation Date.

“OPEB Closing Conditions” means, in respect of the arrangements described in the OPEB Term Sheet, the execution of the applicable Stakeholder Agreement(s) and the completion of the steps reasonably

necessary in each case to be executed or completed prior to the Effective Time to implement such arrangements, including: (i) the formation of the OPEB Entities; (ii) the execution of the OPEB Agreement; and (iii) the execution of the provincial OPEB loan agreement, security and related documentation.

“OPEB Contributions” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – OPEB Matters”*.

“OPEB ELHT Documents” means the documentation relating to and governing an OPEB Entity, which shall (among other things) establish the type and level of OPEBs payable.

“OPEB Entities” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – OPEB Matters”*.

“OPEB Fixed Contribution” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – OPEB Matters”*.

“OPEB Free Cash Flow Contribution” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – OPEB Matters”*.

“OPEB Remaining Share” as the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Environmental Matters – MOECC Release and Province Payment”*.

“OPEB Term Sheet” means the term sheet related to OPEB matters attached as Schedule E of the Plan.

“Order” means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Authority.

“Pension Agreement” means the agreement between the Province, the Superintendent, USSC and the Plan Sponsor contemplated by the Pension Term Sheet, in respect of, among other things, the funding of the benefits under the Main Pension Plans, which funding shall take effect from and after the Plan Implementation Date. Pension Agreement includes any related agreements for trusts referred to in the Pension Agreement.

“Pension Closing Conditions” means, in respect of the arrangements described in the Pension Term Sheet, the execution and delivery of the applicable Stakeholder Agreement(s), the coming into force of any legislation or regulation of any Governmental Authority and the completion of the steps reasonably necessary in each case to be executed and delivered, come into force or be completed prior to the Effective Time to implement such arrangements, including: (i) the formation of the Pension Deficit Funding Trust(s); (ii) the execution and delivery of the Pension Agreement; (iii) the execution and delivery of the Bedrock Guarantee (as defined in the Pension Term Sheet); (iv) the receipt of a letter from the federal Ministry of Finance confirming an intention to recommend any necessary amendments to the *Income Tax Regulations* to facilitate the characterization of and payment of funds from the Pension Deficit Funding Trust(s) and Land Vehicle for the benefit of certain registered pension plans; (v) settlement of pension benefits to retirees of the Main Pension Plans whose benefit entitlements are subject to provincial pension benefit minimum standards legislation other than the *Pension Benefits Act* (Ontario); (vi) commencement of the wind-up of the Non-Main Pension Plans; (vii) the implementation of arrangements satisfactory to the Corporation, Province, Superintendent and Plan Sponsor in respect of the funding obligations and administration in respect of pension entitlements accruing under the Main Pension Plans and any future service successor pension plans on and after the Plan Implementation Date including (A) the execution and delivery of the Pension Agreement and the Pension Transition

Agreement; and (B) the coming into force of pension regulations, reflecting such arrangements. Capitalized terms used in this definition that are not defined in this glossary of terms are defined in the Pension Term Sheet.

“Pension Deficit Funding Trust” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Pension Matters – Carried Interest Agreement and Pension Trust”*.

“Pension Remaining Share” as the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Environmental Matters – MOECC Release and Province Payment”*.

“Pension Term Sheet” means the term sheet related to pension matters in respect of pension entitlements accrued under the Main Pension Plans prior to the Plan Implementation Date, attached as Schedule F of the Plan.

“Pension Transition Agreement” means the arrangements and agreement among the Province, the Corporation, USS, USSCPF and other relevant parties in respect of the transition of the Main Pension Plans and other pension retirement or benefit plans of the Corporation from and after the Plan Implementation Date (which, for greater certainty, will constitute a Stakeholder Agreement).

“Person” means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency, officer or instrumentality thereof or any other entity.

“Plan” means the plan of compromise, arrangement and reorganization pursuant to the CCAA and the CBCA concerning, affecting and involving USSC, including all schedules, a copy of which is set out as Exhibit B to this Circular, as amended, supplemented or replaced by USSC from time to time.

“Plan Funding Amount” means the amount needed by USSC, in excess of the Cash on Hand at the Effective Time, to fund the General Unsecured Creditor Pool and the Unresolved Claims Reserve in accordance with Article 5 of the Plan, to pay all amounts set out in Section 6.2 of the Plan to the extent they are not already paid prior to the Effective Time, to make any other payments to be made by USSC pursuant to or as otherwise contemplated by the Plan and the Stakeholder Agreements and to leave the Applicant with not less than \$5 million in cash immediately after the Effective Time.

“Plan Implementation Conditions” has the meaning set out in Section 9.1 of the Plan.

“Plan Implementation Date” means the date of the Certificate of Reorganization.

“Plan Sponsor” means Bedrock Industries Canada LLC.

“Plan Sponsor Agreement” or **“PSA”** has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Entering into the CCAA Acquisition and Plan Sponsor Agreement and Province Support Agreement – Information Circular – Summary”*.

“Proof of Claim” means a proof of claim filed in accordance with the Claims Procedure Orders.

“Proven Claim” means an Affected Claim (or the portion thereof) that has been finally determined: (i) in the case of a General Unsecured Claim, for voting and distribution purposes; and (ii) in the case of a Non-USW Main Pension and OPEB Claim, for voting purposes, in each case in accordance with the Claims Procedure Orders or any other Order of the Court.

“Province” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Sale and Investment Solicitation Process”*.

“Province Payment” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Environmental Matters – MOECC Release and Province Payment”*.

“Provincial Land Vehicle Loan” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Land Related Transactions – Land Vehicle and Land Assets”*.

“Provincial OPEB Loan” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – OPEB Matters – Provincial OPEB Loan”*.

“Released Claims” means the Released USSC Claims and the Released Stakeholder Claims.

“Released Parties” means the Released USSC Parties and the Released Stakeholder Parties.

“Released Stakeholder Claims” means all of the claims released by either the Stakeholder Contractual Releases or the USS/USSCPF Court-Ordered Release.

“Released Stakeholder Parties” means the USSC Group, USSCPF, the USS Group, the Province, the USW and the Non-USW Representatives and their respective Representatives who are the recipients of the Stakeholder Contractual Releases and the USS/ USSCPF Court-Ordered Release.

“Released USSC Claims” means any and all demands, claims (including claims for contribution or indemnity), actions, causes of action, counterclaims, suits, debts, sums of money, liabilities, accounts, covenants, damages, judgments, orders (including orders for injunctive relief or specific performance and compliance orders), expenses, executions, encumbrances and recoveries on account of any liability, obligation, demand or cause of action of whatever nature (including for, in respect of or arising out of environmental matters, pensions or post-employment benefits or alleged oppression, misrepresentation, wrongful conduct, fraud or breach of fiduciary duty by any member of the USSC Group or its Representatives) that any Creditor or other Person (including each of the Province, the Unions on behalf of the Employees they represent, the Non-USW Representatives on behalf of every Person they represent, and the members of the USS Group) has or may be entitled to assert, whether known or unknown, matured or unmatured, contingent or actual, direct, indirect or derivative, at common law, in equity or under statute, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act, omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing, matter or occurrence existing or taking place at or prior to the Effective Time, or such later time as actions are taken to implement the Plan and the Transaction, that in any way relate to or arise out of or in connection with (i) any Claims, including Claims that are enumerated in section 19(2) of the CCAA and that are compromised under the Plan in accordance with such section as a consequence of the applicable Creditor’s vote in favour of or other form of consent to the Plan; (ii) the assets, obligations, business or affairs of USSC or any of the other members of the USSC Group; (iii) the administration or management of all pension plans of USSC or the assets thereof; (iv) the CCAA Proceedings or any matter or transaction involving any of the members of the USSC Group occurring in or in connection with the CCAA Proceedings (including the Plan, the Transaction or the development thereof); or (v) any D&O Claims, but excluding Non-Released USSC Claims.

“Released USSC Parties” has the meaning ascribed thereto in *“The Plan – Description of the Plan – Releases – Plan Releases”*.

“Representatives” means, in relation to a Person, such Person’s current and former directors, officers, partners, employees, consultants, legal counsel, actuaries, advisers and agents, including their respective heirs, executors, administrators and other legal representatives, successors and assigns, and each of their respective employees and partners.

“Representative Counsel” has the meaning given to it in the Representative Counsel Order.

“Representative Counsel Order” means the order of the Court in the CCAA Proceedings dated October 8, 2014, as amended or supplemented from time to time.

“Responsible Person” means any Director and any Person who, prior to the Effective Time, was requested to act, and who is acting or did or does act or is deemed or treated by applicable law to be acting or to have acted, as a director, officer or Person of a similar position of another entity in which USSC has a direct or indirect interest.

“Restructuring Claim” means any right of any Person against USSC in connection with any indebtedness, liability, or obligation of any kind owed to such Person arising out of the disclaimer, restructuring, repudiation or termination after the Filing Date of any contract, lease, agreement or other arrangement, whether written or oral, including any such right of a Non-USW Employee arising as a result of the termination of employment of such Non-USW Employee by the Corporation on or after January 1, 2017 or the suspension of “Salary Continuance Payments” as defined in and pursuant to the Court order dated October 28, 2015, provided that a “Restructuring Claim” does not include any Unaffected Claim.

“Restructuring Steps” has the meaning ascribed thereto in *“The Plan – Description of the Plan – Restructuring Steps and Reorganization – Restructuring Steps”*.

“Rothschild” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Sale and Restructuring Process”*.

“Sanction Order” means the order to be made under the CCAA and CBCA sanctioning the Plan, approving the Articles of Reorganization, vesting the Land Assets in the Land Vehicle and providing for the releases and other relief contemplated in the Plan, as such order may be amended by any court of competent jurisdiction, in form and content satisfactory to USSC and the Plan Sponsor.

“Schedules” is defined in Section 1.5 of the Plan.

“SARP” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Sale and Restructuring Process”*.

“SARP Order” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Sale and Restructuring Process”*.

“Secured Claims” means all Claims of a Creditor (other than a Claim of the USS Group) to the extent that they are secured by a valid Encumbrance that is duly and properly registered or otherwise perfected in accordance with Applicable Law in the appropriate jurisdiction as of the Filing Date or thereafter pursuant to an Order, to the extent of the value of such Encumbrance as at the Filing Date (having regard to the value of the assets subject to such Encumbrance and the priority of such Encumbrance) and which Claim is entitled to be proven as a secured claim pursuant to the provisions of the CCAA.

“Secured Municipal Tax Claims” means all Claims made against USSC or its assets by a municipality for municipal taxes, validly filed pursuant to a Claims Procedure Order, to the extent and in the amount accepted, in accordance with the Claims Procedure Order, as a Secured Claim and all claims against USSC for amounts validly owing to a municipality for municipal taxes subsequent to the Filing Date, which remain unpaid.

“Shareholder” means U. S. Steel Canada Limited Partnership, a wholly-owned Affiliate of USS.

“Special Regulation” means the special regulation or regulations enacted under the *Pension Benefits Act* (Ontario) to give effect to the Pension Agreement and the Pension Term Sheet.

“SISP” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Sale and Investment Solicitation Process”*.

“SISP Order” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Sale and Investment Solicitation Process”*.

“Stakeholder Agreements” means the agreements contemplated by the Term Sheets or the conditions set out in Section 9.1 of the Plan that are required to be executed prior to the Effective Time, in each case, by the Plan Sponsor or USSC (to the extent USSC is a party thereto prior to the Effective Time) or both, as applicable, with one or more Stakeholders, as applicable, in each case with terms that are consistent with the Term Sheet(s) and other terms of the Plan.

“Stakeholder Contractual Releases” has the meaning ascribed thereto in *“The Plan – Description of the Plan – Releases – Stakeholder Releases”*.

“Stay Period” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Initial Order”*.

“Stakeholders” means the Province, USS, USSCPF, the USW and the Non-USW Active and Retiree Beneficiaries (as defined in the Representative Counsel Order) acting through the Non-USW Representatives.

“Subsidiary” has the meaning set out in Section 1.1 of National Instrument 45-106 – *Prospectus Exemptions*.

“Superintendent” means the Superintendent of Financial Services.

“Supplementary Claims Process Order” means supplementary claims process order of the Court dated March 15, 2017, in respect of the procedures governing the proof of claims.

“Tax Act” means the *Income Tax Act* (Canada), as amended.

“Tax Closing Conditions” means the execution of the Tax Savings Agreement as defined in the Tax Term Sheet.

“Tax Savings Agreement” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Pension Matters – Tax Sharing”*.

“Tax Term Sheet” means the term sheet related to tax matters attached as Schedule G of the Plan.

“Term Sheets” means the Environmental Term Sheet, the Land Term Sheet, the Lease Term Sheet, the OPEB Term Sheet, the Pension Term Sheet and the Tax Term Sheet.

“Transaction” means the restructuring of USSC by way of the Plan and the Stakeholder Agreements.

“Transition Arrangements” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Cash Conservation and Business Preservation Order”*.

“Unaffected Claim” means a Claim as set out in Section 2.3 of the Plan.

“Unaffected Creditor” means a Creditor with an Unaffected Claim.

“Uncashed Distribution” has the meaning ascribed thereto in *“The Plan – Description of the Plan – Provisions Regarding Distributions, Payments and Currency – Treatment of Unclaimed Distributions”*.

“Undeliverable Distribution” has the meaning ascribed thereto in *“The Plan – Description of the Plan – Provisions Regarding Distributions, Payments and Currency – Treatment of Unclaimed Distributions”*.

“Unions” means USW Local 1005, USW Local 8782 and USW Local 8782(b).

“Unresolved Claim” means a General Unsecured Claim (or the portion thereof) that at the relevant time is not a Proven Claim and is not barred pursuant to the applicable Claims Procedure Orders, but in respect of which a Proof of Claim has been filed in a proper and timely manner or a notice of claim delivered by USSC or the Monitor, in each case in accordance with the applicable Claims Procedure Order.

“Unresolved Claims Reserve” has the meaning ascribed thereto in *“The Plan – Description of the Plan – Cash Pool and Unresolved Claims Reserve and Administration Reserve – Unresolved Claims Reserve and Administration Reserve”*.

“Upfront Payment” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Pension Matters”*.

“USS” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Background and Operations”*.

“USS/Bedrock ITS” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Filing for CCAA Protection and Subsequent Events – Stakeholder Agreements – Stakeholder Agreements – USS/Bedrock ITS”*.

“USS Closing Conditions” means, in each case to the satisfaction of USS: (i) the execution and delivery of the Stakeholder Agreement(s) to which USS is party and the completion of the steps reasonably necessary in each case to be executed and delivered or completed prior to the Effective Time to implement same, to the satisfaction of the Plan Sponsor and USSC (for greater certainty, in addition to USS); (ii) the payment to USS in full satisfaction of the USS Secured Claims; (iii) arrangements satisfactory to USSC and the Plan Sponsor, acting reasonably, for the discharge and cancellation of the USS Unsecured Claims for nominal consideration and the transfer to an Affiliate of the Plan Sponsor of all issued and outstanding common shares of USSC; (iv) execution and delivery of transitional services agreements between the relevant member(s) of the USS Group and USSC having terms and conditions consistent in all material respects with Schedules C1, C2 and C3 to the USS/Bedrock ITS; (v) execution and delivery of a license or other agreement with respect to intellectual property and trade secrets between

the relevant member(s) of the USS Group and USSC having terms and conditions consistent in all material respects with Schedule D to the USS/Bedrock ITS; (vi) execution and delivery of an iron ore pellet supply agreement agreed between USSC and the relevant member(s) of the USS Group having terms and conditions consistent in all material respects with Schedule B to the USS/Bedrock ITS; (vii) execution and delivery of the Stakeholder Contractual Releases and granting of the USS/USSCPF Court-Ordered Release as contemplated under the USS/Bedrock ITS; (viii) appointment of a new administrator for the Main Pension Plans (whose identity does not have to be satisfactory to USS) who is not a member of the USSC Group, the USS Group or USSCPF, on or before the Effective Time; (ix) execution and delivery of a Pension Transition Agreement, if USS agrees to enter into such Pension Transition Agreement, which agreement shall include release and indemnification provisions satisfactory to USS in respect of any obligations to be carried out by any member of the USS Group thereunder after the Effective Time; (x) USS being satisfied with the form and content of the Meeting Order, any further Claims Procedure Orders, the Sanction Order and any other order which may reasonably affect USS' obligations or liabilities; and (xi) for greater certainty, all other transactions and arrangements contemplated under the USS/Bedrock ITS to the extent not otherwise reflected in the foregoing.

“USS/USSCPF Court-Ordered Release” means the release to be ordered in the Sanction Order irrevocably and unconditionally compromising, releasing and forever discharging, as against the USS Group, USSCPF and their respective Representatives, all claims of all Persons of the nature released pursuant to the Stakeholder Contractual Releases, excluding (but without limiting the terms of the Stakeholder Contractual Releases): (i) to the extent applicable, claims enumerated in subsection 5.1(2) of the CCAA; (ii) any claims enumerated in subsection 19(2) of the CCAA unless such claims have been compromised under the Plan; and (iii) any claims by the Corporation or others excluded in the Stakeholder Contractual Releases and as agreed to by USS or USSCPF, as the case may be, and the Corporation or the relevant Stakeholder, as the case may be.

“USS Group” has the meaning ascribed thereto in *“The Plan – Background to the Plan – Background and Operations”*.

“USS Indemnity Release Conditions” means the execution of the necessary agreements and the completion of the necessary steps to implement the matters set out in Schedule I to the Plan at or before the Effective Time.

“USS Release” has the meaning ascribed thereto in *“The Plan – Overview of the Transaction – Releases”*.

“USS Secured Claims” means the secured Claims of the USS Group as described in Schedule H of the Plan as to currency, principal amounts and accrued and accruing interest all of which constitute Proven Claims.

“USS Unsecured Claims” means the unsecured Claims of the USS Group, in the amounts and of the nature determined by the Court in accordance with the Claims Procedure Orders.

“USSC” means U. S. Steel Canada Inc.

“USSC Group” means USSC and its Subsidiaries.

“USSCPF” means the United States Steel and Carnegie Pension Fund, with a place of business at 350 Park Avenue, 17th Floor, New York, NY 10022.

“USSCPF Agreements” means (i) the retirement plan administration services agreement between USSCPF and USSC dated as of August 5, 2008; (ii) the side letter agreement between USSCPF and USSC dated November 18, 2015; (iii) the USSC/USS Transition Arrangements dated as of October 6, 2015; and (iv) the designation resolution of the directors of USSC dated August 5, 2008.

“USSCPF Closing Conditions” means (i) appointment of a new administrator for the Main Pension Plans who is not a member of the USSC Group, the USS Group or USSCPF, on or before the Effective Time; (ii) termination of any service provider, investment advisor, investment manager or other roles by USS and USSCPF in respect of any pension, retirement or benefits plans of USSC, existing up to the Effective Time; (iii) termination of the USSCPF Agreements on or before the Effective Time; (iv) the receipt by USSCPF of the applicable Stakeholder Contractual Releases and the granting of the USS/USSCPF Court-Ordered Release; (v) USSCPF’s satisfaction with any Stakeholder Agreement to which it is a party; (vi) the execution and delivery of a Pension Transition Agreement, if USSCPF agrees to enter into such Pension Transition Agreement, which agreement shall include release and indemnification provisions satisfactory to USSCPF in respect of any obligations to be carried out by USSCPF thereunder after the Effective Time; and (vii) USSCPF’s satisfaction with the Sanction Order and any other order which reasonably may affect USSCPF’s obligations or liabilities.

“USW” means the United Steel, Paper and Forestry, Rubber, Manufacturing, Allied Industrial and Service Workers International Union under the provisions of the Collective Agreements.

“USW Employees” means the Employees who are in the bargaining units represented by the Unions.

“Voting Claims” has the meaning ascribed thereto in *“The Meetings – Voting at Meetings”*.

The rules of interpretation set out in Section 1.2 of the Plan apply to this Circular.

EXHIBIT A
PLAN RESOLUTION

RESOLVED that:

1. The plan of compromise, arrangement and reorganization (the “**Plan**”) pursuant to the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”) and the *Canada Business Corporations Act* set out as Exhibit B to the information circular of U. S. Steel Canada Inc. (the “**Applicant**”) dated •, 2017 (the “**Circular**”) is approved and authorized.
2. Notwithstanding that this resolution has been passed by any class of Affected Creditors of the Applicant, the Applicant may (i) amend the Plan with the approval of the Ontario Superior Court of Justice or the Monitor (i.e., Ernst & Young Inc.) in accordance with the provisions of the Plan; or (ii) not proceed with the implementation of the Plan, in each case without further approval of any class of Affected Creditors of the Applicant.
3. Each officer of the Applicant is authorized to execute and deliver articles of reorganization and to execute and deliver all other documents and to take such other actions as the officer determines necessary or desirable to give effect to the Plan, such determination to be conclusively evidenced by the execution and delivery of any such document or the taking of any such action.

EXHIBIT B
PLAN OF COMPROMISE, ARRANGEMENT AND REORGANIZATION

**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
U. S. STEEL CANADA INC.

**PLAN OF COMPROMISE, ARRANGEMENT AND REORGANIZATION
pursuant to the *Companies' Creditors Arrangement Act* and the *Canada Business
Corporations Act* concerning, affecting and involving U. S. Steel Canada Inc.**

March 15, 2017

TABLE OF CONTENTS

	Page
ARTICLE 1 INTERPRETATION.....	1
1.1 Definitions.....	1
1.2 Certain Rules of Interpretation.....	17
1.3 Successors and Assigns.....	18
1.4 Governing Law and Jurisdiction.....	18
1.5 Schedules	18
ARTICLE 2 PURPOSE AND EFFECT OF THE PLAN.....	19
2.1 Purpose.....	19
2.2 Affected Claims and Released Claims.....	19
2.3 Unaffected Claims	19
2.4 Equity Claims.....	20
ARTICLE 3 CLASSIFICATION AND TREATMENT OF CREDITORS AND RELATED MATTERS.....	21
3.1 Claims Procedure	21
3.2 Classification of Creditors	21
3.3 Creditors' Meeting.....	21
3.4 Treatment of General Unsecured Claims.....	21
3.5 Treatment of Non-USW Main Pension and OPEB Claims	22
3.6 Unaffected Claims	23
3.7 Insured Claims	23
3.8 Unresolved Claims.....	23
3.9 Extinguishment of Claims.....	23
3.10 Guarantees and Similar Covenants	23
3.11 Set-Off.....	24
ARTICLE 4 RESTRUCTURING STEPS AND REORGANIZATION.....	24
4.1 Articles of Reorganization	24
4.2 Restructuring Steps	24
4.3 Corporate Approvals.....	26
ARTICLE 5 CASH POOL AND UNRESOLVED CLAIMS RESERVE AND ADMINISTRATION RESERVE.....	27
5.1 General Unsecured Creditor Pool	27
5.2 Unresolved Claims Reserve and Administration Reserve	27

ARTICLE 6	PROVISIONS REGARDING DISTRIBUTIONS, PAYMENTS AND CURRENCY.....	28
6.1	Distributions Generally	28
6.2	Payments of Certain Unaffected Claims.....	28
6.3	Distribution Mechanics for General Unsecured Claims	29
6.4	Distributions in Respect of Unresolved Claims.....	29
6.5	Allocation of Distributions	29
6.6	Treatment of Unclaimed Distributions	30
6.7	Withholding Rights	30
6.8	Cancellation of Certificates and Notes, etc.....	31
6.9	Calculations.....	31
6.10	Currency Matters	32
ARTICLE 7	RELEASES	32
7.1	Plan Releases	32
7.2	Stakeholder Releases	32
7.3	Injunctions.....	32
ARTICLE 8	COURT SANCTION.....	33
8.1	Application for Sanction Order.....	33
8.2	Sanction Order	33
ARTICLE 9	PLAN CONDITIONS PRECEDENT AND IMPLEMENTATION	36
9.1	Conditions Precedent to Plan Implementation.....	36
9.2	Corporation’s Certificate – Plan Implementation	39
9.3	Monitor’s Certificate – Plan Implementation	39
ARTICLE 10	GENERAL.....	39
10.1	Binding Effect.....	39
10.2	Deeming Provisions	40
10.3	Modification of the Plan	40
10.4	Paramountcy	41
10.5	Severability of Plan Provisions	41
10.6	Protections of the Monitor	41
10.7	Different Capacities	42
10.8	Notices	42
10.9	Further Assurances.....	43
10.10	Language.....	43
10.11	Acts to Occur on Next Business Day.....	43
10.12	Non-Consummation of the Plan.....	44

PLAN OF COMPROMISE AND ARRANGEMENT

This is the plan of compromise, arrangement and reorganization of the Corporation pursuant to the CCAA and CBCA.

ARTICLE 1 **INTERPRETATION**

1.1 Definitions

In the Plan:

“Administration Reserve” is defined in Section 5.2.

“Affected Claims” means the General Unsecured Claims and the Non-USW Main Pension and OPEB Claims.

“Affected Creditor” means a Creditor with an Affected Claim.

“Affiliate” means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by or is under direct or indirect common control with such Person, and includes any Person in like relation to an Affiliate. A Person shall be deemed to control a Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise; and the term “controlled” shall have a similar meaning.

“Applicable Law” means:

- (i) any applicable domestic or foreign law including any statute, subordinate legislation or treaty, as well as the common law; and
- (ii) any applicable and enforceable rule, regulation, requirement, order, judgment, injunction, award or decree of a Governmental Authority.

“Articles of Reorganization” means the articles of reorganization of the Corporation attached as Schedule A.

“Available Cash” means Cash on Hand and the Plan Funding Amount.

“Business” means the business conducted by the Corporation and its Subsidiaries consisting of cokemaking, ironmaking, steelmaking and production of hot rolled, cold rolled and coated steel products, and the related marketing and sale thereof and other related business operations ancillary thereto.

“Business Day” means a day other than a Saturday, Sunday, statutory or civic holiday in Toronto, Ontario.

“Cash on Hand” means the cash on hand of the Corporation immediately prior to the Effective Time, which, for greater clarity, does not include the Plan Funding Amount or amounts pursuant to the New ABL Facility.

“CBA Amendments” means the HW Local 1005 CBA Amendment, the LEW Local 8782 CBA Amendment and the LEW Local 8782(b) CBA Amendment.

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

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

“CCAA Charges” means all court-ordered charges created by the Initial Order or subsequent orders in the CCAA Proceedings, including the critical supplier charge granted to USS pursuant to the cash conservation and business preservation order dated October 9, 2015.

“CCAA Priority Payment Claims” means claims for amounts required to be paid by sections 6(3), (5) and (6) of the CCAA.

“CCAA Proceedings” means the proceedings under the CCAA in respect of or relating to the Corporation, commenced by the Initial Order.

“Certificate of Reorganization” means the certificate of reorganization to be issued under the CBCA in respect of the Articles of Reorganization.

“Chapter 15 Proceedings” means proceedings by the Corporation pursuant to Chapter 15 of the U.S. Bankruptcy Code.

