

**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.**

**MOTION RECORD OF THE APPLICANT**

**(Re: Sanction Order and Second Amended Plan Order)  
(Returnable June 9, 2017)**

June 7, 2017

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**Index Tab**

**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.**

**MOTION RECORD OF APPLICANT**

**(Re: Sanction Order and Second Amended Plan Order)  
(Returnable June 9, 2017)**

**INDEX**

<b>Tab No.</b>	<b>Documents</b>
1.	Notice of Motion returnable June 9, 2017
2.	Affidavit of William E. Aziz, sworn June 6, 2017
	Exhibit A – Second Amended Plan (Blackline)
	Exhibit B – Amended Plan Order
	Exhibit C – Scheduling Order of the Bankruptcy Court
	Exhibit D – Third PSA Amending Agreement
	Exhibit E – Province Support Amending Agreement
3.	Draft Second Amended Plan Order
4.	Draft Sanction Order
5.	Affidavit of William E. Aziz, sworn December 13, 2016
6.	Affidavit of William E. Aziz, sworn March 10, 2016
7.	Affidavit of William E. Aziz, sworn April 19, 2016

# Tab 1

Court File No. CV-14-10695-00CL

**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. (the "Applicant" or "USSC")**

**NOTICE OF MOTION  
(re: Sanction Order and Second Amended Plan Order)  
(Returnable June 9, 2017)**

The Applicant will make a motion before a judge presiding over the Commercial List on June 9, 2017, or as soon after that time as the motion can be heard, at Toronto, Ontario.

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

**THE MOTION IS FOR:**

- (a) an order (the "**Second Amended Plan Order**") substantially in the form of the draft Order included at Tab 3 of the Applicant's Motion Record that, among other things:
  - (i) accepts the second amended and restated plan of compromise, arrangement and reorganization of the Applicant under the *Companies' Creditors Arrangement Act* ("**CCAA**") and the *Canada Business Corporations Act* to be dated June 9, 2017 (the "**Second Amended Plan**") for filing with the Court;

- (ii) deems Proofs of Claim filed after April 17, 2017 but before May 31, 2017 as having been filed by the Claims Bar Date (as defined in the Claims Process Order dated November 13, 2014);
  - (iii) authorizes the Applicant to enter into (A) an agreement (the “**Third PSA Amending Agreement**”) that amends the CCAA acquisition and plan sponsor agreement (the “**PSA**”) dated as of December 9, 2016 between USSC, Bedrock Industries Canada LP (the “**Plan Sponsor**”, formerly Bedrock Industries Canada LLC) and Bedrock Industries L.P. (collectively with the Plan Sponsor, “**Bedrock**”), as amended, so that it incorporates and applies to the Second Amended Plan; and (B) an amended and restated support agreement (the “**Amended and Restated Province Support Agreement**”) between USSC and Her Majesty the Queen in Right of the Province of Ontario (the “**Province**”) that incorporates and applies to the Second Amended Plan; and
  - (iv) abridges the time for service of this motion and validates service;
- (b) an order (the “**Sanction Order**”) substantially in the form of the draft Order included at Tab 4 of the Applicant’s Motion Record that, among other things:
- (i) sanctions the Second Amended Plan pursuant to the CCAA;
  - (ii) approves the PSA, as amended;

- (iii) approves the Amended and Restated Province Support Agreement;
  - (iv) authorizes certain arrangements regarding the transition of pension administration in respect of the Main Pension Plans; and
  - (v) abridges the time for service of this motion and validates service;
- (c) such further and other relief as counsel may request and this Court deems just.

2. All terms not otherwise defined herein have the meanings given to them in the Second Amended Plan or Sanction Order.

**THE GROUNDS FOR THE MOTION ARE:**

***Background to the Transaction***

3. USSC commenced proceedings under the CCAA and obtained the Initial Order in these proceedings on September 16, 2014;

4. USSC, under the supervision of the Monitor and the CCAA Court and with the assistance of the Financial Advisor and significant involvement from key stakeholders, conducted extensive sales and marketing efforts within the CCAA proceedings;

5. Out of this extensive and time intensive process, the Transaction sponsored by Bedrock, which will be implemented pursuant to (i) the PSA, as amended; (ii) the plan of compromise, arrangement and reorganization of the Applicant under the CCAA and CBCA, as amended from time to time (the “**Plan**”); and (iii) the Stakeholder



Agreements, emerged as the best – and only – outcome that will see USSC emerge from protection under the CCAA as a going concern;

*Support for the Transaction*

6. The proposed Transaction is supported by each of USSC’s key stakeholders, including USS, the Province, the USW, USW Local 8782, USW Local 8782(b), USW Local 1005 (collectively with USW Local 8782 and USW Local 8782(b), the “**Locals**”) and the Non-USW Active and Retiree Beneficiaries;

7. Additionally, The Plan received overwhelming support at the Meetings from the General Unsecured Creditors (96.75% in number representing 97.66% in value) and the Non-USW Main Pension and OPEB Claim holders (99.93% in number representing 99.94% in value);

*Second Amended Plan*

8. On March 15, 2017, the Court accepted for filing a plan of compromise and arrangement pursuant to the CCAA and the CBCA concerning, affecting and involving the Applicant (the “**Original Plan**”);

9. On April 26, 2017, the Court issued an Order (the “**Amended Plan Order**”) accepting for filing the first amended and restated plan of compromise and arrangement pursuant to the CCAA and the CBCA concerning, affecting and involving the Applicant (the “**First Amended Plan**”);

10. The First Amended Plan, including the amending provision in Section 10.3(2), was overwhelmingly approved by the General Unsecured Creditors and the Non-USW Main Pension and OPEB Claim Holders voting at the Meetings.

11. Amendments were made to the First Amended Plan to implement agreements reached with the Locals in return for their support for the Transaction. The key commitment that was made to garner support of the Locals for the Transaction is a minimum contribution of \$33 million per year to fund OPEBs for the first ten (10) years following the completion of the Transaction. Amendments to the First Amended Plan are necessary to reflect this enhanced commitment and the mechanisms through which the commitment will be satisfied.

12. The amendments made in the Second Amended Plan comply with the requirements of Section 10.3(2) of the First Amended Plan and paragraph 5 of the Amended Plan Order, and notice has been provided in accordance with Section 10.3(2) of the First Amended Plan. Accordingly, it is appropriate to accept the Second Amended Plan for filing with the Court;

***Late Filed Claims***

13. The Supplementary Claims Process Order dated March 15, 2017 and the Amended Plan Order dated April 26, 2017 permitted proofs of Claim filed after the Claims Bar Date (as defined in the Claims Process Order dated November 13, 2014) but before April 17, 2017, to be deemed to have been filed by the Claims Bar Date to address late-filed Claims. Seven (7) additional Claims were filed after April 17, 2017 in the aggregate amount of \$450,000. Accordingly, the Applicant seeks to deem Proofs of

Claim filed after April 17, 2017 but before May 31, 2017 to have been filed by the Claims Bar Date;

***Sanction of the Plan***

14. The general requirements for court approval of a CCAA plan are well established:

- (a) There must be strict compliance with all statutory requirements;
- (b) All material filed and procedures carried out must be examined to determine if anything has been done or purported to have been done which is not authorized by the CCAA; and
- (c) The plan must be fair and reasonable;

15. USSC has complied with the procedural requirements of the CCAA and the Orders granted by the Court in these proceedings. The Plan complies with the CCAA requirements for sanctioning a CCAA plan;

16. Throughout the course of these proceedings, USSC has acted in good faith and with due diligence and has not done or purported to do anything that is not authorized by the CCAA;

17. The Plan is fair and reasonable in the circumstances as, among other things:

- (a) The Plan received overwhelming support from the Affected Creditors at the Meetings;

- (b) The Transaction is supported by each of USSC's key Stakeholders including USS, the Province, the USW, the Locals and the Non-USW Active and Retiree Beneficiaries;
- (c) The Plan has numerous advantages for unsecured creditors and other stakeholders in comparison to a liquidation of USSC;
- (d) The third-party releases contemplated in the Plan are rationally tied to the restructuring of USSC and will benefit creditors generally; and
- (e) the Plan represents the best – and only – outcome that will see USSC emerge from protection under the CCAA as a competitive, going concern stand-alone steel manufacturer which will preserve employment for thousands at HW and LEW and economic activity for suppliers, customers and the communities in which USSC operates;

***PSA and Support Agreement Amendments***

18. The PSA and the Province Support Agreement each reference the First Amended Plan. USSC is seeking authorization to enter into the Third PSA Amending Agreement and the Amended and Restated Province Support Agreement, which seek to incorporate the Second Amended Plan;

***Pension Transition Arrangements***

19. It is necessary to the implementation of the Plan to arrange for the transition of the administration of the Main Pension Plans over a period of time post-implementation. The transition of investment assets to an outsourced chief investment officer has been

completed; however, there are various other aspects of the administration required to ensure continuity and no interruption of benefit payments and member assistance and service;

20. It is appropriate and necessary to implementation of the Plan to authorize the Applicant to enter into a pension transition agreement to facilitate the transition of pension administration of the Main Pension Plans to a third party administrator and to provide releases for parties engaged in providing services during the Implementation Transition Period;

***Other Grounds Relied Upon***

21. The provisions of the CCAA with particular reference to section 6 thereof, as well as the inherent and equitable jurisdiction of this Court;

22. The *Rules of Civil Procedure* (Ontario), with particular reference to Rules 3.02, 16 and 37;

23. Such further and other grounds as counsel may advise and the Court may permit.

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

- (a) Affidavit of William E. Aziz, sworn June 7, 2017;
- (b) Forty-First Report of the Monitor (to be filed); and
- (c) Such further and other materials as counsel may advise and this Court may permit.

June 7, 2017

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TO: SERVICE LIST

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE -**  
**COMMERCIAL LIST**

Proceeding commenced at Toronto

**NOTICE OF MOTION**  
**(re: Sanction Order and**  
**Second Amended Plan Order)**  
**(Returnable June 9, 2017)**

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# Tab 2



Court File No. CV-14-10695-00CL

**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.**

**AFFIDAVIT OF WILLIAM E. AZIZ  
SWORN JUNE 7, 2017  
(re: Sanction Order and Second Amended Plan Order)  
(Returnable June 9, 2017)**

**INDEX**

I.	BACKGROUND .....	6
A.	Initial Order.....	6
B.	Sale and Marketing Process .....	7
a)	SARP.....	8
b)	Cash Conservation and Transition Measures.....	8
c)	SISP.....	9
C.	Plan Sponsor Agreement.....	10
II.	SUPPORT FOR THE TRANSACTION PRIOR TO THE MEETINGS .....	11
A.	Support Prior to Filing Original Plan.....	11
a)	Province Support Agreement.....	11
b)	USS .....	12
c)	USW.....	12
d)	Local 8782 and Local 8782(b).....	13
B.	Support After Filing Original Plan.....	13
a)	Filing of the Original Plan and the Meetings Order .....	13
b)	Support by Non-USW Active and Retiree Beneficiaries.....	14
C.	The Meetings and Notice Provided.....	15
a)	Distribution of the Meetings Materials .....	15
b)	Notice of First Amended Plan and Non-USW Support Agreement .....	16
c)	Conduct of the Meetings and the Vote .....	17
d)	Sanction Hearing Date Order and Stay Extension.....	18
III.	SUPPORT FOR THE TRANSACTION FOLLOWING THE MEETINGS .....	18
A.	Local 8782 and Local 8782(b).....	18
B.	Local 1005.....	19
C.	CBA Amendments .....	20

IV. FURTHER AMENDMENTS TO THE PLAN.....	21
A. Enhanced OPEB Commitments Under the Plan.....	21
B. Land-Related Transactions Under the Plan.....	26
C. Temporary OPEB Fund.....	27
D. The Amendments to the First Amended Plan are Appropriate.....	28
V. THE TRANSACTION AND THE PLAN.....	31
A. Overview of the Transaction and the Plan.....	31
B. Stakeholder Agreements .....	34
C. Releases.....	36
a) Court-Ordered Releases.....	36
b) Stakeholder Contractual Release .....	39
c) The Releases are Integral to the Plan.....	41
D. Pension Transition Arrangements.....	44
E. Compliance with CCAA.....	45
F. Chapter 15 Proceedings .....	45
G. Implementation of the Plan.....	46
VI. REQUEST FOR SANCTION OF THE PLAN .....	46
VII. AIR PRODUCTS.....	48
VIII.PSA AND SUPPORT AGREEMENT AMENDMENTS .....	52

Court File No. CV-14-10695-00CL

**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.**

**AFFIDAVIT OF WILLIAM E. AZIZ  
SWORN JUNE 6, 2017  
(re: Sanction Order and Second Amended Plan Order)  
(Returnable June 9, 2017)**

I, William E. Aziz, of the Town of Oakville, in the Province of Ontario, MAKE OATH  
AND SAY:

1. I am the President of BlueTree Advisors II Inc., which has been retained by U. S. Steel Canada Inc. (“USSC” or the “**Applicant**”) to provide my services to USSC as Chief Restructuring Officer (“**CRO**”) of USSC in accordance with the engagement letter dated September 16, 2014. I report to the board of directors of USSC (the “**Board**”).

2. As the CRO of USSC, I have personal knowledge of the matters deposed herein, except where I have indicated that I have obtained facts from other sources, in which case I believe those facts to be true.

3. All terms not otherwise defined in this affidavit have the meanings given to them in the second amended and restated plan of compromise, arrangement and reorganization of the

Applicant under the *Companies' Creditors Arrangement Act* (“**CCAA**”) and the *Canada Business Corporations Act* to be dated June 9, 2017 (the “**Second Amended Plan**”).

4. I swear this affidavit in support of the Applicant’s motion seeking:
- (a) an order (the “**Second Amended Plan Order**”) substantially in the form of the draft Order included at Tab 3 of the Applicant’s Motion Record that, among other things:
    - (i) accepts the Second Amended Plan for filing with the Court;
    - (ii) deems Proofs of Claim filed after April 17, 2017 but before May 31, 2017 as having been filed by the Claims Bar Date (as defined in the Claims Process Order dated November 13, 2014); and
    - (iii) authorizes the Applicant to enter into (A) an agreement (the “**Third PSA Amending Agreement**”) that amends the CCAA acquisition and plan sponsor agreement (the “**PSA**”) dated as of December 9, 2016 between USSC, Bedrock Industries Canada LP (the “**Plan Sponsor**”, formerly Bedrock Industries Canada LLC) and Bedrock Industries L.P. (collectively with the Plan Sponsor, “**Bedrock**”), as amended, so that it incorporates and applies to the Second Amended Plan; and (B) an amended and restated support agreement (the “**Amended and Restated Province Support Agreement**”) between USSC and Her Majesty the Queen in Right of the Province of Ontario (the “**Province**”) that incorporates and applies to the Second Amended Plan; and

- (b) an order (the “**Sanction Order**”) substantially in the form of the draft Order included at Tab 4 of the Applicant’s Motion Record that, among other things:
- (i) sanctions the Second Amended Plan pursuant to the CCAA;
  - (ii) approves the PSA, as amended;
  - (iii) approves the Amended and Restated Province Support Agreement; and
  - (iv) authorizes certain arrangements regarding the transition of pension administration in respect of the Main Pension Plans.

5. USSC’s proposed restructuring Transaction, which is to be implemented pursuant to the PSA, as amended, the plan of compromise, arrangement and reorganization of the Applicant under the CCAA and CBCA, as amended from time to time (the “**Plan**”) and the Stakeholder Agreements, is the product of significant efforts by USSC and each of its key Stakeholders to achieve a resolution of its financial condition over the course of the past two and a half years. The proposed Transaction addresses each of the major financial and structural challenges that necessitated the commencement of these proceedings by USSC.

6. The proposed Transaction is expected to result in the greatest possible and most timely recovery for Affected Creditors in the circumstances given the alternatives available to USSC. USSC’s proposed restructuring Transaction also represents the best – and only – outcome that will see USSC emerge from protection under the CCAA as a going concern, subject to the approval of the Court.

7. Through extensive consultations and negotiations, USSC and Bedrock have achieved support for the Transaction from each of USSC's key Stakeholders, including USS, the Province, the USW, USW Local 8782, USW Local 8782(b), USW Local 1005 (collectively with USW Local 8782 and USW Local 8782(b), the "**Locals**") and the Non-USW Active and Retiree Beneficiaries (as defined in the Representative Counsel Order). Additionally, at a meeting of General Unsecured Creditors on April 27, 2017, the Plan was approved by 96.75% (by number) and 97.66% (in dollar value) of Resolved Claims (as defined in the Claims Procedure Orders) of the General Unsecured Creditors.<sup>1</sup>

## I. BACKGROUND

8. I have sworn prior Affidavits in this proceeding outlining the various efforts undertaken by USSC over the past two and a half years to preserve and restructure its business operations. The entirety of those facts will not be reproduced again here, but I confirm all aspects of that evidence in support of the relief requested by USSC at this time.