“Claim” means

- (i) any right or claim of any Person that may be asserted or made in whole or in part against the Corporation, whether or not asserted or made, in connection with any indebtedness, liability or obligation of any kind whatsoever and any interest accrued thereon and costs payable in respect thereof, including by reason of the commission of a tort (intentional or unintentional), by reason of any breach of contract or other agreement (oral or written), by reason of any breach of duty (including any legal, statutory, equitable or fiduciary duty) or by reason of any right of ownership of or title to property or assets or right to a trust or deemed trust (statutory, express, implied, resulting, constructive or otherwise) and, whether or not any indebtedness, liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, unsecured, present, future, known, unknown, by guarantee, surety, insurance deductible or otherwise, and whether or not such right is executory or anticipatory in nature including the right or ability of any Person to advance a claim for contribution or indemnity or otherwise with respect to any matter, action, cause or chose in action, whether existing at present or to be commenced in the future, which indebtedness, liability or obligation is based in whole

or in part on facts existing prior to the Filing Date or relates to a time period prior to the Filing Date, and includes any other claims that would have been claims provable in bankruptcy had the Corporation become bankrupt on the Filing Date and also includes an Equity Claim and a Secured Claim, and

(ii) any Restructuring Claim,

provided, however, that “Claim” will not include any investigation, action, suit, order or proceeding in respect of the Corporation by or before a regulatory body (as defined in the CCAA), unless such investigation, action, suit, order or proceeding constitutes a “claim” within the meaning of the CCAA.

“**Claims Procedure Orders**” means (i) the claims process orders of the Court made November 13, 2014 and March 15, 2017 respectively, in respect of the procedures governing the proof of claims, and (ii) any other supplemental claims process order made in respect of the procedures governing the proof of claims, in each case as amended and supplemented from time to time.

“**Collective Agreements**” means the collective bargaining agreements made between the Corporation and each of the United Steel, Paper and Forestry, Rubber, Manufacturing, Allied Industrial and Service Workers International Union Local Union No. 1005, the United Steel, Paper and Forestry, Rubber, Manufacturing, Allied Industrial and Service Workers International Union Local Union No. 8782, the United Steel, Paper and Forestry, Rubber, Manufacturing, Allied Industrial and Service Workers International Union Local Union No. 8782(b), and the Brick and Allied Craft Union of Canada Local No. 1.

“**Construction Lien Claims**” means all claims made against the Corporation or its assets pursuant to or in reliance on the *Construction Lien Act* (Ontario), validly filed pursuant to a Claims Procedure Order, to the extent and in the amount accepted, in accordance with the Claims Procedure Order, as a Secured Claim.

“**Convenience Creditor**” is defined in Section 3.4(2)(a).

“**Corporation**” means U. S. Steel Canada Inc. (also known as Stelco).

“**Court**” means the Ontario Superior Court of Justice (Commercial List).

“**Creditor**” means a Person having a Claim and includes the transferee or assignee of a transferred Claim that is recognized as a Creditor by the Monitor in accordance with the Claims Procedure Orders, or a trustee, liquidator, receiver, receiver and manager or other Person acting on behalf of such Person.

“**CRO**” means, collectively, Mr. William Aziz and BlueTree Advisors II Inc.

“**D&O Claim**” is defined in the Claims Procedure Orders.

“D&O Claims Condition” means the satisfaction, release or compromise of all D&O Claims pursuant to and in accordance with the Plan.

“DIP Lender” means Brookfield Capital Partners Ltd.

“Director” means any Person who, as at the Effective Time, is a former or present director or officer of the Corporation or any other Person of a similar position or who by Applicable Law is deemed to be or is treated similarly to a director or officer of the Corporation or who currently manages or supervises the management of the business and affairs of the Corporation or did so in the past.

“Distribution Date or Dates” means the Business Day or Business Days upon which distributions are made by the Corporation to the General Unsecured Creditors in accordance with the provisions of the Plan.

“Distribution Record Date” means the date that is 7 Business Days prior to the Plan Implementation Date.

“Effective Time” means such time on the Plan Implementation Date as the Corporation may determine.

“Election Notice” means a duly and timely filed election in the form to be provided by the Corporation to General Unsecured Creditors pursuant to which a General Unsecured Creditor with Proven Claims exceeding \$7,500 (other than the Province and the USS Group) may elect to receive payment of \$7,500 as a Convenience Creditor in full satisfaction of such Proven Claims pursuant to Section 3.4(2)(a), subject to the terms and implementation of the Plan.

“Employees” means all individuals currently or formerly employed by the Corporation and its Subsidiaries immediately prior to the Effective Time, whether on a full-time, part-time, salaried, hourly, unionized or non-unionized basis, including current employees on long-term disability or any other leave of absence, which, for greater certainty, does not include contractors.

“Encumbrance” means any mortgage, charge, pledge, lien (statutory or otherwise), hypothec, security interest (whether contractual, statutory or otherwise), encumbrance, statutory or possessory lien, trust or deemed trust (whether contractual, statutory, or otherwise), execution, levy, charge, interest in property, or other financial or monetary claim or lease of personal property that creates a security interest, in respect of any assets that the Corporation owns or to which the Corporation is entitled or that secures payment or performance of an obligation, or similar charge of any kind.

“Environment and Climate Change Canada” means the federal Department of the Environment and its successors.

“Environmental Framework Agreement” means the agreement between the MOECC, the Plan Sponsor and the Corporation contemplated by the Environmental Term Sheet.

“Environmental Closing Conditions” means, in respect of the arrangements described in the Environmental Term Sheet: (i) the execution and delivery of the applicable Stakeholder

Agreement(s) including, without limitation, the Environmental Framework Agreement and the satisfaction of the conditions precedent set out therein, (ii) the granting of releases or no-action letters by Environment and Climate Change Canada and the MOECC; and (iii) the completion of the steps reasonably necessary in each case to be executed or completed prior to the Effective Time to implement such arrangements, including the execution and delivery of one or more agreements with the MOECC and Environment and Climate Change Canada to give effect to environmental releases/no-action letters in favour of the relevant recipients (including the Corporation and its directors, officers and other relevant recipients with a connection to the Corporation, to be identified in the Environmental Framework Agreement/no action letters), in each case on terms satisfactory to the Corporation, the Plan Sponsor and the MOECC.

“Environmental Term Sheet” means the term sheet related to environmental matters attached as Schedule B.

“Equity Claim” means a Claim that constitutes an “equity claim” as that term is defined by section 2 of the CCAA.

“Existing HW Local 1005 Pension and OPEB Benefits” means the pension and OPEB benefits provided for pursuant to (i) the Collective Agreement, (ii) the Agreement for a Pension Plan (including Schedule A which is the U.S. Steel Canada Inc. Retirement Plan for USW Local 1005 Members at Hamilton Works), and (iii) the Agreement for an Insurance Program (including the Schedules thereto), in each case between the Corporation and USW Local 1005 and in effect until March 31, 2017.

“Existing LEW Local 8782 Pension and OPEB Benefits” means the pension and OPEB benefits provided for pursuant to (i) the Collective Agreement, (ii) the Agreement for a Pension Plan (including Schedule A which is the U.S. Steel Canada Inc. Retirement Plan for USW Local 8782 Members at Lake Erie Works), and (iii) the Agreement for an Insurance Program (including the Schedules thereto), in each case between the Corporation and USW Local 8782 and in effect until September 1, 2018.

“Existing LEW Local 8782(b) Pension and OPEB Benefits” means the pension and OPEB benefits provided for pursuant to (i) the Collective Agreement between the Corporation and USW Local 8782(b) in effect until June 28, 2019 and (ii) the applicable provisions of the U.S. Steel Canada Inc. Retirement Plan for Employees at the Pickle Line Department of Lake Erie Works and the Administrative Services Only agreement between the Corporation and Green Shield.

“Existing Non-USW Main Pension and OPEB Benefits” means (i) the pension benefits provided under the Non-USW Main Pension Plans; and (ii) OPEBs provided to retirees of the Corporation (or its predecessors or affiliates) not represented by the USW, and eligible spouses and beneficiaries of such retirees.

“EY” means Ernst & Young Inc. in respect of the services it provided to the Corporation before and after the Filing Date including in respect of services provided in its capacity as Monitor, and includes Ernst & Young LLP and any of their affiliates, partners, officers, directors, employees, agents, subcontractors and legal counsel.

“Filing Date” means September 16, 2014.

“General Unsecured Claim” means any Claim that is not an Unaffected Claim or Non-USW Main Pension and OPEB Claim and includes, for greater certainty, a Restructuring Claim and a Non-USW Supplemental Pension Claim.

“General Unsecured Creditor” means a Creditor with a General Unsecured Claim.

“General Unsecured Creditor Pool” means \$17 million to fund distributions to General Unsecured Creditors with Proven Claims as provided in the Plan.

“Governmental Authority” means any domestic or foreign legislative, executive, judicial or administrative body or person having jurisdiction in the relevant circumstances.

“Hamilton Pension Plans” means (i) U.S. Steel Canada Inc. Retirement Plan for USW Local 1005 Members at Hamilton Works, FSCO Registration No. 0354878; and (ii) U.S. Steel Canada Inc. Retirement Plan for Salaried Employees at Hamilton Works, FSCO Registration No. 0338509.

“Hamilton Works” means the Business of the Corporation conducted on the HW Lands.

“HW Lands” means all freehold and leasehold property of the Corporation located in Hamilton, Ontario and interests therein, including all rights of way, licences or rights of occupation, easements or other similar rights of the Corporation in connection with such freehold and leasehold property.

“HW Local 1005 CBA Amendment” means amendments to the Collective Agreement between HW Local 1005 and the Corporation, in form and substance also satisfactory to the Plan Sponsor and including, if applicable, any renewal Collective Agreement that takes effect upon the expiry of the Collective Agreement on March 31, 2017.

“Initial Distribution Date” means the first Distribution Date determined by the Corporation, which will be as soon as practicable following the Plan Implementation Date.

“Initial Order” means the order obtained from the Court on the Filing Date commencing the CCAA Proceeding, as amended and/or amended and restated from time to time.

“Insured Claims” is defined in Section 2.3(h).

“Lake Erie Works” means the Business of the Corporation conducted on the LEW Lands.

“Land Assets” is defined in the Land Term Sheet attached as Schedule C.

“Land Contribution” is defined in Section 4.2(j).

“Land Notes” means the non-interest bearing promissory notes issued by the Land Vehicle in consideration for the Land Assets.

“Land Term Sheet” means the term sheet related to the transfer of the Land Assets to the Land Vehicle and related matters attached as Schedule C.

“Land Vehicle” means the entity, partnership, trust or other vehicle established to hold the Land Assets consistent with the intention of the Land Term Sheet.

“Land Vehicle Closing Conditions” means, in respect of the arrangements described in the Land Term Sheet, the execution and delivery of the applicable Stakeholder Agreement(s) and the completion of the steps reasonably necessary to be executed and delivered or completed prior to the Effective Time to implement such arrangements, including: (i) the formation of the Land Vehicle; (ii) the conveyance by the Corporation of the Land Assets to the Land Vehicle and related funding; (iii) execution and delivery of the provincial land vehicle loan agreement, security and related documentation; and (iv) receipt of a letter from the federal Ministry of Finance confirming an intention to recommend amendments to the *Income Tax Regulations* to ensure the Land Vehicle is deemed not to be a retirement compensation arrangement as defined under the Tax Act.

“Land Vehicle Funding” is defined in the Land Term Sheet attached as Schedule C.

“Lands” means the HW Lands and LEW Lands.

“Lease Closing Conditions” means, in respect of the arrangements described in the Lease Term Sheet, the execution and delivery of the applicable Stakeholder Agreement(s) and completion of the steps reasonably necessary in each case to be executed and delivered or completed prior to the Effective Time to implement such arrangements, including: (i) the execution and delivery of leases for the applicable portions of the Lands; (ii) the execution and delivery of applicable shared services agreements and any applicable reciprocal easement and operating agreements or infrastructure agreements; and (iii) arrangements in respect of the abatement, quantum, allocation and payment of property taxes attributable to the Leased Lands.

“Lease Term Sheet” means the term sheet related to leasing matters in respect of the Leased Lands attached as Schedule D.

“Leased Lands” is defined in the Lease Term Sheet.

“LEW Lands” means all freehold and leasehold property of the Corporation located in Nanticoke, Ontario and interests therein including all rights of way, licences or rights of occupation, easements or other similar rights of the Corporation in connection with such freehold and leasehold property.

“LEW Local 8782 CBA Amendment” means amendments to the Collective Agreement between LEW Local 8782 and the Corporation, in form and substance also satisfactory to the Plan Sponsor and including, if applicable, any renewal Collective Agreement that takes effect upon the expiry of such amended Collective Agreement.

“LEW Local 8782(b) CBA Amendment” means amendments to the Collective Agreement between LEW Local 8782(b) and the Corporation, in form and substance also satisfactory to the

Plan Sponsor and including, if applicable, any renewal Collective Agreement that takes effect upon the expiry of such amended Collective Agreement.

“LEW Pension Plans” means (i) U.S. Steel Canada Inc. Retirement Plan for USW Local 8782 Members at Lake Erie Works, FSCO Registration No. 0698761; (ii) U.S. Steel Canada Inc. Retirement Plan for Salaried Employees at Lake Erie Works, FSCO Registration No. 0698753; and (iii) the U.S. Steel Canada Inc. Retirement Plan for Employees at the Pickle Line Department of Lake Erie Works, FSCO Registration No. 1206457.

“Main Pension Plans” means the Hamilton Pension Plans and the LEW Pension Plans.

“Meeting” means a meeting of a class of Affected Creditors to consider and vote on the Plan held pursuant to the Meeting Order.

“Meeting Order” means an order directing the calling and holding of one or more Meetings of Affected Creditors to consider and vote on the Plan, as amended from time to time.

“MOECC” means the Ontario Ministry of the Environment and Climate Change.

“Monitor” means Ernst & Young Inc., in its capacity as the monitor appointed pursuant to the Initial Order, and any successor thereto appointed in accordance with any further order of the Court.

“New ABL Facility” means a new loan agreement, security and related documentation arranged by the Plan Sponsor with not less than \$125 million of borrowing availability (which, for greater certainty, excludes the Plan Funding Amount) to the Corporation and a wholly-owned Subsidiary or Affiliate of the Plan Sponsor, by the lenders thereunder, on terms and conditions satisfactory to the Plan Sponsor acting reasonably.

“New HW Local 1005 Pension and OPEB Benefits” means the Existing HW Local 1005 Pension and OPEB Benefits, as modified and amended by the HW Local 1005 CBA Amendment, the Pension Agreement, the Special Regulation, the OPEB Agreement and the applicable OPEB ELHT Documents.

“New LEW Local 8782 Pension and OPEB Benefits” means the Existing LEW Local 8782 Pension and OPEB Benefits, as modified and amended by the LEW Local 8782 CBA Amendment, the Pension Agreement, the Special Regulation, the OPEB Agreement and the applicable OPEB ELHT Documents.

“New LEW Local 8782(b) Pension and OPEB Benefits” means the Existing LEW Local 8782(b) Pension and OPEB Benefits, as modified and amended by the LEW Local 8782(b) CBA Amendment, the Pension Agreement, the Special Regulation, the OPEB Agreement and the applicable OPEB ELHT Documents.

“New Non-USW Pension and OPEB Benefits” means the Existing Non-USW Main Pension and OPEB Benefits, as modified by the Pension Agreement, the Special Regulation and the OPEB Agreement and OPEB ELHT Documents.

“Non-Main Pension Plans” means the Stelco Inc. Retirement Plan for Mark C. Steinman, FSCO Registration No. 1056738; the U. S. Steel Canada Inc. Retirement Plan for CAW-Canada Local 523 Employees at the Former Stelpipe Ltd., FSCO Registration No. 1018860; the U. S. Steel Canada Inc. Retirement Plan for Non-USW Employees of the Former Stelpipe Ltd., FSCO Registration No. 1017177; and the U.S. Steel Canada Inc. Retirement Plan for Non-USW Employees at the Former Welland Pipe Ltd., FSCO Registration No. 1017185.

“Non-Released USSC Claims” means, collectively: (i) the right to enforce against the Corporation its obligations under the Plan; (ii) the right to enforce against the Corporation its obligations under the Stakeholder Agreements, including the agreements between the Corporation and USS contemplated under the USS Closing Conditions; (iii) the right to enforce the Unaffected Claims against the Corporation; (iv) solely as against a Director in his or her capacity as such, any claim that is not permitted to be released pursuant to section 5.1(2) of the CCAA; (v) any claim against a Released USSC Party, based on facts not known by the claimant prior to the Effective Time nor reasonably capable of being known, if the Released USSC Party is determined by a final order of a court of competent jurisdiction to have committed fraud; (vi) any claim against the Corporation for the purchase or supply of goods or services delivered after the Filing Date; (vii) subject to the Environmental Framework Agreement and the releases from the MOECC, any investigation, action, suit, order or proceeding by or before a regulatory body (as defined in the CCAA) unless such investigation, action, suit, order or proceeding constitutes a “claim” within the meaning of the CCAA; and (viii) the right to enforce against the Corporation any agreement in force on the Effective Date that was entered into with the Corporation between the filing of the Plan and the Effective Date.

“Non-USW Employees” means all Employees other than USW Employees.

“Non-USW Main Pension Plans” means the U.S. Steel Canada Inc. Retirement Plan for Salaried Employees at Lake Erie Works (FSCO/CRA Registration No. 0698753), the applicable provisions of the U. S. Steel Canada Inc. Retirement Plan for Employees at the Pickle Line Department of Lake Erie Works (FSCO/CRA Registration No. 1206457) and the U.S. Steel Canada Inc. Retirement Plan for Salaried Employees at Hamilton Works (FSCO/CRA Registration No. 0338509).

“Non-USW Main Pension and OPEB Claim” means a Claim arising in respect of the Existing Non-USW Main Pension and OPEB Benefits (other than, for greater certainty, any Non-USW Supplemental Pension Claim).

“Non-USW Representatives” means the Court-appointed representatives of the “Non-USW Active and Retiree Beneficiaries” (as defined in the Representative Counsel Order), in their capacity as such.

“Non-USW Supplemental Pension Claim” means a Claim arising in respect of the provision of or an obligation to provide pension benefits to Non-USW Employees and their beneficiaries pursuant to retirement benefit contracts for specified members funded pursuant to a retirement compensation arrangement trust, non registered unfunded retirement benefit contracts for specified retired members, retiring allowance arrangements for former Stelpipe union members, and special retiring allowances for certain retired members and beneficiaries.

“OPEBs” means post-employment health and welfare benefits provided by the Corporation to retirees of the Corporation (or its predecessors or affiliates) and eligible spouses and beneficiaries of such retirees, including life insurance, health and dental benefits but excluding pensions and other retirement payments.

“OPEB Agreement” means the agreement between the Corporation, the Province and the OPEB Entities contemplated by the OPEB Term Sheet, in respect of, among other things, the funding of OPEBs from and after the Plan Implementation Date.

“OPEB Closing Conditions” means, in respect of the arrangements described in the OPEB Term Sheet, the execution of the applicable Stakeholder Agreement(s) and the completion of the steps reasonably necessary in each case to be executed or completed prior to the Effective Time to implement such arrangements, including: (i) the formation of the OPEB Entities; (ii) the execution of the OPEB Agreement; and (iii) the execution of the provincial OPEB loan agreement, security and related documentation.

“OPEB ELHT Documents” means the documentation relating to and governing an OPEB Entity, which shall (among other things) establish the type and level of OPEBs payable.

“OPEB Entities” is defined in the OPEB Term Sheet.

“OPEB Term Sheet” means the term sheet related to OPEB matters attached as Exhibit E.

“Order” means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Authority.

“Pension Agreement” means the agreement between the Province, the Superintendent of Financial Services, the Corporation and the Plan Sponsor contemplated by the Pension Term Sheet, in respect of, among other things, the funding of the benefits under the Main Pension Plans, which funding shall take effect from and after the Plan Implementation Date. Pension Agreement includes any related agreements for trusts referred to in the Pension Agreement.

“Pension Closing Conditions” means, in respect of the arrangements described in the Pension Term Sheet, the execution and delivery of the applicable Stakeholder Agreement(s), the coming into force of any legislation or regulation of any Governmental Authority and the completion of the steps reasonably necessary in each case to be executed and delivered, come into force or be completed prior to the Effective Time to implement such arrangements, including: (i) the formation of the Pension Deficit Funding Trust(s); (ii) the execution and delivery of the Pension Agreement; (iii) the execution and delivery of the Bedrock Guarantee (as defined in the Pension Term Sheet); (iv) the receipt of a letter from the federal Ministry of Finance confirming an intention to recommend any necessary amendments to the *Income Tax Regulations* to facilitate the characterization of and payment of funds from the Pension Deficit Funding Trust(s) and Land Vehicle for the benefit of certain registered pension plans; (v) settlement of pension benefits to retirees of the Main Pension Plans whose benefit entitlements are subject to provincial pension benefit minimum standards legislation other than the *Pension Benefits Act* (Ontario); (vi) commencement of the wind-up of the Non-Main Pension Plans; (vii) the implementation of arrangements satisfactory to the Corporation, Province, Superintendent of Financial Services and Plan Sponsor in respect of the funding obligations and administration in respect of pension

entitlements accruing under the Main Pension Plans and any future service successor pension plans on and after the Plan Implementation Date including (A) the execution and delivery of the Pension Agreement and the Pension Transition Agreement; and (B) the coming into force of pension regulations, reflecting such arrangements. Capitalized terms used in this definition that are not defined in this Section 1.1 are defined in the Pension Term Sheet.

“Pension Deficit Funding Trust” means a special pension deficit funding trust, separate and apart from the Main Pension Plans, to be established for the benefit of the Main Pension Plans in accordance with the Pension Agreement.

“Pension Term Sheet” means the term sheet related to pension matters in respect of pension entitlements accrued under the Main Pension Plans prior to the Plan Implementation Date, attached as Exhibit F.

“Pension Transition Agreement” means the arrangements and agreement among the Province, the Corporation, USS, USSCPF and other relevant parties in respect of the transition of the Main Pension Plans and other pension retirement or benefit plans of the Corporation from and after the Plan Implementation Date (which, for greater certainty, will constitute a Stakeholder Agreement).

“Permitted Encumbrances” is defined in Section 4 of the Land Term Sheet.

“Person” means any individual, corporation, limited or unlimited liability company, general or limited partnership, association, trust, unincorporated organization, joint venture, government or any agency, officer or instrumentality thereof or any other entity.

“Plan” means this Plan of Compromise, Arrangement and Reorganization pursuant to the CCAA and the CBCA concerning, affecting and involving the Corporation, including all Schedules.

“Plan Funding Amount” means the amount needed by the Corporation, in excess of the Cash on Hand at the Effective Time, to fund the General Unsecured Creditor Pool and the Unresolved Claims Reserve in accordance with Article 5, to pay all amounts set out in Section 6.2 hereof to the extent they are not already paid prior to the Effective Time, to make any other payments to be made by the Corporation pursuant to or as otherwise contemplated by the Plan and the Stakeholder Agreements and to leave the Corporation with not less than \$5 million in cash immediately after the Effective Time.

“Plan Implementation Conditions” is defined in Section 9.1.

“Plan Implementation Date” means the date of the Certificate of Reorganization.

“Plan Sponsor” means Bedrock Industries Canada LLC.

“Plan Sponsor Agreement” means the CCAA Acquisition and Plan Sponsor Agreement between the Corporation, Plan Sponsor and Bedrock Industries L.P. made as of December 9, 2016, including its recitals, schedules and exhibits, as amended from time to time.

“Proof of Claim” means a proof of claim filed in accordance with the Claims Procedure Orders.

“Proven Claim” means an Affected Claim (or the portion thereof) that has been finally determined: (i) in the case of a General Unsecured Claim, for voting and distribution purposes; and (ii) in the case of a Non-USW Main Pension and OPEB Claim, for voting purposes, in each case in accordance with the Claims Procedure Orders or any other Order of the Court.

“Province” means Her Majesty the Queen in Right of the Province of Ontario and all of its ministries, agencies, commissions and other entities and funds.

“Released Claims” means the Released USSC Claims and the Released Stakeholder Claims.

“Released Parties” means the Released USSC Parties and the Released Stakeholder Parties.

“Released Stakeholder Claims” means all of the claims released by either the Stakeholder Contractual Releases or the USS/USSCPF Court-Ordered Release.

“Released Stakeholder Parties” means the USSC Group, USSCPF, the USS Group, the Province, the USW and the Non-USW Representatives and their respective Representatives who are the recipients of the Stakeholder Contractual Releases and the USS/USSCPF Court-Ordered Release.

“Released USSC Claims” means any and all demands, claims (including claims for contribution or indemnity), actions, causes of action, counterclaims, suits, debts, sums of money, liabilities, accounts, covenants, damages, judgments, orders (including orders for injunctive relief or specific performance and compliance orders), expenses, executions, encumbrances and recoveries on account of any liability, obligation, demand or cause of action of whatever nature (including for, in respect of or arising out of environmental matters, pensions or post-employment benefits or alleged oppression, misrepresentation, wrongful conduct, fraud or breach of fiduciary duty by any member of the USSC Group or its Representatives) that any Creditor or other Person (including each of the Province, the Unions on behalf of the Employees they represent, the Non-USW Representatives on behalf of every Person they represent, and the members of the USS Group) has or may be entitled to assert, whether known or unknown, matured or unmatured, contingent or actual, direct, indirect or derivative, at common law, in equity or under statute, foreseen or unforeseen, existing or hereafter arising, based in whole or in part on any act, omission, transaction, duty, responsibility, indebtedness, liability, obligation, dealing, matter or occurrence existing or taking place at or prior to the Effective Time, or such later time as actions are taken to implement the Plan and the Transaction, that in any way relate to or arise out of or in connection with (i) any Claims, including Claims that are enumerated in section 19(2) of the CCAA and that are compromised under the Plan in accordance with such section as a consequence of the applicable Creditor’s vote in favour of or other form of consent to the Plan; (ii) the assets, obligations, business or affairs of the Corporation or any of the other members of the USSC Group; (iii) the administration or management of all pension plans of the Corporation or the assets thereof; (iv) the CCAA Proceedings or any matter or transaction involving any of the members of the USSC Group occurring in or in connection with the CCAA Proceedings (including the Plan, the Transaction or the development thereof); or (v) any D&O Claims, but excluding Non-Released USSC Claims.

“Released USSC Parties” is defined in Section 7.1.

“Representatives” means, in relation to a Person, such Person’s current and former directors, officers, partners, employees, consultants, legal counsel, actuaries, advisers and agents, including their respective heirs, executors, administrators and other legal representatives, successors and assigns, and each of their respective employees and partners.

“Representative Counsel” has the meaning given to it in the Representative Counsel Order.

“Representative Counsel Order” means the order of the Court in the CCAA Proceedings dated October 8, 2014, as amended or supplemented from time to time.

“Responsible Person” means any Director and any Person who, prior to the Effective Time, was requested to act, and who is acting or did or does act or is deemed or treated by applicable law to be acting or to have acted, as a director, officer or Person of a similar position of another entity in which the Corporation has a direct or indirect interest.

“Restructuring Claim” means any right of any Person against the Corporation in connection with any indebtedness, liability, or obligation of any kind owed to such Person arising out of the disclaimer, restructuring, repudiation or termination after the Filing Date of any contract, lease, agreement or other arrangement, whether written or oral, including any such right of a Non-USW Employee arising as a result of the termination of employment of such Non-USW Employee by the Corporation on or after January 1, 2017 or the suspension of “Salary Continuance Payments” as defined in and pursuant to the Court order dated October 28, 2015, provided that a “Restructuring Claim” does not include any Unaffected Claim.

“Restructuring Steps” is defined in Section 4.2.

“Rothschild” means Rothschild Inc.

“Sanction Order” means the order to be made under the CCAA and CBCA sanctioning the Plan, approving the Articles of Reorganization, vesting the Land Assets in the Land Vehicle and providing for the releases and other relief contemplated in the Plan, as such order may be amended by any court of competent jurisdiction, in form and content satisfactory to the Corporation and the Plan Sponsor.