### *A. Initial Order*

9. On September 16, 2014, USSC obtained an initial order (as amended and restated from time to time, the "**Initial Order**") pursuant to the CCAA, among other things, granting a stay of proceedings (the "**Stay**") and appointing Ernst & Young Inc. as the Monitor and approving the agreement engaging Rothschild as financial advisor in respect of USSC (the "**Financial Advisor**") and the agreement engaging BlueTree Advisors II Inc. to provide my services to act as CRO to USSC.

---

<sup>1</sup> Including Unresolved Claims, the First Amended Plan was approved 95.79% in number representing 95.33% in value of Claims by General Unsecured Creditors.

10. At the time of the Initial Order, USSC faced significant financial difficulties as a result of financial and operational issues related to, among other things, (i) a depressed market for steel products following the 2008 financial crisis, (ii) labour interruptions, (iii) significant debt obligations of USSC to the Province of Ontario and USS, and (iv) competitive cost disadvantages including high cash funding costs in respect of its pension and other post-employment benefit obligations (“**OPEBs**”).

11. These financial difficulties resulted in USSC suffering significant losses from 2008 to 2013. Over that period, it experienced cumulative negative income from operations of \$2.4 billion, cumulative negative earnings before interest, taxes, depreciation and amortization of \$1.5 billion and cumulative negative free cash flow of \$1.8 billion. At the time of filing, the book value of USSC’s assets was less than the book value of its liabilities by a shortfall of approximately \$1.9 billion.

12. At the time of the Initial Order, it was clear that USSC’s business was not viable without a restructuring of its operations and obligations.

### ***B. Sale and Marketing Process***

13. USSC, under the supervision of the Monitor and the CCAA Court, with the assistance of the Financial Advisor, and with significant involvement from key stakeholders, conducted extensive sales and marketing efforts within these CCAA proceedings, including the 2015 Sale and Restructuring/Recapitalization Process (“**SARP**”) and the 2016-17 Sale and Investment Solicitation Process (“**SISP**”).

**a) SARP**

14. On April 2, 2015, USSC obtained an order authorizing it to commence the SARP. USSC, with assistance from the Financial Advisor, the Monitor and me, ran a comprehensive SARP extending over a five month period. Pursuant to the SARP, 102 potentially interested parties were contacted, advertisements were placed in the *Globe & Mail*, the *Wall Street Journal*, the *Simcoe Reformer*, the *Hamilton Spectator* and *Metal Bulletin Daily* and a press release was issued by USSC. Of the 102 parties contacted, 39 executed non-disclosure agreements with USSC and multiple parties submitted non-binding letters of intent.

15. Despite the extensive solicitation and marketing process in accordance with the SARP, USSC did not receive any executable offers for the ongoing business in the SARP. While various going-concern bids were received by USSC, those bids contained requirements that certain stakeholders make contributions and compromises that such stakeholders were unwilling to make and which requirements the bidders were unwilling to waive.

16. As a result, with no executable transaction or series of transactions, USSC subsequently obtained an order authorizing and directing it to discontinue the SARP on October 9, 2015.

**b) Cash Conservation and Transition Measures**

17. Also on October 9, 2015, USSC obtained a Court order, among other things, approving cash conservation measures and a related business preservation plan. This provided the company with the necessary breathing space to maintain its operations while continuing its restructuring efforts.



18. On October 28, 2015, the Court approved transition arrangements that had been negotiated between USSC and USS to address the ongoing provision of intercompany services and the transition of such services in the event of a sale of USSC. By this point, USS had indicated that it was no longer interested in being a purchaser of USSC and it was important for USSC to begin to progressively reduce its reliance on intercompany services provided by USS. This consensual resolution between USSC and USS represented an important cooperative step towards USSC being capable of operating as a stand-alone steel manufacturer.

*c) SISP*

19. On January 12, 2016, USSC obtained an order authorizing it to commence the SISP. As part of the SISP, the Financial Advisor once again canvassed the market for potentially interested parties. The Financial Advisor, along with the Monitor and me, assisted USSC in its review of each of the non-binding letters received in the first phase of the SISP. After receiving input from key stakeholders, a number of bidders, including Bedrock, were selected to participate in the second phase of the SISP.

20. During the second phase of the SISP, USSC worked with qualified bidders to advance their due diligence through site visits, management presentations, responding to diligence requests and coordinating meetings with stakeholder groups. On May 13, 2016, USSC received a number of binding offers, including one from Bedrock.

21. As was the case in the SARP, each of the bids received, other than liquidation bids, required a variety of contributions and compromises from stakeholders. After discussions with key stakeholder groups, including USS, the Province, the USW, the Locals and the Non-USW

Representatives and Representative Counsel (as those terms are defined in the Representative Counsel Order), and with the agreement of the Monitor, certain bidders were eliminated from the process.

22. Following a very broad and thorough canvassing of the market through the SISP and after discussions with the stakeholder groups, the proposal made by Bedrock emerged as the only potentially viable bid.

23. USSC and Bedrock engaged in direct discussions regarding the structure of the proposed Transaction and the terms of the agreement to govern it. They also engaged in broader discussions with key USSC stakeholders regarding pension matters, OPEB matters, environmental matters, land and lease matters, tax matters, new financing arrangements and regulatory approvals.

### ***C. Plan Sponsor Agreement***

24. As a product of these discussions, on December 9, 2016 USSC and Bedrock reached agreement on the principal terms of the Transaction as reflected in the original PSA, subject to Court approval.

25. On December 15, 2016, USSC obtained an order, among other things, declaring Bedrock to be the successful bidder in the SISP and authorizing USSC to enter into the PSA and to pursue the restructuring of USSC with Bedrock by way of a CCAA plan and related stakeholder agreements (subject to approval by further order of the Court).

26. Since then, USSC and Bedrock have undertaken extensive discussions and negotiations with Stakeholders including the USW, the Locals, the Non-USW Representatives, the Province and USS. These complex negotiations have required a considerable commitment of time and resources by USSC, Bedrock and each Stakeholder group.

27. The PSA originally contemplated an outside date of March 31, 2017 for the implementation of the restructuring transaction. By orders of the Court dated March 15, 2017 and May 8, 2017, USSC was authorized to enter into amending agreements with respect to the PSA with Bedrock which have extended the outside date for the completion of the Transaction to June 30, 2017.

## **II. SUPPORT FOR THE TRANSACTION PRIOR TO THE MEETINGS**

### ***A. Support Prior to Filing Original Plan***

#### ***a) Province Support Agreement***

28. On September 21, 2016, the Province announced that it had signed a memorandum of understanding with Bedrock (the “**Province MOU**”) to help facilitate a restructuring of USSC. This agreement with a key stakeholder assisted in forming the framework of a comprehensive restructuring of USSC.

29. The Province also entered into a support agreement with USSC on December 9, 2016 (the “**Province Support Agreement**”), whereby both parties acknowledged that the Transaction would be implemented through an acquisition of the shares of USSC, directly or indirectly, by

the Plan Sponsor, pursuant to a court-sanctioned plan of arrangement. The Province further agreed to support all of the elements common to the PSA and the Province MOU.

30. On December 15, 2016, USSC obtained an order, among other things, authorizing it to enter into the Province Support Agreement. By orders of the Court dated March 15, 2017 and May 8, 2017, USSC was authorized to enter into amending agreements with respect to the Province Support Agreement to reflect corresponding amendments made to the PSA with respect to milestones and the outside date for completion of the Transaction.

*b) USS*

31. On November 1, 2016, USS announced that it had reached a non-binding agreement with Bedrock regarding the sale and transition of its ownership of USSC (the “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 to USSC.

32. During subsequent Court appearances, USS has expressed support for the Transaction.

*c) USW*

33. On November 1, 2016, the USW issued a press release wherein USW Ontario Director Marty Warren stated that he believed that the Bedrock arrangements with the Province and USS represented “the best opportunity to date for the restructuring and continued operation of U. S. Steel Canada facilities.”

34. The USW was involved throughout the significant negotiations that ensued with the Locals that are described in more detail below.

*d) Local 8782 and Local 8782(b)*

35. On November 22, 2016, USW Local 8782 and USW Local 8782(b) delivered a letter to the Plan Sponsor indicating their support for the Plan Sponsor's efforts to proceed with a transaction and plan of compromise and arrangement relating to USSC. Further efforts, which resulted in the signing of formal agreements with USW Local 8782 and USW Local 8782(b), are described below.

*B. Support After Filing Original Plan*

*a) Filing of the Original Plan and the Meetings Order*

36. On March 15, 2017, the Court accepted for filing a plan of compromise and arrangement pursuant to the CCAA and the CBCA concerning, affecting and involving the Applicant (the "**Original Plan**") and issued an Order authorizing USSC to call, hold and conduct meetings of its creditors to vote on the Original Plan and ancillary relief related thereto (the "**Meetings Order**").

37. The Meetings Order provided that Affected Creditors would be divided into two separate classes for the purposes of considering and voting on the Original Plan as follows:

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

38. The Meetings Order further provided that two meetings would be held on April 27, 2017: one meeting of the General Unsecured Creditor class and one meeting of the Non-USW Main Pension and OPEB class.

*b) Support by Non-USW Active and Retiree Beneficiaries*

39. Following the issuance of the Meetings Order and the distribution of the Meetings Materials (described below), USSC and Bedrock engaged in extensive negotiations with Representative Counsel and the Non-USW Representatives in relation to the Transaction with a view to obtaining support for the Transaction from the Non-USW Active and Retiree Beneficiaries represented by them.

40. Those negotiations culminated on April 10, 2017 with the signing of the Non-USW Support Agreement. Certain amendments to the Original Plan were necessary to implement the arrangements contemplated by the Non-USW Support Agreement.

41. On April 26, 2017, the Court issued an Order (the “**Amended Plan Order**”) accepting for filing the first amended and restated plan of compromise and arrangement pursuant to the CCAA and the CBCA concerning, affecting and involving the Applicant (the “**First Amended Plan**”) and approving (i) USSC’s Supplemental Information Circular, and (ii) a letter from the Monitor to all General Unsecured Creditors (the “**General Unsecured Creditors Letter**”), among other ancillary relief.

42. On the same date, the Court issued another Order (the “**Non-USW Settlement Approval Order**”) approving (i) the Non-USW Support Agreement and the related Non-USW Settlement

Agreement, and (ii) a letter from Representative Counsel to all Non-USW Settlement Creditors (as defined in the Non-USW Support Agreement) advising them of the Non-USW Support Agreement, the Non-USW Settlement Agreement and the First Amended Plan (the “**Non-USW Settlement Creditors Letter**”), among other ancillary relief.

*C. The Meetings and Notice Provided*

*a) Distribution of the Meetings Materials*

43. In accordance with paragraph 16(a) of the Meetings Order, an Information Circular, a Notice of Meetings and Sanction Hearing, and the forms of proxy for General Unsecured Creditors and Non-USW Main Pension and OPEB Claim holders (collectively, the “**Meetings Materials**”):

- (a) were posted on the website maintained by the Monitor in respect of these proceedings (the “**Monitor’s Website**”) on March 16, 2017; and
- (b) were sent by the Monitor to:
  - (i) Representative Counsel;
  - (ii) all Affected Creditors with General Unsecured Claims in respect of which a Proof of Claim had been filed in a proper and timely manner or for which a notice of claim had been delivered, each in accordance with the applicable Claims Process Order, and that was not barred pursuant to the applicable Claims Process Order;

- (iii) the service list maintained by the Monitor in these CCAA Proceedings;
- (iv) any Opt-Out Individual as defined in paragraph 10 of the Representative Counsel Order; and
- (v) any Affected Creditor or D&O Claim holder who made a written request to the Monitor for a copy of the Meeting Materials (the “**Meetings Materials Parties**”).

44. Additionally, between March 21 and 23, 2017, pursuant to paragraph 16(b) of the Meetings Order, a letter was sent by the Monitor to all Non-USW Main Pension and OPEB Claim holders identified to the Monitor by USSC by regular mail, fax, courier or e-mail at the last known address (including fax number or email address) for such Creditors set out in the books and records of USSC or as provided in relation to a Claims Process Order.

45. Finally, on March 21, 2017, pursuant to paragraph 17 of the Meetings Order, notice of the Meetings, substantially in the form of the Notice of Meetings and Sanction Hearing, was published for one day in each of in The Globe and Mail (National Edition), the Hamilton Spectator, the Simcoe Reformer, the Wall Street Journal and the Pittsburgh Post-Gazette.

***b) Notice of First Amended Plan and Non-USW Support Agreement***

46. In accordance with the terms of the Amended Plan Order and the Non-USW Settlement Approval Order, the following materials were posted on the Monitor’s Website on or before April 26, 2017:

- (a) the First Amended Plan;



- (b) the Supplemental Information Circular;
- (c) the General Unsecured Creditors Letter and the Non-USW Settlement Creditors Letter; and
- (d) the Amended Plan Order and the Non-USW Settlement Approval Order.

***c) Conduct of the Meetings and the Vote***

47. On April 27, 2017, the Meetings were held. A quorum was present at each of the Meetings and each proceeded in accordance with the terms of the Meetings Order.

48. The First Amended Plan was overwhelmingly approved by a majority in number and at least two thirds in value of the claims of each of the Affected Creditor Classes. According to the Monitor's tabulation, the First Amended Plan was approved by:

- (a) 96.75% in number representing 97.66% in value of Resolved Claims of the General Unsecured Creditors that were present in person or by proxy at the relevant Meeting;<sup>2</sup> and
- (b) 99.93% in number representing 99.94% in value of all Claims of the Non-USW Main Pension and OPEB Claim holders that were present in person or by proxy at the relevant Meeting.

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<sup>2</sup> Including Unresolved Claims, the First Amended Plan was approved 95.79% in number representing 95.33% in value of Claims by General Unsecured Creditors.

*d) Sanction Hearing Date Order and Stay Extension*

49. The Meetings Order provided that, if the First Amended Plan was approved by the Required Majorities (as defined in the Meetings Order), USSC was then required to bring a motion seeking an Order sanctioning the First Amended Plan on May 9, 2017, unless a later date was set by the Court upon motion by USSC.

50. On May 8, 2017, the Court issued an Order setting the Sanction Hearing for June 9, 2017, among other ancillary relief. USSC sought this deferral in order to afford the Stakeholders additional time to advance the Stakeholder Agreements, the Plan Implementation Conditions and other elements of the First Amended Plan and related agreements and arrangements.

51. On May 26, 2017, the Court issued an Order extending the Stay to June 30, 2017 for the same purpose.

### **III. SUPPORT FOR THE TRANSACTION FOLLOWING THE MEETINGS**

#### *A. Local 8782 and Local 8782(b)*

52. Since obtaining a letter of support from USW Local 8782 and USW 8782(b) in November 2016, Bedrock, with the support of USSC, continued to negotiate with USW Local 8782 and USW Local 8782(b) to iron out the precise terms for an amended collective agreement and the other terms of the Transaction. These negotiations culminated on June 1, 2017 with the signing of a Memorandum of Agreement between USSC and USW Local 8782 (the “**8782 MOA**”) and a Memorandum of Agreement between USSC and USW Local 8782(b) (the “**8782(b) MOA**”).

53. The 8782 MOA and the 8782(b) MOA set out, among other things, amendments to the existing collective agreements that will take effect on closing and ensure the support of USW Local 8782 and USW Local 8782(b) for the Transaction.

54. A vote of the membership of USW Local 8782 to ratify the 8782 MOA occurred on June 2, 2017. The 8782 MOA was ratified by the membership by a vote of 86% in favour of the agreement.

55. A vote of the membership of USW Local 8782(b) to ratify the 8782(b) MOA also occurred on June 2, 2017. The 8782(b) MOA was ratified by the membership by a vote of 89% in favour of the agreement.

***B. Local 1005***

56. After the Meetings, Bedrock, with the support of USSC, continued its negotiations with USW Local 1005, which had been ongoing for a number of months seeking to obtain USW Local 1005's support for the Transaction.

57. These negotiations culminated on June 2, 2017 with the signing of a Memorandum of Agreement between USSC and USW Local 1005 (the "**1005 MOA**") and collectively with the 8782 MOA and the 8782(b) MOA, the "**MOAs**"). The 1005 MOA sets out, among other things, the terms and conditions of a renewal collective agreement that will take effect on closing and ensures the support of USW Local 1005 for the Transaction.

58. A vote of the membership of USW Local 1005 to ratify the 1005 MOA occurred on June 6, 2017. The 1005 MOA was ratified by the membership by a vote of 63.8% in favour of the agreement.

### *C. CBA Amendments*

59. After ratification, the arrangements contemplated in the MOAs will be reflected in amendments to the various collective agreements between the Locals and USSC. In the case of USW Local 1005, whose collective agreement has expired, the 1005 MOA will be reflected in a renewal collective agreement.

60. It is a Plan Implementation Condition for each of the Locals to have executed and ratified CBA Amendments, and for those CBA Amendments to have become effective in accordance with their terms

61. The CBA Amendments will only become effective upon the execution and delivery of certain Stakeholder Agreements listed as an appendix to each of the MOAs. The listed Stakeholder Agreements shall be in form and substance satisfactory to the Negotiating Committee of each Local, such satisfaction to be evidenced by their execution and delivery thereof for and on behalf of the Local or by a certificate signed by the Negotiating Committee if the Local is not a party to any such Agreement. This condition may also be waived in whole or in part by the Negotiating Committee of the Local, such waiver to be evidenced by a written waiver signed by the Negotiating Committee.