“Schedules” is defined in Section 1.5

“Secured Claims” means all Claims of a Creditor (other than a Claim of the USS Group) to the extent that they are secured by a valid Encumbrance that is duly and properly registered or otherwise perfected in accordance with Applicable Law in the appropriate jurisdiction as of the Filing Date or thereafter pursuant to an Order, to the extent of the value of such Encumbrance as at the Filing Date (having regard to the value of the assets subject to such Encumbrance and the priority of such Encumbrance) and which Claim is entitled to be proven as a secured claim pursuant to the provisions of the CCAA.

“Secured Municipal Tax Claims” means all Claims made against the Corporation or its assets by a municipality for municipal taxes, validly filed pursuant to a Claims Procedure Order, to the extent and in the amount accepted, in accordance with the Claims Procedure Order, as a Secured

Claim and all claims against the Corporation for amounts validly owing to a municipality for municipal taxes subsequent to the Filing Date, which remain unpaid.

“**Shareholder**” means U.S. Steel Canada Limited Partnership, a wholly-owned Affiliate of USS.

“**Special Regulation**” means the special regulation or regulations enacted under the *Pension Benefits Act* (Ontario) to give effect to the Pension Agreement and Schedule F.

“**Stakeholder Agreements**” means the agreements contemplated by the Term Sheets or the conditions set out in Section 9.1 that are required to be executed prior to the Effective Time, in each case, by the Plan Sponsor or the Corporation (to the extent the Corporation is a party thereto prior to the Effective Time) or both, as applicable, with one or more Stakeholders, as applicable, in each case with terms that are consistent with the Term Sheet(s) and other terms of the Plan.

“**Stakeholder Contractual Releases**” means the global mutual release or releases between or among each of the Stakeholders and the Corporation and their respective Representatives, among others, in form and substance acceptable to the Plan Sponsor, the Corporation and each Stakeholder, to the extent the Plan Sponsor, Corporation or such Stakeholder are parties receiving or giving the applicable release or releases, including releases in respect of the Released USSC Claims and the matters referenced in sections 5.1(2) and 19(2) of the CCAA.

“**Stakeholders**” means the Province, USS, USSCPF, the USW and the Non-USW Active and Retiree Beneficiaries (as defined in the Representative Counsel Order) acting through the Non-USW Representatives.

“**Subsidiary**” has the meaning set out in Section 1.1 of National Instrument 45-106 – *Prospectus Exemptions*.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Tax Closing Conditions**” means the execution of the Tax Savings Agreement as defined in the Tax Term Sheet.

“**Tax Term Sheet**” means the term sheet related to tax matters attached as Schedule G.

“**Term Sheets**” means the Environmental Term Sheet, the Land Term Sheet, the Lease Term Sheet, the OPEB Term Sheet, the Pension Term Sheet and the Tax Term Sheet.

“**Transaction**” means the restructuring of the Corporation by way of the Plan and the Stakeholder Agreements.

“**Unaffected Claim**” is a Claim identified in Section 2.3.

“**Unaffected Creditor**” means a Creditor with an Unaffected Claim.

“**Uncashed Distribution**” is defined in Section 6.6(2).

“**Undeliverable Distribution**” is defined in Section 6.6(1).

“Unions” means USW Local 1005, USW Local 8782 and USW Local 8782(b).

“Unresolved Claim” means a General Unsecured Claim (or the portion thereof) that at the relevant time is not a Proven Claim and is not barred pursuant to the applicable Claims Procedure Orders, but in respect of which a Proof of Claim has been filed in a proper and timely manner or a notice of claim delivered by USSC or the Monitor, in each case in accordance with the applicable Claims Procedure Order.

“Unresolved Claims Reserve” is defined in Section 5.2.

“USS” means the United States Steel Corporation.

“USS/Bedrock ITS” means the indicative term sheet dated November 1, 2016 between Bedrock Industries Group LLC and USS relating to the Transaction.

“USS Closing Conditions” means, in each case to the satisfaction of USS: (i) the execution and delivery of the Stakeholder Agreement(s) to which USS is party and the completion of the steps reasonably necessary in each case to be executed and delivered or completed prior to the Effective Time to implement same, to the satisfaction of the Plan Sponsor and the Corporation (for greater certainty, in addition to USS); (ii) the payment to USS in full satisfaction of the USS Secured Claims; (iii) arrangements satisfactory to the Corporation and the Plan Sponsor, acting reasonably, for the discharge and cancellation of the USS Unsecured Claims for nominal consideration and the transfer to an Affiliate of the Plan Sponsor of all issued and outstanding common shares of the Corporation; (iv) execution and delivery of transitional services agreements between the relevant member(s) of the USS Group and the Corporation having terms and conditions consistent in all material respects with Schedules C1, C2 and C3 to the USS/Bedrock ITS; (v) execution and delivery of a license or other agreement with respect to intellectual property and trade secrets between the relevant member(s) of the USS Group and the Corporation having terms and conditions consistent in all material respects with Schedule D to the USS/Bedrock ITS; (vi) execution and delivery of an iron ore pellet supply agreement agreed between the Corporation and the relevant member(s) of the USS Group having terms and conditions consistent in all material respects with Schedule B to the USS/Bedrock ITS; (vii) execution and delivery of the Stakeholder Contractual Releases and granting of the USS/USSCPF Court-Ordered Release as contemplated under the USS/Bedrock ITS; (viii) appointment of a new administrator for the Main Pension Plans (whose identity does not have to be satisfactory to USS) who is not a member of the USSC Group, the USS Group or USSCPF, on or before the Effective Time; (ix) execution and delivery of a Pension Transition Agreement, if USS agrees to enter into such Pension Transition Agreement, which agreement shall include release and indemnification provisions satisfactory to USS in respect of any obligations to be carried out by any member of the USS Group thereunder after the Effective Time; (x) USS being satisfied with the form and content of the Meeting Order, any further Claims Procedure Orders, the Sanction Order and any other order which may reasonably affect USS’ obligations or liabilities; and (xi) for greater certainty, all other transactions and arrangements contemplated under the USS/Bedrock ITS to the extent not otherwise reflected in the foregoing.

“USS/USSCPF Court-Ordered Release” means the release to be ordered in the Sanction Order irrevocably and unconditionally compromising, releasing and forever discharging, as against the

USS Group, USSCPF and their respective Representatives, all claims of all Persons of the nature released pursuant to the Stakeholder Contractual Releases, excluding (but without limiting the terms of the Stakeholder Contractual Releases): (i) to the extent applicable, claims enumerated in subsection 5.1(2) of the CCAA; (ii) any claims enumerated in subsection 19(2) of the CCAA unless such claims have been compromised under the Plan; and (iii) any claims by the Corporation or others excluded in the Stakeholder Contractual Releases and as agreed to by USS or USSCPF, as the case may be, and the Corporation or the relevant Stakeholder, as the case may be.

“USS Group” means USS and its Affiliates, excluding the USSC Group.

“USS Indemnity Release Conditions” means the execution of the necessary agreements and the completion of the necessary steps to implement the matters set out in Schedule I at or before the Effective Time.

“USS Secured Claims” means the secured Claims of the USS Group as described in Schedule H as to currency, principal amounts and accrued and accruing interest all of which constitute Proven Claims.

“USS Unsecured Claims” means the unsecured Claims of the USS Group, in the amounts and of the nature determined by the Court in accordance with the Claims Procedure Orders.

“USSC Group” means the Corporation and its Subsidiaries.

“USSCPF” means the United States Steel and Carnegie Pension Fund, with a place of business at 350 Park Avenue, 17th Floor, New York, NY 10022.

“USSCPF Agreements” means (i) the retirement plan administration services agreement between USSCPF and USSC dated as of August 5, 2008; (ii) the side letter agreement between USSCPF and USSC dated November 18, 2015; (iii) the USSC/USS Transition Arrangements dated as of October 6, 2015; and (iv) the designation resolution of the directors of USSC dated August 5, 2008.

“USSCPF Closing Conditions” means (i) appointment of a new administrator for the Main Pension Plans who is not a member of the USSC Group, the USS Group or USSCPF, on or before the Effective Time; (ii) termination of any service provider, investment advisor, investment manager or other roles by USS and USSCPF in respect of any pension, retirement or benefits plans of the Corporation, existing up to the Effective Time; (iii) termination of the USSCPF Agreements on or before the Effective Time; (iv) the receipt by USSCPF of the applicable Stakeholder Contractual Releases and the granting of the USS/USSCPF Court-Ordered Release; (v) USSCPF’s satisfaction with any Stakeholder Agreement to which it is a party; (vi) the execution and delivery of a Pension Transition Agreement, if USSCPF agrees to enter into such Pension Transition Agreement, which agreement shall include release and indemnification provisions satisfactory to USSCPF in respect of any obligations to be carried out by USSCPF thereunder after the Effective Time; and (vii) USSCPF’s satisfaction with the Sanction Order and any other order which reasonably may affect USSCPF’s obligations or liabilities.

“**USW**” means the United Steel, Paper and Forestry, Rubber, Manufacturing, Allied Industrial and Service Workers International Union.

“**USW Employees**” means the Employees who are in the bargaining units represented by the Unions.

1.2 **Certain Rules of Interpretation**

For the purposes of the Plan:

- (a) any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions;
- (b) any reference in the Plan to an Order or an existing document or exhibit filed or to be filed means such Order, document or exhibit as it may have been or may be amended, modified, or supplemented;
- (c) unless otherwise specified, all references to currency are in Canadian dollars;
- (d) the division of the Plan into “articles” and “sections” and the insertion of a table of contents are for convenience of reference only and do not affect the construction or interpretation of the Plan, nor are the descriptive headings of “articles” and “sections” intended as complete or accurate descriptions of the content thereof;
- (e) the use of words in the singular or plural, or with a particular gender, including a definition, will not limit the scope or exclude the application of any provision of the Plan or a schedule hereto to such Person (or Persons) or circumstances as the context otherwise permits;
- (f) the words “includes” and “including” and similar terms of inclusion will not, unless expressly modified by the words “only” or “solely”, be construed as terms of limitation, but rather will mean “includes but is not limited to” and “including but not limited to”, so that references to included matters will be regarded as illustrative without being either characterizing or exhaustive;
- (g) unless otherwise specified, all references to time herein and in any document issued pursuant hereto mean local time in Toronto, Ontario and any reference to an event occurring on a Business Day means prior to 5:00 p.m. (Toronto time) on such Business Day;
- (h) unless otherwise specified, time periods within or following which any payment is to be made or act is to be done will be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next succeeding Business Day if the last day of the period is not a Business Day;

- (i) unless otherwise provided, any reference to a statute or other enactment of parliament or a legislature or Governmental Authority includes all regulations made thereunder, all amendments to or re-enactments of such statute or regulations in force from time to time, and, if applicable, any statute or regulation that supplements or supersedes such statute or regulation;
- (j) references to a specified “article” or “section” will, unless something in the subject matter or context is inconsistent therewith, be construed as references to that specified article or section of the Plan, whereas the terms “the Plan”, “hereof”, “herein”, “hereto”, “hereunder” and similar expressions will be deemed to refer generally to the Plan and not to any particular article, section or other portion of the Plan and includes any documents supplemental hereto; and
- (k) references to “Affected Creditor”, “General Unsecured Creditor” or “Unaffected Creditor” refer to Creditors of the Corporation in such capacity.

1.3 **Successors and Assigns**

The Plan will be binding upon and enure to the benefit of the heirs, administrators, executors, legal personal representatives, successors and permitted assigns of any Person named or referred to in or subject to the Plan.

1.4 **Governing Law and Jurisdiction**

The Plan will be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. All questions as to the interpretation of or application of the Plan and all proceedings taken in connection with the Plan and its provisions will be subject to the exclusive jurisdiction of the Court.

1.5 **Schedules**

The following are the Schedules to the Plan (the “**Schedules**”), which are incorporated by reference into the Plan and form a part of it:

- Schedule A – Articles of Reorganization
- Schedule B – Environmental Term Sheet
- Schedule C – Land Term Sheet
- Schedule D – Lease Term Sheet
- Schedule E – OPEB Term Sheet
- Schedule F – Pension Term Sheet
- Schedule G – Tax Term Sheet
- Schedule H – USS Secured Claims
- Schedule I – USS Indemnity Release Conditions

ARTICLE 2
PURPOSE AND EFFECT OF THE PLAN

2.1 Purpose

The purposes of the Plan are to:

- (a) complete a restructuring and reorganization of the Corporation by implementing the Restructuring Steps and filing the Articles of Reorganization;
- (b) provide for a compromise of, and consideration for, all Affected Claims that are Proven Claims by:
 - (i) providing to holders of all General Unsecured Claims that are Proven Claims a distribution from the General Unsecured Creditor Pool;
 - (ii) replacing Existing Non-USW Main Pension and OPEB Benefits provided to Non-USW Main Pension and OPEB Claim holders with New Non-USW Pension and OPEB Benefits;
- (c) effect a release and discharge of all Affected Claims and Released Claims; and
- (d) ensure the Corporation and its Business continue as a going concern, having addressed its balance sheet issues and legacy obligations,

in the expectation that all Affected Creditors will derive a greater benefit from implementation of the Plan than they would derive from a bankruptcy or liquidation of the Corporation.

2.2 Affected Claims and Released Claims

The Plan provides for a compromise with Affected Creditors and a full, final and irrevocable release and discharge of the Affected Claims and the Released Claims. The Plan will become effective at the Effective Time in accordance with its terms and will be binding on and enure to the benefit of the Corporation, the Affected Creditors, the Released Parties and all other Persons named or referred to in, or subject to, the Plan.

2.3 Unaffected Claims

Subject to the express provisions hereof providing for the payment of certain Unaffected Claims and the treatment of Insured Claims, the Plan does not compromise the following (collectively, the “**Unaffected Claims**”):

- (a) Claims secured by the CCAA Charges;
- (b) USS Secured Claims and USS Unsecured Claims;
- (c) Secured Claims that are accepted as or determined to be Proven Claims pursuant to the Claims Procedure Orders as Secured Claims, Construction Lien Claims and Secured Municipal Tax Claims;

- (d) CCAA Priority Payment Claims;
- (e) Claims of any Subsidiary against the Corporation;
- (f) Claims of USW Employees and their beneficiaries:
 - (i) under the provisions of the Collective Agreements or any employment-related statute, including employment standards and applicable human rights legislation; or
 - (ii) for Existing HW Local 1005 Pension and OPEB Benefits, Existing LEW Local 8782 Pension and OPEB Benefits and Existing LEW 8782(b) Pension and OPEB Benefits

(which, for greater certainty, are to be addressed in the manner set out in Section 4.2(d) and the CBA Amendments);

- (g) Claims of Non-USW Employees and Directors that are unrelated to the cessation of employment for all amounts owing to them in their capacity as such by statute or otherwise for or in connection with accrued salary, accrued wages, accrued bonuses, fees and expenses, reimbursement obligations, accrued vacation leave and accrued vacation pay, other than Non-USW Supplemental Pension Claims and Non-USW Main Pension and OPEB Claims;
- (h) Subject to Section 3.7 hereof, that portion of a Claim arising from a cause of action for which the Corporation is covered by insurance, only to the extent of such coverage and limited to the actual recovery received from the applicable insurer(s) by the Corporation (“**Insured Claims**”);
- (i) Claims by any Director or other Responsible Person under any directors’ or officers’ indemnity policy or agreement with the Corporation to the extent not otherwise covered by the CCAA Charges;
- (j) Claims by EY, the CRO, Rothschild or counsel to the Corporation; and
- (k) Claims in respect of the legal and advisor costs of the Non-USW Employees pursuant to the Representation Order and Claims in respect of legal and advisor costs of the USW to the extent that the Corporation has agreed to pay them in connection with the CCAA Proceedings.

Nothing in the Plan will affect the Corporation’s rights and defences, both legal and equitable, with respect to any Unaffected Claims including all rights or entitlements to set-offs or recoupments against such Unaffected Claims.

2.4 **Equity Claims**

At the Effective Time, the Plan will be binding on all holders of Equity Claims. Holders of Equity Claims will not receive a distribution or other consideration under the Plan and will not

be entitled to vote on the Plan in respect of their Equity Claims. On the Plan Implementation Date all Equity Claims will be fully, finally, irrevocably and forever compromised, released, discharged and barred without any compensation of any kind whatsoever.

ARTICLE 3

CLASSIFICATION AND TREATMENT OF CREDITORS AND RELATED MATTERS

3.1 Claims Procedure

The procedure for determining the validity and quantum of the Affected Claims for voting and/or distribution purposes under the Plan will be governed by the Claims Procedure Orders, the Meeting Order, the CCAA, the Plan and any further Order of the Court. For the avoidance of doubt, the Claims Procedure Orders will remain in full force and effect from and after the Plan Implementation Date.

3.2 Classification of Creditors

In accordance with the Meeting Order, Affected Creditors will be divided into two separate classes for the purposes of considering and voting on the Plan as follows:

- (a) the class of General Unsecured Creditors; and
- (b) the class of Non-USW Main Pension and OPEB Claim holders.

3.3 Creditors' Meeting

The Meetings will be held in accordance with the Meeting Order and any further Order of the Court. The only Persons entitled to attend the Meetings are those specified in the Meeting Order and any further Order of the Court.

3.4 Treatment of General Unsecured Claims

- (1) At the Effective Time and in accordance with the sequence of steps set out in Section 4.2 hereof, all General Unsecured Claims will be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred subject only to the right of General Unsecured Creditors with Proven Claims to receive distributions pursuant to this section 3.4.
- (2) On the Initial Distribution Date (or such later date in accordance with Section 6.4 in respect of any Unresolved Claim that becomes a Proven Claim, if any),
 - (a) each General Unsecured Creditor with Proven Claims not exceeding an aggregate of \$7,500, or who has duly filed an Election Notice with the Monitor will receive, in full satisfaction of such Proven Claims (in each case, a “**Convenience Creditor**”), payment in an amount equal to the lesser of \$7,500 and the actual amount of such Proven Claims; and

- (b) each General Unsecured Creditor with Proven Claims that exceed an aggregate of \$7,500 who has not filed an Election Notice, other than the Province and USS, will receive, in full satisfaction of such Proven Claims, its *pro rata* share of the General Unsecured Creditor Pool remaining after payment of all Convenience Creditors in accordance with subsection 3.4(2)(a).
- (3) The Province shall be entitled to vote its General Unsecured Claim that is a Proven Claim at the Meeting but waives its entitlement to, and shall not receive, any distributions under this Plan in respect of such General Unsecured Claim.
- (4) For greater certainty, a General Unsecured Creditor with a Proven Claim will receive distributions as set forth in this Section 3.4 only to the extent that such Proven Claim has not been paid, released or otherwise satisfied prior to the Effective Time.

3.5 **Treatment of Non-USW Main Pension and OPEB Claims**

- (1) At the Effective Time and in accordance with the sequence of steps set out in Section 4.2 hereof, each Non-USW Main Pension and OPEB Claim will be compromised and Existing Non-USW Main Pension and OPEB Benefits will be replaced with New Non-USW Main Pension and OPEB Benefits in accordance with the Pension Agreement (including the Special Regulation), the OPEB Agreement and the applicable OPEB ELHT Documents in full satisfaction of the Non-USW Main Pension and OPEB Claims.
- (2) At the Effective Time and in accordance with the sequence of steps set out in Section 4.2 hereof, all Non-USW Main Pension and OPEB Claims will be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred subject to the right of holders of Non-USW Main Pension and OPEB Claims to receive New Non-USW Main Pension and OPEB Benefits pursuant to this Section 3.5.
- (3) For greater certainty, holders of Non-USW Main Pension and OPEB Claims are entitled to vote on the Plan in the manner and to the extent set out in the Meeting Order and Existing Non-USW Main Pension and OPEB Benefits will be replaced with New Non-USW Main Pension and OPEB Benefits as described in this Section 3.5, but holders of Non-USW Main Pension and OPEB Claims will not be entitled to receive cash distributions hereunder.
- (4) Without limitation to the Representative Counsel Order, each holder of a Non-USW Main Pension and OPEB Claim is hereby deemed to authorize, empower and direct Representative Counsel, in consultation with the Non-USW Representatives, to negotiate, finalize, execute and deliver (to the extent applicable), on behalf of all such holders, the Stakeholder Agreements and all other agreements, orders and other documents (including, without limitation, the Stakeholder Contractual Releases) as may be necessary or desirable to implement the Plan and complete the transactions contemplated hereby and by the Stakeholder Agreements, consistent with the terms of the Plan.

3.6 **Unaffected Claims**

Unaffected Creditors will not be entitled to vote on the Plan. Unaffected Claims will be paid in accordance with Section 6.2, addressed pursuant to the Stakeholder Agreements or otherwise satisfied in accordance with the applicable agreements and other arrangements between Unaffected Creditors and the Corporation.

3.7 **Insured Claims**

Notwithstanding anything to the contrary herein, from and after the Effective Time, any Person having an Insured Claim will be irrevocably limited to recovery in respect of such Insured Claim solely from the proceeds of the applicable insurance policies, and Persons with any Insured Claims will have no right to, and will not, directly or indirectly, make any claim or seek any recoveries from any Person, other than enforcing such Person's rights to be paid by the applicable insurer(s) from the proceeds of the applicable insurance policies. This Section 3.7 may be relied upon by the Corporation and any other Released Party in defence or estoppel of or to enjoin any claim, action or proceeding brought in contravention of this section. Nothing in the Plan will prejudice, compromise, release or otherwise affect any right or defence of any insured or insurer in respect of an Insured Claim.

3.8 **Unresolved Claims**

No General Unsecured Creditor will be entitled to receive any distribution hereunder with respect to an Unresolved Claim or any portion thereof unless and until, and then only to the extent that, such Unresolved Claim is finally resolved in the manner set out in the applicable Claims Procedure Order and becomes a Proven Claim entitled to the treatment described in Section 3.4 hereof.

3.9 **Extinguishment of Claims**

At the Effective Time, in accordance with the sequence of steps set out in Section 4.2 hereof and in accordance with the terms of the Plan and Sanction Order, the treatment of Affected Claims (including Unresolved Claims) and Released Claims, in each case as set forth herein, will be final and binding on the Corporation, Affected Creditors and any Person holding a Released Claim. All Affected Claims and all Released Claims will be fully, finally, irrevocably and forever released, discharged, cancelled and barred and the Corporation will thereupon have no further obligation whatsoever in respect of the Affected Claims and the Released Claims, as applicable; provided that (i) nothing herein releases the Corporation from the obligation to make distributions or provide entitlements in the manner and to the extent provided for in the Plan; and (ii) such discharge and release of the Corporation will be without prejudice to the right of an Affected Creditor in respect of an Unresolved Claim to prove such Unresolved Claim in accordance with the applicable Claims Procedure Order.

3.10 **Guarantees and Similar Covenants**

No Person who has a claim under any guarantee, surety, indemnity or similar covenant in respect of any Claim which is compromised and released under the Plan or who has any right to claim over in respect of or to be subrogated to the rights of any Person in respect of a Claim which is

compromised under the Plan will be entitled to any greater rights as against the Corporation than the Person whose Claim is compromised under the Plan.

3.11 **Set-Off**

The law of set-off applies to all Claims in accordance with Applicable Law. Without limiting the generality of the foregoing, the Corporation will be entitled to set-off from any payments or distributions to be made to a Creditor hereunder, except USS in respect of the USS Secured Claims, any amounts due and owing to the Corporation from such Creditor. The Corporation agrees that, as of the Effective Time, it has no right of set-off or other claims or means of reducing or eliminating the USS Secured Claims and, to the extent any such rights, claims or means did or do exist, they are irrevocably and completely waived and released for all purposes as of the Effective Time.

ARTICLE 4 **RESTRUCTURING STEPS AND REORGANIZATION**

4.1 **Articles of Reorganization**

Upon satisfaction or waiver of each of the Plan Implementation Conditions in Section 9.1 hereof, the Corporation will file the Articles of Reorganization.

4.2 **Restructuring Steps**

At the Effective Time on the Plan Implementation Date, the following will occur, and be deemed to have occurred, in the order set out below unless otherwise specified in this Section 4.2 and become effective, without any further act or formality:

- (a) All of the issued and outstanding shares of the Corporation will be transferred by the Shareholder to an Affiliate of the Plan Sponsor in accordance with the applicable Stakeholder Agreement;
- (b) Concurrently,
 - (i) The Corporation will pay USS all amounts required to satisfy the USS Secured Claims in full;
 - (ii) All USS Unsecured Claims shall be discharged and cancelled for nominal consideration (such consideration to be applied in respect of the principal amount of such USS Unsecured Claims) in accordance with the applicable Stakeholder Agreement;
- (c) The Corporation will pay the DIP Lender all amounts required to satisfy all obligations and liabilities of the Corporation to the DIP Lender;
- (d) Replacement of pension and OPEB benefits for Local 1005, Local 8782 and Local 8782(b) as follows:

- (i) the New HW Local 1005 Pension and OPEB Benefits will replace, and the Corporation will be released from, the Existing Local 1005 Pension and OPEB Benefits in accordance with the HW Local 1005 CBA Amendment, the Pension Agreement, the Special Regulation, the OPEB Agreement and the OPEB ELHT Documents;
- (ii) the New LEW Local 8782 Pension and OPEB Benefits will replace, and the Corporation will be released from, the Existing LEW Local 8782 Pension and OPEB Benefits in accordance with the LEW Local 8782 CBA Amendment, the Pension Agreement, the Special Regulation, the OPEB Agreement and the OPEB ELHT Documents;
- (iii) the New LEW Local 8782(b) Pension and OPEB Benefits will replace, and the Corporation will be released from, the Existing LEW Local 8782(b) Pension and OPEB Benefits in accordance with the LEW Local 8782(b) CBA Amendment, the Pension Agreement, the Special Regulation, the OPEB Agreement and the OPEB ELHT Documents;
- (e) The Land Assets will be transferred to and vested in the Land Vehicle (free and clear of all Encumbrances other than Permitted Encumbrances) in accordance with the applicable Stakeholder Agreement and the Sanction Order in exchange for the Land Notes and the Corporation will pay to the Land Vehicle the Land Vehicle Funding, if any, as provided in the Land Term Sheet;
- (f) The Leased Lands will be leased to the Corporation as provided in the Lease Term Sheet;
- (g) The New ABL Facility will become available to the Corporation (if not previously available);
- (h) If not already paid, the Plan Sponsor will pay the Plan Funding Amount to the Corporation in accordance with the Plan Sponsor Agreement;
- (i) The Corporation will pay USD\$61 million to the Province in accordance with the Environmental Framework Agreement;
- (j) The Corporation will contribute an amount equal to the aggregate principal amount of the Land Notes, 50% to the Main Pension Plans and 50% to the OPEB Entities (the “**Land Contribution**”). The portion of the Land Contribution made to the Main Pension Plans will be allocated amongst the Main Pension Plans in accordance with the allocations set out in the Pension Agreement. The portion of the Land Contribution made to the OPEB Entities will be allocated amongst the OPEB Entities in accordance with the allocation set out in the OPEB Agreement;
- (k) The Corporation will pay \$30 million to the Main Pension Plans in accordance with the Pension Agreement;

- (l) Each of the Main Pension Plans and the OPEB Entities will purchase a Land Note from the Corporation with a principal amount equal to the amount of the Land Contribution made to the respective Main Pension Plan and OPEB Entity, with the aggregate purchase price for the Land Notes equal to the aggregate principal amount of the Land Notes.
- (m) The Corporation will pay any other amounts that it is required to pay on or before the Effective Time in accordance with the Stakeholder Agreements, the Plan Sponsor Agreement or the Plan;
- (n) To the extent not already paid, the Corporation will deliver to the Monitor, in trust, an amount required to satisfy the CCAA Priority Payment Claims, Secured Municipal Tax Claims, Construction Lien Claims and all Claims secured by the CCAA Charges, in full, which Unaffected Claims will be paid by the Monitor, for and on behalf of the Corporation, to the respective Unaffected Claim holders from such funds within five (5) Business Days of the Plan Implementation Date;
- (o) The Corporation will deliver to the Monitor, in trust, the General Unsecured Creditor Pool and the Unresolved Claims Reserve in accordance with Article 5 hereof from which the Proven Claims of General Unsecured Creditors will be paid in accordance with the Plan in full and final compromise and satisfaction of such General Unsecured Creditors' Proven Claims, as well as the Administration Reserve in accordance with Article 5 hereof;
- (p) In accordance with Section 3.5, the New Non-USW Pension and OPEB Benefits will become effective in accordance with the Pension Agreement, the Special Regulation, the OPEB Agreement and the OPEB ELHT Documents in full and final satisfaction of the Non-USW Main Pension and OPEB Claims;
- (q) All Affected Claims and Released Claims will be fully, finally, irrevocably and forever released, discharged, cancelled and barred in accordance with Section 3.9 and Article 7, and all notes, certificates and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing) will be deemed cancelled and extinguished and be null and void in accordance with Section 6.8 hereof; and,
- (r) The term of office of those individuals who are directors of the Corporation immediately prior to the Effective Time will terminate. The Plan Sponsor will appoint replacement directors as of the Effective Time,

(collectively, the “**Restructuring Steps**”). The failure of the Plan to incorporate any provision of a document evidencing a Restructuring Step will not derogate from the enforceability of such provision.

4.3 **Corporate Approvals**

The execution, delivery, implementation and consummation of all matters contemplated under the Plan involving corporate action of the Corporation, including the Restructuring Steps and

filing of the Articles of Reorganization, will be authorized and approved under the Plan and by the Court as part of the Sanction Order in all respects and for all purposes without any requirement of further action by any Person.

ARTICLE 5
CASH POOL AND UNRESOLVED CLAIMS RESERVE AND ADMINISTRATION
RESERVE

5.1 General Unsecured Creditor Pool

At the Effective Time and in accordance with the sequence of steps set out in Section 4.2 hereof, the Corporation will deliver to the Monitor, in trust, from Available Cash, the General Unsecured Creditor Pool from which cash distributions will be made to General Unsecured Creditors with Proven Claims on and subject to the terms of Article 6. The Monitor will hold the General Unsecured Creditor Pool in trust for the Corporation, and will oversee the distribution of funds from the General Unsecured Creditor Pool by the Corporation in accordance with the provisions of Article 6.

5.2 Unresolved Claims Reserve and Administration Reserve

- (1) At the Effective Time in accordance with Section 4.2 hereof, the Corporation will deliver to the Monitor an amount sufficient to pay:
 - (a) each holder of an Unresolved Claim in the General Unsecured Creditor Pool the amount approved by the Court in the Sanction Order (the “**Unresolved Claims Reserve**”), to make distributions required by the Plan in respect of Unresolved Claims in the General Unsecured Creditor Pool if such Unresolved Claims (or parts thereof) are determined to be Proven Claims in accordance with the Claims Procedure Orders; and
 - (b) the fees and expenses of the Monitor and its counsel in administering the resolution of Unresolved Claims in accordance with the Claims Procedure Orders and performing such other activities as may be required of the Monitor after the Effective Date in the amount approved by the Court in the Sanction Order (the “**Administration Reserve**”).
- (2) The Monitor will hold the Unresolved Claims Reserve and the Administration Reserve in trust for those entitled under the Plan, and will oversee the distribution of funds from the Unresolved Claims Reserve by the Corporation in accordance with the provisions of Section 6.4.
- (3) The Monitor and its counsel shall be entitled to payment from the Administration Reserve of their fees and expenses in connection with administering the resolution of Unresolved Claims in accordance with the Claims Procedure Orders and performing any other work required of the Monitor after the Effective Date. Any amount remaining in the Administration Reserve after completion of such work will be released by the Monitor to the Corporation.

ARTICLE 6
PROVISIONS REGARDING DISTRIBUTIONS, PAYMENTS AND CURRENCY

6.1 Distributions Generally

All distributions to Affected Creditors and other payments to be effected pursuant to the Plan will be made pursuant to this Article 6. For greater certainty, all payments and distributions pursuant to this Article 6 will be subject to satisfaction or waiver of the conditions specified in Article 9 hereof and the occurrence of the Effective Time and will occur in accordance with the timing set out in Section 4.2 hereof.

6.2 Payments of Certain Unaffected Claims

In accordance with and at the time specified in Section 4.2 hereof (which for greater certainty is prior to payment of any distributions to Affected Creditors), the Corporation will make the following payments from Available Cash by wire transfer of immediately available funds in full satisfaction and discharge of the following:

- (a) payment to the DIP Lender of all amounts required to satisfy all obligations and liabilities of the Corporation to the DIP Lender;
- (b) payment to USS of all amounts required to satisfy the USS Secured Claims in full, which payment shall be in U.S. dollars;
- (c) payment of USD\$61 million to the Province as provided in the Environmental Framework Agreement;
- (d) payment to each holder of a CCAA Priority Payment Claim of all amounts required to satisfy such holder's CCAA Priority Payment Claim in full;
- (e) payment to each holder of a Secured Municipal Tax Claim of all amounts required to satisfy such holder's Secured Municipal Tax Claim in full;
- (f) payment to each holder of a Construction Lien Claim of all amounts required to satisfy such holder's Construction Lien Claim in full;
- (g) payment to the Land Vehicle of the Land Vehicle Funding, if any, as provided in the Land Term Sheet;
- (h) payment of \$30 million to the Main Pension Plans in accordance with the Pension Agreement;
- (i) payment in full of all Claims secured by the CCAA Charges; and
- (j) payment of any other amounts required to be paid in accordance with the Stakeholder Agreements, the Plan Sponsor Agreement or the Plan on or before the Effective Time.

6.3 **Distribution Mechanics for General Unsecured Claims**

In accordance with Section 3.4 hereof, the Corporation, with oversight of and assistance from the Monitor, will distribute to each General Unsecured Creditor with a Proven Claim (other than the Province in respect of its General Unsecured Claim) its share of the General Unsecured Creditor Pool by way of (in the sole discretion of the Corporation): (i) cheque sent by prepaid ordinary mail to the address on file with the Corporation on the Distribution Record Date; or (ii) wire transfer of immediately available funds to an account designated in writing by the Creditor to the Monitor (with any wire transfer or similar fee being satisfied from the distribution amount). No distribution will be made for an amount less than \$10. The Corporation's liability to a General Unsecured Creditor for any distribution in an amount less than \$10 will be forever discharged and extinguished.

6.4 **Distributions in Respect of Unresolved Claims**

- (1) The Monitor will hold the Unresolved Claims Reserve in trust (as may be reduced from time to time as Unresolved Claims are ultimately disallowed in whole or in part) for the Corporation until the final determination of all Unresolved Claims in accordance with the applicable Claims Procedure Orders.
- (2) To the extent that an Unresolved Claim becomes a Proven Claim, the Corporation, with oversight of and assistance from the Monitor, will distribute to the holder thereof an amount from the Unresolved Claims Reserve equal to the *pro rata* share that such Creditor would have been entitled to receive in respect of its Proven Claim on the Initial Distribution Date had such Unresolved Claim been a Proven Claim on the Initial Distribution Date.
- (3) After all Unresolved Claims have been finally resolved in accordance with the applicable Claims Procedure Orders and any required distributions have been made with respect to Proven Claims, the Corporation, with oversight of and assistance from the Monitor, will distribute the amount remaining in the Unresolved Claims Reserve *pro rata* to each General Unsecured Creditor with a Proven Claim, other than the Convenience Creditors, provided that the amount remaining in the Unresolved Claims Reserve makes such a distribution economically practical (having regard to the funds to be distributed and the cost of such distribution), as determined by the Monitor, acting reasonably. If the Monitor is of the view that the amount in the Remaining Reserve would not make such a distribution economically practical, then the Monitor will release the amounts remaining in the Unresolved Claims Reserve to the Corporation.

6.5 **Allocation of Distributions**

All distributions made pursuant to the Plan to General Unsecured Creditors will be allocated first towards the repayment of the amount of the General Unsecured Claim, as applicable, attributable to principal and, if greater than the amount of principal, second, towards the repayment of any amount of such Claim attributable to unpaid interest.

6.6 Treatment of Unclaimed Distributions

- (1) If any distribution to a General Unsecured Creditor under this Article 6 is returned as undeliverable (an “**Undeliverable Distribution**”), then neither the Corporation nor the Monitor will be required to make further efforts to deliver the distribution to such Creditor unless and until the Corporation and Monitor are notified in writing by such Creditor of such Creditor’s current address at which time all such distributions will be made to such Creditor. The obligations of the Corporation and Monitor to a General Unsecured Creditor with an Undeliverable Distribution will expire on the second anniversary of the Plan Implementation Date, after which date any entitlement with respect to any Undeliverable Distributions will be forever discharged and forever barred, without any compensation therefor, notwithstanding any Applicable Laws to the contrary. For greater clarity, nothing herein will require the Corporation or the Monitor to attempt to locate any Creditor or other Person with respect to an Undeliverable Distribution. No interest will be payable in respect of an Undeliverable Distribution. On the second anniversary of the Plan Implementation Date, the amount of any Undeliverable Distributions will be released to the Corporation.
- (2) If any cheque in payment of a distribution to a General Unsecured Creditor under this Article 6 is not cashed within 6 months after the date of the applicable distribution (an “**Uncashed Distribution**”): (i) such cheque may be cancelled by the Corporation, after which date any entitlement with respect to such distributions will be forever discharged and forever barred and the obligations of the Corporation and Monitor with respect thereto will expire, without any compensation therefor, notwithstanding any Applicable Laws to the contrary; and (ii) the amount otherwise payable pursuant to such cancelled cheque will be released to the Corporation. For greater clarity, nothing herein will require the Corporation or the Monitor to attempt to locate any Creditor or other Person with respect to an Uncashed Distribution.

6.7 Withholding Rights

The Corporation and any other Person facilitating payments pursuant to the Plan will be entitled to deduct and withhold from any such payment to any Person such amounts as may be required to be deducted or withheld under any Applicable Law and to remit such amounts to the appropriate Governmental Authority or other Person entitled thereto. To the extent that amounts are so withheld or deducted and remitted to the appropriate Governmental Authority or other Person, such withheld or deducted amounts will be treated for all purposes hereof as having been paid to such Person as the remainder of the payment in respect of which such withholding or deduction was made. Without in any way limiting the generality of the foregoing, the Corporation will deduct from any distribution to a Creditor hereunder any amounts as indicated by Employment and Social Development Canada in a Notice of Debt, and remit such amounts to Employment and Social Development Canada pursuant to the *Employment Insurance Act* (Canada). Any Creditor whose address on file with the Corporation on the Distribution Record Date is not a Canadian address will be treated as a non-resident of Canada for purposes of any applicable non-resident withholding tax on all payments hereunder, subject to receipt by the Corporation of information satisfactory to it (in its sole discretion) that such Creditor is not a non-resident. No gross-up or additional amount will be paid on any payment hereunder to the

extent the Corporation or any other Person deducts or withholds amounts pursuant to this Section 6.7. Notwithstanding any withholding or deduction, each Person receiving a payment will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Governmental Authority (including income and other tax obligations on account of such distribution).

Each appropriate entity of the USS Group has delivered to the Corporation an executed NR-301 Declaration of Eligibility for Benefits (Reduced Tax) Under a Tax Treaty for a Non-Resident Person form (the “NR301”) which certifies entitlement to the benefits of Canada-United States Tax Convention (1980), as amended. Provided that there is no change in entitlement to such benefits as of the Effective Time, the Corporation acknowledges and agrees that no amounts are required to be deducted or withheld under any Applicable Law in respect of any amount paid or credited to the USS Group in respect of the USS Secured Claims.

Notwithstanding the foregoing, if the Corporation deducts or withholds any amounts in respect of any amount paid or credited to the USS Group in respect of the USS Secured Claims, the Corporation shall pay such additional amounts as may be necessary to ensure that the net amount received by the USS Group after such withholding or deduction will be equal to the amount the USS Group would have received if such amounts had not been withheld or deducted, provided that the Corporation shall not be required to pay any such additional amounts if:

- (a) The appropriate entity of the USS Group does not confirm in writing on the Plan Implementation Date that there has been no change to the information provided on the NR301 form or in entitlements to the benefits of the Canada-United States Tax Convention (1980), as amended;
- (b) Notice of a claim for payment of such additional amounts under this Section 6.7 is not given to the Corporation within five Business Days of the Plan Implementation Date; or
- (c) Both (a) and (b) apply.

6.8 Cancellation of Certificates and Notes, etc.

At the Effective Time and in accordance with the sequence of steps set out in Section 4.2 hereof, all debentures, notes, certificates, indentures, guarantees, agreements, invoices and other instruments evidencing Affected Claims (and all guarantees associated with each of the foregoing), will not entitle any holder thereof to any compensation or participation other than as expressly provided for in the Plan and will be deemed cancelled and extinguished and be null and void.

6.9 Calculations

All amounts to be paid by the Corporation hereunder will be calculated by the Corporation, with the assistance of the Monitor. All calculations made by the Corporation will be conclusive, final and binding upon the Affected Creditors, the Corporation and all other Persons, absent manifest error.

6.10 **Currency Matters**

- (1) Distributions to General Unsecured Creditors with Proven Claims will be paid in Canadian dollars and any such Claims that are denominated in a currency other than the lawful money of Canada will be converted to the equivalent thereof in the lawful money of Canada at the noon rate of exchange as quoted by the Bank of Canada on the Filing Date, in accordance with the Claims Procedure Orders.
- (2) The Corporation is hereby authorized to effect such exchange(s) of currency between Canadian dollars and U.S. dollars (or other foreign currencies) as may be necessary to effect payments of Unaffected Claims contemplated in section 6.2 of the Plan.

ARTICLE 7 **RELEASES**

7.1 **Plan Releases**

At the Effective Time and in accordance with the sequence of steps set out in Section 4.2 hereof, each of (i) the members of the USSC Group, (ii) the CRO, (iii) EY, and (iv) their respective Representatives (including Responsible Persons) (collectively, the “**Released USSC Parties**”), will be fully, finally and irrevocably released and discharged from all Released USSC Claims which will be fully, finally, irrevocably and forever waived, discharged, released, cancelled and barred as against the Released USSC Parties. Notwithstanding the foregoing, nothing in this Section 7.1 will release Non-Released USSC Claims.

7.2 **Stakeholder Releases**

The Stakeholder Contractual Releases by each of the Stakeholders and, where applicable, the Corporation in favour of the recipients thereof are authorized and approved pursuant to the Plan. The Stakeholder Contractual Releases, once executed by the applicable parties thereto, will be binding on and enure to the benefit of the Released Stakeholder Parties.

7.3 **Injunctions**

From and after the Effective Time as set out in Section 4.2 hereof all Persons are permanently and forever barred, estopped, stayed and enjoined with respect to any and all Released Claims from: (i) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any of the Released Parties; (ii) enforcing, levying, attaching, collecting or otherwise recovering or enforcing by any manner or means, directly or indirectly, any judgment, award, decree or order against any of the Released Parties or their property; (iii) commencing, conducting, continuing or making in any manner, directly or indirectly, any action, suit, claim, demand or other proceeding of any nature or kind whatsoever (including any proceeding in a judicial, arbitral, administrative or other forum) against any Person who makes a claim or might reasonably be expected to make a claim, in any manner or forum, including by way of contribution or indemnity or other relief, against one or more of the Released Parties; (iv) creating, perfecting, asserting or otherwise enforcing, directly or indirectly, any Encumbrance of any kind against the Released Parties or their

property; or (v) taking any actions to interfere with the implementation or consummation of the Plan. All Persons who have previously commenced a Released Claim in any court, which Released Claim has not been finally determined, dismissed or discontinued prior to the Effective Time, shall forthwith after the Effective Time take steps to discontinue and/or dismiss, without costs, such Released Claim.

ARTICLE 8

COURT SANCTION

8.1 Application for Sanction Order

If the Plan is approved by each class of Affected Creditors, the Corporation will apply for the Sanction Order on or before the date set for the Sanction Order hearing or such later date as the Court may set.

8.2 Sanction Order

The Sanction Order will, among other things:

- (a) declare that (i) the Plan has been approved by the requisite majorities of each class of Affected Creditors in conformity with the CCAA; (ii) the activities of the Corporation and the Monitor have been in compliance with the provisions of the CCAA and the Orders of the CCAA Court made in this CCAA Proceeding in all respects; (iii) neither the Corporation nor Monitor have done or purported to do anything that is not authorized by the CCAA; and (iv) the Plan and the transactions contemplated thereby are fair and reasonable;
- (b) declare that the Plan, subject to the terms and conditions of the Plan, including the Plan Implementation Conditions described in Section 9.1 and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are sanctioned and approved, and at the Effective Time as set out in Section 4.2 hereof will be binding and effective upon and with respect to the Corporation, all Affected Creditors, the Released Parties and all other Persons named or referred to in, or subject to, the Plan or the Sanction Order;
- (c) declare that the articles of the Corporation will be amended as set out in the Articles of Reorganization as of the Effective Time as set out in Section 4.2 hereof;
- (d) approve and authorize the Restructuring Steps;
- (e) authorize the Corporation, in its capacity as administrator of the Main Pension Plans, to execute and deliver the Stakeholder Contractual Releases (to the extent it is to be a party thereto in such capacity);
- (f) order that, without limitation to the terms of the Representative Counsel Order, Representative Counsel is authorized and empowered, in consultation with the Non-USW Representatives, to negotiate, finalize, execute and deliver (to the

extent applicable), on behalf of the holders of Non-USW Main Pension and OPEB Claims, the Stakeholder Agreements and all other agreements and documents (including, without limitation, the Stakeholder Contractual Releases) as may be necessary or desirable to implement the Plan and complete the transactions contemplated thereby and the Stakeholder Agreements, consistent with the terms of the Plan.

- (g) confirm the Stakeholder Contractual Releases and authorize the Corporation, where applicable, to execute and deliver the Stakeholder Contractual Releases;
- (h) as of the Effective Time and in accordance with the sequence of steps set out in Section 4.2 hereof, compromise, discharge and release the Corporation from any and all Affected Claims in accordance with the Plan, and declare that the ability of any Person to proceed against the Corporation in respect of or relating to any Affected Claims, whether directly, derivatively or otherwise will be forever discharged, enjoined and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims be permanently stayed, subject only to the right of Affected Creditors to receive distributions pursuant to the Plan in respect of their Affected Claims (to the extent they become Proven Claims);
- (i) as of the Effective Time and in accordance with the sequence of steps set out in Section 4.2 hereof, compromise, discharge and release the Released USSC Parties from any and all Released Claims of any nature in accordance with the Plan, and declare that the ability of any Person to proceed against the Released USSC Parties (or any of them) in respect of or relating to any Released Claim will be forever discharged and restrained, and all proceedings with respect to, in connection with or relating to such Released Claims be permanently stayed;
- (j) as of the Effective Time and in accordance with the sequence of steps set out in Section 4.2 hereof, order the USS/USSCPF Court-Ordered Release;
- (k) as of the Effective Time as set out in Section 4.2 hereof, bar, stop, stay and enjoin the commencing, taking, applying for or issuing or continuing of any and all steps or proceedings, including without limitation, administrative hearings and orders, declarations or assessments, commenced, taken or proceeded with or that may be commenced, taken or proceeded with against any Released Party in respect of all Released Claims and any matter which is released pursuant to Article 7 hereof;
- (l) declare that any Affected Claim for which a proof of claim has not been filed by the applicable Claims Bar Date in the Claims Procedure Orders is forever barred and extinguished;
- (m) declare that any D&O Claim for which a proof of claim has not been filed by the applicable Claims Bar Date in the Claims Procedure Orders is forever barred and extinguished and order the release of all D&O Claims;

- (n) authorize the Corporation and the Monitor to perform their respective obligations and functions under the Plan and to perform all such other acts and execute such documents as may be required in connection with the foregoing;
- (o) declare that each of the CCAA Charges will be terminated, discharged, expunged and released on the Plan Implementation Date or earlier upon receipt by the Corporation of an acknowledgement of payment in full and in the appropriate currency of the claims secured thereby;
- (p) declare that, notwithstanding: (i) the pendency of the CCAA Proceedings; (ii) any applications for a bankruptcy, receivership or other order now or hereafter issued pursuant to the BIA, the CCAA or otherwise in respect of the Corporation and any bankruptcy, receivership or other order issued pursuant to any such applications; and (iii) any assignment in bankruptcy made or deemed to be made in respect of the Corporation, the transactions contemplated by the Plan will be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Corporation or their assets and will not be void or voidable by creditors of the Corporation, nor will the Plan, or the payments and distributions contemplated pursuant thereto constitute nor be deemed to constitute a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA, CCAA or any other applicable federal or provincial legislation, nor will the Plan constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation;
- (q) declare that, subject to the performance by the Corporation of its obligations under the Plan, all contracts, leases, agreements and other arrangements to which the Corporation is a party and that have not been terminated or disclaimed pursuant to the applicable paragraph of the Initial Order and related provision of the CCAA will be and remain in full force and effect, unamended as of the Effective Time as set out in Section 4.2 hereof, and no Person who is a party to any such arrangement may accelerate, terminate, rescind, refuse to perform or otherwise repudiate its obligations thereunder, or enforce or exercise any right (including any right of set-off, dilution or other remedy) or make any demand under or in respect of any such arrangement and no automatic termination will have any validity or effect, by reason of:
 - (i) any event that occurred on or prior to the Effective Time and is not continuing that would have entitled such Person to enforce those rights or remedies (including defaults or events or default arising as a result of the insolvency of the Corporation);
 - (ii) the insolvency of the Corporation or the fact that the Corporation sought or obtained relief under the CCAA;
 - (iii) any compromises or arrangements effected pursuant to the Plan or any action taken or transaction effected pursuant to the Plan; or

- (iv) any change in the control of the Corporation arising from the implementation of the Plan and the Stakeholder Agreements;
- (r) declare that the stay of proceedings under the Initial Order continues until the Effective Time;
- (s) if required, appoint the members of the board of the Land Vehicle;
- (t) vest the Land Assets in the Land Vehicle, free and clear of claims other than those assumed by the Land Vehicle (if any) and free and clear of encumbrances other than Permitted Encumbrances;
- (u) give effect to any elements of the Stakeholder Agreements necessary to more fully implement the purpose and intention of such agreements and the Plan, including approval of the Pension Transition Agreement and the granting of release and no liability provisions with respect to the carrying out of the terms of such agreement on terms satisfactory to all parties to such agreement;
- (v) approve the conduct of the Directors of the Corporation during the CCAA Proceedings;
- (w) approve all conduct of the CRO and EY in relation to the Corporation and bar all claims against them arising from or relating to the services provided to the Corporation up to and including the date of the Sanction Order;
- (x) if the Corporation chooses to seek such relief, declare that the fees paid by the Corporation during the CCAA Proceedings to advisers of certain stakeholders of the Corporation (including without limitation the USW and the Non-USW Representatives) have been in respect of professional services that have facilitated the restructuring of the Corporation for the continued operation of the Corporation's business and for the Corporation's benefit;
- (y) declare that the Corporation and the Monitor may apply to the Court for advice and direction in respect of any matters arising from or in relation to the Plan; and
- (z) approve the Unresolved Claims Reserve and Administration Reserve amounts.

ARTICLE 9

PLAN CONDITIONS PRECEDENT AND IMPLEMENTATION

9.1 Conditions Precedent to Plan Implementation

- (1) The Plan is subject to the satisfaction of the following conditions (the “**Plan Implementation Conditions**”), which may be waived (except in the case of Sections 9.1(1)(a) and (b) below which may not be waived) only by the mutual agreement, in writing, of the Corporation, the Plan Sponsor and, if applicable, by the applicable Stakeholder(s):

- (a) the Plan will have been approved by each class of Affected Creditors of the Corporation;
- (b) the Sanction Order will have been issued by the Court, consistent with the terms of Section 8.2;
- (c) all applicable appeal periods in respect of the Sanction Order will have expired and any appeals therefrom will have been finally disposed of by the applicable appellant tribunal;
- (d) the Sanction Order will have been recognized and given full force and effect in the United States by an order of the U.S. Bankruptcy Court in the Chapter 15 Proceedings;
- (e) the Plan Sponsor will have paid the Plan Funding Amount to the Corporation in accordance with the Plan Sponsor Agreement;
- (f) the CBA Amendments will have been executed and ratified and become effective in accordance with their terms, subject only to the occurrence of the Plan Implementation Date;
- (g) the OPEB Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (h) the Pension Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (i) the Environmental Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (j) the Land Vehicle Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (k) the Lease Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (l) the Tax Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (m) the D&O Claims Condition will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (n) the USS Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;

- (o) the USSCPF Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
 - (p) the USS Indemnity Release Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
 - (q) the loan agreement in respect of the New ABL Facility and all other security and agreements required pursuant thereto will have been executed, delivered and become effective in accordance with their terms, subject only to the occurrence of the Plan Implementation Date, on terms and conditions satisfactory to the Plan Sponsor acting reasonably;
 - (r) the Stakeholder Contractual Releases will have been executed, delivered and become effective in accordance with their terms, subject only to the occurrence of the Plan Implementation Date, in each case on terms satisfactory to the Corporation, the Plan Sponsor and each Stakeholder, to the extent that the Corporation, the Plan Sponsor or such Stakeholder are parties receiving or giving the applicable release or releases;
 - (s) all other Stakeholder Agreements, if any, not addressed in Sections 9.1(1)(f) through (r) will have been executed and delivered by all parties thereto on terms and conditions acceptable to the Plan Sponsor, the Corporation and any applicable Stakeholder(s), each acting reasonably;
 - (t) each of the conditions precedent to the closing of the Transaction provided in the Plan Sponsor Agreement will have been satisfied or waived in accordance with the terms of the Plan Sponsor Agreement;
 - (u) all relevant Persons will have executed, delivered and filed all documents and other instruments that, in the opinion of the Corporation and Plan Sponsor, acting reasonably, are necessary to implement the provisions of the Plan or the Sanction Order;
 - (v) no action or proceeding will be pending by any third party to enjoin or prohibit the Transaction; and
 - (w) all applicable approvals and orders of, and all applicable submissions and filings with, Governmental Authorities having jurisdiction for the completion of the steps and transactions contemplated by the Plan (including the steps and transactions which are Plan Implementation Conditions) will have been obtained or made, as the case may be, in each case to the extent deemed necessary or advisable by the Corporation and Plan Sponsor, in form and substance satisfactory to the Corporation and Plan Sponsor.
- (2) The Plan Implementation Conditions include the execution and delivery of Stakeholder Agreements and other agreements that include one or more Stakeholders or other Persons as counterparties. For greater certainty, it is acknowledged that to the extent that any

applicable Stakeholder or other applicable Person is directly affected by a Plan Implementation Condition, that Stakeholder or other Person must be satisfied with and agree to the terms and conditions of the applicable agreement(s) in order for them to become parties thereto and for the relevant condition(s) to be satisfied.