#### IV. FURTHER AMENDMENTS TO THE PLAN

62. Further amendments to the First Amended Plan are necessary to implement the agreements that have been reached with the Locals in return for their support for the Transaction following the negotiations described above. As noted below, these amendments are being made pursuant to section 10.3 of the First Amended Plan, which permitted amendments to the First Amended Plan without the consent of the General Unsecured Creditors or prior approval of the Court in certain circumstances.

##### *A. Enhanced OPEB Commitments Under the Plan*

63. The key commitment that was made to garner the support of the Locals for the Transaction is a minimum contribution of \$33 million per year to fund OPEBs for the first ten (10) years following the completion of the Transaction; an aggregate commitment of \$330 million. The commitment will be allocated as follows, per annum:

- (a) USW Local 8782 and USW Local 8782(b): \$4 million (12.12%);<sup>3</sup>
- (b) USW Local 1005: \$20 million (60.61%);
- (c) Non-USW: \$9 million (27.27%).

64. Further amendments to the First Amended Plan are necessary to reflect this enhanced commitment and the mechanisms through which the commitment will be satisfied. A blackline copy of the Second Amended Plan that USSC is seeking to have sanctioned, showing the changes made to the First Amended Plan, is attached hereto as **Exhibit “A”**.

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<sup>3</sup> The \$4 million per year payable to USW Local 8782 and USW Local 8782(b) will be increased or decreased based on the actual costs of OPEBs for this group.

65. Under the First Amended Plan, through fixed and advance payment contribution commitments by USSC to the OPEB Entities and an interest-free Province loan that would have matured and must have been repaid at the end of the first five (5) years, there was certainty of payment to the OPEB Entities for the first five (5) years, with reliance required thereafter on variable sources of long-term funding to reach \$33 million per year, namely: (i) the payment of Land Proceeds from the Land Vehicle, (ii) annual payments of 6.5% of USSC's Free Cash Flow to the applicable OPEB Entities to a maximum of \$11 million per annum (the "**OPEB Free Cash Flow Contribution**"), and (iii) annual payments of 16.75% of USSC's tax savings actually realized. There was no certainty of allocation of payments among the OPEB Entities at the end of the first five (5) years.

66. Under the Second Amended Plan, there is certainty of payment of \$33 million per year for ten (10) years through fixed and advance payment contribution commitments by USSC and a shortfall facility provided by USSC, the proceeds of lease payments going to the OPEB Entities and Province loans to the OPEB Entities with an extended maturity of ten (10) years, while the OPEB Entities also continue to receive the benefit of the long-term funding sources described above. In addition, the Province agreed to extend the maturity of its loan to the Land Vehicle to ten (10) years. The extended maturities of the Province loans provide, among other things, greater time for the land to be developed. The allocation of payments among the OPEB Entities is on the same basis as in the first five (5) years.

67. The commitments provided to achieve \$33 million per year to fund OPEBs for the first ten (10) years following completion of the Transaction, as set out in the Second Amended Plan

are as follows (the amounts of which on a per-year basis are set out in Exhibit A to the OPEB Term Sheet):

- (a) Fixed contributions by USSC of between \$9.0 million and \$15.0 million per year to the OPEB Entities (the “**OPEB Fixed Contribution**”), for an aggregate commitment of \$120 million;
- (b) Payment of annual triple net rent by USSC to the Land Vehicle, which will be passed through to the OPEB Entities, for the first ten years of the HW Lease and LEW Lease in the aggregate amount per year set out in Exhibit A to the Lease Term Sheet (the “**Ten-Year Base Rent**”), for an aggregate commitment of \$75 million;
- (c) The Province OPEB Loan, under which the Province will make advances to the applicable OPEB Entities to the extent that the OPEB Free Cash Flow Contribution is less than \$6.5 million (or \$7.5 million in Year 1) (the “**Guaranteed NCF Amount**”), for an aggregate commitment of \$66 million;
- (d) Payments by USSC to the OPEB Entities in Years 1-4 in the aggregate of \$30 million (the “**Advance OPEB Payment**”). The Province will loan \$22 million in aggregate to USSC in Years 1-2 to fund the Advance OPEB Payment (the “**Province OPEB Advanced Payment Loan**”); and
- (e) The Stelco OPEB Shortfall Loan, under which USSC will make advances to the OPEB Entities to cover the shortfall below \$33 million per year in the first ten (10) years, for an aggregate commitment of \$39 million.

68. Until these commitments are paid in full, the OPEB Entities will direct that the Free Cash Flow Contribution and the Land Proceeds be paid to the Province, which the Province will apply in the following order:

- (a) To fund the Province's payment of the Guaranteed NCF Amount to the OPEB Entities for the year;
- (b) To repay the amounts then outstanding and owing under the Province OPEB Loan (which will be directed to the Province to repay its interim advances as described above);
- (c) To repay the amounts then outstanding and owing by the Land Vehicle under the Province Land Vehicle Loan;
- (d) To repay the amounts then outstanding and owing by the OPEB Entities under the Province OPEB Advance Payment Loan;
- (e) To repay the amounts then outstanding and owing by the OPEB Entities under the Stelco OPEB Shortfall Loan; and
- (f) the amount, if any, equal to any Shortfall Payment (as defined in the OPEB Term Sheet) obligation in that year.

69. Any amount remaining after the application of funds in accordance with paragraph 68 will be retained by the Province and applied in future years to the payment of obligations of the OPEB Entities under the Province OPEB Loan and to USSC under the Stelco OPEB Shortfall Loan.



70. Any OPEB Tax Savings Payments and the OPEB Remaining Share will be applied to the repayment of the Province Land Vehicle Loan, the Province OPEB Loan, the Province OPEB Advance Payment Loan and the Stelco OPEB Shortfall Loan, in that order.<sup>4</sup>

71. If the aggregate of the 8782 OPEBs (as defined in the OPEB Term Sheet) paid during the first ten (10) years following the Plan Implementation Date is less than \$4.0 million per year, the difference shall be paid to the Province to be applied in accordance with the OPEB Funding Agreement and paragraph 68 above.

72. Once the Province Land Vehicle Loan, the Province OPEB Loan, the Province OPEB Advance Payment Loan and the Stelco OPEB Shortfall Loan are all repaid in accordance with their terms, the Land Proceeds will then be available for distribution to the limited partners of the Land Vehicle (described in more detail below), including the OPEB Entities.

73. In addition to the above measures, if the Free Cash Flow, after deduction of tax savings payments made pursuant to the Tax Savings Agreement and any other Free Cash Flow contributions to Pensions and OPEBs, exceeds \$200 million in any year during the first ten (10) years, the Corporation will make further contributions to the OPEB Entities as follows:

- (a) 7.5% of Free Cash Flow to the USW Local 1005 OPEB Entity; and

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<sup>4</sup> The Second Amended Plan contemplates that the OPEB Tax Savings Payments will commence after the first \$75 million of Tax Savings Payments are made to the Stelco Main Pension Plans. Under the First Amended Plan, in effect, the OPEB Entities would have been entitled to receive 50% of all Tax Savings Payments and the Stelco Main Pension Plans would have been entitled to 50% of the benefits of the HW Lease and LEW Lease payments. Because the OPEB Entities under the Second Amended Plan are now, in effect, receiving 100% of the benefits of the HW Lease and LEW Lease payments for the first ten (10) years, the Second Amended Plan contemplates that the OPEB Tax Savings will not commence until the first \$75 million of Tax Savings Payments are made to the Stelco Main Pension Plans.

- (b) 3.2% of Free Cash Flow to the Non-USW OPEB Entity.

***B. Land-Related Transactions Under the Plan***

74. The First Amended Plan contemplates that USSC would convey the Land Assets to the Land Vehicle in return for Land Notes in the amount of the fair market value of the Land Assets. USSC would have made a contribution to the Main Pension Plans (50%) and the OPEB Entities (50%) equal to the aggregate principal amount of the Land Notes (the “**Land Contribution**”). The Main Pension Plans and OPEB Entities would then have each purchased a Land Note from USSC in an amount equal to the amount of the Land Contribution made to the respective Main Pension Plan and OPEB Entity.

75. To, among other things, allow for the change in the flow of Land Proceeds over the first ten (10) years after the closing of the Transaction (with the Ten-Year Base Rent being applied solely to the payment of OPEBs) and allocation of land proceeds to the Main Pension Plans based on the allocation process under the Special Regulation, amendments to the structure of the land-related transactions under the First Amended Plan were necessary.

76. Under the Second Amended Plan, the Land Note will be held by USSC, instead of the individual Main Pension Plans and OPEB Entities holding separate Land Notes. Land Contributions will still be made by USSC to the Main Pension Plans and the OPEB Entities. The Main Pension Plans and OPEB Entities will be issued partnership interests in the Land Vehicle as follows:

- (a) Class A limited partnership units will be issued to the Pension Deficit Funding Trust and the OPEB Entities as initial limited partners entitling the Pension

Deficit Funding Trust and the OPEB Entities (in aggregate) to each receive 50% of the Land Proceeds remaining after the payment of Land Proceeds to holders of the Class B, Class C and Class D units as set out below;

- (b) Class B limited partnership units will be purchased by each of the OPEB Entities, with their respective portions of the Land Contribution, entitling them to receive 50% of the Land Proceeds up to the amount of their respective portions of the Land Contribution;
- (c) Class C limited partnership units will be purchased by each of the Main Pension Plans, with their respective portions of the Land Contribution, entitling them to receive 50% of the Land Proceeds up to the amount of their respective portions of the Land Contribution; and
- (d) Class D limited partnership units will be issued to the OPEB Entities, entitling the OPEB Entities to receive the Ten-Year Base Rent.

77. The Land Vehicle will use the subscription proceeds received in the amount of the Land Contribution to repay the Land Note.

***C. Temporary OPEB Fund***

78. The First Amended Plan was also amended to assist with the transition of OPEB arrangements and with the administration of OPEBs by the OPEB Entities after the Effective Time. USSC may apply for an OPEB Administration Transition Order to implement and govern certain interim arrangements, notwithstanding the other provisions of the OPEB Term Sheet and the terms of the OPEB Funding Agreement, including, without limitation:

- (a) a temporary fund will be established and overseen by the Monitor for the provision of OPEBs to eligible retirees of USSC for a three month period following the Plan Implementation Date;
- (b) USSC will continue to maintain retiree life insurance coverage and pay the premiums for such coverage for a three month period following the Plan Implementation Date (the "**Temporary OPEB Arrangements**"); and
- (c) any amounts paid by USSC and advances made by the Province under the Province OPEB Loan to pay benefits under the Temporary OPEB Arrangements will reduce the contributions and advances otherwise required by USSC and the Province, respectively, to the OPEB Entities pursuant to OPEB Funding Agreement and the Province OPEB Loan.

***D. The Amendments to the First Amended Plan are Appropriate***

79. Section 10.3(2) of the First Amended Plan provides that USSC may make further amendments to the First Amended Plan after the Meetings without the consent of the General Unsecured Creditors, provided that:

- (a) The Plan Sponsor, Representative Counsel and the Monitor consent to the amendments;
- (b) The amendments are filed with the Court;
- (c) The amendments are posted on the Monitor's Website;

- (d) The amendments do not materially decrease the anticipated recovery of General Unsecured Creditors under the Plan and is otherwise not materially adverse to the financial and economic interests of General Unsecured Creditors, in each case as determined by the Monitor; and
- (e) The amendments do not include the Plan Implementation Conditions without the consent of the party or parties for whose benefit the conditions exist.

80. The Court, in its Order authorizing USSC to file the First Amended Plan dated April 26, 2017 (the “**Amended Plan Order**”), ordered that the Applicant could amend the First Amended Plan after the Meetings if the five requirements listed above were satisfied. A true copy of the Amended Plan Order is attached hereto and marked as **Exhibit “B”**.

81. The Plan Sponsor has consented to the amendments in the Second Amended Plan through the execution of the Third PSA Amending Agreement. Representative Counsel has also consented to the amendments through the execution of a formal written consent. In that regard, it has been confirmed that the “parity” treatment in respect of OPEBs reflected in the Non-USW Support Agreement will continue to apply during the ten (10) years following the Plan Implementation Date.

82. The amendments outlined above comply with the requirements of Section 10.3(2) of the First Amended Plan and the Amended Plan Order:

- (a) The Plan Sponsor, Representative Counsel and the Monitor have each consented to the amendments;

- (b) On this motion, USSC is seeking leave to file the Second Amended Plan with the Court;
- (c) This affidavit, which attaches the Second Amended Plan, will be filed on the Monitor's Website prior to the hearing of this motion. The Second Amended Plan will be posted separately on the Monitor's Website if it is accepted for filing by the Court;
- (d) The amendments do not affect the recovery of General Unsecured Creditors. The increased OPEB commitments contemplated in the Second Amended Plan are being funded through contributions by USSC and the Province in the future, not through a decrease in the General Unsecured Creditor Pool that will be distributed to the General Unsecured Creditors on the Plan Implementation Date;
- (e) The amendments with respect to the land-related transactions only change the structure of the Land Vehicle and do not affect the General Unsecured Creditors;  
and
- (f) There are no amendments to the Plan Implementation Conditions.

## V. THE TRANSACTION AND THE PLAN

### *A. Overview of the Transaction and the Plan*

83. The overarching aim of the Transaction and the Plan is to:
- (a) complete a restructuring and reorganization of USSC whereby Bedrock will acquire the outstanding shares of USSC (thereby acquiring substantially all of the USSC operating assets and business on a going concern basis);
  - (b) provide for a compromise of and consideration for Affected Claims that are Proven Claims;
  - (c) effect a release and discharge of all Affected Claims and Released Claims; and
  - (d) address the balance sheet issues and legacy obligations of USSC with the goal of enabling USSC and its business to continue as a competitive, going concern, stand-alone steel manufacturer.
84. The Affected Creditors will derive a greater benefit from implementation of the Plan than they would derive from a bankruptcy or liquidation of USSC.
85. The Transaction is to be implemented pursuant to (i) the PSA; (ii) the Plan; and (iii) the Stakeholder Agreements. The PSA is outlined in detail in my affidavit sworn December 13, 2016. The Original Plan, the Stakeholder Agreements and certain agreements providing support for the Transaction (with the exception of the Non-USW Support Agreement, the Non-USW Settlement Agreement and the Local 1005 MOA) are outlined in detail in my affidavit sworn

March 10, 2017. The First Amended Plan, the Non-USW Support Agreement and the Non-USW Settlement Agreement are outlined in detail in my affidavit sworn April 19, 2017.

86. In general terms, the Transaction will provide for the following:
- (a) Bedrock will acquire all of USSC's shares from USS;
  - (b) The secured claims of USS against USSC will be paid in full, including all accrued and unpaid interest, and the unsecured claims of USS shall be discharged and cancelled for nominal consideration;
  - (c) General Unsecured Creditors with Proven Claims (not including the Province or USS in respect of their unsecured claims) will receive a cash distribution in respect of their claims, and their claims will be compromised, released, discharged and barred;
  - (d) Existing Non-USW Main Pension and OPEB Benefits will be replaced by New Non-USW Pension and OPEB Benefits and Non-USW Main Pension and OPEB Claims will be compromised, released, discharged and barred;
  - (e) USS will continue to provide certain transition and business services to USSC;
  - (f) USSC will commit to purchasing all of its iron ore requirements from USS through 2021;
  - (g) USSC will commit to pay various amounts to fund the Main Pension Plans, with certain of such funding guaranteed by Bedrock;



- (h) USSC will commit to pay various amounts to the OPEB Entities on account of legacy OPEBs of USSC and USSC will make a secured loan to the OPEB Entities;
- (i) USSC will transfer all of its land assets to the Land Vehicle to be held for the benefit of the Pension Plans and OPEB Entities;
- (j) The Province will receive USD \$61 million in consideration of a release of certain environmental liabilities relating to USSC's land;
- (k) The Province will provide secured loans to the Land Vehicle, the OPEB Entities and USSC; and
- (l) Bedrock will make available to USSC a revolving asset-based lending facility in an amount of at least \$125 million to fund the closing costs of the Transaction and the cost of exiting the CCAA Proceedings.

87. Various other Claims are unaffected by the Plan, although many of the unaffected claims are addressed through the Stakeholder Agreements. The complete list of Unaffected Claims is set out in section 2.3 of the Plan and includes:

- (a) USS Secured Claims and USS Unsecured Claims;
- (b) Secured Claims accepted as Proven Claims pursuant to the Claims Procedure Orders, including Construction Lien Claims and Secured Municipal Tax Claims; and

- (c) Claims of USW Employees and their beneficiaries under the provisions of the Collective Agreements or any employment-related statute, including applicable employment standards and human rights legislation.

### ***B. Stakeholder Agreements***

88. The separate Stakeholder Agreements (execution and delivery of which are conditions precedent to the Plan), address various other claims and interests of Stakeholders. The following is a broad overview of certain of the key Stakeholder Agreements:

- (a) The Pension Closing Conditions are to be addressed through, among other things,
  - (i) a Pension Agreement, Pension Transition Agreement, Tax Saving Agreement, Pension Deficit Funding Trust Agreement, Carried Interest Agreement, Bedrock Guarantee and Contribution Agreement which relate to the administration and funding of the Main Pension Plans, and
  - (ii) the making of a pension regulation by the Province to implement the pension arrangements in the Transaction;
- (b) The OPEB Closing Conditions are to be addressed through, among other things,
  - (i) the establishment of the OPEB Entities, (ii) an OPEB Funding Agreement which will govern the administration and funding of OPEBs under the terms of the Transaction (iii) the Tax Savings Agreement, (iv) Loan Agreements between the Province and the OPEB Entities, and the Province and USSC, to provide further funding for OPEBs, and (v) a Security Sharing and Intercreditor Agreement between the Province and USSC to govern the security sharing

arrangements and the priority and payment waterfall contemplated by the Second Amended Plan;

- (c) The Land Vehicle Closing Conditions are to be addressed through, among other things, (i) the formation of the Land Vehicle, (ii) an LP Agreement and a Shareholder Agreement to govern the administration of the Land Vehicle, (iii) a Land Conveyance Agreement providing for the conveyance by USSC of the Land Assets to the Land Vehicle and related funding, (iv) the issuance of the Land Note to USSC, (v) a Province Loan Agreement to provide funding for the operations of the Land Vehicle, and (vi) the issuance of limited partnership units to, or for the benefit of, the Main Pension Plans and the OPEB Entities.
- (d) The Lease Closing Conditions are to be addressed through, among other things, (i) leases for the HW Lands and LEW Lands between the Land Vehicle and USSC, (ii) a Reciprocal Easement Agreement, Operating Agreement, Infrastructure Services Agreement and Shared Services Agreement to govern the relationship between the Land Vehicle and USSC and the use of the HW Lands and LEW Lands by USSC, and (iii) a Land Proceeds Agreement which will govern the flow of land proceeds through the Land Vehicle to fund the Main Pension Plans and OPEBs;
- (e) The Environmental Closing Conditions are to be addressed through, among other things, (i) an Environmental Framework Agreement between USSC, the Plan Sponsor and the MOECC providing for the establishment of a baseline monitoring program, reference levels, and an environmental management plan,

among other things, and (ii) the granting of releases or no-action letters by Environment and Climate Change Canada and the MOECC; and

- (f) The USS Closing Conditions are to be addressed through, among other things, (i) a Share Transfer Agreement providing for the transfer of USSC shares from USS to Bedrock, (ii) a Debt Discharge Agreement providing for the release of the USS Unsecured Claims for nominal consideration, (iii) three Transition Services Agreements between USSC and USS providing for (x) continuing IT services, (y) transitional IT services, and (z) transitional business services, (iii) an Intellectual Property Agreement, and (iv) an Iron Ore Pellet Supply Agreement.

89. Each of the relevant Stakeholders has been engaged in extensive negotiations over the past several months regarding the structure, form and content of the various Stakeholder Agreements. The majority of Stakeholder Agreements are well advanced at this stage. The remainder, the structure of which was dependent upon the conclusion of negotiations with the Locals and the execution of the MOAs, will be the focus of negotiations as the Stakeholders proceed towards the Plan Implementation Date.

### ***C. Releases***

#### ***a) Court-Ordered Releases***

90. The Plan provides for court-ordered releases in favour of the Released USSC Parties, consisting of (i) the USSC Group, (ii) the CRO, (iii) EY, and (iv) their respective Representatives (including Responsible Persons) and the Released USS Parties, consisting of (i)

the USS Group, excluding the USSC Group, (ii) USSCPF and (iii) their respective Representatives.

91. The court-ordered releases at paragraph 38 of the draft Sanction Order in favour of the Released USSC Parties reflect language contained in the Plan at Section 8.2(i) and Section 1.1 in the definition of “Released USSC Claims.”

92. The court-ordered releases at paragraph 39 of the draft Sanction Order in favour of the Released USS Parties reflect language contained in the Plan at Section 8.2(j) and Section 1.1 in the definition of “USS/USSCPF Court-Ordered Release.”

93. Pursuant to the definition of “Non-Released USSC Claims” in Section 1.1 of the Plan, the court-ordered release in favour of the Released USSC Parties does not release the following claims:

- (a) the right to enforce against USSC its obligations under the Plan;
- (b) the right to enforce against USSC its obligations under the Stakeholder Agreements, including the agreements between USSC and USS contemplated under the USS Closing Conditions;
- (c) the right to enforce the Unaffected Claims against USSC;
- (d) 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;
- (e) 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;

- (f) any claim against USSC for the purchase or supply of goods or services delivered after the Filing Date;
- (g) 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
- (h) the right to enforce against USSC any agreement in force on the Plan Implementation Date that was entered into with USSC between the filing of the Plan and the Plan Implementation Date.

94. With respect to the release of D&O Claims included within the release of Released USSC Claims, a claims process was run for D&O Claims pursuant to the applicable Claims Procedure Order. The only Proofs of Claim filed in that process before the applicable bar date were filed by Canada Revenue Agency. The D&O Claims asserted by it against the applicable directors or former directors of USSC corresponded to Claims filed by Canada Revenue Agency against USSC within the general claims process. Those Claims against USSC are General Unsecured Claims in respect of which Canada Revenue Agency was entitled to vote as a General Unsecured Creditor. Canada Revenue Agency did not vote against the Plan.

*b) Stakeholder Contractual Release*

95. In addition to the court-ordered releases, the Plan also contemplates that the USSC Group, the USS Group, USSCPF, the Province, the USW, the Locals and the Non-USW Active and Retiree Beneficiaries (as defined in the Representative Counsel Order) acting through the Non-USW Representatives, and their respective Representatives will grant contractual releases in each other's favour substantially in the form of the global mutual release that is attached to the Plan as Schedule J (the "**Stakeholder Contractual Release**").

96. The Stakeholder Contractual Release does not release the parties thereto from:

- (a) Any obligation any party has in favour of another party pursuant to a Stakeholder Agreement to which both are parties, or any claims related thereto; or
- (b) Any obligation any party it has in favour of another party under indemnities or agreements, or arrangements in connection therewith, in satisfaction of the USS Indemnity Release Conditions, or any claims related thereto;
- (c) Any Claims by USSC against the USS Group relating to (a) obligations under listed transitional services and supply agreements; and (b) amounts owing for goods and services supplied to the USS Group by USSC up to the Effective Time;
- (d) Any Claims against the USW relating to (i) the HW Local 1005 CBA Amendment, the LEW Local 8782 CBA Amendment or the LEW Local 8782(b) CBA Amendment; or (ii) certain specified agreements;
- (e) Any Claims against USSC relating to:

- (i) The right to enforce against USSC its obligations under the Plan;
- (ii) The right to enforce the Unaffected Claims (listed above at paragraph 93) against USSC, except for the pension and OPEBs claims for the Locals which, for greater certainty are to be addressed in the manner set out in Section 4.2(d) of the Plan and the CBA Amendments;
- (iii) Any claim against USSC for the supply of goods or services delivered after the Filing Date and up to the Effective Time;
- (iv) any investigation, action, suit, order or proceeding by or before a regulatory body (as defined in the CCAA) unless specifically released by the MOECC under the Environmental Framework Agreement and the separate release from the MOECC or such investigation, action, suit, order or proceeding constitutes a “claim” within the meaning of the CCAA;
- (v) the right to enforce against USSC, any agreement in force at the Effective Time that was entered into with USSC between the Filing Date and the Effective Time, including, but not limited to any indemnity in favour of an individual or their estate who are or were a director and/or an officer of USSC (but, for greater certainty, this exclusion does not apply to the USS Group); and



- (vi) the right to enforce against USSC any agreement entered into prior to the Effective Date which is not terminated by the Plan or otherwise during the CCAA Proceeding.

97. The Stakeholder Contractual Release will become binding on the USW and every current and former member including retirees (and each of their surviving spouses and beneficiaries) of each of the Locals upon ratification of their respective CBA Amendments.

98. The Stakeholder Contractual Release will become binding on the Non-USW Active and Retiree Beneficiaries upon execution by Representative Counsel.

***c) The Releases are Integral to the Plan***

99. The Court-Ordered Releases and the Stakeholder Contractual Release were negotiated as part of the Plan and are an integral part of the successful completion of these CCAA proceedings. I believe that the releases contained in the Plan are all rationally connected to the Plan, given, among other things, that:

- (a) Directors and officers of USSC, the Monitor and the CRO have each played an integral part in USSC's very involved restructuring process and provided guidance and stability throughout these proceedings;
- (b) USS (i) has agreed to the release of its unsecured claims and interest accrued thereon, without any payment or distribution, which is approximately CAD \$1,847.2 million and USD \$131.6 million; and (ii) will assist USSC in its

transition to operating as a stand-alone entity by providing certain transitional services including business services, IT and IP after closing;

- (c) The Province (i) has agreed to the compromise of the entirety of its unsecured claims and interest accrued thereon which is approximately CAD \$150.7 million; (ii) will provide secured loans to the Land Vehicle, the OPEB Entities and USSC to fund the closing of the Transaction and certain funding commitments thereafter; and (iii) will also provide a release of certain environmental liabilities relating to USSC's land;
- (d) The Locals have entered into MOAs that set out, among other things, amendments to the existing collective agreements that will take effect on closing and will each ratify CBA Amendments to implement the terms of the Transaction; and
- (e) The Non-USW Active and Retiree Beneficiaries have agreed to revamped pension and OPEB funding commitments through Representative Counsel's execution of the Non-USW Support Agreement and the Non-USW Settlement Agreement and have agreed to support the Transaction on that basis.

100. During the course of these CCAA proceedings, USSC and the Monitor ran a claims process in which USS asserted claims against USSC. During the course of determining those claims, numerous claims were asserted against USS. As a result, USS made it clear that broad releases were a condition of its participation and support for the Transaction.

101. The compromises and contributions of USS detailed above are essential to the Transaction. Accordingly, stakeholders were willing to negotiate and conclude a global release

that provided broad contractual releases for each of the Stakeholders. The willingness of Stakeholders to enter into the global release is indicative that, in the circumstances of this case, broad Court-ordered releases are also reasonable and necessary.

102. The combined effect of the Court-Ordered Releases and the Stakeholder Contractual Release is that as of the Effective Time all Persons will be permanently barred with respect to any Released Claims from (i) commencing, directly or indirectly, any action or other proceeding of any kind against any of the Released Parties; (ii) 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 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; provided, however, that the foregoing releases shall not apply to affect the rights or obligations under the Plan or the Stakeholder Agreements, including without limitation, the rights of the Affected Creditors to receive distributions in respect of their Affected Claims in accordance with the Plan, or in respect of any Non-Released USSC Claim or, subject to the Stakeholder Contractual Release, any claim against a Director referred to in subsection 5.1(2) of the CCAA.

103. To facilitate the restructuring in connection with the various releases, USS has agreed that its existing insurance for directors, officers and employees will continue post implementation pursuant to arrangements satisfactory to USS, USSC and four particular current

and former directors and officers. USSC has agreed to provide further comfort to the four particular current and former directors through an indemnity if, among other things, the director acted honestly and in good faith. This indemnity will extend to payment of the portion of the indemnified party's loss not paid under USS' insurance. The Province has also agreed to provide such an indemnity, which will only extend to payment of the portion of the Indemnified Party's loss not paid under USS' insurance and USSC's indemnity .

104. The Province has also agreed it would facilitate the implementation of the Stakeholder Contractual Releases including any limitations therein through an indemnity of USS and USSCPF in a form satisfactory to the Province and USS/USSCPF.

#### ***D. Pension Transition Arrangements***

105. The transition of the administration of the Main Pension Plans to a permanent new administrator will take a period of time. The transition has begun through the transition of investment of assets to an "outsourced chief investment officer" (the "OCIO"). The OCIO was chosen after a competitive process. That aspect of the transition is now complete. However, there is a need to transfer data, information technology and various aspects of the services required to calculate and pay benefits and to communicate with members, among other matters, to ensure continuity and no interruption of benefit payments and member assistance and service. It is therefore necessary to the implementation of the Plan and the carrying out of the various Plan provisions to arrange for the transition of the administration of the pension plans over a period of time post-implementation.

106. There will be a number of parties engaged in providing services who are being released in the Plan and they will have the benefit of releases during the Implementation Transition Period, as a necessary adjunct to the Implementation of the Plan.

***E. Compliance with CCAA***

107. In accordance with the provisions of the CCAA, the Plan does not affect provincial and federal governmental claims of the type described in section 6(3), employee-related payments of the kind described in section 6(5) or pension claims set out in section 6(6). Such claims will not be compromised under the Plan. All such claims have already been paid as required by the CCAA.

108. In accordance with section 6(8) of the CCAA, the Plan does not provide for the payment of an equity claim.

***F. Chapter 15 Proceedings***

109. It is a Plan Implementation Condition for the Sanction Order to have been recognized and given full force and effect in the United States by an order of the U.S. Bankruptcy Court.

110. On May 26, 2017, this Court authorized USSC to act as foreign representative, in consultation with the Monitor, and commence recognition proceedings under Chapter 15 of the United States Bankruptcy Code.

111. On June 2, 2017, USSC filed a petition with the United States Bankruptcy Court for the Southern District of New York (Case Number 17-11519) for recognition of the CCAA

proceedings and the Sanction Order (if issued by this Court). The recognition hearing has been scheduled for June 29, 2017. A true copy of the scheduling Order of the U.S. Bankruptcy Court is attached hereto and marked as **Exhibit “C”**.

***G. Implementation of the Plan***

112. USSC intends to implement the Plan no later than June 30, 2017, as:

- (a) the indicative term sheet between USS and Bedrock expires on June 30, 2017 and USS advised that it will not support the Plan beyond June 30, 2017;
- (b) the Outside Date (as defined in the PSA) has been set as June 30, 2017, after which the PSA and Province Support Agreement will expire;
- (c) the DIP loan expires on June 30, 2017; and
- (d) the Stay expires on June 30, 2017.

113. In my view, considering the broad support for the Plan from all key stakeholders, this is a reasonable timeline based on the current state of discussions regarding the Stakeholder Agreements, the Plan Implementation Conditions and other elements of the Plan and related agreements and arrangements.

**VI. REQUEST FOR SANCTION OF THE PLAN**

114. The downturn in the North American steel market following the 2008 financial crisis, coupled with significant labour and cost issues, left USSC in an unsustainable financial position. With the breathing room afforded by the Stay and the cash conservation and business preservation measures approved by this Court, USSC and its advisors undertook a

comprehensive review of alternatives and conducted two robust and extensive solicitation processes in an effort to formulate a restructuring of its business that would maximize value for its stakeholders. USSC's key stakeholders were deeply involved throughout this entire process. These efforts have shown that the Transaction is the best available alternative for the USSC and its stakeholders.

115. The restructuring of USSC that is contemplated in the Second Amended Plan and the corresponding Stakeholder Agreements addresses each of the significant issues that USSC faced at the time it commenced these proceedings, including that USSC will have:

- (a) achieved a cooperative solution with each of its employee unions which will each be ratifying CBA Amendments;
- (b) been released from its significant unsecured debt obligations, particularly those in favour of USS and the Province; and
- (c) restructured its pension and OPEB obligations, with the assistance of commitments from Bedrock, the Province and through spinning off its land assets into the Land Vehicle to fund legacy pension and OPEB entitlements, which has significantly lessened the previously high ongoing funding costs for these obligations.

116. As a result of these measures, USSC will emerge from these CCAA proceedings as a competitive, going concern, stand-alone steel manufacturer with positive cash flows and a healthy balance sheet.

117. The Plan is supported by all of the key stakeholders, including the Monitor, the Plan Sponsor, USS, the Province, the USW, the Locals and the Non-USW Active and Retiree Beneficiaries, and received the overwhelming support of General Unsecured Creditors at the Meeting on April 27, 2017.

118. Throughout the course of these proceedings, the Applicant has acted in good faith and with due diligence. The Applicant has also complied with the requirements of the CCAA and the Orders of this Court.

119. Accordingly, I believe that the Second Amended Plan is fair, equitable and reasonable to affected parties and that the approval of the Second Amended Plan by the Court is justified and appropriate.

## **VII. AIR PRODUCTS**

120. On April 19, 2017, Air Products Canada Ltd. (“**Air Products**”) pre-emptively served a notice of objection objecting to the approval of any Sanction Order. Air Products subsequently served its motion materials on May 16, 2017.