9.2 **Corporation's Certificate – Plan Implementation**

Upon receipt of the Certificate of Reorganization, the Corporation will deliver to the Monitor, and file with the Court, a copy of a certificate stating that each of the Plan Implementation Conditions has been satisfied or waived and that the Articles of Reorganization have been filed and have become effective as of the date set out in the Certificate of Reorganization.

9.3 **Monitor's Certificate – Plan Implementation**

As soon as practicable following the occurrence of the Effective Time, the Monitor will serve on the service list in the CCAA Proceedings and post on the Monitor's Website a certificate confirming that the Plan Implementation Date has occurred and will file such certificate with the Court as soon as practicable after it has been delivered.

ARTICLE 10 **GENERAL**

10.1 **Binding Effect**

At the Effective Time and in accordance with the sequence of steps set out in Section 4.2 hereof, the Plan will become effective and binding on and enure to the benefit of the Corporation, the Stakeholders, the Released Parties, the Affected Creditors and any other Person named or referred to in or subject to the Plan and their respective heirs, executors, successors and assigns. Without limiting the generality of the foregoing, at the Effective Time:

- (a) the treatment of Affected Claims and Released Claims under the Plan will be final and binding for all purposes upon and enure to the benefit of the Corporation, the Released Parties, all Affected Creditors and all other Persons named or referred to in, or subject to, the Plan and their respective heirs, executors, administrators and other legal representatives, successors and assigns;
- (b) all Affected Claims will be forever discharged and released, excepting only with respect to any distribution thereon in the manner and to the extent provided for in the Plan;
- (c) all Released Claims will be forever discharged, released, enjoined and barred;
- (d) each Affected Creditor and each Person holding a Released Claim will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety; and

- (e) each Affected Creditor and each Person holding a Released Claim (to the extent that contractual releases have not been executed and delivered by such Person) will be deemed to have:
 - (i) executed and delivered to the Corporation and to the other Released Parties, as applicable, all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety;
 - (ii) waived any default by or rescinded any demand for payment against the Corporation that has occurred on or prior to the Effective Time pursuant to, based on or as a result of any provision, express or implied, in any agreement or other arrangement, written or oral, existing between such Affected Creditor or Person holding a Released Claim and the Corporation with respect to an Affected Claim or Released Claim, respectively; and
 - (iii) agreed that, if there is any conflict between the provisions, express or implied, of any agreement or other arrangement, written or oral, existing between such Affected Creditor or Person holding a Released Claim and the Corporation with respect to an Affected Claim or Released Claim, respectively, as at the moment before the Effective Time and the provisions of the Plan, then the provisions of the Plan take precedence and priority and the provisions of such agreement or other arrangement are amended accordingly.

10.2 **Deeming Provisions**

In the Plan, the deeming provisions are not rebuttable and are conclusive and irrevocable.

10.3 **Modification of the Plan**

- (1) The Corporation reserves the right, at any time and from time to time, to amend, restate, modify and/or supplement the Plan (including to address or further address the treatment of claims subject to the Claims Procedure Orders), provided that any such amendment, restatement, modification or supplement is on terms satisfactory to the Plan Sponsor and must be contained in a written document which is filed with the Court and (i) if made prior to or at the Meetings, communicated to the Stakeholders and the Affected Creditors in the manner contemplated by the Meeting Order; and (ii) if made following the Meetings, approved by the Court and following notice to the Stakeholders and the Affected Creditors.
- (2) Notwithstanding Section 10.3(1), any amendment, restatement, modification or supplement to the Plan may be made by the Corporation at any time and from time to time, provided that it is made with the consent of the Monitor and: (i) concerns a matter which is of an administrative nature required to better give effect to the implementation of the Plan; or (ii) is to cure any errors, omissions or ambiguities, and in either case is not materially adverse to the financial or economic interests of the Affected Creditors and the Stakeholders.

- (3) Any amended, restated, modified or supplementary Plan or Plans filed with the Court and, if required by this Section, approved by the Court, will for all purposes be and be deemed to be a part of and incorporated in the Plan.

10.4 **Paramountcy**

From and after the Effective Time, any conflict between:

- (a) the Plan or the Sanction Order; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, expressed or implied, of any contract, mortgage, security agreement, indenture, trust indenture, note, loan agreement, commitment letter, agreement for sale, lease or other agreement, written or oral and any and all amendments or supplements thereto existing between one or more of the Affected Creditors and the Corporation as at the moment before the Effective Time,

will be deemed to be governed by the terms, conditions and provisions of the Plan and the Sanction Order, which will take precedence and priority.

10.5 **Severability of Plan Provisions**

If, prior to the Plan Implementation Date, any term or provision of the Plan is held by the Court to be invalid, void or unenforceable, the Court, at the request of the Corporation and with the consent of the Monitor and the Plan Sponsor, following consultation with the Stakeholders, will have the power to either (a) sever such term or provision from the balance of the Plan and provide the Corporation with the option to proceed with the implementation of the balance of the Plan, or (b) alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as so altered or interpreted. Notwithstanding any such holding, alteration or interpretation, and provided that the Corporation proceed with the implementation of the Plan, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation.

10.6 **Protections of the Monitor**

The Monitor is acting and will continue to act in all respects in its capacity as Monitor in the CCAA Proceedings with respect to the Corporation (and not in its personal capacity). The Monitor will not be responsible or liable for any obligations of the Corporation. The Monitor will have the powers and protections granted to it by the Plan, the CCAA and any other Order made in the CCAA Proceedings. EY will incur no personal liability whatsoever whether on its own part or in respect of any failure on the part of the Corporation to observe, perform or comply with any of its obligations under the Plan. Any release, discharge or other benefit conferred upon the Monitor pursuant to the Plan will enure to the benefit of EY. The Monitor in its personal capacity will be a third party beneficiary to the Plan entitled to enforce such releases, discharges and benefits in accordance with the terms of the Plan.

10.7 **Different Capacities**

Persons who are affected by the Plan may be affected in more than one capacity. Unless expressly provided herein to the contrary, a Person will be entitled to participate hereunder in each such capacity. Any action taken by a Person in one capacity will not affect such Person in any other capacity, unless otherwise provided in the Meeting Order expressly agreed by the Corporation and the Person in writing or unless its Claims overlap or are otherwise duplicative.

10.8 **Notices**

Any notice or other communication to be delivered hereunder must be in writing and reference the Plan and may, subject as hereinafter provided, be made or given by personal delivery, ordinary mail or by facsimile or email addressed to the respective parties as follows:

If to the Corporation:

U.S. Steel Canada Inc.
386 Wilcox Street
Hamilton, Ontario
L8N 3T1

Fax No.: 905-849-4248

Attention: William E. Aziz, USSC Chief Restructuring Officer

With copies to (which will not constitute notice)

McCarthy Tétrault LLP
66 Wellington Street West
Suite 5300
Toronto, Ontario Canada
M5K 1E6

Fax No: 416-868-0673

Attention: James D. Gage and Robert O. Hansen

If to an Affected Creditor: to the mailing address, facsimile number or email address provided on such Affected Creditor's Proof of Claim or such more recent address particulars of an Affected Creditor as noted in the files of the Corporation or the Monitor;

If to the Monitor:

Ernst & Young Inc.
Toronto Dominion Centre
P.O. Box 251
222 Bay Street
Toronto, Ontario, Canada

M5K 1J7

Fax No.: 416-943-3300

Attention: Alex Morrison

With copies to (which will not constitute notice)

Bennett Jones LLP
3 One First Canadian Place
Toronto, Ontario, Canada
M5X 1A4

Fax No: 416-863-1716

Attention: Kevin J. Zych and Raj Sahni

or to such other address as any party may from time to time notify the others in accordance with this section, or, in the case of an address change for the Corporation or the Monitor, by posting notice of such address change on the Monitor's website (www.ey.com/ca/ussc). Any such communication so given or made will be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent before 4:00 p.m. (Toronto time) on such day. Otherwise, such communication will be deemed to have been given and made and to have been received on the next following Business Day.

10.9 **Further Assurances**

Each of the Persons named or referred to in, or subject to, the Plan will execute and deliver all such documents and instruments and do all such acts and things as may be necessary or desirable to carry out the full intent and meaning of the Plan and to give effect to the Restructuring Steps, Stakeholder Agreements and Stakeholder Contractual Releases or any other events or transactions contemplated herein, notwithstanding any provision of the Plan that deems any event or transaction to occur without further formality.

10.10 **Language**

This Plan, as well as any notices, schedules or other documents related thereto has been and will be prepared in the English language only. To the extent a French language or other translation is prepared, any such translation will be for informational purposes only, it being intended that the English language version will govern and prevail in all respects.

10.11 **Acts to Occur on Next Business Day**

If any distribution, payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such distribution, payment or the performance of

such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date.

10.12 **Non-Consummation of the Plan**

If the Plan is revoked at any time prior to the Effective Time, it will be null and void in all respects. Nothing contained in the Plan and no act taken in preparation for the implementation of the Plan will (a) constitute or be deemed to constitute a waiver or release of any Claims by or against the Corporation or any other Person; (b) prejudice the rights of the Corporation or any other Person in any further proceeding involving the Corporation; or (c) constitute an admission of any sort by the Corporation or any Person.

DATED as of the 15th day of March, 2017.

SCHEDULE A

ARTICLES OF REORGANIZATION



Canada Business Corporations Act (CBCA)
FORM 14
ARTICLES OF REORGANIZATION
(Section 191)

1 - Corporate name

U. S. Steel Canada Inc.
Acier U. S. Canada Inc.

2 - Corporation number

4 5 0 5 0 7 — 7

3 - In accordance with the court order for reorganization, the articles of incorporation are amended as follows:

To change the name of the Corporation to Stelco Inc.

4 - Declaration

I hereby certify that I am a director or an authorized officer of the corporation.

Signature: _____

Print name: _____ Telephone number: _____

Note: Misrepresentation constitutes an offence and, on summary conviction, a person is liable to a fine not exceeding \$5000 or to imprisonment for a term not exceeding six months or to both (subsection 250(1) of the CBCA).



**Instructions
FORM 14
ARTICLES OF REORGANIZATION**

Filing this application costs \$200.

You are providing information required by the CBCA. Note that both the CBCA and the *Privacy Act* allow this information to be disclosed to the public. It will be stored in personal information bank number IC/PPU-049.

Item 3

(1) Set out the amendments to the articles of incorporation in accordance with the court order pursuant to section 191 of the Act. If an amendment involves a change of corporate name (including the addition of the English or French version of the corporate name), the new name must comply with sections 10 and 12 of the CBCA as well as part 2 of the regulations, and the Articles of Amendment must be accompanied by a Nuans Name Search Report dated not more than ninety (90) days prior to the receipt of the articles by Corporations Canada. A numbered name may be assigned under subsection 11(2) of the CBCA without a Nuans Name Search Report.

(2) Any amendment shall conform to and correspond to the paragraph and subparagraph references of the existing articles.

If the space available is insufficient, please attach a schedule to the form.

Item 4

This form must be signed by a director or an authorized officer of the corporation.

Also include:

- A copy of the court order
- Form 3 - Change of Registered Office Address, if there was a change in the registered office address
- Form 6 - Changes Regarding Directors, if there was a change regarding the directors
- A Nuans Name Search Report if a change of corporate name is requested. A Nuans Name Search Report is not required if a numbered name (for example, 123456 Canada Inc.) is requested
- Fee of \$200, payable by credit card (American Express, Visa or Master Card) or by cheque made payable to the Receiver General for Canada.

For more information, consult the Corporations Canada Website (corporationscanada.ic.gc.ca) or call toll-free (within Canada) 1-866-333-5556 or (from outside Canada) (613) 941-9042.

Send documents:

By e-mail: IC.corporationscanada.IC@canada.ca

By mail: Corporations Canada
235 Queen Street
Ottawa, Ontario K1A 0H5

SCHEDULE B ENVIRONMENTAL TERM SHEET

Capitalized terms used herein and not otherwise defined shall have the meaning in the Plan to which this Environmental Term Sheet is attached.

The following describes the proposed high level terms for an agreement in respect of the environmental conditions at the properties of the Corporation known as the Hamilton Works (“**HW**”) and the Lake Erie Works (“**LEW**”).

Funds for Historical Environmental Issues

1. At the Plan Implementation Date, a one-time payment of \$61 million (US Dollars) shall be paid to the Province on a non-refundable basis (the “**Payment**”). For the avoidance of doubt, the receipt by the Province of \$61 million (US Dollars) in cash shall satisfy this condition.

Lease of HW and LEW

2. The Corporation shall enter into a lease with the owner of the HW and LEW real property for those portions of the sites on which it will be operating.
3. The Corporation shall be responsible for any and all environmental liabilities at the leased portions of the sites that did not exist prior to the Plan Implementation Date.

Baseline Monitoring Program

4. The Corporation shall retain a qualified person (as defined by O. Reg. 153/04) to design, implement and oversee a baseline monitoring program at HW and LEW, in accordance with Exhibit A (attached).
5. The Corporation shall submit for approval to the MOECC, Hamilton District Manager, a Terms of Reference (“**TOR**”), prepared by the qualified person, for the baseline monitoring program within 120 days of the Plan Implementation Date. The TOR shall include all of the aspects set out in Exhibit A as well as:
 - (i) a plan to communicate the progress of the baseline study to the Hamilton District Office; and
 - (ii) plans for monitoring, inspections and maintenance of operating equipment consistent with regulations to ensure that unplanned discharges to groundwater which may impact the accuracy of the baseline monitoring program are minimized to the greatest extent practicable.
6. Upon approval of the TOR in Item 5, the Corporation shall implement the baseline monitoring program in accordance with the TOR for a period of three (3) years.

Setting Reference Levels

7. The Corporation and MOECC shall agree to act in good faith and in accordance with sound scientific and hydrogeological principles to establish reference contaminant levels acceptable to the MOECC and the Corporation to assist in distinguishing contamination that existed prior to the Plan Implementation Date from contamination created, exposed or mobilized after the Plan Implementation Date (the “**Reference Levels**”).
8. The Reference Levels will be set having regard to:
 - (a) a reasonable operating margin to be determined by the parties based on the baseline sampling, site conditions, operations at the facilities and associated contaminants, uncertainties and other considerations;
 - (b) the fact that the chemical constituents may degrade, increase or change over time and/or may become more concentrated (collectively to be defined as the “**contaminants of concern**”); and
 - (c) the statistical methods set out in “*Groundwater Statistics and Monitoring Compliance*” (ITRC, 2013), “*Statistical Analysis of Groundwater Monitoring Data at RCRA Facilities, Unified Guidance*” (USEPA, March 2009) and other similar guidance available from US and Canadian regulators.

Before Reference Levels are Established

9. The Corporation and the MOECC shall agree to work together in good faith on a process for the period between the start of the baseline monitoring and the establishment of the Reference Levels.
10. In accordance with the TOR required by Item 5, the Corporation will communicate and meet with representatives of the MOECC Hamilton District Office to advise of progress and any recommended adjustments (to be agreed upon) to be made to the baseline program.
11. The Corporation shall at all times during the baseline study period operate in accordance with all obligations set out by the applicable environmental legislation and related instruments including orders and environmental compliance approvals.

Environmental Management Plan

12. The Corporation and the MOECC shall agree to an environmental management plan relating to the Corporation’s operations at the HW and LEW (the “**Environmental Management Plan**”). The environmental management plan shall be overseen by a qualified person and shall at minimum set out:
 - (a) environmental compliance monitoring to be carried out by the Corporation associated with facility operations and environmental compliances approvals (“**ECAs**”);

- (b) an ongoing soil, groundwater and on-site sediment monitoring program to be carried out by the Corporation for the purpose of comparing the levels of contaminants to the Reference Levels;
- (c) the appropriate process for the period before Reference Levels are established;
- (d) the appropriate process for comparing monitored results with the Reference Levels and for addressing exceedances of the Reference Levels, consistent with the process outlined in Exhibit B;
- (e) the appropriate process for updating the Reference levels as may be necessary;
- (f) frequency and timing for the submission of reports and the communication of results to the Manager of the Hamilton District office;
- (g) the development of a soil, on-site sediment and groundwater management plan, to be updated as required, for the purpose of ensuring that activities undertaken by the Corporation do not mobilize soil, and/or on-site sediment and/or groundwater contaminants; and
- (h) a dispute resolution mechanism consistent with the process outlined in Exhibit C.

Release

13. In a definitive legally-binding agreement executed by the Corporation and MOECC (the “**Environmental Agreement**”), the MOECC will agree to not take any regulatory action, including the issuance of orders or instruments, under provincial environmental legislation against the Corporation in respect of contaminants present in soil, and/or on-site sediment and/or groundwater at HW and LEW prior to the Plan Implementation Date (“**Historical Contamination**”), provided that the obligations under the Environmental Agreement are being fulfilled.
14. For greater clarity, the MOECC shall not hold the Corporation responsible for Historical Contamination regardless of when it is discovered or how it was caused except where, the Corporation has altered, exposed or mobilized such Historical Contamination through:
 - (i) Construction activities;
 - (ii) Maintenance activities other than normal maintenance on plant and equipment;
 - (iii) A spill;
 - (iv) Negligence, recklessness, wilfully blindness or willful misconduct; or
 - (v) Lack of due diligence in complying with applicable environmental legislation and permits;

and such activity, as set out in (ii)-(iv) may result in risk of an adverse effect.

15. For the sake of clarity, nothing in this document or the proposed Environmental Agreement shall in any way fetter the MOECC's authority or discretion to regulate the environment in relation to the following:
 - (a) the Corporation's on-going compliance with applicable environmental legislation, regulations and permits; or
 - (b) the Corporation's control and remediation of environmental impacts from its operations, including the Corporation's management and/or removal of newly generated solid or liquid waste.

Assignment of Rights and Obligations

16. The Corporation may assign the rights and obligations in the Environmental Agreement, including the release described herein, subject to the prior written consent of the MOECC. MOECC shall respond in no more than sixty (60) days after the Corporation submits a request supported by financial information concerning the purchaser and confirmation that the purchaser is aware of the obligations in the Environmental Agreement and agrees to comply with them. If no response is received in such sixty (60) day period, MOECC shall be deemed to have consented. Such consent shall not be unreasonably withheld. The factors to be considered by the MOECC in reaching such a determination shall be: (i) the capitalization and financial wherewithal of the assignee; (ii) the assignee's track record of environmental regulatory compliance in Canada, the US and other jurisdictions if the assignee has no operations in Canada or the US; and (iii) the ability of the assignee to perform the obligations in the Environmental Agreement and the Environmental Management Plan. The Corporation will continue to have the benefit of the release following the assignment, if any.

EXHIBIT A

BASELINE MONITORING PROGRAM

The purpose of the Baseline Monitoring Program (“**BMP**”) is:

- (i) to understand the current levels of contaminants in the groundwater discharging from HW and LEW to offsite; and
- (ii) to understand the current levels of contaminants in soil, on-site sediment and groundwater in key sections of the HW and LEW properties where the Corporation will be operating.

Note: Sampling of other onsite media such as surface water, particulate or sediment within sewers or ditches or other means of baselining these areas of impact may also be considered in the BMP.

To that end, the QP will design, implement and oversee the following:

- (i) a groundwater monitoring program for the north end of the HW site and other locations focused on potential impacts to Hamilton Harbour;
- (ii) a groundwater monitoring program for the south end of the LEW site and other locations focused on potential impacts to adjacent rivers and Lake Erie;
- (iii) an environmental investigation at HW with the purposes of establishing reference levels of contamination in soil, on-site sediment and groundwater in the Corporation’s areas of operation including at minimum the following process areas: Coke Oven Battery and By-Products Plant, Finishing Mill;
- (iv) an environmental investigation at LEW with the purpose of establishing reference levels of contamination in soil, on-site sediment and groundwater in the Corporation’s areas of operation including at minimum the following process areas: Coke Oven Battery and By-Products Plant, Secondary Material Handling Areas; and
- (v) it is understood that that full investigation of the entire properties HW and LEW properties is not being conducted as part of this baseline; however, additional baseline monitoring may be required, by mutual agreement, in additional areas in the future.

The monitoring programs in items (i) and (ii) shall include:

- The establishment of groundwater monitoring wells to assess potential contaminant levels in shallow and deep groundwater (as applicable);
- The selection of an appropriate contaminant matrix for sampling and applicable criteria for all designated monitoring locations; and
- The establishment of Reference Levels.

The environmental investigations in item (iii), (iv) and (v) shall include the following elements:

- The characterization of the soil within the process area identified;
- The establishment of upgradient, cross gradient and downgradient monitoring wells with the purpose of profiling chemical concentrations in groundwater migrating onto and from the process area;
- The establishment of Reference Levels; and
- Any other actions or criteria deemed necessary by the qualified person.

EXHIBIT B

On-Going Monitoring Program and Process for Exceedances of Reference Levels

1. The Corporation shall implement a monitoring program including, but not limited to, the following components:
 - (a) Be overseen by a Qualified Person;
 - (b) Consisting of the collection of samples of groundwater from the monitoring wells sampled in the BMP;
 - (c) Groundwater samples shall be sent to an appropriately qualified laboratory and analyzed for the contaminants analysed for in the BMP;
 - (d) The frequency of sample collection;
 - (e) The results of the samples shall be compared to the applicable Reference Levels;
 - (f) In the event that a sample(s) collected is observed to be greater than the applicable Reference Level(s), the Corporation shall collect an additional sample (confirmatory) within 30 days at the location(s) where the Reference Level(s) were exceeded;
 - (g) In the event that the results of the confirmatory sample(s) collected exceeds the applicable Reference Levels, the Corporation shall:
 - (i) Provide written notice to the District Manager within 30 days of the receipt of the laboratory analysis. The written notice shall include the groundwater analytical results, laboratory certificates of analysis and any other information deemed necessary by the Qualified Person; and
 - (ii) Collect additional samples as set out by Exhibit B.
 - (h) In the event that the results of the confirmatory sample(s) collected exceed the Reference Levels, the Corporation shall provide written notice to the District Manager within 30 days of the receipt of the laboratory analysis. The written notice shall include the groundwater analytical results, and laboratory certificates of analysis.
 - (i) the Corporation shall also provide a work plan prepared by a Qualified Person providing recommended actions as deemed necessary by the Qualified Person.
 - (j) Upon the Corporation receiving written approval from the District Manager of the work plan, the Corporation shall forthwith implement the work plan. The work plan shall be completed under the supervision of the Qualified Person.

- (k) In the event of a dispute about whether an environmental issue is the responsibility of the Corporation, the Corporation shall advise the MOECC of the basis of the dispute within 30 days of receipt of the laboratory analysis and the parties shall follow the process set out in Exhibit C, in which event, (i) and (j) hereto shall not apply.

EXHIBIT C

DISPUTE RESOLUTION MECHANISM

1. Any dispute in relation to any parties' compliance with the Environmental Agreement or any dispute as to whether an environmental issue in respect of soil, and/or on-site sediment and/or groundwater contamination at the HW or LEW sites is the responsibility of the Corporation, shall be resolved through a progressive dispute resolution process as follows:
 - (a) The Corporation local management and the MOECC Hamilton District Office shall initially attempt to resolve the dispute.
 - (b) If a resolution cannot be achieved to the satisfaction of both parties, the matter shall be referred to the MOECC Director – West Central Region and the President of the Corporation for resolution by them.
 - (c) If a resolution still cannot be reached, then the parties shall refer the matter to an agreed upon Mediator and prepare mediation briefs which set out each party's proposed approach to resolving the issue. The Mediator shall attempt to reach a resolution that is satisfactory to both parties. If a resolution cannot be reached, the Mediator shall identify the issues in dispute.
2. For the sake of clarity, any issues for which there is no dispute as to whether they relate to historical contamination at HW or LEW will be regulated in accordance with the MOECC's normal practices and applicable guidelines

Adjudication

3. If the dispute resolution process described in Item 1 above is unsuccessful, the MOECC may issue an order to the Corporation in respect of the issues identified by the Mediator, which shall contain a right for the Corporation to appeal said order to the Environmental Review Tribunal (the "**Tribunal**").
 - (a) A draft copy of the order shall be provided to the Corporation for review prior to its issuance. The MOECC shall consider submissions from the Corporation as to the terms of the Order.
 - (b) Any requirements for monitoring, recording or reporting in the Order will not be effective until six (6) months after the issuance of the Order. If six (6) months is insufficient time for the proceeding before the Tribunal to be completed, the MOECC will amend the Order to extend the time for the proceeding to be complete and a decision rendered.
 - (c) Upon appeal of the Order to the Tribunal, the MOECC will consent to a stay of other requirements of the order, subject to s. 143(2) and (3) of the Environmental Protection Act, pending a final determination of the Tribunal.

- (d) Upon appeal of the Order, the parties agree that any assertion that contamination is Historic Contamination or not Historic Contamination, shall be proven by the party making said assertion on the balance of probabilities.
- 4. Nothing in this Environmental Agreement is intended to oust the jurisdiction of the courts to consider disputes that are outside the jurisdiction of the Tribunal.

Danger to Health or the Environment

- 5. Nothing in Items 1 or 3 above or the proposed Environmental Agreement shall prevent the MOECC from taking any appropriate regulatory action in respect of a matter that would result in:
 - (a) danger to the health or safety of any person; and
 - (b) impairment or serious risk of impairment of the quality of the natural environment for any use that can reasonably, without investment be made of it; and
 - (c) serious and material injury or damage or serious risk of material injury or damage to any property or to significant plant or animal life.

Reimbursement of Environmental Costs

- 6. If the Corporation incurs environmental costs as a result of complying with an Order issued in accordance with Items 3 or 4 above, and it is subsequently determined by the parties or the Tribunal or appellate courts that the Corporation ought not to have responsibility for the subject matter of the Order under the terms of the Environmental Agreement, the MOECC will agree to reimburse the Corporation for the reasonable costs incurred in respect of any environmental work undertaken.

SCHEDULE C LAND TERM SHEET

Capitalized terms used herein and not otherwise defined shall have the meaning in the Plan to which this Land Term Sheet is attached.

The following describes the proposed high level terms for an agreement in respect of the treatment of the lands owned by the Corporation, consisting of the HW Lands and the LEW Lands.

Unless otherwise specified, all dollars referred to herein are Canadian dollars.

1. In exchange for the release by MOECC described in the Environmental Term Sheet, the Province shall receive an irrevocable cash payment of US\$61 million (the “**Province Payment**”) on the Plan Implementation Date. Such release shall not become effective until the Province has received the Province Payment in full (the “**Effective Date**”). The Province Payment shall be applied first to the repayment of professional fees and expenses incurred by the Province with respect to restructuring matters in the Corporation’s CCAA proceedings on the same basis as is paid to the USW from the Corporation’s estate, with the balance remaining after such repayment being referred to as the “**Province Payment Balance**”.

LAND VEHICLE TRANSACTION

2. The proceeds of the Province Payment Balance shall be paid exclusively to the Province and will be used by the MOECC in connection with environmental issues relating to the Lands. If the MOECC determines that there is a portion of the Province Payment Balance that is not required by the MOECC in connection with environmental issues relating to the Lands, such portion of the Province Payment Balance, if any, shall be distributed as follows, subject to the application of such funds to the payments in respect of (i) the Provincial Land Vehicle Loan (as defined below) in accordance herewith and (ii) the Provincial OPEB Loan (as defined in the OPEB Term Sheet), if applicable, in accordance with the terms of the OPEB Term Sheet:
 - (a) fifty percent (50%) will be allocated to other post-employment benefits for USW retirees, non-USW retirees and others entitled to such benefits under the Corporation’s post-employment benefit plans (the “**OPEB Remaining Share**”); and
 - (b) fifty percent (50%) will be paid to the Stelco Plans (as defined in the Pension Term Sheet) and allocated among such plans as determined by the Superintendent and set out in the New Regulation (as defined in the Pension Term Sheet) (the “**Pension Remaining Share**”).
3. The Province shall have a first-ranking secured charge (including an assignment of any leases) (the “**Province Land Charge**”) on the Land Assets (as defined below) as continuing security for (i) the payment to the MOECC of the amounts referred to in paragraph 11 below, (ii) amounts owing under the Provincial OPEB Loan, (iii) amounts

owing under the Provincial Land Vehicle Loan and (iv) the payment of all amounts referred to in paragraphs 13 and 15 below. The Province Land Charge shall be the only charge, security or mortgage against the Land Assets. The Province Land Charge shall attach to the Land Assets regardless of the owner thereof and shall continue until such time as it has been released by the Province, in its sole discretion.

4. The following assets that will not be owned by the Corporation after the Plan Implementation Date are referred to herein collectively as the “**Land Assets**”: (i) the Lands and the buildings and other improvements on the Lands; (ii) any equipment, scrap material or other tangible assets of the Corporation that are located on the portion of the Lands that is not leased by the Corporation after the Plan Implementation Date (the “**Non-Leased Land**”), provided that equipment and materials located on the Non-Leased Land that may be used in the Corporation’s steel-making or steel-processing operations in the ordinary course shall form part of the assets of the Corporation after the Plan Implementation Date); and (iii) any books, records, data, intangible assets or other assets (including any stockpiled liquid or solid waste) pertaining to the property described in sub-paragraphs (i) and (ii) above that will not be owned by the Corporation after the Plan Implementation Date. The ownership of the Land Assets shall be transferred, free and clear of all claims and encumbrances other than the Province Land Charge and the encumbrances and instruments listed in Exhibit A attached hereto (collectively, the “**Permitted Encumbrances**”) (which, for greater certainty shall continue against the Land Assets), into a special purpose entity formed for the purpose of holding and monetizing the Land Assets (the “**Land Vehicle**”). The Land Assets shall be transferred to the Land Vehicle on the Plan Implementation Date in a tax-efficient manner that maintains as much of the cost basis in those assets as is feasible in the circumstances. The structure of the Land Vehicle shall be acceptable to the Province and the USW.
5. The Corporation shall lease from the Land Vehicle (and any subsequent purchaser of the Lands) that portion of the Lands required to operate the purchased assets and business, and the terms and conditions of such leases shall be consistent with those set forth in the Lease Term Sheet and otherwise acceptable to the Province.
6. Land Vehicle shall be governed by a board (the “**Board**”) of trustees (or directors, as applicable) who are independent from the Province, the USW, the Non-USW Representatives and the Corporation. Initially, the Board shall be appointed by a Court order in connection with the Transaction, and thereafter it shall be self-perpetuating such that the members of the Board shall appoint new members to fill any vacancies on the Board. The Board shall report to the USW, the Province and other beneficiaries of the Land Vehicle regularly with respect to the operation and management of the Land Vehicle. The Province shall not, under any circumstances, have control over the Board or the Land Vehicle, nor shall it own or operate the Land Vehicle.
7. The Board shall provide a monetization plan for the Land Assets to the Province and the USW within six months of the Effective Date. Such plan shall provide for the sale of the Land Assets within five years of the Effective Date, and such plan shall be updated at regular intervals.

8. Concurrently with the transfer of the Land Assets to the Land Vehicle, the Corporation shall transfer an amount to be agreed to the Land Vehicle (the “**Land Vehicle Funding**”) to fund the following activities of the Land Vehicle:
 - (a) the operation of the Land Vehicle and the maintenance of the Land Assets, including any environmental monitoring costs, until such time as the Land Assets have been sold; and
 - (b) a sale process to maximize value from the sale of the Land Assets.

The Corporation shall immediately initiate the process of marketing the excess land comprising part of the LEW Land as well as excess buildings and structures located on the HW Land (if applicable) and LEW Land, and any proceeds generated therefrom shall be added to and comprise part of the Land Vehicle Funding. In the event that such assets are not monetized by the Corporation prior to the transfer of the Land Assets to the Land Vehicle pursuant to paragraph 4 above, the ownership of such assets shall be transferred to the Land Vehicle.

9. The Land Vehicle shall conduct a sale process on terms acceptable to the Province to maximize value from the Land Assets. Unless otherwise agreed by the Province and the USW in writing, the Land Vehicle must sell the Land Assets within five years of the Effective Date. Until the Provincial Land Vehicle Loan and the Provincial OPEB Loan have been repaid in full or discharged, any transaction in respect of any portion of the HW Land and/or the LEW Land (and any purchaser thereof) must be acceptable to the Province, in its sole discretion.
10. An amount of the Land Proceeds (as defined below) and/or cash flow from the operation of the Land Assets approved by the Board and acceptable to the Province (the “**Operating Amount**”) shall be available to the Land Vehicle to fund the operating costs of the Land Vehicle for the five years following the Effective Date or such later date as may be agreed to in writing by the Province and the USW. These operating costs may include the reasonable costs of professional property and asset managers retained by the Board to manage and maximize the value of the Land Assets.
11. If the MOECC incurs any expenditures in connection with testing, monitoring or investigating environmental conditions on the Lands, such expenditures shall be reimbursed first from any proceeds derived from the sale or lease of the Land Assets and any residual portion of the Land Vehicle Funding remaining following the sale of the Land Assets (collectively, the “**Land Proceeds**”). For greater certainty, the obligation of the Land Vehicle to reimburse such amounts shall be secured by the Province Land Charge.
12. Subject to paragraphs 10 and 11 hereof, all Land Proceeds shall be applied as follows:
 - (a) fifty percent (50%) will be allocated to other post-employment benefits for USW retirees, non-USW retirees and others entitled to such benefits under the Corporation’s post-employment benefit plans (the “**OPEB Land Proceeds**”); and

- (b) fifty percent (50%) will be allocated to the Main Pension Plans and allocated among such plans as determined by the Superintendent and set out in the New Regulation (the “**Pension Land Proceeds**”).

PROVINCIAL LAND VEHICLE LOAN

- 13. The Province shall provide a secured revolving line of credit to the Land Vehicle in the maximum amount of \$10 million for the sole purpose of funding the operations of the Land Vehicle to the extent that the Land Vehicle Funding and the portion of the Land Proceeds referred to in paragraph 10 hereof is determined by the Board, with the consent of the Province, to be insufficient to fund the operations of the Land Vehicle (the “**Provincial Land Vehicle Loan**”).
- 14. The Provincial Land Vehicle Loan shall mature and be repaid by the Land Vehicle no later than six years from the closing date of the Transaction. The Provincial Land Vehicle Loan shall bear interest at the Province’s borrowing rate plus 5.00%, and such interest shall be added to the principal amount outstanding and shall be payable on maturity of the Provincial Land Vehicle Loan. The Provincial Land Vehicle Loan shall be secured by the Province Land Charge and a first charge on (i) the Land Proceeds (including, for greater certainty, the OPEB Entity’s entitlement to the OPEB Land Proceeds and the Stelco Plans’ entitlement to the Pension Land Proceeds); (ii) the OPEB Entity’s entitlement to the OPEB Free Cash Flow Contribution (each as defined in the OPEB Term Sheet); (iii) the OPEB Remaining Share; and (iv) the Pension Remaining Share.
- 15. Notwithstanding anything to the contrary herein, until the Provincial OPEB Loan (as defined in the OPEB Term Sheet) and the Provincial Land Vehicle Loan have been repaid in full and discharged:
 - (a) the OPEB Free Cash Flow Contribution will be paid directly to the Province as follows: (i) first to repay amounts outstanding under the Provincial OPEB Loan; (ii) second to repay amounts outstanding under the Provincial Land Vehicle Loan; and (iii) third if all amounts outstanding under the Provincial OPEB Loan and the Provincial Land Vehicle Loan have been repaid but there is additional availability under such loans, the OPEB Free Cash Flow Contribution will be paid to the Province and held as security for future advances under such loans up to the amount of the additional availability under such loans; and
 - (b) subject to paragraphs 10 and 11 hereof, all Land Proceeds shall be applied as follows:
 - (i) first, to repay amounts outstanding under the Provincial OPEB Loan;
 - (ii) second, to repay amounts outstanding under the Provincial Land Vehicle Loan;
 - (iii) third, if all amounts outstanding under the Provincial OPEB Loan and the Provincial Land Vehicle Loan have been repaid but there is additional

availability under such loans, the Land Proceeds will be paid to the Province and held as security for future advances under such loans up to the amount of the additional availability under such loans; and

- (iv) fourth, any Land Proceeds remaining following the payments referred to in sub-paragraphs 15(b)(i), 15(b)(ii) and 15(b)(iii) will be allocated in the manner referred to in 12 above.

EXHIBIT A TO LAND TERM SHEET

GENERAL

The reservations, limitations, exceptions, provisos and conditions, if any, expressed in any original grants from the Crown including, without limitation, the reservation of any mines and minerals.

SPECIFIC

HW LANDS

1. Instrument No. NS234352, registered October 19, 1953, is an agreement between The Steel Company of Canada, Limited and International Harvester Company of Canada, Limited regarding maintenance and use of railway spur line and trackage in and around Wilcox Street; Renewed by Notice of Claim Instrument No. VM171299, registered December 6, 1993. *17575-0126*
2. Instrument No. HL216274, registered October 31, 1962, is an easement in favour of The Corporation of the City of Hamilton (the **“City of Hamilton”**) for a sewer line. *17575-0126*
3. Instrument No. AB160388, registered February 6, 1970, is an easement in favour of The Hydro Electric Power Commission of Ontario. *17575-0095*
4. Instrument No. AB343421, registered July 4, 1974, is an easement in favour of The Procter & Gamble Company of Canada, Limited and the City of Hamilton. *17575-0126*
5. Instrument No. CD123252, registered April 27, 1979, is an easement in favour of The Procter & Gamble Company of Canada, Limited, the City of Hamilton, and The Regional Municipality of Hamilton-Wentworth (the **“Region of Hamilton-Wentworth”**). *17575-0126*
6. Instrument No. CD183147, registered April 3, 1981, is an agreement between Stelco Inc. and the City of Hamilton regarding the installation, construction and operation of two (2) overhead volt aerial services across the road allowance of Queen Street. *17580-0099*
7. Instrument No. CD400596, registered May 10, 1987, is a Provisional Certificate of Approval registered March 10, 1987 issued under the Environmental Protection Act for the use and operation of a 35.4 hectare landfill site for waste disposal. *17575-0126*
8. Instrument No. CD499218, registered March 22, 1989, is an agreement between Stelco Inc. and Her Majesty the Queen in Right of Ontario as represented by the Minister of the Environment regarding indemnification and use of such lands for parking, storage of raw materials, steel coils, ingots, slabs, moulds and other iron and steelmaking products and uses accessory thereto. *17575-0126*

9. Instrument No. CD393144, registered January 5, 1987, is an agreement between Stelco Inc. and the Region of Hamilton-Wentworth giving permission to the encroachment of proposed installation of landscaping 14m wide by 109m long on the north side of Industrial Drive. *17575-0095*
10. Instrument No. VM277332, registered September 9, 2008, is a transfer from Hamilton Land GP Inc. (0.01% interest) to U.S. Steel Canada Inc. granting and reserving a right of way for the common use of a railway switch over Part 2 on 62R-10965 as in Instrument No. HA114263 registered on July 9, 1910 and Instrument No. CD214133 registered on May 14, 1982.. *17580-0099*
11. Instrument No. VM279347, registered July 22, 2009, is an easement in favour of the City of Hamilton to construct and maintain sewers. *17575-0095*
12. Instrument No. VM280916, registered May 12, 2010, is a notice of claim with respect to U. S. Steel Canada Inc. having a right to construct, maintain and use an overhead pipe bridge for the purpose of carrying a 10" steam line, a 6" air line and a 2" oxygen line over, across and through the lands described as Parts 31, 32, 33, 34, 35 and 36 on Plan 62R-18732 in favour of the lands described therein relating to Instrument No. HL169844. *17575-0095*
13. Instrument No. VM280963, registered May 20, 2010, is a notice of claim relating to Instrument No. HL169844 with respect to U. S. Steel Canada Inc. having a right to construct, maintain and use an overhead pipe bridge for the purpose of carrying a 10" steam line, a 6" air line and a 2" oxygen line over, across and through the lands described as Parts 31, 32, 33, 34, 35 and 36 on Plan 62R-18732 in favour of the lands described therein. *17575-0095*
14. Instrument No. VM281238, registered July 27, 2010, is a certificate of first registration made by the Land Registrar of Hamilton. *17575-0126, 17575-0127*
15. Instrument No. WE726708, registered November 12, 2010 is a reciprocal easement and operating agreement between U.S. Steel Canada Inc. and Max Aicher (North America) Inc. *17575-0126, 17575-0127*
16. Instrument No. WE917932, registered August 21, 2013 is a notice of agreement amending the reciprocal easement and operating agreement WE726708 and other agreements between U.S. Steel Canada Inc., Max Aicher (North America) Realty Inc. and Max Aicher (North America) Bloom Mill Realty Inc. *17575-0126, 17575-0127*
17. Instrument No. WE726709, registered November 12, 2010, is a joint service agreement between U.S. Steel Canada Inc. and the City of Hamilton. *17575-0126, 17575-0127*
18. Instrument No. WE726764, registered November 12, 2010, is a Land Registrar's order. *17575-0095*

19. Instrument No. WE726838, registered November 12, 2010, is a Transfer of Land from U.S. Steel Canada Inc. to Max Aicher (North America) Inc. including grants of easements. *17575-0126, 17575-0127*
20. Instrument No. WE726839, registered November 12, 2010, is a Transfer of Easement over Parts 19 to 29, Plan 62R-18877. *17575-0095*
21. Instrument No. WE726840, registered November 12, 2010, is a Transfer of Land from U.S. Steel Canada Inc. to Max Aicher (North America) Inc. including grants of easements. *17575-0095, 17575-0126, 17575-0127*
22. Instrument No. WE726841, registered November 12, 2010, is a Transfer of Easement over Parts 19 to 29, Plan 62R18877. *17575-0095*
23. Instrument No. WE726842, registered November 12, 2010, is a development agreement between U.S. Steel Canada Inc., Max Aicher (North America) Inc. and City of Hamilton *17575-0126, 17575-0127*
24. Instrument No. WE735573, registered December 23, 2010, is a Land Registrar's order correcting the legal description. *17575-0095*
25. Instrument No. WE851698, registered August 22, 2012, is a Transfer of Easement in favour of Air Liquide Canada Inc. *17575-0095, 17575-0126*
26. Instrument No. WE883559, registered February 15, 2013, is a Transfer of Easement in favour of Hamilton Port Authority. *17575-0126*

LAKE ERIE LANDS

Haldimand Land Titles Office (No. 18)

1. Instrument No. W21573, registered May 16, 1941, is an easement in favour of The Hydro-Electric Power Commission of Ontario over Part of Lot 2 Concession 1). *328249-0114*
2. Instrument No. HC238048, registered February 12, 1998 is a notice of claim registered by Ontario Hydro re Instrument No. W21573. *38249-0114*
3. Instrument No. HC38351, registered June 9, 1959 is a Grant of Easement in favour of Union Gas Limited over Part of Lot 2 Concession 1 designated as Part 17 on 18R-6313. *38249-0114*
4. Instrument No. HC38352, registered June 9, 1959 is a Grant of Easement in favour of Union Gas Limited over Part of Lot 1 Concession 1 designated as Parts 15 and 16 on 18R-6313. *38249-0114*
5. Instrument No. HC245009, registered April 27, 1999, is a Notice of Claim re Instrument Nos. HC38351 and HC38252. *38249-0114*

6. Instrument No. HC63908, registered February 1, 1967, is a notice of subdivision control by-law. 38249-0114, 38249-0161, 38249-0173, 38249-0174, 38249-0176, 38249-0178, 38249-0172, 38249-0118, 38249-0053, 38248-0389, 38248-0390, 38249-0124, 38249-0407, 38249-0387, 38249-0395, 38249-0402
7. Instrument No. HC64973, registered May 15, 1967, is a notice of subdivision control by-law. 38249-0114, 38249-0161, 38249-0173, 38249-0174, 38249-0176, 38249-0178, 38249-0172, 38249-0118, 38249-0053, 38248-0389, 38248-0390, 38249-0124, 38249-0407, 38249-0387, 38249-0395, 38249-0402
8. Instrument No. HC65543Z, registered June 30, 1967, is a transfer containing restrictive covenants and agreement as to use. 38249-0172
9. Instrument No. HC70790 registered September 30, 1968, is a transfer containing easements. 38248-0389
10. Instrument No. HC71118, registered September 30, 1968, is a transfer containing easements. 38248-0389
11. Instrument No. HC77197, registered January 27, 1970, is an assignment by Glenn Charles Reicheld and Frederick Wilmer Reicheld, cob as Jarvis Hereford Farms, as assignor, to Glenfred Gas Wells Limited, as assignee, of the leases noted in Schedule “A”, including the lease registered as Instrument No. 77021 being an oil and gas lease in favour of F.W.Reicheld/Jarvis Hereford Farms, partially surrendered by 116745 by F.W. Reicheld. 38248-0389
12. Instrument No. HC81472, registered February 8, 1971, is an easement in favour of The Hydro Electric Commission of Ontario over Parts of Lots 1, 2 and 3 Concession 4 designated as Part 3 on 18R-4328. 38248-0389
13. Instrument No. HC107708, registered December 5, 1975 is an agreement for right of way in favour of Union Gas Limited. 38249-0173
14. Instrument No. HC116816, registered July 4, 1977, is a subdivision agreement between The Regional Municipality of Haldimand-Norfolk (“**Region of Haldimand**”), The Corporation of the City of Nanticoke (the “**City of Nanticoke**”) and The Steel Company of Canada, Limited. 38249-0114, 38249-0080, 38249-0081, 38249-0110, 38249-0058, 38249-0061, 38249-0063, 38249-0064, 38249-0066, 38249-0068, 38249-0091, 38249-0390, 38249-0391, 38249-0392, 38249-0393, 38249-0398, 38249-0118, 38248-0389, 38249-0395
15. Instrument No. HC117764Z, registered August 19, 1977, is a transfer containing building restrictions. 38249-0174
16. Instrument No. HC123573, registered August 14, 1978 is a Deed of Land containing easements in favour of the City of Nanticoke over Part of Lot 27 Plan 84 designated as Part 1 on 18R-1057, Part of Block P Plan 84 designated as Part 1 on 18R-1058; Part of

Block DD on Plan 84 designated as Part 1 on Plan 18R-1056 and reserving easements over Parts B, Q, T, Y and EE on Plan 84. 38249-0118

17. Instrument No. HC130688, registered November 23, 1979, is a Grant of Easement in favour of Her Majesty the Queen in Right of Ontario represented by the Minister of Environment over Part of Lots 4 and 5 Concession 1 designated as Parts 1 and 2 on 18R-1287. 38249-0407
18. Instrument No. HC133369, registered July 7, 1980, is a Grant of Easement in favour of Ontario Hydro over Part of Lot 37 Plan 84 Designated as Part 3 on 18R-1140, Part of Lot 36 Plan 84 Designated as Part 4 on 18R-1140, Part of Lot 34 Plan 84 Designated as Part 6 on 18R-1140, Part of Lot 33 Plan 84 Designated as Part 7 on 18R-1140, Part of Block S Plan 84 Designated as Parts 9 and 14 on 18R-1140, Lot 17 Plan 84 Designated as Part 12 on 18R-1140, Part of Lot 18 Plan 84 Designated as Part 13 on 18R-1140, Part of Lot 6 Plan 84 Designated as Part 16 on 18R-1140, Part of Block R Plan 84 Designated as Part 17 on 18R-1140, Part of Lot 5 Plan 84 Designated as Part 19 on 18R-1140, Part of Lot 4 Plan 84 Designated as Part 22 on 18R-1140, Part of Lot 2 Plan 84 Designated as Part 24 on 18R-1140, Part of Lot 1 Plan 84 Designated as Part 25 on 18R-1140, Part of Block D Plan 84 Designated as Part 27 on 18R-1140, Part of Block A Plan 84 Designated as Part 29 on 18R-1140, Part of Lot 27 Plan 84 Designated as Part 30 on 18R-1140. 38249-0081, 38249-0110, 38249-0058, 38249-0068, 38249-0091, 38249-0390, 38249-0391, 38249-0118
19. Instrument No. HC133370, registered July 7, 1980, is a Grant of Easement in favour of Ontario Hydro over Part of Lot 4 Concession 3 formerly in the Township of Walpole now Haldimand County designated as Part 1 on 18R-1141. 38249-0118
20. Instrument No. HC134096, registered September 4, 1980, is a Grant of Easement in favour of Her Majesty the Queen in Right of Ontario represented by the Minister of Environment over Parts 2, 5 and 8 on 18R-1527. 38249-0058, 38249-0063, 38249-0064, 38249-0066, 38249-0053, 38248-0389
21. Instrument No. HC250354, registered February 29, 2000, is a Minister's Transfer Order from The Ontario Clean Water Agenda to the Region of Haldimand relating to Instrument No. HC134096 and other easements. 38249-0058, 38249-0063, 38249-0064, 38249-0066, 38249-0053, 38249-0407, 38248-0389
22. Instrument No. HC137459, registered June 2, 1981, is an agreement between the Region of Haldimand, the City of Nanticoke and Stelco Inc. (relates to Instrument No. HC116816) 38249-0081
23. Instrument No. HC141769, registered July 5, 1982, is a bylaw to designate the Low—Morrow Stelco Inc. Residence located on Part Lot 4, Concession 1, former Township of Walpole as a property of historic and architectural value. 38249-0114, 38249-0173, 38249-0402
24. Instrument No. HC223177, registered August 14, 1995, is a Transfer of Easement in favour of Union Gas Limited. 38249-0114

25. Instrument No. HC223178, registered August 14, 1995, is a notice of Regulator Site Lease from Stelco Inc. in favour of Union Gas Limited, affecting Part of Lot 1 Concession 1 designated as Part 2 on 18R-4582. *38249-0114*
26. Instrument No. HC226859, is a transfer containing easements. *38249-01736, 38249-0174, 38249-0196*
27. Instrument No. HC225835, registered February 13, 1996, is a Transfer of Easement in favour of Union Gas Limited over Part of Block FF Plan 84 designated as Part 3 on 18R-4641. *38249-0114, 38249-0393, 38249-0395*
28. Instrument No. HC225836, registered February 13, 1996, is a Transfer of Easement in favour of Union Gas Limited. over Parts 1 to 6, 18R-4642 & Parts 1, 2 and 6, 18R-4641. *38249-0393, 38249-0118, 38249-0395*
29. Instrument No. HC225922, registered February 20, 1996 is a notice of lease from Stelco Inc. in favour of Union Gas Limited, over Part of Lot 3 Concession 3 Designated as Part 8 on 18R-4641. *38249-0114*
30. Instrument No. HC232673, registered April 8, 1997, is a Transfer of Easement in favour of Union Gas Limited over Part 1, 18R4731. *38249-0114*
31. Instrument No. HC232674, registered April 8, 1997, is a Transfer of Easement in favour of Union Gas Limited over Part 3, 18R4731. *38249-0114*
32. Instrument No. HC238834, registered April 7, 1998 is a Transfer of Easement in favour of ESM Metallurgical Products Inc. over Part of Block E Plan 84 designated as Parts 1 and 2 on 18R-4846. *38249-0393*
33. Instrument No. HC293542, registered April 3, 2006, is a Transfer of Land with easements (see CH11066 re merging of easement). *38249-0173, 38249-0196, 38249-0178*
34. Instrument No. HC245795, registered June 9, 1999, is a Notice of Lease between Stelco Inc. and Air Products Canada Ltd. affecting Part of Lot 1 Concession 1 designated as Part 1 on 18R-5252. *38249-0114*
35. Instrument No. HC253492, registered September 1, 2000, is a transfer containing an interest to reside in favour of transferor for a period of 21 years less one day. *38249-0174*
36. Instrument No. HC258356, registered July 9, 2001 is a deposit with funeral director's statement and affidavit attached. *38249-0172*
37. Instrument No. HC261610, registered January 23, 2002, is an assignment of easements from Hydro One Networks Inc. to Haldimand County Hydro Inc. *38249-0114, 38249-0387*

38. Instrument No. HC269844, registered April 3, 2003, is a Notice of Lease between Stelco Inc., as landlord, and St. Marys Cement Inc. Canada, as tenant, affecting Part of Lot 1 Concession 1 Designated as Part 1 on 18R-5894. *38249-0114*
39. Instrument No. HC276132, registered February 12, 2004, is a deposit containing a death certificate. *38249-0172*
40. Instrument No. CH8017, registered May 20, 2008 is a Land Registrar's Order to add transfer HC282012 and charge HC282013 (now deleted). *38249-0172*
41. Instrument No. CH11066, registered September 17, 2008 is an Application General by Lake Erie Steel GP Inc. re merging of easement in HC226859 (parcel thirteen) and to amend thumbnail description in 38249-0173. *38249-0173*
42. Instrument No. CH11370, registered September 26, 2008 is a Land Registrar's order (amend transferees name to U.S. Steel Canada Inc. and the owner's field). *38249-0058, 38249-0061, 38249-0063, 38249-0064, 38249-0066, 38249-0068, 38249-0091, 38249-0390, 38249-0391, 38249-0392, 38249-0393, 38249-0398, 38249-0118, 38249-0053, 38248-0389, 38248-0390, 38249-0124*
43. Instrument No. CH50242, registered December 9, 2013, is a transmission application for estate trustee, Terry Dana Winder. *38249-0172*
44. Instrument No. CH55551, registered October 9, 2014 is an application to change name owner. *38249-0080, 38249-0081, 38249-0110*
45. Instrument No. CH62814, registered October 29, 2015 is a transmission by personal representative relating to Patricia Joyce Lowry. *38249-0172*
46. Pipeline easement to be granted by U.S. Steel Canada Inc. in favour of Union Gas Limited. *38249-0393*

Haldimand Registry Office (No. 18)

Leasehold Lands – PIN 38250-0240

1. Instrument No. HC64064, registered February 17, 1967, is an order of The Ontario Municipal Board relating to boundaries of The Corporation of the Township of Walpole.
2. Instrument No. HC107123, registered November 3, 1975, is water lot lease 3238 between The Minister of Natural Resources, as lessor, and The Steel Company of Canada Limited, as lessee.
3. Instrument No. HC226859, registered April 30, 1996, is a Transfer of Land from Stelco Inc., as transferor, to Lake Erie Steel Company Ltd., as transferee including this Crown Lease.

4. Instrument No. HC242019, registered October 1, 1998 is a notice of security interest filed by ESM II Inc., Inc., as secured party, relating to a Station Agreement for the Transfer Ladle Desulphurization Station.
5. Instrument No. HC256562, registered March 20, 2001, is a notice of security interest filed by the Bank of Montreal, as secured party, relating to a security agreement dated January 31, 2001 with 1349028 Ontario Limited, as debtor securing an interest in the bulk material handling and vessel loading facility erected and operated by the debtor.