121. Air Products is a supplier of industrial gas products to USSC and party to the following agreements with USSC:

- (a) Supply Agreement for the Tonnage Oxygen, Nitrogen and Argon Plant between Lake Erie Steel Company Ltd. and Air Products Canada Limited dated October 1, 1997 appending an Air Rights Lease Agreement and Design-Build Agreement



(the “**First Supply Agreement**”) relating to the plant (“**NAN 2**”) located on USSC lands leased by Air Products and the following amendments:

- (i) Amendment No. 1 to the First Supply Agreement dated June 30, 2003 amending the pricing index;
  - (ii) Amendment No. 2 to the First Supply Agreement dated May 1, 2008 providing for the increased supply of argon;
  - (iii) Amendment No. 3 to the First Supply Agreement dated January 10, 2013 entered into as a result of a dispute related to minimum payment obligations during a force majeure at the LEW facility and having the effect of extending the term of the agreement to August 9, 2017 and reducing the base facility charge by \$5,000 per month;
  - (iv) Amendment No. 4 to the First Supply Agreement dated May 10, 2016 entered into as a result of the CCAA filing and having the effect of implementing a price relief period;
  - (v) Amendment No. 1 to the Air Rights Lease Agreement dated May 10, 2016 extending the term of the Air Rights Lease Agreement;
- (b) Tonnage Oxygen and Nitrogen Supply Agreement dated May 1, 2008 (the “**Second Supply Agreement**”) relating to the plant (“**NAN 3**”) located on lands adjacent to USSC lands that are owned by Air Products and the following amendments;

- (i) Amendment No. 1 to the Second Supply Agreement dated August 1, 2009 delaying the commissioning of the plant and extending the term of the agreement;
- (ii) Amendment No. 2 to the Second Supply Agreement dated January 10, 2013 entered into as a result of a dispute related to minimum payment obligations during a force majeure at the LEW facility; and
- (c) Product Supply Agreement dated June 1, 2014 for the supply of liquid oxygen to the HW facility.

122. The First Supply Agreement and Air Rights Lease Agreement expire on August 9, 2017. The Second Supply Agreement continues until terminated by either party. The Agreement may be terminated in certain circumstances in accordance with its terms, or after the expiry of a 16 year term.

123. Pursuant to the First Supply Agreement, Air Products owns the NAN 2 plant that was constructed on lands leased from USSC pursuant to the Air Rights Lease Agreement. While the terms of the transfer of the Land Assets to the Land Vehicle have not been finalized yet, it is expected that the Land Assets will be subject to a leaseback of a portion of the lands necessary for USSC's operations. The lands to be leased back by USSC will include the lands that are subject to the Air Rights Lease Agreement. The Air Rights Lease Agreement will continue as a sublease and USSC will continue to be the landlord under that sublease without impacting the rights and obligations of the parties under the Air Rights Lease Agreement. The Air Rights Lease Agreement is a permitted encumbrance under the Lease Term Sheet and the Sanction Order.

124. Air Products also owns the NAN 3 plant that was constructed on land adjacent to USSC lands that is owned by Air Products. Pursuant to the terms of the Land Term Sheet, only the HW Lands and the LEW Lands are affected by the Plan.

125. Air Products filed an unsecured claim in the amount of \$4,688,137.08, which was determined in accordance with the Claims Procedure Orders. Pursuant to the Meetings Order, Air Products is a General Unsecured Creditor and was entitled to vote the full value of its claim at the Meeting of General Unsecured Creditor. I understand that Air Products voted against the Plan.

126. Air Products is seeking cure costs for its outstanding arrears, alleging that its contracts will be “assigned” under the Plan. As described herein, pursuant to the contemplated Transaction, the shares of USSC will be transferred to Bedrock. The Transaction is not designed as an asset sale and no assignment of the Air Products contracts is contemplated, either on their terms or pursuant to s. 11.3 of the CCAA. USSC will remain the counterparty in respect of all its supply contracts.

127. I understand that Bedrock is engaged in discussions with Air Products to determine if there is a possible consensual resolution that might be reached.

128. USSC appreciates the cooperation that Air Products has demonstrated in agreeing to certain amendments that provided USSC with post-filing price relief under the First Supply Contract. As described in the Affidavit of Douglas W. Varney sworn May 2, 2017, the long-term success of USSC’s business is beneficial to Air Products and was a primary factor in the decision to grant post-filing price relief to USSC.

129. However, I disagree with Mr. Varney's statement that Air Products entered into the amendments with the understanding that its pre-filing arrears would be cured if the restructuring ultimately succeeded. No such provision is set out in the amendment. Moreover, at no time did USSC agree to pay the pre-filing arrears of Air Products and it is my belief that the Monitor would not have approved the amendments if the payment of pre-filing arrears was a condition.

130. In my view, it would not be appropriate to require USSC to pay cure costs to Air Products as no contract is being assigned and the obligation to pay cure costs under the CCAA is not triggered.

131. Requiring payment to Air Products on account of their pre-filing amounts would be both unfair and prejudicial. Air Products is a General Unsecured Creditor pursuant to the Meetings Order. The General Unsecured Creditors of USSC have overwhelmingly approved the Plan. It would be inappropriate to require that one unsecured creditor's pre-filing arrears be satisfied at the expense of the General Unsecured Creditors whose claims will be compromised.

#### **VIII. PSA AND SUPPORT AGREEMENT AMENDMENTS**


132. The First Amended Plan is incorporated as a Schedule to the PSA, as amended, and the Province Support Agreement, as amended. The Third PSA Amending Agreement seeks to replace the First Amended Plan with the Second Amended Plan. The Third PSA Amending Agreement is attached hereto and marked as **Exhibit "D"**. The Amended and Restated Province Support Agreement replaces the First Amended Plan with the Second Amended Plan and affirms the support of the Province for the Second Amended Plan. The Amended and Restated Province Support Agreement is attached hereto and marked as **Exhibit "E"**.



# Tab A

This is Exhibit "A" referred to in the  
affidavit of William E. Aziz  
sworn before me, this 7<sup>th</sup>  
day of June 2017  
Court File No: CV-14-10695-00CL

ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

  
A COMMISSIONER FOR TAKING AFFIDAVITS  
Warren Nishimura  
Barrister & Solicitor in the  
Province of Alberta

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.

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**FIRST**~~SECOND~~ AMENDED AND RESTATED  
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.

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~~April 26, June 9,~~ 2017

## TABLE OF CONTENTS

	<b>Page</b>
ARTICLE 1 INTERPRETATION.....	1
1.1    Definitions.....	1
1.2    Certain Rules of Interpretation.....	<del>17</del> <a href="#">18</a>
1.3    Successors and Assigns.....	19
1.4    Governing Law and Jurisdiction.....	19
1.5    Schedules.....	<del>19</del> <a href="#">20</a>
ARTICLE 2 PURPOSE AND EFFECT OF THE PLAN.....	<del>19</del> <a href="#">20</a>
2.1    Purpose.....	<del>19</del> <a href="#">20</a>
2.2    Affected Claims and Released Claims.....	20
2.3    Unaffected Claims.....	<del>20</del> <a href="#">21</a>
2.4    Equity Claims.....	<del>21</del> <a href="#">22</a>
ARTICLE 3 CLASSIFICATION AND TREATMENT OF CREDITORS AND RELATED MATTERS.....	22
3.1    Claims Procedure.....	22
3.2    Classification of Creditors.....	22
3.3    Creditors' Meeting.....	<del>22</del> <a href="#">23</a>
3.4    Treatment of General Unsecured Claims.....	<del>22</del> <a href="#">23</a>
3.5    Treatment of Non-USW Main Pension and OPEB Claims.....	23
3.6    Unaffected Claims.....	24
3.7    Insured Claims.....	24
3.8    Unresolved Claims.....	24
3.9    Extinguishment of Claims.....	<del>24</del> <a href="#">25</a>
3.10   Guarantees and Similar Covenants.....	<del>24</del> <a href="#">25</a>
3.11   Set-Off.....	25
ARTICLE 4 RESTRUCTURING STEPS AND REORGANIZATION.....	<del>25</del> <a href="#">26</a>
4.1    Articles of Reorganization.....	<del>25</del> <a href="#">26</a>
4.2    Restructuring Steps.....	<del>25</del> <a href="#">26</a>
4.3    Corporate Approvals.....	28
ARTICLE 5 CASH POOL AND UNRESOLVED CLAIMS RESERVE AND ADMINISTRATION RESERVE.....	<del>28</del> <a href="#">29</a>
5.1    General Unsecured Creditor Pool.....	<del>28</del> <a href="#">29</a>
5.2    Unresolved Claims Reserve and Administration Reserve.....	<del>28</del> <a href="#">29</a>



## ARTICLE 6 PROVISIONS REGARDING DISTRIBUTIONS, PAYMENTS AND CURRENCY

		<u>2930</u>
6.1	Distributions Generally.....	<u>2930</u>
6.2	Payments of Certain Unaffected Claims.....	<u>2930</u>
6.3	Distribution Mechanics for General Unsecured Claims.....	<u>3031</u>
6.4	Distributions in Respect of Unresolved Claims.....	<u>3031</u>
6.5	Allocation of Distributions.....	31
6.6	Treatment of Unclaimed Distributions.....	<u>3132</u>
6.7	Withholding Rights.....	<u>3132</u>
6.8	Cancellation of Certificates and Notes, etc.....	<u>3233</u>
6.9	Calculations.....	33
6.10	Currency Matters.....	<u>3334</u>
ARTICLE 7 RELEASES.....		<u>3334</u>
7.1	Plan Releases.....	<u>3334</u>
7.2	Stakeholder Releases.....	<u>3334</u>
7.3	Injunctions.....	<u>3334</u>
ARTICLE 8 COURT SANCTION.....		<u>3435</u>
8.1	Application for Sanction Order.....	<u>3435</u>
8.2	Sanction Order.....	<u>3435</u>
ARTICLE 9 PLAN CONDITIONS PRECEDENT AND IMPLEMENTATION.....		38
9.1	Conditions Precedent to Plan Implementation.....	38
9.2	Corporation’s Certificate – Plan Implementation.....	<u>4041</u>
9.3	Monitor’s Certificate – Plan Implementation.....	<u>4041</u>
ARTICLE 10 GENERAL.....		<u>4041</u>
10.1	Binding Effect.....	<u>4041</u>
10.2	Deeming Provisions.....	<u>4142</u>
10.3	Modification of the Plan.....	42
10.4	Paramourncy.....	<u>4243</u>
10.5	Severability of Plan Provisions.....	<u>4344</u>
10.6	Protections of the Monitor.....	<u>4344</u>
10.7	Different Capacities.....	<u>4344</u>
10.8	Notices.....	44
10.9	Further Assurances.....	<u>4546</u>
10.10	Language.....	<u>4546</u>
10.11	Acts to Occur on Next Business Day.....	<u>4546</u>
10.12	Non-Consummation of the Plan.....	<u>4546</u>

**~~FIRST~~SECOND AMENDED AND RESTATED  
PLAN OF COMPROMISE AND ARRANGEMENT**

This is the ~~first~~second amended and restated 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.

“**Bedrock Guarantee**” is defined in the Pension Term Sheet.

“**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, (ii) the Order made April 26, 2017 in respect of the PBGF Assessment Claim, and (iii) 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 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 Framework Agreement”** means the agreement between the MOECC, the Plan Sponsor and the Corporation contemplated by the Environmental Term Sheet.

**“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 (i) the PBGF Assessment Claim, (ii) a Restructuring Claim, (iii) a Non-USW Unfunded Supplemental Claim or Non-USW Employee Termination Claim that is not subject to the Non-USW Settlement Agreement, and (iv) a Non-USW Funded Supplemental Pension Claim.

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

“**General Unsecured Creditor Pool**” means ~~†\$15.4†~~ 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 any renewal Collective Agreement between HW Local 1005 and the Corporation, in form and substance also satisfactory to the Plan Sponsor, that takes effect on or prior to the Plan Implementation Date.

“**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(jk).

“**Land Notes**” means the non-interest bearing promissory ~~notes~~note issued by the Land Vehicle to the Corporation in consideration for the Land Assets having a principal amount equal to the fair market value of the Land Assets.

“**Land Proceeds**” is defined in the Land Term Sheet.

“**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, security sharing and intercreditor agreement and related documentation in respect of the Province Land Vehicle Loan; 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 [Funding Agreement](#) ~~and~~, the applicable OPEB ELHT Documents [and, if applicable, the OPEB Administration Transition Order](#).

“**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 [Funding Agreement](#) ~~and~~, the applicable OPEB ELHT Documents [and, if applicable, the OPEB Administration Transition Order](#).

“**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 [Funding Agreement](#) ~~and~~, the applicable OPEB ELHT Documents [and, if applicable, the OPEB Administration Transition Order](#).

“**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 [Funding Agreement](#) and OPEB ELHT Documents [and, if applicable, the OPEB Administration Transition Order](#).

“**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 Plan Implementation](#) Date that was entered into with the Corporation between the filing of the Plan and the [Effective Plan Implementation](#) Date.

“**Non-USW Employee Termination Claim**” means a Claim of a Non-USW Employee arising in respect of the cessation of employment, including a Claim for termination pay, severance pay, pay in lieu of notice or wrongful dismissal.

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

“**Non-USW Funded 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-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 Funded Supplemental Pension Claim or Non-USW Unfunded 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 Settlement Agreement”** means the settlement agreement dated as of April 19, 2017 between Representative Counsel, the Corporation and the Plan Sponsor in respect of the compromise and release of Non-USW Employee Termination Claims and Non-USW Unfunded Supplemental Pension Claims, as may be amended from time to time in accordance with the terms thereof.

**“Non-USW Support Agreement”** means the letter agreement dated April 10, 2017 between Representative Counsel, the Corporation and the Plan Sponsor, as may be amended from time to time in accordance with the terms thereof.

**“Non-USW Unfunded 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 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.~~ [Administration Transition Order](#)” means an Order of the Court in the CCAA Proceedings providing for the arrangements contemplated in paragraph 23 of the OPEB Term Sheet if such order determined to be necessary by the Corporation, in form and content satisfactory the Corporation, the Plan Sponsor and the Monitor.

**“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 Funding Agreement; ~~and~~ (iii) the execution of the ~~provincial OPEB loan agreement~~ agreements, security, security sharing and intercreditor agreement and related documentation in respect of the Province OPEB Loan, the Province OPEB Advance Payment Loan and the Stelco OPEB Shortfall Loan; and (iv) the granting of the OPEB Administration Transition Order (if determined to be necessary by the Corporation).

“**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 Funding 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 Tax Savings Payments**” is defined in the Tax Term Sheet.

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

“**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.*

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

“**PBGF Assessment Claim**” means the claim of the Superintendent of Financial Services of Ontario, in its capacity as administrator of the Pension Benefits Guarantee Fund, for the amount owing by the Corporation, determined in accordance with the applicable Claims Procedure Order, in respect of Pension Benefits Guarantee Fund assessments pursuant to the *Pension Benefits Act* (Ontario) in respect of the Main Pension Plans and Non-Main Pension Plans, the payment of which has been suspended by the Order dated October 9, 2015.

“**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 ~~First~~Second Amended and Restated 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 ~~LLP~~[LLP \(formerly Bedrock Industries Canada LLC\)](#).

“**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 a Claim (or the portion thereof) that has been finally determined: (i) in the case of a General Unsecured Claim, for voting and distribution purposes; (ii) in the case of a Non-USW Main Pension and OPEB Claim, for voting purposes, and (iii) in the case of any Unaffected Claim, for the purposes of any payment thereof contemplated by the Plan (including pursuant to the Non-USW Settlement Agreement), 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.

“**Province Land Vehicle Loan**” is defined in the [Land Term Sheet](#).

“**Province OPEB Advance Payment Loan**” is defined in the [OPEB Term Sheet](#).

“**Province OPEB Loan**” is defined in the [OPEB Term Sheet](#).

“**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/USSCP Court-Ordered Release.

“**Released Stakeholder Parties**” means the USSC Group, USSCP, 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/USSCP 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, substantially in the form of the global release agreement attached as Schedule J.

“**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.

“**Stelco OPEB Shortfall Loan**” is defined in the [OPEB Term Sheet](#).

“**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.

“**Ten-Year Base Rent**” is defined in the [Lease Term Sheet](#).

“**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 ~~USS~~[the Corporation](#) 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 one or more 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 such other agreements or arrangements as are required by USS in respect of any limitation therein and granting of the USS/USSCPF Court-Ordered Release; (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, excluding five General Unsecured Claims totalling about \$3.4 million that were assigned to the USS Group and in respect of which a notice of assignment has been provided to the Monitor prior to the date hereof.

“**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, 17<sup>th</sup> 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~~[the Corporation](#) 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 such other agreements or arrangements as are required by USSCPF in respect of any limitation therein 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
- Schedule J – Stakeholder Contractual Releases

## **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(~~e~~) and the CBA Amendments);
- (g) Claims of Non-USW Employees and Directors that are:
  - (i) 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; or
  - (ii) Non-USW Termination Claims and Non-USW Unfunded Supplemental Pension Claims that are subject to the Non-USW Settlement Agreement;
- (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 Representative Counsel 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 (in respect of its General Unsecured Claim other than the PBGF Assessment Claim) 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 each of its General Unsecured Claims 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 its General Unsecured Claim other than the PBGF Assessment 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 [Funding](#) 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 and any amendments to the Plan required in the future by the Non-USW Support Agreement) as may be necessary or desirable to implement the Plan and the Non-USW Support Agreement and to complete the transactions contemplated hereby and by the Stakeholder Agreements, consistent with the terms of the Plan and the Non-USW Support Agreement.