Norfolk Registry Office (No. 37)

1. Instrument No. NR419076, registered November 2, 1983, is a provisional certificate of approval for a waste disposal site under the Environmental Protection Act. 50259-0281, 50259-0289
2. Instrument No. NR427471, registered April 25, 1985, is a provisional certificate of approval for a waste disposal site under the Environmental Protection Act. 50259-0281
3. Instrument No. NR545347, registered March 3, 2000, assigns Instrument No. NR400118 (being a Transfer of Easement in favour of Her Majesty the Queen) being a Minister's transfer order in favour of Region of Haldimand relating to Haldimand-Norfolk Water Treatment Plant and Distribution System. 50258-0194
4. Instrument No. NK13312, registered May 26, 2008 is a Land Registrar's Order (amending t/w description to Part Lot23 & 24, Concession 2 Woodhouse). 50259-0281
5. Instrument No. NK13703, registered June 3, 2008 is a Land Registrar's Order (amending owners' name to read as in NR599374). 50259-0289, 50258-0194, 50258-0175
6. Instrument No. NK14295, registered June 20, 2008 is an Application General to amend owners' name to Lake Erie Land GP Inc. 50259-0289, 50258-0194, 50258-0175
7. Instrument No. NK16404, registered August 25, 2008 is an Application General by Lake Erie Steel GP Inc. to amend owner's name by removing Lake Erie Steel Limited Partnership. 50259-0281
8. Instrument No. NK17675, registered September 30, 2008 is a Land Registrar's Order (amending t/n, amending owner's names, amending remarks). 50259-0281, 50259-0289, 50258-0194, 50258-0175
9. Instrument No. NK24278, registered June 1, 2009, is an Application for Absolute Title. 50259-0289
10. Instrument No. NK47730, registered November 7, 2011 is a certificate by the Director Appointed under S.5 of the Environmental Protection Act regarding S.197 (2) of the Act. 50259-0281, 50259-0289

11. Instrument No. NK52602, registered May 16, 2012 is a Transfer of Easement favour of Haldimand County Hydro Inc. 50259-0301, 50259-0302, 50259-0303, 50259-0304, 50259-0305, 50259-0307
12. Instrument No. NK59411, registered February 7, 2013 is a certificate by the Director Appointed under S.5 of the Environmental Protection Act regarding S.197 (2) of the Act (Part 1 on 37R2787). 50259-0281
13. Instrument No. NK66761, registered November 25, 2013 is an Application for Absolute Title (NK30087, NK60562). 50259-0301, 50259-0302, 50259-0303, 50259-0304, 50259-0305, 50259-0307
14. Instrument No. NK71750, registered July 10, 2014 is an Application for Absolute Title. 50258-0194, 50258-0175
15. Instrument No. NK92514, registered September 1, 2016 is an Application General to transfer the easement in Instrument No. NK52602 from Haldimand County Hydro Inc. to Hydro One Networks Inc. 50259-0301, 50259-0302, 50259-0303, 50259-0304, 50259-0305, 50259-0307

SCHEDULE D LEASE TERM SHEET

Capitalized terms used herein and not otherwise defined shall have the meaning in the Plan to which this Lease Term Sheet is attached.

The following describes the proposed high level terms for a) a lease agreement in respect of the LEW Lands (the “**LEW Lease**”); and (b) a lease agreement in respect of the HW Lands (the “**HW Lease**”).

Unless otherwise specified, all dollars referred to herein are Canadian dollars.

The Corporation shall enter into long term lease agreements with the Land Vehicle. The lease terms shall include:

1. The Corporation will lease up to 300 acres of the HW Lands in the HW Lease and up to 2,200 acres of the LEW Lands in the LEW Lease with the boundaries of each of such leased areas to be continuous and acceptable to the Corporation and the Province (the “**Leased Lands**”).
2. Lease term in each lease of 21 years less a day. Once Planning Act Consent has been obtained, the term of each lease will be 25 years with lessee rights to extend for 10 year renewal periods.
3. Initial annual triple net rent of \$17,000 per acre on the leased portion of the HW Lands in the HW Lease and \$1,000 per acre on the leased portion of the LEW Lands in the LEW Lease, escalating annually at the consumer price index for inflation in Canada, with a minimum annual escalation of zero.
4. In addition to the rent amounts referred to in paragraph 3 above, the Corporation shall be responsible for paying its *pro rata* share (based upon ground area) of the common costs of the HW Lands and the LEW Lands (including security, maintenance of common facilities such as roads, jointly used power and lighting, snow removal, etc.).
5. The rent referred to in paragraph 3 and the other amounts referred to in paragraph 4 above shall be paid monthly in advance.
6. The lease agreements will contain usual provisions with respect to the lessee’s obligations to comply with law and other matters, without duplication of or conflict with the agreement that the Corporation proposes to enter into with the MOECC with respect to environmental matters.
7. The Corporation and the Land Vehicle shall enter into mutually satisfactory arrangements with respect to the costs required to sever the Corporation’s operating facilities on the leased lands from the common utilities of the HW Lands and the LEW Lands. The Corporation and the Land Vehicle shall negotiate in good faith agreements whereby utilities and other jointly required assets might be shared in a cost-effective manner.

8. The Corporation and the Province will work together in good faith to seek a reduction in the property taxes payable on the HW Lands and the LEW Lands. It is acknowledged and understood that the determination of the taxes payable on such lands is within the jurisdiction of the applicable municipal taxation authorities and is not determined by the Province. It is a condition precedent to the Transaction in favour of the Plan Sponsor that the Plan Sponsor is satisfied with the quantum of property taxes payable by the Corporation on the portion of the HW Lands and the LEW Lands leased by the Corporation. It is a condition precedent to the Transaction in favour of the Province that the Province is satisfied with the quantum of property taxes payable by the Corporation on the portion of the HW Lands and the LEW Lands leased by the Corporation and the quantum of the property taxes payable by the Land Vehicle on the portion of such lands that is not leased by the Corporation.

Alternative lease payment structure:

9. In the event that the Corporation does not wish to make a fixed triple net rent payment for the lands as contemplated in paragraph 3 above, it shall have the option at the commencement of the lease to elect to pay “percentage rent” on a triple net basis based on the total third party revenues of the Corporation in lieu of the triple net rental rate specified in paragraph 3 above. Such percentage rent shall be calculated as a percentage of the Corporation’s annual third party revenue. Rent shall be paid monthly in advance on an estimated basis with adjustments made annually upon receipt of the annual audited financial statements of the Corporation.
10. The relevant percentage rent shall be 0.0% for the first two years after the Plan Implementation Date, 0.2% for year three, 0.4% for year four and 0.6% for each year thereafter. Rent will be payable only if the total third party revenue of the Corporation exceeds US\$1 billion in a given year.
11. The Corporation shall be entitled to assign each lease to a third-party purchaser of all or substantially all of its assets, provided that such purchaser provides substantially similar terms and conditions and provided that the revenues of the purchaser can be determined with the same degree of confidence as for the Corporation.

SCHEDULE E OPEB TERM SHEET

Capitalized terms used herein and not otherwise defined shall have the meaning in the Plan to which this OPEB Term Sheet is attached or the Land Term Sheet.

The following describes the proposed terms concerning OPEBs for USSC retirees and others entitled to such benefits under post-employment benefit plans of the Corporation. This document describes proposed arrangements to fund OPEBs following the completion of a Transaction.

Unless otherwise specified, all dollars referred to herein are Canadian dollars.

Application of Agreement

1. The arrangements described herein apply to fund OPEBs following the Plan Implementation Date.

OPEB Entities

2. In connection with a Transaction, entities satisfactory to the USW, the Province and Representative Counsel shall be established for the purpose of receiving, holding and distributing funds on account of OPEBs (the “**OPEB Entities**”). The OPEB Entities shall be established, and shall receive, hold and distribute funds, in a tax efficient manner acceptable to the Province, the Plan Sponsor, the USW and Representative Counsel.

OPEBs to be Provided on Completion of the Transaction

3. The documentation relating to and governing each of the OPEB Entities shall set out the type and level of OPEBs to be provided from time to time.

Annual Funding of the OPEBs

4. Following completion of the Transaction, the Corporation shall make or cause to be made annual contributions to the OPEB Entities in respect of OPEBs as follows (the “**OPEB Fixed Contribution**”):
 - (a) \$15 million in the aggregate, pro-rated for 2017; and
 - (b) 6.5% of the Corporation’s Free Cash Flow (as defined in Exhibit A to this OPEB Term Sheet) to a maximum annual amount of \$11 million (the “**OPEB Free Cash Flow Contribution**” and, together with the OPEB Fixed Contribution, the “**OPEB Contributions**”). The OPEB Free Cash Flow Contribution shall be payable annually within 15 days of receipt of the Corporation’s audited annual financial statements.

The OPEB Contributions do not include any additional amounts in excess of \$20 million payable by the Corporation in respect of OPEBs for USW Local Union 8782 (the “**8782 OPEBs**”) for the first five years following the Plan Implementation Date (any additional amount in excess of \$20 million for the first five years being referred to as the “**Excess 8782 Amount**”). The Excess 8782 Amount, if any, payable by the Corporation to the OPEB Entity from which the 8782 OPEBs are payable shall be paid by May 31, 2022. If the aggregate of the 8782 OPEBs paid during the first five years following the Plan Implementation Date is less than \$20 million, the OPEB Entity from which the 8782 OPEBs are payable shall pay that difference to the Province concurrently with the maturity of the Provincial OPEB Loan (as defined below).

The annual amount of the OPEB Fixed Contribution shall be payable in equal pro-rated monthly installments on the last day of each month. The OPEB Fixed Contribution and the OPEB Free Cash Flow Contribution shall be unsecured, contractual obligations of the Corporation that rank not lower than other unsecured obligations of the Corporation. Notwithstanding anything to the contrary in the Pension Term Sheet or this OPEB Term Sheet, the amount of the OPEB Fixed Contribution shall be subject to adjustment in the five years following an Advance OPEB Payment (as defined below) based on the amortization of the Advance OPEB Payment in paragraph 5 below.

For greater certainty, with the exception of the year in which the Advance OPEB Payment is paid to the OPEB Entities, the maximum annual amount paid by the Corporation to the OPEB Entities shall be no greater than the sum of the OPEB Fixed Contribution, the OPEB Free Cash Flow Contribution and the Excess 8782 Amount.

Advance OPEB Payment

5. The Corporation shall make a payment to the OPEB Entities of \$30 million (the “**Advance OPEB Payment**”), which amount shall be paid on the earlier of (i) the date on which the Corporation first pays any dividend, redeems any capital stock or otherwise directly or indirectly makes any distribution to the Plan Sponsor or its affiliates, investors or funds; and (ii) the date that is three years following the closing of the Transaction. The benefit of the Advance OPEB Payment shall be amortized over the period continuing from the fourth year through the ninth year following the Plan Implementation Date such that, notwithstanding anything to the contrary in section 3(a) hereof, the OPEB Fixed Contribution owed by the Corporation to the OPEB Entities shall be: (A) \$12 million per year in the fourth and fifth years following the Plan Implementation Date; (B) \$9 million per year in the sixth, seventh, eighth and ninth years following the Plan Implementation Date; and (C) \$15 million per year in the tenth year following the Plan Implementation Date and thereafter. The OPEB Entities shall apply \$15 million from the Advance OPEB Payment to the payment of OPEBs in each of the fourth and fifth years following the Plan Implementation Date.

Provincial Loan

6. The Province shall provide an interest-free secured reducing, non-revolving line of credit to the OPEB Entities for the sole purpose of providing the OPEB Entities with cash to

fund OPEBs (the “**Provincial OPEB Loan**”). Pursuant to the Provincial OPEB Loan, the OPEB Entities shall be entitled to borrow up to a maximum aggregate amount of \$66 million. The OPEB Entities shall be permitted to make annual draws under the Provincial OPEB Loan in the following annual maximum amounts:

- (a) in the first, second and third years following the Plan Implementation Date, an amount of up to \$18 million; and
- (b) in the fourth and fifth years following the Plan Implementation Date, an amount of up to \$6 million.

Each draw under the Provincial OPEB Loan shall correspondingly reduce the total availability under the Provincial OPEB Loan.

- 7. The Provincial OPEB Loan shall mature and be repaid by the OPEB Entities no later than six years from the Plan Implementation Date. The Provincial OPEB Loan shall be secured by a first charge on (i) the Lands, (ii) the Land Proceeds, (iii) the OPEB Entities’ entitlement to the OPEB Free Cash Flow Contribution, (iv) the OPEB Remaining Share (as defined in the Land Term Sheet) and (v) the Pension Remaining Share (as defined in the Land Term Sheet).
- 8. Until the Provincial OPEB Loan and the Provincial Land Vehicle Loan have been repaid in full and discharged:
 - (a) the OPEB Free Cash Flow Contribution will be paid directly to the Province as follows: (i) first to repay amounts outstanding under the Provincial OPEB Loan; (ii) second to repay amounts outstanding under the Provincial Land Vehicle Loan; and (iii) third if all amounts outstanding under the Provincial OPEB Loan and the Provincial Land Vehicle Loan have been repaid but there is additional availability under such loans, the OPEB Free Cash Flow Contribution will be paid to the Province and held as security for future advances under such loans up to the maximum amount of the additional availability under such loans; and
 - (b) Land Proceeds will be applied in the manner described in paragraphs 10, 11 and 15 of the Land Term Sheet.
- 9. The payment of the Land Proceeds on account of the Provincial OPEB Loan pursuant to section 8(b) hereof shall occur and be accounted for in accordance with the following schedule of payments:
 - (a) first, by payment of any OPEB Land Proceeds to the Province;
 - (b) second, by payment of any Pension Land Proceeds to the Province.
- 10. If any amount of the Provincial OPEB Loan remains outstanding at the time of any payment of the OPEB Remaining Share or the Pension Remaining Share, the OPEB Remaining Share and the Pension Remaining Share shall be paid to the Province in

reduction of such outstanding amount in accordance with the following schedule of payments:

- (a) first, by payment of the OPEB Remaining Share to the Province; and
- (b) second by payment of the Pension Remaining Share to the Province.

11. In the event that (i) all or any portion of the Pension Land Proceeds are applied to repay the Provincial OPEB Loan in accordance with paragraph 8(b) (the “**Pension Land Proceeds Repayment Amount**”) and (ii) a portion of the OPEB Remaining Share remains available after the Provincial OPEB Loan has been repaid in full and discharged, a portion of the remaining OPEB Remaining Share equal to the lesser of (a) the Pension Land Proceeds Repayment Amount and (b) the remaining OPEB Remaining Share, shall be paid to the Stelco Plans (as defined in the Pension Term Sheet).

Allocation of Contributions to the OPEB Entities

The annual contributions⁺ made to the OPEB Entities shall be allocated as follows for the first five years following the completion of the Transaction:

	In respect of Local 8782 and 8782(b) retirees	In respect of Local 1005 retirees	In respect of all non-USW retirees (including Salarieds and Others [*])
Allocation of each contribution to the OPEB Entities (\$33 million total annual contribution ⁺ first 5 years)	12.12% (\$4M)	60.61% (\$20M)	27.27% (\$8M Salarieds/ \$1M ¹ Others [*])

+ Including draws on the Provincial OPEB Loan

* Pensions/ survivors of Stelpipe and Welland

¹ Amount fixed for first five years.

EXHIBIT A - FREE CASH FLOW

References to USSC's "**Free Cash Flow**" mean the following:

- A. Consolidated net income after tax, before free cash flow sweep
- plus/minus**
- B. All non-cash charges/credits (e.g. depreciation, deferred tax, etc.) included in the calculation of A above
- plus/minus**
- C. Changes in working capital in the year
- less**
- D. Capital expenditures incurred in the course of USSC's Business in the year (net of any government grants or subsidies for capital expenditures)
- =**
- E. Free Cash Flow

Note:

A already includes deductions for all operating costs, including payments in respect of OPEBS and any labour costs, including profit-sharing. However, A is calculated before the calculations of the Pension Free Cash Flow Contribution (as defined in the Pension Term Sheet) and the OPEB Free Cash Flow Contribution (as defined in the OPEB Funding Agreement). A is to be calculated before Tax Savings Payments (as defined in the Tax Savings Agreement) are paid or accounted for by USSC. In addition, any interest incurred by USSC on intercompany indebtedness provided by any non-arm's length party in excess of available market interest rates shall be added back to consolidated net income after tax.

In the event USSC enters into or undertakes any non-arm's length transactions that are not on a strictly cost recovery basis or that otherwise contain non-market terms the Free Cash Flow shall be adjusted to reflect such transactions.

SCHEDULE F PENSION TERM SHEET

Capitalized terms used herein and not otherwise defined shall have the meaning in the Plan to which this Pension Term Sheet is attached.

The following describes the proposed high level terms for an agreement in respect of the five registered pension plans listed on Exhibit A hereto (collectively, the “**Stelco Plans**”) of which the Corporation is the sponsor.

Unless otherwise specified, all dollars referred to herein are Canadian dollars.

Application of Agreement

1. The funding and arrangements referred to herein apply to fund the pension benefits of the retired and other former members of the Stelco Plans and their survivors and beneficiaries and active employees of Stelco for service accrued to the Plan Implementation Date.

Funding of the Stelco Plans

2. At the Plan Implementation Date, the Plan Sponsor shall pay or cause to be paid the sum of \$30 million (the “**Upfront Payment**”) to the Stelco Plans in such amounts as shall be determined by the Superintendent.
3. The Corporation will not be permitted to pay any dividend, redeem any capital stock or otherwise directly or indirectly make any distribution to its shareholders, affiliates, investors or funds (each a “**Dividend**”) unless and until the Corporation has made the following payments: (i) \$20 million to the Stelco Plans (the “**Advance Pension Payment**”) and (ii) the Advance OPEB Payment (as defined in the OPEB Term Sheet). Once the Corporation has made the Advance Pension Payment and the Advance OPEB Payment, the Corporation shall be permitted to pay Dividends in the ordinary course and in compliance with applicable law. In the event that the Corporation makes the Advance Pension Payment, the Advance Pension Payment shall be allocated to the Stelco Plans in such amounts as shall be determined by the Superintendent.
4. The Corporation shall make or cause to be made contributions of 10% of Free Cash Flow (as defined in the OPEB Term Sheet) (the “**Pension Free Cash Flow Contribution**”) to the Stelco Plans, provided that the Pension Free Cash Flow Contributions shall be subject to the following minimum amounts, which shall be paid to the Stelco Plans by the Corporation regardless of the amount of Free Cash Flow:
 - (a) in respect of 2017, a minimum contribution equal to the pro-rated portion of \$10 million based on the number of completed months between the Plan Implementation Date and December 31, 2017;

- (b) in respect of each of the four years commencing January 1, 2018, a minimum contribution of \$10 million;
- (c) in respect of each of the 15 years commencing January 1, 2022, a minimum contribution of \$15 million; and
- (d) in respect of 2037, a minimum contribution of \$10 million less the amount in paragraph 4(a), (the minimum annual contribution referred to in (a) through (d) being referred to as the “**Minimum Contribution**”).

The Pension Free Cash Flow Contribution shall commence on the Plan Implementation Date and shall be paid monthly based on the pro-rated monthly amount of the Minimum Contribution, with a reconciliation and adjustment of the amounts paid by the Corporation pursuant to the Pension Free Cash Flow Contribution and the amounts paid by Bedrock pursuant to the Bedrock Guarantee (as defined below) occurring no later than March 31 of the following year. For the year 2037, the Minimum Contribution shall be paid monthly with the last installment paid by no later than the Plan Implementation Date anniversary date. The allocation of contributions among the Stelco Plans shall be determined by the Superintendent and set out in the New Regulation (as defined below).

- 5. The Pension Free Cash Flow Contributions (including, for greater certainty the obligation to pay the Minimum Contribution) shall be an unsecured contractual obligation of the Corporation ranking equally with other unsecured obligations of the Corporation.
- 6. The maximum total contribution of the Corporation to the Stelco Plans shall be \$400 million (the “**Maximum Contribution**”) which, for greater certainty, does not include the Upfront Payment or the Carried Interest (defined below). The Corporation shall have no further obligation to make contributions to the Stelco Plans once it has made the Maximum Contribution. For greater certainty, the Corporation shall not be liable for any deficit in the Stelco Plans existing as of the Plan Implementation Date or thereafter and shall be exempt from any deficit funding obligations under Section 75 of the *Pension Benefits Act* (Ontario).

Bedrock Guarantee

- 7. Bedrock shall guarantee the Minimum Contribution as follows:
 - (a) in respect of 2017, a minimum contribution by the Corporation equal to the pro-rated portion of \$10 million based on the number of completed months between the Plan Implementation Date and December 31, 2017;
 - (b) in respect of each of the four years commencing January 1, 2018, a minimum contribution by the Corporation of \$10 million;
 - (c) in respect of each of the 15 years commencing January 1, 2022, a minimum contribution by the Corporation of \$15 million; and

- (d) in respect of 2037, a minimum contribution by the Corporation of \$10 million less the amount in paragraph 7(a).
- (the “**Bedrock Guarantee**”). However, subject to section 8 hereof, the maximum amount of contributions guaranteed is \$160 million (the “**Guaranteed Amount**”).
- 8. The Guaranteed Amount shall be reduced on a dollar for dollar basis by any:
 - (a) payment by the Corporation of an amount in excess of the Minimum Contribution payable in any year;
 - (b) payment by Bedrock under the Bedrock Guarantee;
 - (c) any payment by the Corporation made after the aggregate amount paid to the Stelco Plans exceeds \$140 million (excluding the Upfront Payment); and
 - (d) Advance Pension Payment.
- 9. The Bedrock Guarantee shall be an unsecured contractual obligation of Bedrock ranking equally with other unsecured obligations of Bedrock. The capital structure of Bedrock shall be satisfactory to the Province as at the Plan Implementation Date.
- 10. The Bedrock Guarantee shall be discharged on the earlier of:
 - (a) the payment by the Corporation and/or Bedrock of \$300 million; and
 - (b) the date on which the Guaranteed Amount has been reduced to zero.

For greater certainty, the Bedrock Guarantee shall remain in full force and effect notwithstanding any change of control of the Corporation unless the new controlling party has assumed the Bedrock Guarantee with the consent of the Province, such consent to be in the sole discretion of the Province but shall not be unreasonably withheld or delayed.

Carried Interest

- 11. On the Plan Implementation Date, Bedrock, the Corporation and the Province shall enter into a carried interest agreement (the “**Carried Interest Agreement**”) with a trust to be established for the benefit of the Stelco Plans (the “**Pension Trust**”). The terms of the Pension Trust shall be determined by the Province. The Carried Interest Agreement shall provide that the Pension Trust will receive 10% of all profits earned by Bedrock (or its investors, funds or affiliates without duplication) arising from the Corporation (the “**Carried Interest**”). Without limiting the generality of the foregoing, Carried Interest payments shall be made to the Pension Trust with respect to 10% of each distribution made by the Corporation to Bedrock (or its investors, funds or affiliates without duplication) to the extent such distributions exceed Bedrock’s equity investment in the Corporation and 10% of all profits realized by Bedrock (or its investors, funds or affiliates without duplication) from the sale of its interests in the Corporation to a third

party. In the event that Bedrock has not disposed of its entire interest in the Corporation to a third party by the date that is 10 years from the Plan Implementation Date, the Pension Trust shall be entitled at any time after such date to sell its entitlement to the Carried Interest and assign the Carried Interest Agreement to a third party (the “**Third Party**”), subject to the consent of Bedrock, which shall not be unreasonably withheld or delayed. The Plan Sponsor and the Corporation shall provide all reasonable assistance as may be requested by the Pension Trust in respect thereof, including without limitation, after signing of a reasonable and market standard confidentiality and non-disclosure agreement, the provision of relevant due diligence materials and access to Bedrock and the Corporation personnel and management. The Third Party shall have all the rights of the Pension Trust with respect to the sale of the Carried Interest, as will any party to which it sells the Carried Interest.

Stelco Plans

12. The governance structure in respect of the Stelco Plans shall be satisfactory to both Bedrock and the Province and shall include one or more advisory committees for the Stelco Plans. It is acknowledged and understood that (a) the Corporation shall not be liable for any deficit in the Stelco Plans existing as of the Plan Implementation Date or thereafter, (b) it is the intent of Bedrock that any deficit for service accrued to the Plan Implementation Date in the Stelco Plans existing as of the Plan Implementation Date or thereafter will not be recorded as a liability on the balance sheet of the Corporation and (c) the obligations of the Corporation set forth in paragraph 4 hereof are continuing obligations of the Corporation and may be recorded as a liability on the balance sheet of the Corporation.
13. For greater certainty, the Pension Benefits Guarantee Fund shall continue to apply to the Stelco Plans. The Superintendent may cause the Stelco Plans to be wound up at any time, in his discretion. Paragraphs 4 through 11 hereof shall continue to apply to the Stelco Plans in wind up.

New Regulation

14. 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 implement the arrangements agreed to herein with respect to the Stelco Plans, if all conditions are satisfied (the “**New Regulation**”).

EXHIBIT A

Stelco Plans

1. U.S. Steel Canada Inc. Retirement Plan for USW Local 8782 Members at Lake Erie Works, FSCO Registration No. 069876.
2. U. S. Steel Canada Inc. Retirement Plan for Salaried Employees at Lake Erie Works, FSCO Registration No. 0698753.
3. U. S. Steel Canada Inc. Retirement Plan for USW Local 1005 Members at Hamilton Works, FSCO Registration No. 0354878.
4. U.S. Steel Canada Inc. Retirement Plan for Salaried Employees at Hamilton Works, FSCO Registration No. 0338509.
5. U.S. Steel Canada Inc. Retirement Plan for Employees at the Pickle Line Department of Lake Erie Works, FSCO Registration No. 1206457.

SCHEDULE G TAX TERM SHEET

Capitalized terms used herein and not otherwise defined shall have the meaning in the CCAA Acquisition and Plan Sponsor Agreement to which this Tax Term Sheet is attached.

References to the “Corporation” in this Tax Term Sheet include the Corporation as restructured by the Transaction, where applicable, at which time it will be an indirect subsidiary of the Plan Sponsor.

The following describes the proposed high level terms for an agreement (the “**Tax Savings Agreement**”) in respect of the arrangements concerning the treatment of the accumulated tax losses, undepreciated capital cost and other beneficial tax attributes (and all of the foregoing types of tax attributes shall be estimated immediately following the conclusion of the Transaction and confirmed by the Corporation within a reasonable period of time thereafter) (“**Tax Attributes**”) of the Corporation in connection with the Transaction.

Unless otherwise specified, all dollars referred to herein are Canadian dollars.

1. Following implementation of the CCAA Plan, the Corporation shall have the right to derive tax savings through application of 50% of the Tax Attributes to future taxable earnings of the Corporation (“**Tax Savings**”). The remaining 50% of the Tax Attributes shall be irrevocably cancelled (the “**Cancelled Tax Attributes**”), and the cancellation of the Cancelled Tax Attributes will be implemented by way of an agreement of the Corporation not to claim the benefit of the Cancelled Tax Attributes. The Corporation will agree with the Province to take no steps or actions to apply or to seek to derive any benefit from the Cancelled Tax Attributes.
2. The Corporation shall make an annual cash payment equal to 33.5% of all Tax Savings actually realized in the most recently completed tax year (the “**Tax Savings Payment**”) to be allocated in the following manner:
 - (a) 50% of the Tax Savings Payment shall be paid to the OPEB Entities (as defined in the OPEB Term Sheet); and
 - (b) 50% of the Tax Savings Payment shall be paid to the Stelco Plans (as defined in the Pension Term Sheet) (and allocated in such amounts as shall be directed by the Superintendent in his sole discretion).
3. The Tax Savings in any given tax year shall be calculated as follows: (i) the amount of Tax Attributes used, applied, deducted or claimed in that tax year as recorded on the T2 – Corporate Tax Return of the Corporation that is filed by the Corporation for the respective tax year, subject to the terms of the Tax Savings Agreement, multiplied by (ii) Corporation’s combined Canadian statutory tax rate for that year, provided that in the event there is a Notice of Re-Assessment issued or the T2 Corporate Tax Return is otherwise amended with the result that the amount of Tax Attributes recorded on the T2 Corporate Tax Return as initially filed by the Corporation is revised, the Tax Savings shall be re-calculated using the amount of Tax Attributes used in the Notice of Re-

Assessment or the amended T2 Corporate Tax Return, subject to the terms of the Tax Savings Agreement.

4. In respect of each tax year, the Corporation shall deliver an officer's certificate (the "**Officer's Certificate**") setting out the calculation of the Tax Savings Payment in accordance with the Tax Savings Agreement following receipt of a Notice of Assessment in respect of that tax year. The Corporation shall make its annual Tax Savings Payment for a given tax year within thirty days of the delivery of the Officer's Certificate. In the event there is a Notice of Re-Assessment issued or the T2 Corporate Tax Return is otherwise amended with the result that the amount of Tax Attributes recorded on the T2 Corporate Tax Return as initially filed by the Corporation is revised, the Tax Savings Payment shall be re-calculated using the amount of Tax Attributes used in the Notice of Re-Assessment or the amended T2 Corporate Tax Return, subject to the terms of the Tax Savings Agreement.
5. For greater certainty, it is acknowledged and understood that the use of the Tax Attributes as contemplated in this term sheet are not conditions to the completion of the Transaction.

SCHEDULE H
USS SECURED CLAIMS

Claim Category	Principal Amount	Accrued Interest			Cumulative balance as at March 31, 2017 (Principal Amount plus Accrued Interest)	Per Diem From April 1 - April 30, 2017	Per Diem From May 1 - September 30 2017
		Pre-filing Accrued Interest	Post-filing interest to December 31, 2016	Post-filing interest January 1 to March 31, 2017			
Loan Under the Third Amended and Restated Loan Agreement	\$71,000,000	\$1,938,390	\$5,768,158	\$655,268	\$79,361,816	\$7,281	\$7,403
Cliffs Iron Ore Transaction	\$14,538,463	N/A	\$425,121	\$45,712	\$15,009,296	\$508	\$508
LRD Trade Claim	\$31,252,193	N/A	\$931,658	\$100,178	\$32,284,029	\$1,113	\$1,113
Total	\$116,790,656	\$1,938,390	\$7,124,937	\$801,158	\$126,655,141	\$8,902	\$9,024

*All amounts in USD as at February 3, 2017

Schedule I

USS Indemnity Release Conditions

1. The Corporation will have provided an indemnity in favour of each of the individuals or their estate, as the case may be (the “**USS Contractually Indemnified Individuals**”) who are or were directors and/or officers of the Corporation and who have the benefit of a contractual indemnity granted by USS as of the Filing Date (the “**Existing USS Indemnities**”), effective from and after the Effective Date, on substantially the same terms as the Existing USS Indemnities to the extent permitted by Applicable Law.
2. The Plan Sponsor will have arranged for one or more other parties acceptable to the USS Contractually Indemnified Individuals in their discretion (having regard to, among other things, creditworthiness) to have provided indemnities in favour of the USS Contractually Indemnified Individuals, effective from and after the Effective Date, on substantially the same terms as the Existing USS Indemnities or other terms acceptable to the USS Contractually Indemnified Individuals.
3. Arrangements satisfactory to the Corporation and the USS Contractually Indemnified Individuals will have been made for the continuation of insurance coverage for the Directors and employees of the Corporation under existing insurance policies maintained by or on behalf of the Corporation and its Affiliates (and any renewals thereof).

EXHIBIT C

LIQUIDATION ANALYSIS

1. All capitalized terms used in this Exhibit C shall have the meanings ascribed to such terms in the Information Circular unless otherwise specified.

2. On September 16, 2014, U. S. Steel Canada Inc. (“USSC” or the “**Applicant**”) applied for and was granted protection by the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”). Pursuant to an Order, as amended and restated (the “**Initial Order**”) of the Court dated September 16, 2014 (the “**Filing Date**”), Ernst & Young Inc. (“**EY**” or the “**Monitor**”) was appointed Monitor of USSC in the CCAA proceeding.

3. If USSC is unable to implement the CCAA Plan and the stay of proceedings granted by the Court in the Initial Order is terminated, a large portion of the Applicant’s obligations (as further detailed in Exhibit D), would become due and owing, or would have to be paid by the Applicant when due. The Applicant would not have sufficient financial resources to meet the obligations. Accordingly, it is the Monitor’s view that this would possibly result in an application by USSC, or its creditors, under the CCAA, the *Bankruptcy and Insolvency Act* (Canada) or other statutes to allow the Applicant or its creditors to realize upon USSC’s assets and its operations (the “**Assets**”) for the general benefit of its creditors or otherwise disposing of USSC’s assets pursuant to an orderly or immediate liquidation. It is possible that in this context, the Applicant could be sold on a going concern operating basis, although the Applicant has already undertaken two sale processes in the CCAA proceedings, and based on the result of these processes, it is not clear whether a going concern en bloc sale of the Applicant’s operations as a whole would be feasible.

4. The Monitor, with the assistance of the Applicant, has prepared an illustrative estimate of the net realizable value of the Assets assuming liquidation proceedings, based on the assets and liabilities as they appear in USSC’s financial records as at November 30, 2016 (but rolled forward to take into account USSC’s projected cash flow as at March 31, 2017). The illustrative estimate of the realization value is referred to herein as the “**Liquidation Analysis**”.

5. The Liquidation Analysis has been prepared assuming hypothetical scenarios in which the Assets are realized upon and the net proceeds are distributed to creditors in accordance with their assumed respective priorities. The reader is cautioned that the Liquidation Analysis recoveries assume that the Court’s determination of the secured and unsecured claims of USSC is upheld by the Court of Appeal for Ontario and that there is no successful challenge to the priority of its secured claim by, among others, current or former employees of USSC. To the extent that either or both of these assumptions do not occur, there could be a material variance in terms of both timing and net recoveries from the amounts set forth in the Liquidation Analysis. In preparing this illustrative liquidation analysis and making comments herein, the Monitor has been provided with, and has relied upon, unaudited financial information, books and records and financial information prepared by USSC, and upon discussions with management of USSC (“**Management**”) and further discussions with USSC’s advisors (collectively, the “**Information**”). Except as described in this illustrative liquidation analysis: (a) the Monitor has reviewed the Information for reasonableness, internal consistency and use in the context in which it was provided. However, the Monitor has not audited or otherwise attempted to verify the accuracy or completeness of the Information in a manner that would wholly or partially comply with Generally Accepted Assurance Standards (“**GAAS**”) pursuant to the Chartered Professional Accountants Canada Handbook and, accordingly, the Monitor expresses no opinion or other form of assurance contemplated under GAAS in respect of the Information; and (b) to the extent any of the information referred to in this illustrative liquidation analysis consists of forecasts and projections, an examination or review of the financial forecasts and projections, as outlined in the Chartered Professional Accountants Canada Handbook, has not been

performed. Future oriented financial information referred to in this illustrative liquidation analysis was prepared based on Management's estimates and assumptions. Underlying the Liquidation Analysis are a number of estimates and assumptions that are subject to significant contingencies and uncertainties, including many that would be beyond the control of the Applicant or any stakeholder. Each prospective user must rely on its own inspection and investigation as to the estimated liquidation value of the Assets and no representations or warranties are made by the Monitor in respect of any such matters. Accordingly, there can be no assurance that the values assumed in the Liquidation Analysis would be achieved if the Assets were, in fact, subject to realization. In addition, any realization that would be undertaken would necessarily take place in the future and under circumstances, including future steel product market conditions, which cannot be presently predicted with certainty. Furthermore, while the Liquidation Analysis is necessarily presented with numerical specificity, if the Assets were in fact realized upon, the actual proceeds of realization would vary from the amounts set out below. Such actual proceeds of realization could be materially lower or higher than the amounts set forth below and no representation or warranty can be or is being made with respect to the actual proceeds that could be achieved in such realization proceedings. The Liquidation Analysis has been prepared solely for purposes of illustrating the estimated proceeds available from the hypothetical realization of the Assets and the estimated values contained therein do not represent values that may be appropriate for any other purpose. Nothing contained in the Liquidation Analysis is intended or may constitute a concession or admission of the Applicant for any other purpose.

6. The principal assumptions used in the Liquidation Analysis are outlined below.

Basis of Presentation

7. The Liquidation Analysis is based on the unaudited book values of USSC as at November 30, 2016 which the Monitor, with the assistance of Management, rolled forward to March 31, 2017 (the "**Outside Closing Date**"). The estimated book values used in the Liquidation Analysis as of March 31, 2017 are based upon Management's projected financial results from November 30, 2016 to March 31, 2017 and changes to working capital such as cash, accounts receivable, accounts payable and inventory during that period. Unless otherwise stated, these book values are assumed to be representative of the assets and liabilities as at the commencement of the realization.

Nature and Timing of the Realization Process

8. The Liquidation Analysis presents two hypothetical liquidation scenarios of USSC's assets. The first scenario is prepared on the basis of a "hard stop" of operations at March 31, 2017 (the "**Immediate Liquidation Scenario**"). This option would result in USSC immediately halting all operations, terminating arrangements for the supply of any raw material inputs and liquidating its assets (both working capital and property, plant and equipment assets) over a period of 4 to 15 months. This option would involve the termination of the bulk of USSC's employees, with the only remaining staff retained being those necessary to safeguard the properties and complete necessary administrative tasks.

9. The second liquidation scenario assumes that USSC will convert raw materials on hand at March 31, 2017 to finished steel and then sell the finished product for cash proceeds (the "**Orderly Liquidation Scenario**"). Once on-hand raw materials are consumed, USSC would commence a liquidation process of its remaining assets. It is assumed that production would last approximately two months, after which time the liquidation would commence.

10. Each of the Immediate Liquidation and Orderly Liquidation scenarios include a "**Low recovery**" and "**High recovery**" range of outcomes.

11. It is assumed in both cases that the liquidation would be undertaken within the current CCAA proceeding, and that all post-filing liabilities would be paid, as would all accrued but unpaid amounts due to employees for services provided during the CCAA proceeding (including wages, pre-retirement leave and vacation pay). However, it is also assumed that the payments stayed pursuant to the order dated October 9, 2015 (the “**Cash Conservation and Business Preservation Order**”) would remain stayed and no payment on account of such obligations would be made in either liquidation scenario.

12. No provision has been made with respect to the Administration Charge or D&O Charge provided for in the CCAA Initial Order. Similarly no specific provision has been made for the Critical Supplier Charge granted to USS pursuant to the Transition Arrangements Approval Order dated October 28, 2015 as the Liquidation Analysis assumes all USS post-filing obligations, as well as all other post filing supplier obligations, are paid in full. In addition, no provision has been made in this analysis in the event there are environmental remediation costs and the Ministry of the Environment and Climate Change asserts priority over all existing secured creditors in respect of building and equipment proceeds. Given the age and nature of the integrated steelmaking operations previously performed at Hamilton Works, it is possible that the magnitude of these liabilities may materially impact the recoveries of other unsecured creditors in any realization scenario by substantially increasing the total amount of estimated unsecured claims.

13. The illustrative estimate recovery for creditors from the net realizable value of the Assets in the Liquidation Analysis is based on the claims filed pursuant to the Claims Process Order issued previous in the CCAA proceeding and an estimate of claims yet to be filed pursuant to the Supplementary Claims Process Order issued on March 15, 2017 . It is also assumed that in the event of a closure of the operations of USSC, additional claims such as termination and severance claims for the approximately 2,200 current employees, claims in respect of the pension plan solvency deficits and current and future obligations owed with respect to OPEB plans, and other claims, which may arise as a result of the liquidation of the Assets, will share with the unsecured creditors on a pro rata basis. The total estimated claims pool is outlined in the table in Exhibit E.

Estimated Realization Proceeds

14. Based on the assumptions underlying the Liquidation Analysis, the Monitor has prepared illustrative estimates of the net realizable value of the Assets for the benefit of the unsecured creditors, net of the repayment of the secured debt obligations and the payment of certain amounts which may have to be paid in priority to the unsecured creditors in accordance with the Initial Order. The range of estimates of percentage recoveries based on the four scenarios outlined above is summarized below.

Estimated at March 31, 2017			
Immediate liquidation		Orderly liquidation	
Low recovery	High recovery	Low recovery	High recovery
7.7%	10.7%	9.7%	11.4%

Illustrative percentage recoveries for unsecured creditors in a liquidation

15. The illustrative recoveries in the table above are subject to a number of assumptions (as outlined below) and any realization that would be undertaken would necessarily take place in the future and under circumstances, including future steel product market conditions, that cannot be presently predicted with certainty. Accordingly, the recovery percentages in the Liquidation Analysis are for illustrative purposes only and are subject to significant uncertainty and variation.

16. Key assumptions underlying the illustrative estimates of net realizable value of the Assets, are as follows:

- a. *Cash* - the illustrative value for Cash includes recovery at full value, for the estimated roll forward cash balance as of March, 31, 2017. Cash also includes USSC's "Restricted Cash" which reflects the current Letters of Credit and T-bills held by suppliers and are anticipated to be consumed (and therefore not recovered) in the Low recovery scenarios and returned to USSC in the High recovery scenarios. In addition, "Tubular Canada Cash" which is cash held by U. S. Steel Tubular Products Canada ("**Tubular**") (a wholly-owned subsidiary of USSC) which is assumed to be recovered at full value in the High recovery scenarios only. Tubular is not included in the USSC's legal entity financial statements, therefore, the cash has no book value in this analysis on USSC's financial statements;
- b. *Accounts Receivable* - the illustrative estimate of values of the accounts receivable in the Liquidation Analysis was based on the estimated rolled forward March 31, 2017 book value of the accounts receivable. Existing receivables would be collected, although it is assumed certain customers may attempt to reduce the amount owed to USSC through offsets (for those parties who are both customers and suppliers) or by claiming damages for unfulfilled Purchase Orders or assumed warranty claims. The set-offs for parties who are both customers and suppliers are based on current balances. Remaining receivables are assumed to be collected based on a percentage of book value stratified by the aging of accounts;
- c. *Inventory* - the illustrative estimate of the values of inventory in the Immediate Liquidation assumes USSC to cease operations at the end of March, 2017 and an immediate liquidation occurs. Under this scenario, it is assumed production would immediately cease and raw materials would be sold at discounted levels. Liquidation of inventory through the Orderly Liquidation Scenario assumes a wind-down of the Applicant's operations at the end of March, 2017 but assumes the Applicant continues to produce steel to consume all of its iron ore on hand. To do so, certain other raw materials would need to be purchased in order to produce the maximum number of coils. Net recoveries are reflective of the current steel product selling price and take into account the estimated conversion costs to turn WIP into finished goods;
- d. *Deposits and Prepayments* - since the commencement of the CCAA, it has been necessary for USSC to post deposits and prepayments with a number of vendors to secure ongoing supply of goods and services. The illustrative estimate of the values for USSC's deposits and prepaids assumes a portion of the deposits and prepayments could be recovered in a liquidation scenario;
- e. *Plant and Equipment* - the illustrative estimate of values of the property, plant and equipment are based on appraisals conducted by Ernst & Young's Capital Equipment Valuation group in two separate appraisals: one for Lake Erie Works and one for Hamilton Works. The appraisals contemplated liquidating assets in both a Low and High scenario. The Low scenarios assumes a sale of the equipment over a period of four months, while the High

scenario assumes a sale of the equipment over a period of 15 months, in order to generate a higher recovery value. The Liquidation Analysis includes estimates for Liquidator costs for the sale of the buildings and equipment including liquidator commissions and expenses. Liquidator commissions are sensitized for the Low recovery scenario and the High recovery scenario. A reserve has been estimated based on gross proceeds for equipment for the potential removal costs of certain equipment;

- f. *Land and Property Taxes* - the illustrative estimate of values of Land assumes no value has been allocated for the Hamilton Works land given potential environmental remediation costs that a purchaser would assume. As a result, any outstanding property tax related to Hamilton Works is assumed not to be paid. The value for the Lake Erie Works land has been estimated based on certain indications of interest received by unsolicited purchasers in the SARP and SISF. It is also assumed that property tax is paid to December, 2017 for Lake Erie Works in both the Low and High recovery scenarios from any sale proceeds;
- g. *Others* - the illustrative estimate of values of "Other Assets" includes items in the general ledger such as Inter-company accounts receivable (which as part of this analysis has been set off against Inter-company accounts payable) and other items such as intangibles, goodwill, deferred benefits and equity which are assumed to have no realizable value with the exception of USSC's joint ventures interests in DC Chrome and Baycoat;
- h. *Liquidation Costs* -the Liquidation Analysis includes liquidation costs which include costs associated to prepare the assets for sale through liquidation including the costs to retain a number of USSC employees to assist with the sale process (four months in the Low recovery scenario and 15 months in the High recovery scenario). The Liquidation Costs also include legal costs of the Applicant and the cost of, the Monitor and its legal counsel. It will also be necessary to pay utility costs to safeguard the assets. An estimate for insurance has also been included in the High recovery scenario, as USSC's insurance policy will need to be renewed for the longer liquidation period;
- i. *Post-filing Obligations and Priority Claims* - the Liquidation Analysis assumes all post filing obligations (including post-filing accruals) which take into account goods and services received by USSC post-filing but not yet invoiced by the vendor are paid in the normal course and certain employee and deemed trust obligations, including vacation pay, are paid in priority to unsecured creditors; and
- j. The Liquidation Analysis assumes that the secured claim of USS is paid in full. The value of the Construction lien claims have yet to be determined because certain portions of the claims relate to liens with respect to work performed at Hamilton Works, and because of the potential environmental remediation costs at that site described above, the analysis assumes the Construction Lien claims to be paid between 50% and 100% in the Low and High Scenarios, respectively.

APPENDIX A

ILLUSTRATIVE ESTIMATE OF THE NET REALIZABLE VALUE OF THE ASSETS FOR USSC

Illustrative Liquidation Analysis
As at March 31, 2017
\$CAD Millions

		Forecast Book value	Immediate liquidation		Orderly liquidation	
			Low recovery	High recovery	Low recovery	High recovery
<u>Working capital assets</u>						
Cash		\$ 235	\$ 226	\$ 247	\$ 226	\$ 247
Accounts receivable		154	101	116	123	138
Inventory		250	172	226	236	236
Deposits/prepays		48	34	38	34	38
Total working capital assets	A	687	533	627	620	659
<u>Hamilton and Lake Erie Works</u>						
Plant and equipment		689	120	137	120	137
Land		71	26	33	26	33
Property Tax			(8)	(8)	(8)	(8)
Realization Costs			(34)	(29)	(34)	(29)
Total HW and LEW PPE and Land Proceeds	B	759	105	133	105	133
<u>Other</u>						
Joint ventures and other assets		19	-	10	-	10
Inter-company and other A/R		122	-	-	-	-
Intangibles / Goodwill		53	-	-	-	-
Differed Benefits / Charges		28	-	-	-	-
Equity and other non-cash adjustments		28	-	-	-	-
Joint Ventures and other assets	C	250	-	10	-	10
Gross recoveries	D = A + B + C	1,696	638	769	724	802
<u>Liquidation costs</u>						
Holding costs (including labour)			(9)	(23)	(9)	(23)
Restructuring costs			(11)	(14)	(14)	(16)
<u>Post-filing obligations</u>						
Post-filing trade, third party			(37)	(37)	(37)	(37)
Post-filing accruals & CCAA closing costs			(74)	(74)	(74)	(74)
Penalties			(3)	(3)	(3)	(3)
HST			(3)	(3)	(3)	(3)
Accrued Payroll			(6)	(6)	(6)	(6)
<u>Priority claims</u>						
Vacation pay / Other payroll items			(20)	(20)	(20)	(20)
DIP facility			(3)	(3)	(3)	(3)
Total liquidation, post-filing payments and priority	E		(166)	(182)	(168)	(185)
Amount available to secured and unsecured creditors	F = D - E		472	587	556	617
<u>Payments to secured creditors</u>						
Total payments to secured creditors⁽¹⁾	G		(150)	(145)	(150)	(145)
Amount available for unsecured creditors	H = F - G		321	442	406	472
<u>Illustrative estimate of pre-filing unsecured creditors</u>						
Total unsecured claims	I		4,185	4,150	4,185	4,150
Illustrative recovery for unsecured creditors, as set out in the table below	J = H / I		7.7%	10.7%	9.7%	11.4%

Note 1: **USS claim** - The value of USS's secured and unsecured claims have been included in the Low and High Recovery scenarios based on the amounts determined by the Court on February 29, 2016, plus post-filing accrued interest on USS's secured claims to March 31, 2017. No consideration of a potential appeal of this decision is reflected in this analysis.

The filing date currency exchange rate has been used to convert the amounts from USD to CAD (\$1 USD = \$1.099 CAD).

EXHIBIT D

ILLUSTRATIVE ESTIMATE OF THE SUMMARY OF CLAIMS AGAINST USSC

The chart below summarizes the estimate of the potential amount of unsecured claims against the Applicant in a liquidation. The amount of unsecured claims will be finally determined through the claims processes as provided in the Claims Process Order and the Supplementary Claims Process Order as well as any future claims processes to call for additional claims not already covered by the Claims Process Order or the Supplementary Claims Process Order. As such, the amount in the table below are only preliminary estimates and are subject to change.

Summary of Estimated potential unsecured creditor claims in a liquidation process

As at March 31, 2017

\$CAD Millions

Illustrative estimate of pre-filing unsecured creditors

Claims filed in General Claims Process

Trade / Other	115	120	115	120
Province Note	150	150	150	150
Unsecured USS claim	1,992	1,992	1,992	1,992

Pension claims ⁽¹⁾

Hamilton pension - salaried	158	158	158	158
Hamilton pension - hourly	621	621	621	621
Lake Erie pension - salaried	44	44	44	44
Lake Erie pension - hourly	132	132	132	132
Lake Erie Pickle Line pension	-	-	-	-
Supplemental Pension	20	20	20	20
Total pension claims	975	975	975	975

OPEB claims ⁽¹⁾

Hamilton OPEBs - salaried	199	199	199	199
Hamilton OPEBs - hourly	484	484	484	484
Lake Erie OPEBs - salaried	29	29	29	29
Lake Erie OPEBs - hourly	92	92	92	92
Welland Pipe and Stelpipe - hourly and salaried	29	29	29	29
Total OPEB claims	833	833	833	833

Severance claims ⁽¹⁾

	120	80	120	80
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Environmental ⁽²⁾

	Unknown	Unknown	Unknown	Unknown
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Potential contingent claims filed

	Unknown	Unknown	Unknown	Unknown
--	---------	---------	---------	---------

from the termination of pre-filing

	Unknown	Unknown	Unknown	Unknown
--	---------	---------	---------	---------

contracts ⁽²⁾

	Unknown	Unknown	Unknown	Unknown
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Estimate of total unsecured

	4,185	4,150	4,185	4,150
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Note 1: Includes estimates for Pension, OPEBs and Severance claims as at the dates described below and would likely differ as of the illustrative liquidation date. No formal claims process has been determined for any of the claim amounts at this stage.

Pensions - Amounts for registered pension are based on the solvency deficiency position of the pension plans as at December 31, 2015, (December 31, 2013 for Pickle Line) based on actuarial reports filed with the Financial Services Commissions of Ontario.

For purposes of the analysis, no deemed trust or PBGF priority claims have been assumed.

OPEBs - Values are estimated based on actuarial amounts as at December 31, 2014, as estimated by Mercer, using the accounting basis discount rate inclusive of administrative expenses and taxes.

Severance - Under the assumption that all employees are terminated either immediately (or for certain employees after the liquidation process is completed), employees will have both statutory and common law severance claims. For purposes of this analysis, USSC Human Resources has established a preliminary estimate of the potential amount range of common law severance claims.

Note 2: Given the contingent nature of these claims it is not possible to estimate the potential value of these claims at this time.

EXHIBIT E **ESTIMATED GENERAL UNSECURED CREDITOR CLAIMS POOL AND ILLUSTRATIVE RECOVERY TO THE GENERAL UNSECURED CREDITORS ("GUC") UNDER THE PLAN**

Estimated claim value (in \$ 000's)

Converted using September 16, 2014 (the Filing Date) foreign exchange rates US \$1= CA \$1.099)

As at February 10, 2017

Estimated General Unsecured Creditor Claims Pool

Filed GUC Claims ⁽¹⁾

Province Note

A

1

\$

150,695

Other Claims

B

635

110,500

Estimated Non-USW Employee GUC Claims ⁽²⁾

Est. potential other claims

C

201

36,700

Estimated Total Claims ^{(3) (4)}

D = A + B + C

837

297,895

Estimated GUC claims for distributions ⁽⁵⁾

E = B + C

836

\$ 147,200

Note 1: Claim number and estimated claim value includes claims filed pursuant to the Claims Procedure Order including accepted and disputed or unresolved claims but excludes claims disallowed in their entirety and not disputed by the claimant, claims filed by USS, lien claims, employee and retiree claims and contingent claims or "placeholder" claims with no amount specified in the proof of claim

Note 2: Potential claim values for Non USW Employee Claims entitled to distributions from GUC Pool under the Plan are estimates based on USSC's books and records. Such Claims are expected to be filed pursuant to the Supplementary Claims Process and may differ materially from this amount.

Note 3: Includes two contingent claims filed by the USW and the Province of Ontario, each with a proof of claim value "To be Determined". Therefore the proof of claim value for each of these claims is subject to change in the event that it is required to be determined.

Note 4: Total claim values include unresolved claims at various stages of resolution (unresolved and disputed claims) and are therefore subject to change.

Note 5: Under the CCAA Plan, the Province is waiving any entitlement to distributions from the GUC Pool in respect of the Province Note. Accordingly, the Province Note is not included in the estimated GUC Claims for distribution.

Illustrative Distribution to GUC Class ⁽⁶⁾

Estimated claims for distribution

E

836

\$

147,200

\$

17,000

Estimated creditors who will submit an Election Notice ⁽⁷⁾

F

530

12,500

3,000

Remaining GUC distribution pool

G = E - F

306

\$

134,700

\$

14,000

10.4%

Note 6: The value of the distribution pool for the GUC Class is estimated to be \$17 million ("GUC Pool").

Note 7: All GUC creditors with claims of less than \$7,500 entitled to distributions from the GUC Pool are automatically deemed under the Plan to have filed an Election Notice to receive the lesser of their Proven claims or \$7,500. It is also assumed creditors with a GUC claim value less than \$75,000 will file an Election Notice and elect to receive \$7,500 from the GUC Pool.

The above Illustrative Recovery Estimate for General Unsecured Creditors ("GUCs") entitled to distributions from the GUC Pool is based upon claims filed against U.S. Steel Canada Inc. ("USSC") as at February 10, 2017 and estimated Non-USW Employee GUC claims as indicated in the notes above, taking into account the treatment of such claims under the CCAA Plan. Reference should be made to the assumptions in the notes above and the assumptions and conditions set out in the CCAA Plan and the Information Circular. Actual recoveries for GUCs under the CCAA Plan may be higher or lower than the above estimated recovery depending upon the final dollar value of GUC claims entitled to distributions from the GUC Pool and the other assumptions noted above.