### 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) The name of the Corporation will be changed to Stelco Inc. pursuant to the Articles of Reorganization;
- (b) ~~(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;
- (c) ~~(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;
- (d) ~~(e)~~ The Corporation will pay the DIP Lender all amounts required to satisfy all obligations and liabilities of the Corporation to the DIP Lender;
- (e) ~~(d)~~ Replacement of pension and OPEB benefits for USW Local 1005, USW Local 8782 and USW Local 8782(b) will occur 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 [Funding 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 [Funding 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 [Funding Agreement](#) and the OPEB ELHT Documents;

- [\(f\)](#) ~~(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~~[Note](#) and the Corporation will pay to the Land Vehicle the Land Vehicle Funding, if any, as provided in the Land Term Sheet;
- [\(g\)](#) ~~(f)~~ The Leased Lands will be leased to the Corporation as provided in the Lease Term Sheet;
- [\(h\)](#) ~~(g)~~ The New ABL Facility will become available to the Corporation (if not previously available);
- [\(i\)](#) ~~(h)~~ If not already paid, the Plan Sponsor will pay the Plan Funding Amount to the Corporation in accordance with the Plan Sponsor Agreement;
- [\(j\)](#) ~~(i)~~ The Corporation will pay USD\$61 million to the Province in accordance with the Environmental Framework Agreement;
- [\(k\)](#) ~~(j)~~ The Corporation will contribute an amount equal to the aggregate principal amount of the Land ~~Notes~~[Note](#), 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 Funding Agreement;

- (l) ~~(k)~~ The Corporation will pay \$30 million to the Main Pension Plans in accordance with the Pension Agreement;
- (m) ~~(l)~~ Each of the Main Pension Plans and the OPEB Entities will purchase ~~a Land Notes~~ special limited partnership units from the ~~Corporation with a principal~~ Land Vehicle in an 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~~ special limited partnership units equal to the aggregate principal amount of the Land ~~Notes~~ Note. The special limited partnership units will have the features described in the Land Term Sheet. The Land Vehicle will repay the Land Note from the amounts received by it from the Main Pension Plans and the OPEB Entities for the special limited partnership units.
- (n) ~~(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;
- (o) ~~(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 (unless otherwise agreed with an Unaffected Claim holder);
- (p) ~~(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;
- (q) ~~(p)~~ The Corporation will deliver to the Monitor, in trust, the Settlement Amount (as defined in the Non-USW Settlement Agreement);
- (r) ~~(q)~~ 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 Funding Agreement and the OPEB ELHT

Documents in full and final satisfaction of the Non-USW Main Pension and OPEB Claims;

(s) ~~(s)~~ 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,

(t) ~~(s)~~ 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**

(5) 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 **DateTime** in the amount approved by the Court in the Sanction Order (the “**Administration Reserve**”).
- (6) 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.
- (7) 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 **DateTime**. 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;
- (j) payment of the settlement amount pursuant to the Non-USW Settlement Agreement; and
- (k) 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 other than the PBGF Assessment 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**

- (8) 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.
- (9) 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.
- (10) 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 remaining in the Unresolved Claims 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 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 and any amendments to the Plan required in the future by the Non-USW Support Agreement) as may be necessary or desirable to implement the Plan and the Non-USW Support Agreement and to complete the transactions contemplated thereby and the Stakeholder Agreements, consistent with the terms of the Plan and the Non-USW Support Agreement;
- (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 that is not a Proven Claim or Unresolved Claim 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 accordance with 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 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**

- (3) 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) all applicable appeal periods in respect of the Order approving the Non-USW Support Agreement and the Non-USW Settlement Agreement will have expired and any appeals therefrom will have been finally disposed of by the applicable appellant tribunal, and each of the Non-USW Support Agreement and the Non-USW Settlement Agreement will have become effective in accordance with its terms, subject only to the occurrence of the Plan Implementation Date;
- (h) the OPEB Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (i) the Pension Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (j) the Environmental Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (k) the Land Vehicle Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (l) the Lease Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;

- (m) the Tax Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (n) the D&O Claims Condition will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (o) the USS Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (p) the USSCPF Closing Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (q) the USS Indemnity Release Conditions will have been satisfied on terms and conditions acceptable to the Plan Sponsor and the Corporation, each acting reasonably;
- (r) 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;
- (s) 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;
- (t) all other Stakeholder Agreements, if any, not addressed in Sections 9.1(1)(f) through (s) 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;
- (u) 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;

- (v) 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;
  - (w) no action or proceeding will be pending by any third party to enjoin or prohibit the Transaction; and
  - (x) 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.
- (4) 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**

- (5) 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.
- (6) Notwithstanding Section 10.3(1), after the Meetings the Corporation may amend, restate, modify and/or supplement the Plan with the consent of the Plan Sponsor, Representative Counsel and the Monitor (including in the manner required by paragraph A of the Non-USW Support Agreement), without the consent of the General Unsecured Creditors or approval of the Court, provided that any such amendment, restatement, modification and/or supplement (i) is filed with the Court, (ii) is posted on the website maintained by the Monitor and notice thereof is provided to the Stakeholders and the Affected Creditors (other than Affected Creditors represented by Representative Counsel), (iii) does not materially decrease the anticipated recovery of General Unsecured Creditors under the Plan and is otherwise not materially adverse to the financial or economic interests of General Unsecured Creditors, in each case as determined by the Monitor, and (iv) does not amend the Plan Implementation Conditions (including any provision of the Plan that is the subject of such conditions) without the consent of the party or parties for whose benefit the conditions exist (including without limitation, the USS Closing Conditions, the USSCPF Closing Conditions or the Pension Closing Conditions without the consent of USS, USSCPF or the Province, as the case may be).

- (7) Notwithstanding Sections 10.3(1) and (2), 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.
- (8) 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](http://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**

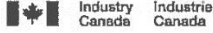
If any distribution, payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such distribution, payment or the performance of such act may be completed on the next succeeding Business Day, but will be deemed to have been completed as 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 ~~26~~<sup>9</sup><sup>th</sup> day of ~~April~~<sup>June</sup>, 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.

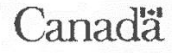
**4 - Declaration**

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).





Innovation, Science and  
Economic Development Canada  
Corporations Canada

Innovation, Sciences et  
Développement économique Canada  
Corporations Canada

**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](http://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](mailto:IC.corporationscanada.IC@canada.ca)

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

ISED-ISDE 3409E (2016-11) Page 2 of 2

**Canada**



## 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 as contemplated by the Environmental Term Sheet. 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 first to the payments in respect of (i) the ~~Provincial~~Province Land Vehicle Loan (as defined below) in accordance herewith and (ii) the ~~Provincial OPEB Loan~~ (Province OPEB Loan, the Province OPEB Advance Payment Loan and the Stelco OPEB Shortfall Loan (each 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 Entities and allocated among them in accordance with the OPEB Funding Agreement (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~~Special Regulation ~~(as defined in the Pension Term Sheet)~~ (the “**Pension Remaining Share**”).
3. The Province, for itself and as security agent for the Corporation, 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~~10 below, (ii) amounts owing to the Province under the ~~Provincial OPEB~~Province OPEB Loan and the Province OPEB Advance Payment Loan and to the Corporation under the Stelco OPEB Shortfall Loan, (iii) amounts owing under the ~~Provincial~~Province 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~~. The Province, the Corporation, the Land Vehicle and the OPEB Entities (as defined in the OPEB Term Sheet) will enter into a security sharing and intercreditor agreement satisfactory to the Province and the Corporation to govern the security sharing arrangements and the priority and payment waterfall contemplated by the Term Sheets.

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 EffectivePlan Implementation Date. Such plan shall provide for the sale of the Land Assets within five~~ten~~ years of the EffectivePlan Implementation 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.~~
9. ~~10.~~ An amount of the Land Proceeds (as defined below) and/or cash flow from the operation of the Land Assets (excluding the Ten-Year Base Rent (as defined in the Lease Term Sheet)) 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~~ten~~ years following the EffectivePlan Implementation 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. The Ten-Year Base Rent is to be applied in the manner contemplated in paragraph 7 of the OPEB Term Sheet.
10. ~~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**”), except that the MOECC will not be entitled to reimbursement from the Ten-Year Base Rent. For greater certainty, the obligation of the Land Vehicle to reimburse such amounts shall be secured by the Province Land Charge.

11. ~~12.~~ Subject to paragraphs ~~10 and 11 hereof~~ 9 and 10 hereof and to the mandatory prepayments required under the Land and OPEB Credit Facilities (as defined in the OPEB Term Sheet), all Land Proceeds shall be applied as follows:

- (a) the Ten-Year Base Rent will be allocated to the applicable OPEB Entities and allocated among them in accordance with the OPEB Funding Agreement;
- (b) ~~(a)~~ fifty percent (50%) of the Land Proceeds excluding the Ten-Year Base Rent 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 Entities and allocated among them in accordance with the OPEB Funding Agreement (the “**OPEB Land Proceeds**”); and
- (c) ~~(b)~~ fifty percent (50%) of the Land Proceeds excluding the Ten-Year Base Rent will be allocated to the Main Pension Plans and allocated among such plans as determined by the Superintendent and set out in the ~~New~~ Special Regulation (the “**Pension Land Proceeds**”).

12. To facilitate distributions of Land Proceeds, partnership interests in the Land Vehicle will include the following:

- (a) Each of the OPEB Entities and the Pension Deficit Funding Trust will be issued, as initial limited partners, class A limited partnership units of the Land Vehicle, entitling the OPEB Entities (in aggregate) and the Pension Deficit Funding Trust to each receive 50% of the Land Proceeds that are in excess of the entitlements of the class B limited partnership units, class C limited partnership units and class D limited partnership units described below;
- (b) Each of the OPEB Entities will purchase, with its portion of the Land Contribution, class B limited partnership units (issued in series to the different OPEB Entities), entitling it to receive Land Proceeds up to the amount equal to its portion of the Land Contributions;
- (c) Each of the Main Pension Plans will purchase, with its portion of the Land Contribution, class C limited partnership units (issued in series to the different Main Pension Plans), entitling them collectively to receive Land Proceeds up to the amount equal to their aggregate portions of the Land Contribution, with such amount to be allocated between them in accordance with the allocation process set out in the Special Regulation; and

- (d) Each of OPEB Entities will also be issued, as initial limited partners, class D limited partnership units of the Land Vehicle, entitling the OPEB Entities (in aggregate) to receive the Ten-Year Base Rent.

### **PROVINCIAL PROVINCE 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~~**the “Province Land Vehicle Loan”**~~); on the following terms:~~
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 Steleo 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.~~

#### A. Province Land Vehicle Loan

<u>Lender:</u>	<u>Province</u>
<u>Borrower:</u>	<u>Land Vehicle</u>
<u>Facility Amount:</u>	<u>\$10,000,000</u>
<u>Use of Funds:</u>	<u>To fund Land Vehicle operations</u>
<u>Interest:</u>	<u>Province's cost of funds for a ten (10) year bond plus 5% per annum, payable quarterly in arrears.</u>
<u>Maturity:</u>	<u>10<sup>th</sup> anniversary of the Plan Implementation Date.</u>
<u>Availability:</u>	<u>A revolving facility, with draws available as and when the Land Vehicle's Board determines, with the consent of the Lender, that monies are required to fund Land Vehicle's operations. Each draw and repayment will be in a minimum amount of \$1,000,000.</u>
<u>Mandatory Prepayment:</u>	<u>(a) Proceeds received on any disposition of the Land Assets and rent under any lease other than the Ten-Year Base Rent (subject to a reasonable reserve to be determined by the Province), (b) the OPEB Remaining Share and the Pension Remaining Share and (c) all OPEB Tax Savings Payments shall be applied to repayment of the Province Land Vehicle Loan, the Province OPEB Loan, the Province OPEB Advance Payment Loan and the Stelco OPEB Shortfall Loan, in that order.</u> <u>In Year 10 any excess disposition proceeds of Land Assets which were not applied to repayment of the aforementioned indebtedness will be released to the Land Vehicle.<sup>1</sup></u> <u>If in any year the OPEB Free Cash Flow Contribution exceeds the Guaranteed NCF Amount (each as defined in the OPEB Term Sheet), the excess will be applied in accordance with paragraphs 11 to 13 of the OPEB Term Sheet.</u>
<u>Security:</u>	<u>First charge against Land Assets and Land Proceeds, non-recourse pledges by all Land Vehicle limited partners of</u>

<sup>1</sup> The limited partnership agreement governing the Land Vehicle will provide for preferential distributions of land disposition proceeds to the Main Pension Plans so that indebtedness is paid by the OPEB Entities in priority to the Main Pension Plans.

their interests in Land Vehicle, assignments of OPEB Entities' payment entitlements under OPEB Funding Agreement, assignment of the OPEB Remaining Share and Pension Remaining Share, and assignment of the OPEB Entities' entitlement to all OPEB Tax Savings Payments.

## 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. *328249-0114*
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.
4. ~~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~~For each of the first ten years of the term of the leases, annual triple net rent will be paid in the aggregate amount per year set out in Exhibit A to the Lease Term Sheet (the “**Ten-Year Base Rent**”). For the remaining term of the leases, the annual triple net rent will be an aggregate of \$10.25 million for Year 11, escalating annually thereafter at the consumer price index for inflation in Canada, with a minimum annual escalation of zero.
5. 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.).
6. The rent referred to in paragraph 3 and the other amounts referred to in paragraph 4 above shall be paid monthly in advance.
7. 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.

8. 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.
9. 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.~~
10. ~~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.

**EXHIBIT A TO LEASE TERM SHEET**

	<u>HW Lease and LEW Lease Aggregate Rent</u>
<u>Year 1</u>	<u>\$0</u>
<u>Year 2</u>	<u>\$0</u>
<u>Year 3</u>	<u>\$5.0 million</u>
<u>Year 4</u>	<u>\$7.0 million</u>
<u>Year 5</u>	<u>\$10.5 million</u>
<u>Year 6</u>	<u>\$10.5 million</u>
<u>Year 7</u>	<u>\$10.5 million</u>
<u>Year 8</u>	<u>\$10.5 million</u>
<u>Year 9</u>	<u>\$10.5 million</u>
<u>Year 10</u>	<u>\$10.5 million</u>
<u>Total (Years 1-10)</u>	<u>\$75.0 million</u>

## 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. When used in this OPEB Term Sheet, “Year” means each of the twenty (20) years following the Plan Implementation Date. The first Year will start on the day following the Plan Implementation Date and end on the one year anniversary of the Plan Implementation Date; each Year thereafter will start on the day following the calendar anniversary of the Plan Implementation Date and end on the annual calendar anniversary thereafter.

The following describes the proposed terms concerning OPEBs for ~~USSE~~the Corporation’s 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. The purpose of the following arrangements is to ensure that in each of Years 1 to 10 following the completion of the Transaction, a minimum of \$33 million is paid to the OPEB Entities (\$4 million to Local 8782 and 8782(b) retirees, \$20 million to Local 1005 retirees, and \$9 million to Non-USW retirees).
5. The \$4 million per year payable to the OPEB Entity established in respect of Local 8782 and 8782(b) retirees (the “**8782 OPEB Entity**”) for Years 1-10 will be paid by the Corporation and allocated solely from the OPEB Fixed Contribution described in paragraph 6 below, and not from any of the other sources described in this term sheet.

OPEB costs of 8782 retirees in excess of \$4 million payable to the 8782 OPEB Entity will be paid by the Corporation.

(I) OPEB Funding

6. ~~4. Following completion of the Transaction, the~~The Corporation ~~shall~~will make ~~or cause to be made~~the annual contributions ~~to the OPEB Entities in respect of OPEBs as follows~~shown in the “**Stelco Contribution**” line in Exhibit A to this OPEB Term Sheet (the “**OPEB Fixed Contribution**”): in Years 1 to 10.
- (a) ~~\$15 million in the aggregate, pro-rated for 2017; and~~
- (b) ~~6.5% of the Corporation’s Free Cash Flow (as defined~~
7. Lease payments will be made by the Corporation to the Land Vehicle in accordance with the Lease Term Sheet, including the Ten-Year Base Rent that is shown in the “Lease” line 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 Ten-Year Base Rent will be distributed to the applicable OPEB Entities by the Land Vehicle without deduction.~~
8. Subject to paragraphs 11 to 13, the Corporation will make annual payments of 6.5% of its Free Cash Flow (as defined in Exhibit B to this OPEB Term Sheet) to the applicable OPEB Entities to a maximum of \$11 million per annum (“**OPEB Free Cash Flow Contribution**” and, together with the OPEB Fixed Contribution, the “**OPEB Contributions**”) for the 20 calendar years on and after the Plan Implementation Date. In each of Years 1 through 10, the Province, under the Province OPEB Loan described below, will make advances to the applicable OPEB Entities to the extent the OPEB Free Cash Flow Contribution for that year is less than \$6.5 million (or \$7.5 million in Year 1) (the “**Guaranteed NCF Amount**”). (The Province will also make interim advances of the Guaranteed NCF Amount throughout each of Years 1 through 10 so the applicable OPEB Entities have sufficient funds to meet their obligations in that Year, with such interim advances to be repaid to the extent of the OPEB Free Cash Flow Contribution for that Year when the Corporation makes such OPEB Free Cash Flow Contribution.
9. The Corporation will make payments to the applicable OPEB Entities in the Years and amounts shown in the “**Advance OPEB Payment**” line of Exhibit A to this OPEB Term Sheet, such payments totalling the aggregate amount of \$30 million (the “**Advance OPEB Payment**”). The Province will advance to the Corporation, under the Province OPEB Advance Payment Loan described below, \$22 million to fund the Advance OPEB Payment by the Corporation in Years 1 and 2.
10. The Corporation will make advances to the applicable OPEB Entities under the Stelco OPEB Shortfall Loan described below to cover the amounts shown in the “**Stelco OPEB Shortfall Loan to meet 33/year**” line in Exhibit A to the OPEB Term Sheet (“**Shortfall Payments**”).

11. Until the Province OPEB Loan, the Province Land Vehicle Loan, the Province OPEB Advance Payment Loan and Stelco OPEB Shortfall Loan are paid in full, the OPEB Entities will direct that the Free Cash Flow Contribution be paid to the Province and such amounts will be applied as follows:
- (i) the payment of the Guaranteed NCF Amount to the OPEB Entities for the Year;
  - (ii) the repayment of the amounts then outstanding and owing under the Province OPEB Loan (which will be directed to the Province to repay its interim advances as described above);
  - (iii) the repayment of the amounts then outstanding and owing under the Province Land Vehicle Loan;
  - (iv) the repayment of the amounts then outstanding and owing under the Province OPEB Advance Payment Loan;
  - (v) the repayment of the amounts then outstanding and owing under the Stelco OPEB Shortfall Loan; and
  - (vi) the amount, if any, equal to any Shortfall Payment obligation in that year.
12. Any amount remaining after the application of funds described in paragraph 11 will be retained by the Province and may be applied by it to satisfy indebtedness owing under, or an advance obligation under, the Province OPEB Loan in future Years, provided that if in a future Year there is no amount owing under, or advance obligation under, the Province OPEB Loan but there is a Shortfall Payment obligation, the Province will release to the Corporation a portion of the amount being held by it as described in this sentence equal to the lesser of:
- (i) 100%, and
  - (ii) the amount of the Shortfall Payment obligation, so that the Corporation may use the released amount to satisfy its Shortfall Payment obligation.
13. If the Corporation has applied an amount against its Shortfall Payment obligation in any prior Year pursuant to paragraph 11(vi) or 12 above (an “**Applied Amount**”), it shall in the first subsequent Year in which the OPEB Free Cash Flow Contribution is less than the amount of the Guaranteed NCF Amount, increase its Shortfall Payment by the lesser of (a) the Applied Amount, and (b) the amount by which the OPEB Free Cash Flow Contribution in that Year is less than the amount of the Guaranteed NCF Amount, thereby relieving the Province of its obligation to make an advance under the Province OPEB Loan in that Year. Any unused portion of any Applied Amount will be retained by the Corporation to be carried forward to be applied in any subsequent Year.
14. Following repayment of the Province Land Vehicle Loan, the Province OPEB Loan, the Province OPEB Advance Payment Loan and the Stelco OPEB Shortfall Loan, in that order (see the mandatory prepayment terms of the Land and OPEB Credit Facilities),

Land Proceeds will be available for distribution to the limited partners of the Land Vehicle, including the OPEB Entities.

15. Any OPEB Tax Savings Payments will be applied to the repayment of the Province Land Vehicle Loan, the Province OPEB Loan, the Province OPEB Advance Payment Loan and the Stelco OPEB Shortfall Loan, in that order, in accordance with the mandatory prepayment terms of the Land and OPEB Credit Facilities and any OPEB Tax Savings Payments remaining thereafter will be retained by the OPEB Entities
16. The OPEB Contributions, the Advance OPEB Payment, the Additional Free Cash Flow Contribution (defined below) and the Excess 8782 Amount (defined below) shall be unsecured, contractual obligations of the Corporation that rank not lower than other unsecured obligations of the Corporation.
17. The OPEB Contributions do not include any additional amounts in excess of \$204 million per Year payable by the Corporation to the applicable OPEB Entity in respect of OPEBs for USW Local Union 8782 (the “**8782 OPEBs**”) for each of the first five years ~~10 Years~~ following the Plan Implementation Date ~~(any additional amount if the cost of 8782 OPEBs is in excess of \$204 million for the first five years being referred to as per year (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~~ ten Years following the Plan Implementation Date is less than \$204.0 million per year, the ~~OPEB Entity from which the 8782 OPEBs are payable shall pay that~~ difference shall be paid to the Province ~~concurrently to be applied in accordance with the maturity of the Provincial OPEB Loan (as defined below)~~ OPEB Funding Agreement and paragraph 11 above.

~~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.~~

18. For ten (10) calendar years on and after the Plan Implementation Date, if in any year Free Cash Flow, after deduction of tax savings payments made pursuant to the Tax Savings Agreement and any other Free Cash Flow contributions to Pensions and OPEBs is greater than two hundred million dollars (\$200,000,000), the Corporation shall contribute an amount equal to: (a) seven and one half percent (7.5%) of the Corporation’s Free Cash Flow which is in excess of two hundred million dollars (\$200,000,000) to the OPEB Entity established in relation to HW Local 1005 retirees; and (b) three and point two percent (3.2%) of the Corporation’s Free Cash Flow which is in excess of two hundred million dollars (\$200,000,000) to the OPEB Entities established in relation to Non-USW retirees (collectively, the “**Additional Free Cash Flow Contribution**”).

19. 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~~ the maximum annual amount paid by the Corporation to the OPEB Entities in any Year shall be no greater than the sum of the OPEB Fixed Contribution, the OPEB Free Cash Flow Contribution ~~and the Excess 8782 Amount (if any), the Advance OPEB Payment, the Excess 8782 Amount (if any), the OPEB Tax Savings Payments (if any) and the Additional Free Cash Flow Contribution (if any) for the applicable Year; the maximum annual amount loaned by the Corporation to the OPEB Entities in any Year~~ will be no greater than the Shortfall Payment amount in the applicable Year.

### **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.~~

## **(II) Credit Facilities/Loans**

20. ~~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 Steleo Plans (as defined in the Pension Term Sheet). There will be four credit facilities (the “**Land and OPEB Credit Facilities**”): (A) the Province Land Vehicle Loan granted by the Province to the Land Vehicle, (B) the Province OPEB Loan~~

granted by the Province to the OPEB Entities, (C) the Province OPEB Advance Payment Loan granted by the Province to the Corporation, and (D) the Stelco OPEB Shortfall Loan granted by the Corporation to the applicable OPEB Entities. To a large extent the security for and repayment terms of these facilities will overlap. Pursuant to a security sharing and intercreditor agreement which will be entered into among the Province, the Corporation, the applicable OPEB Entities and the Land Vehicle, the parties will agree that overlapping security will be held in the name of the Province and applied to the waterfall described in the “Mandatory Prepayments” section for the Province Land Vehicle Loan set out in the Land Term Sheet and paragraphs 11 to 13 above.

**A. Province Land Vehicle Loan**

See Land Term Sheet for the terms of the Province Land Vehicle Loan

**B. Province OPEB Loan**

Lender: Province

Borrower: OPEB Entities established in relation to Non-USW retirees and HW Local 1005 retirees

Facility Amount: Maximum aggregate amount of \$66 million, contingent upon shortfalls in OPEB Free Cash Flow Contributions under OPEB Funding Agreement (see above).

Use of Funds: Payment of OPEBs and administrative costs.

Interest: Non-interest earning.

Maturity: 10<sup>th</sup> anniversary of the Plan Implementation Date.

Availability: Non-revolving. Quarterly advances of the Guaranteed NCF Amount for a year. When the Corporation makes a OPEB Free Cash Flow Contribution at the end of a year, the portion thereof representing the Guaranteed NCF Amount will be paid to the Province. If the OPEB Free Cash Flow Contribution is less than the Guaranteed NCF Amount, the shortfall will remain outstanding as indebtedness owed by the OPEB Entities to the Province. If the OPEB Free Cash Flow Contribution exceeds the Guaranteed NCF Amount, it will be dealt with in accordance with paragraphs 11 and 12 above.

Mandatory Prepayments: See “Mandatory Prepayments” section of the Province Land Vehicle Loan in the Land Term Sheet.

Security: Same as the security for the Province Land Vehicle Loan.

**C. Province OPEB Advance Payment Loan**

Lender: Province

Borrower: The Corporation

<u>Facility Amount:</u>	<u>\$22 million</u>
<u>Use of Funds:</u>	<u>Funding of “Advance OPEB Payment” in Years 1 and 2 as shown in Schedule “A”.</u>
<u>Availability:</u>	<u>Non-revolving \$10.5 million available to be drawn in Year 1, \$11.5 million available to be drawn in Year 2.</u>
<u>Maturity:</u>	<u>\$10.5 million repayable at the end of Year 3, \$11.5 million repayable at the end of Year 4.</u>
<u>Interest:</u>	<u>The Province’s cost of funds for a four (4) year bond plus 1% per annum, payable quarterly in arrears.</u>
<u>Mandatory Prepayments:</u>	<u>Prepayment in full on a change of control or other the Corporation liquidity event. Prepayments also to be per the “Mandatory Prepayments” section of the Province Land Vehicle Loan.</u>
<u>Security:</u>	<p><u>(a) General security over all the Corporation realty and personalty and specific charges over the Corporation’s leasehold interests to be granted on the earlier of (i) June 30, 2018 and (ii) default; and</u></p> <p><u>(b) security as per Province Land Vehicle Loan.</u></p> <p><u>The Province will subordinate its security described in (a) to security granted to any other secured lender.</u></p>

**D. Stelco OPEB Shortfall Loan**

<u>Lender:</u>	<u>The Corporation</u>
<u>Borrowers:</u>	<u>OPEB Entities</u>
<u>Facility Amount:</u>	<u>Up to \$39,000,000</u>
<u>Availability:</u>	<u>As per “Stelco OPEB Shortfall Loan to meet 33/year” line in Exhibit A to the OPEB Term Sheet.</u>
<u>Maturity:</u>	<u>10<sup>th</sup> anniversary of Closing</u>
<u>Interest:</u>	<u>Commencing on and after the 10<sup>th</sup> anniversary of Closing, the Corporation’s cost of funds for a four year loan, plus 1% per annum, payable quarterly in arrears.</u>
<u>Mandatory Prepayments:</u>	<u>See “Mandatory Prepayments” section of the Province Land Vehicle Loan in the Land Term Sheet; provided that if any amounts advanced under the Stelco OPEB Shortfall Loan remain outstanding following maturity, mandatory prepayments will be limited to proceeds received on any disposition on the lands and rent under any lease other than HW Lease and LEW Lease (as defined in the Lease Term Sheet).</u>
<u>Security:</u>	<u>Same as the security for the Province Land Vehicle Loan; provided that if any amounts advanced under the Stelco</u>

OPEB Shortfall Loan remain outstanding following maturity, security will be limited to a first charge against the lands.

### Allocation of Contributions to the OPEB Entities

21. The annual contributions<sup>+</sup> and loans made to the OPEB Entities, based on \$33 million per Year in the aggregate, shall be allocated as follows for the first ~~five years~~ ten 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 <sup>*2</sup> )
Allocation of each contribution to the OPEB Entities (\$33 million total annual contribution <sup>+</sup> <del>first 5 years</del> )	12.12% (\$4M)	60.61% (\$20M)	27.27% (\$8M Salarieds / \$1M <sup>+</sup> Others <sup>*3</sup> )

~~+ Including draws on the Provincial OPEB Loan~~

~~\* Pensions/ survivors of Stelpipe and Welland~~

22. The percentage allocations specified in paragraph 21 above will also apply to any Free Cash Flow Contributions, Land Proceeds, OPEB Tax Savings Payments and the OPEB Remaining Share paid to the OPEB Entities following the 10<sup>th</sup> anniversary of the Plan Implementation Date.

23. To assist with the transition of OPEB arrangements and with the administration of OPEBs by the OPEB Entities after the Effective Time, the Corporation may apply for an OPEB Administration Transition Order to implement and govern certain arrangements, notwithstanding the other provisions of this OPEB Term Sheet and the terms of the OPEB Funding Agreement, including, without limitation, the following:

<sup>2</sup> Pensions/ survivors of Stelpipe and Welland

<sup>+</sup> ~~Amount fixed for first five years.~~

- (a) a temporary fund will be established and overseen by the Monitor for the provision of OPEBs to eligible retirees of the Corporation for a three month period following the Plan Implementation Date;
- (b) the Corporation will continue to maintain retiree life insurance coverage and pay the premiums for such coverage for a three month period following the Plan Implementation Date (the measures provided for in paragraphs (a) and (b) being the "Temporary OPEB Arrangements"); and
- (c) any amounts paid by the Corporation and advances made by the Province under the Province OPEB Loan to pay benefits under the Temporary OPEB Arrangements will reduce the contributions and advances otherwise required by the Corporation and the Province, respectively, to the OPEB Entities pursuant to OPEB Funding Agreement and the Province OPEB Loan.

**EXHIBIT A - TO THE OPEB TERM SHEET**  
OPEB FUNDING (in millions)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>	<u>Year 8</u>	<u>Year 9</u>	<u>Year 10</u>	<u>Total</u>
<u>Stelco Contribution</u>	<u>15.0</u>	<u>15.0</u>	<u>15.0</u>	<u>12.0</u>	<u>12.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>9.0</u>	<u>15.0</u>	<u>120.0</u>
<u>Lease</u>	<u>0.0</u>	<u>0.0</u>	<u>5.0</u>	<u>7.0</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>10.5</u>	<u>75.0</u>
<u>Province OPEB Loan</u>	<u>7.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>6.5</u>	<u>66.0</u>
<u>Advance OPEB Payment</u>	<u>10.5</u>	<u>11.5</u>	<u>6.5</u>	<u>1.5</u>							<u>30.0</u>
<u>Total OPEBs</u>	<u>33.0</u>	<u>33.0</u>	<u>33.0</u>	<u>27.0</u>	<u>29.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>26.0</u>	<u>32.0</u>	<u>291.0</u>
<u>Stelco OPEB Shortfall Loan to meet 33/year</u>				<u>6.0</u>	<u>4.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>7.0</u>	<u>1.0</u>	<u>39.0</u>
<b><u>TOTAL</u></b>											<b><u>330.0</u></b>

**EXHIBIT B TO OPEB TERM SHEET**  
**FREE CASH FLOW**

References to ~~USSC~~the Corporation'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~~the Corporation'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~~Term Sheet). A is to be calculated before Tax Savings Payments (as defined in the Tax ~~Savings Agreement~~Term Sheet) are paid or accounted for by ~~USSC~~the Corporation. In addition, any interest incurred by ~~USSC~~the Corporation 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~~the Corporation 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 ~~;~~ provided, however, that no adjustment shall be required in respect of, and the Corporation shall be entitled to deduct, management, services, administrative, cost sharing or other fees and expenses payable by the Corporation or its subsidiaries to the Plan Sponsor or any of its affiliates, to the extent that such fees do not exceed the total of:

- (A) 102% of the lesser of:
- (1) the reasonable direct costs of Plan Sponsor and any of its affiliates in providing such services; and

- (2) \$5,000,000 per fiscal year; and
- (B) the amount, if any, by which the reasonable direct costs of Plan Sponsor and any of its affiliates in providing such services for the applicable fiscal year exceeds \$5,000,000.



**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 [NewSpecial](#) 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 “the Pension Deficit Funding Trust”)~~. The terms of the Pension Deficit Funding Trust shall be determined by the Province. The Carried Interest Agreement shall 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 the Corporation (the “**Carried Interest**”). Without limiting the generality of the foregoing, Carried Interest payments shall be made to the Pension Deficit Funding 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 Deficit Funding 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 Deficit Funding 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 Deficit Funding 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 as set out in the Special Regulation. Paragraphs 4 through 11 hereof shall continue to apply to the Stelco Plans in wind up.

### **~~New~~Special Regulation**

14. The Minister of Finance will recommend to the Lieutenant Governor-in-Council that a ~~new regulation~~ Special 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~~.[0698761](#).
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) 100% of the Tax Savings Payment shall be paid to the Stelco Plans (as defined in the Pension Term Sheet) (and allocated in such amounts in accordance with the process set out in the Special Regulation) until the aggregate of all Tax Savings Payments since the Plan Implementation Date reaches \$75 million;
  - (b) after \$75 million of the Tax Savings Payments have been made to the Stelco Plans in accordance with paragraph 2(a):
    - (i) ~~(a)~~ 50% of ~~the any further~~ Tax Savings Payment shall be paid to the OPEB Entities (as defined in the OPEB Term Sheet) (the “**OPEB Tax Savings Payments**”); and
    - (ii) ~~(b)~~ 50% of ~~the any further~~ 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~~ in accordance with the process set out in the Special Regulation).

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	<b>\$79,361,816</b>	\$7,281	\$7,403
Cliffs Iron Ore Transaction	\$14,538,463	N/A	\$425,121	\$45,712	<b>\$15,009,296</b>	\$508	\$508
LRD Trade Claim	\$31,252,193	N/A	\$931,658	\$100,178	<b>\$32,284,029</b>	\$1,113	\$1,113
<b>Total</b>	<b>\$116,790,656</b>	<b>\$1,938,390</b>	<b>\$7,124,937</b>	<b>\$801,158</b>	<b>\$126,655,141</b>	<b>\$8,902</b>	<b>\$9,024</b>

\*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~~Time, 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~~Time, 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).

**Schedule J**

**GLOBAL FULL AND FINAL MUTUAL RELEASE**

**THIS GLOBAL FULL AND FINAL RELEASE (the “Release”)** is made as of **►**, 2017

**BETWEEN:**

**UNITED STATES STEEL CORPORATION, and its Affiliates** (excluding Stelco, as defined below) **(collectively, the “USS Group”)**

OF THE FIRST PART,

- and -

**U.S. STEEL CANADA INC., together with its subsidiaries, U.S. STEEL TUBULAR PRODUCTS CANADA GP INC., U.S. STEEL TUBULAR PRODUCTS CANADA LIMITED PARTNERSHIP, THE STELCO PLATE COMPANY LTD., THE STEEL COMPANY OF CANADA, LIMITED and 4347226 CANADA INC. (collectively, “Stelco”)**

OF THE SECOND PART,

- and -

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF FINANCE, and all of its ministries, agencies, commissions and other entities and funds including the Superintendent of Financial Services (collectively, the “Province”)**

OF THE THIRD PART,

- and -

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF THE ENVIRONMENT AND CLIMATE CHANGE (the “MOECC”)**

OF THE FOURTH PART,

- and -

**UNITED STATES STEEL AND CARNEGIE PENSION FUND (“USSCPF”)**

OF THE FIFTH PART,

- and -

**UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION (“USW International”)**

OF THE SIXTH PART,

- and -

**UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ALLIED INDUSTRIAL AND SERVICE WORKERS NATIONAL UNION (“USW National”)**

OF THE SEVENTH PART,

- and -

**UNITED STEEL, PAPER AND FORESTRY, RUBBER,  
MANUFACTURING, ALLIED INDUSTRIAL AND SERVICE WORKERS  
LOCAL 8782 (“8782”)**

OF THE EIGHTH PART,

- and -

**UNITED STEEL, PAPER AND FORESTRY, RUBBER,  
MANUFACTURING, ALLIED INDUSTRIAL AND SERVICE WORKERS  
LOCAL 8782(b) (“8782(b)”)**

OF THE NINTH PART,

- and -

**UNITED STEEL, PAPER AND FORESTRY, RUBBER,  
MANUFACTURING, ALLIED INDUSTRIAL AND SERVICE WORKERS  
LOCAL 1005 (“1005” and collectively with USW International, USW  
National, 8782 and 8782(b) the “USW”)**

OF THE TENTH PART

- and -

**NON-USW ACTIVE AND RETIREE BENEFICIARIES (as that term is  
defined in the Order dated October 8, 2014 (as amended and restated, the  
“Representative Counsel Order”)), excluding Opt-Out Individuals (as  
defined in the Representative Counsel Order) as represented by their  
court-appointed counsel, Koskie Minsky LLP (the “Non-USW Group”)**

OF THE ELEVENTH PART,

- and –

**ROBERT J. MILBOURNE, an Opt-Out Individual**

OF THE TWELFTH PART,

- and -

**SHARON P. MILBOURNE, an Opt-Out Individual**

OF THE THIRTEENTH PART,

- and -

**RENALD TURGEON, an Opt-Out Individual**

OF THE FOURTEENTH PART,

- and -

**GERALD EHRMAN, an Opt-Out Individual**

OF THE FIFTEENTH PART,

- and -

**ESTATE OF ANN PASE, the estate of an Opt-Out Individual**

OF THE SIXTEENTH PART,

- and -

**THE ESTATE OF RICHARD E. NEWSTED**

OF THE SEVENTEENTH PART,

- and -

**CHARLES H. CREMENS**

OF THE EIGHTEENTH PART,

- and -

**MICHAEL A. MCQUADE**

OF THE NINETEENTH PART,

- and -


**THOMAS H. FERNS**

OF THE TWENTIETH PART,

(collectively, the “**Parties**” and individually as a “**Party**”)

**WHEREAS:**

- A. On September 16, 2014, Stelco obtained an initial order (as amended and restated from time to time, the “**Initial Order**”) pursuant to the *Companies Creditors’ Arrangement Act* (the “**CCAA**”) among other things, granting a stay of proceedings and appointing Ernst & Young Inc. as monitor (the “**Monitor**”);
- B. Stelco, under the supervision of the Monitor and the CCAA court, with the assistance of Stelco’s financial advisor, Rothschild Inc. (the “**Financial Advisor**”) and with significant involvement from key stakeholders, conducted extensive sales and marketing efforts within the CCAA proceedings, including the Sale and Restructuring/Recapitalization Process (“**SARP**”) and the Sale and Investment Solicitation Process (“**SISP**”);
- C. By the end of July 2016, the proposal from Bedrock Industries Group LLC (“**Bedrock**”) emerged as the most promising bid in the SISP process and was designated as a Qualified Bid (as defined in the SISP);

- D. On September 21, 2016, the Province announced that it had signed a memorandum of understanding with Bedrock to help facilitate a restructuring of Stelco. On November 1, 2016, USS announced that it had signed an indicative term sheet with Bedrock (“**USS/Bedrock ITS**”) that, among other things, contemplated the provision of mutual releases among key stakeholders;
- E. On December 15, 2016, Stelco obtained an order, among other things, declaring Bedrock to be the successful bidder in the SISP and authorizing Stelco to enter into a Plan Sponsor Agreement with Bedrock and a Support Agreement with the Province;
- F. Stelco, Bedrock and the Stakeholders engaged in extensive discussions and negotiations regarding a form of plan of compromise, arrangement and reorganization that would be acceptable to the Released Stakeholder Parties;
- G. On March 15, 2017, Stelco obtained an order, among other things, accepting the filing of a Plan of Compromise, Arrangement and Reorganization (as amended or amended and restated from time to time in accordance with its terms, the “**Plan**”) with the Court and authorizing and directing Stelco to call, hold and conduct meetings of its creditors to vote on the Plan;
- H. The Plan contemplates the acquisition, directly or indirectly, of Stelco by Bedrock (the “**Bedrock Transaction**”);
- I. The Plan provides for the execution and delivery and the issuance by Court Order of a number of releases, including this contractual release, which is a condition of closing to the Bedrock Transaction;
- J. **[NTD: describe how the Plan was ratified by the USW and approved by the Non-USW Group];** and
- K. The Plan was sanctioned by the Court pursuant to the Order of Mr. Justice Wilton-Siegel dated , 2017.

**NOW THEREFORE** in consideration of the various obligations and undertakings contained in the Plan and the Stakeholder Agreements and the completion of the Bedrock Transaction and implementation of the Plan contemplated thereby and for good and valuable consideration, the receipt and sufficiency of which are hereby irrevocably acknowledged, the Parties hereby agree as follows:

1. All terms not otherwise defined herein have the meanings ascribed to them in the Plan.

#### **GENERAL MUTUAL RELEASE**

2. (a) Save and except for the exclusions described herein, each of the Parties, on behalf of itself and its or their respective current and former Affiliates, and the respective officers, directors, employees, clients, shareholders, partners (including limited or general), members, consultants, legal counsel, actuaries and administrators, representatives,

advisors, agents, successors and assigns (collectively, “**Representatives**”) of such Party and its current and former Affiliates, as applicable (collectively, the “**Releasors**”), hereby remises, releases and forever discharges each of the other Parties hereto and the Monitor, and their respective current and former Affiliates, and the respective Representatives of such other Parties and the Monitor and their current and former Affiliates, as applicable (collectively, the “**Releasees**”), in each case as applicable, of and from all actions, causes of actions, demands, rights or claims for damages, indemnity, interest, costs and loss or injury of every nature and kind howsoever arising, including but not limited to by statute or common law, 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 breach of a standard of care), by reason of any fraud (actual or constructive) or by reason of any ownership of, management of, control of or title to property or assets (or rights in respect thereof) 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, which each of the Releasors now has or hereafter can, shall or may have for, or by reason of, or in any way arising out of, any cause, matter or thing whatsoever existing up to the Effective Time and that relate in any manner whatsoever to Stelco or any of its assets (current or historical), obligations, business or affairs or any pension or retirement plans sponsored or administered by Stelco or the assets related thereto or the CCAA Proceedings or the USS Group’s ownership, management, operation or control of Stelco (individually, a “**Claim**” and collectively, “**Claims**”), including, without limitation, any Claims made or alleged or that could be made or alleged by any of the Releasors.

(b) Each Party understands that it may later discover Claims or facts that may be different from, or in addition to, those that it or any other Party now knows or believes to exist regarding the subject matter of the release contained in this Section 2, and which, if known at the time of signing this Release, may have materially affected this Release and such Party's decision to enter into it and grant the release contained in this Section 2. Nevertheless, the Parties intend to fully, finally and forever settle and release all Claims that now exist, may exist, or previously existed, as set out in the release contained in this Section 2, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or different facts. The Releasors hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts.

(c) For greater certainty, all Releasors hereby release and waive any rights they may have to seek equitable subordination in respect of any Claims of any of the Releasees as against Stelco.



(d) For greater certainty, the release of Claims as against Stelco, the USS Group, USSCPF and their respective current and former Affiliates, and the respective Representatives of such Parties and their current and former Affiliates, includes all Claims, including but not limited to Claims for or related to: (a) environmental conditions, matters or liabilities, whenever determined, realized or incurred; (b) retirement or pension or post-employment benefit liabilities, whenever determined, realized or incurred; (c) the management, investment and administration of the Main Pension Plans, Non-Main Pension Plans, any non-USW supplemental pension plans, group registered retirement savings plans, retirement benefits contracts funded pursuant to retirement compensation arrangement trusts, non-registered unfunded retirement benefit contracts and retirement allowance arrangements; and (d) alleged oppression, misrepresentation, wrongful conduct, fraud, breach of fiduciary duty or standard of care by the USS Group, USSCPF, Stelco or any of their respective current and former Affiliates and their respective Representatives.

(e) For greater certainty, the release of Claims by each Releasor includes all D&O Claims.

### **CCAA PLAN AND STAKEHOLDER AGREEMENT EXCLUSIONS**

3. Notwithstanding anything else contained herein, the Release will not release a Party from:
  - (a) any obligation it has in favour of another Party pursuant to a Stakeholder Agreement to which both are parties, or any claims related thereto; or
  - (b) any obligation it has in favour of another Party under indemnities or agreements, or arrangements in connection therewith, in satisfaction of the USS Indemnity Release Conditions, or any claims related thereto.

### **USS EXCLUSIONS**

4. Notwithstanding anything else contained herein, the Release shall not release the USS Group from any Claims by Stelco relating to (a) obligations under the agreements listed in **Schedule "A"** hereto; and (b) amounts owing for goods or services supplied to the USS Group by Stelco up to the Effective Time, as listed in **Schedule "B"** hereto.

### **USW EXCLUSIONS**

5. Notwithstanding anything else contained herein, the Release shall not release the USW from: (a) any Claims relating to the HW Local 1005 CBA Amendment, the LEW Local 8782 CBA Amendment or the LEW Local 8782(b) CBA Amendment; or (b) any Claims in respect of those agreements listed in **Schedule "C"** hereto.

### **STELCO EXCLUSIONS**

6. Notwithstanding anything else contained herein, the Release shall not release Stelco from any Claims relating to:
  - (a) the right to enforce against Stelco its obligations under the Plan;

- (b) the right to enforce the Unaffected Claims against Stelco, except for the existing pension and OPEBs claims for 8782, 8782b, and 1005 which, for greater certainty, are to be addressed in the manner set out in Section 4.2(d) of the Plan and the CBA Amendments;
- (c) any Claim against Stelco for the supply of goods or services delivered after the Filing Date and up to the Effective Time;
- (d) any investigation, action, suit, order or proceeding by or before a regulatory body (as defined in the CCAA) unless specifically released by the MOECC under the Environmental Framework Agreement and the release from the MOECC provided separately from this Release or such investigation, action, suit, order or proceeding constitutes a “claim” within the meaning of the CCAA. Further and for greater certainty, this Release solely as it relates to Stelco is subject to the provisions of the Environmental Framework Agreement;
- (e) the right to enforce against Stelco, any agreement in force at the Effective Time that was entered into with Stelco between the Filing Date and the Effective Time, including, but not limited to any indemnity in favour of an individual or their estate who are or were a director and/or an officer of Stelco (but, for greater certainty, this exclusion does not apply to the USS Group); and
- (f) the right to enforce against Stelco any agreement entered into prior to the Effective Date which is not terminated by the Plan or otherwise during the CCAA Proceeding.

#### **RELEASE BINDING AGAINST USW AND NON-USW GROUP**

- 7. This Release shall become contractually binding on the USW and every current member and former member including retirees (and each of their surviving spouses and beneficiaries) of each of 8782, 8782(b) and 1005 upon ratification of each CBA Amendment for 8782, 8782(b) and 1005.
- 8. This Release shall become contractually binding on the Non-USW Group upon execution of this Release by the Court appointed Representative as authorized and directed by the Order of Mr. Justice Wilton-Siegel dated April [25], 2017 and pursuant to the terms of the Non-USW Settlement Agreement dated [April ►, 2017].

#### **CLAIMS AGAINST PARTIES WITH CONTRIBUTION OR INDEMNITY RIGHTS**

- 9. Each of the Releasors acknowledges and agrees to not make or continue any Claims or proceedings against any other person, entity, agency or corporation, in any manner or forum, who may claim contribution or indemnity in common law or in equity or under the provisions of any statute, regulation or otherwise, including the *Negligence Act* (Ontario) and the amendments thereto, against any of the Releasees with respect to the subject matter hereof. In the event that any such Claims or proceedings are brought, this Release may be pleaded as a complete defence and reply by the Releasees, and may be relied upon in any proceeding to dismiss the Claims or proceedings on a summary basis as against

any of the Releasees. The Releasers, for the same consideration, further covenant and agree not to join, assist or act in concert in any manner whatsoever with any person, firm or corporation in the making of any Claim or demand in the bringing of any proceeding or action in any manner whatsoever against any of the Releasees arising out of or in relation to the matters herein remised, released and discharged. Notwithstanding the foregoing, the Ministry of the Environment and Climate Change shall not be precluded from pursuing any investigation, action, suit, order, or proceeding, as a regulatory body or before a regulatory body (as defined in the CCAA), in respect of any person, entity, agency or corporation other than any Releasee, in any manner or forum, who may claim contribution or indemnity in common law or in equity or under the provisions of any statute or regulation against any Releasee.

## REPRESENTATIONS AND WARRANTIES

10. Each of the Parties represents and warrants to the other Parties that: (a) if applicable, it is duly organized, validly existing and in good standing under the laws of the jurisdiction in which, in the case of corporations, it was incorporated; (b) it is duly authorized to enter into this Release and perform any actions described in this Release; (c) the execution, delivery and performance of this Release by such Party requires no further consents or approvals of any third party nor violates any law or regulation binding upon such Party; (d) this Release constitutes the legal, valid and binding obligation of such Party, its affiliates or the individuals such Party represents, enforceable against such Party in accordance with its terms; and (e) it (i) knows of no Claims against any of the Releasees that are not covered by the release contained in Section 2 and (ii) has neither assigned nor transferred any of the Claims released herein to any person or entity and no person or entity has subrogated to or has any interest or rights in any Claims.

## GENERAL

11. This Release shall become effective as of the Effective Time.
12. Each of the Parties hereto consents to the releases in the Sanction Order. This Release is in addition to, and without limitation to, the releases in the Plan, the Stakeholder Agreements, the Sanction Order and any other Order in the CCAA Proceedings.
13. Each of the Parties hereto hereby warrants and confirms that it has executed this Release voluntarily, without any duress or undue influence on the part of any person, firm or corporation, and that it has been advised by counsel of its choice with respect to the terms of this Release, the consequences of same, and the legal effects thereof.
14. In the event any action shall be commenced by a Releasee to enforce this Release, the prevailing party in such action (as determined by a court in the Province of Ontario) shall be entitled to such reasonable legal fees, costs and expenses as may be fixed by the decision maker, including, but not limited to, reasonable legal fees, expenses and costs of investigation incurred in: (a) appellate proceedings; (b) any post-judgment proceedings to collect or enforce the judgment; (c) establishing the right to indemnification or payment;

- and (d) any action or participation in, or in connection with, any case or proceeding under any bankruptcy, insolvency or other similar statute or laws.
15. If any provision of this Release or any part of any provision of this Release is held under any circumstances to be invalid or unenforceable in any jurisdiction, then (i) such provision or part thereof shall, with respect to such circumstances and in such jurisdiction, be deemed amended to conform to applicable laws so as to be valid and enforceable to the fullest possible extent, (ii) the invalidity or unenforceability of such provision or part thereof under such circumstances and in such jurisdiction shall not affect the validity or enforceability of such provision or part thereof under any other circumstances or in any other jurisdiction, and (iii) such invalidity or unenforceability of such provision or part thereof shall not affect the validity or enforceability of the remainder of such provision or the validity or enforceability of any other provision of this Release. Each provision of this Release is separable from every other provision of this Release, and each provision of this Release is separable from every other part of such provision.
  16. This Release shall be governed by the laws of the Province of Ontario, without regard to conflicts of laws or choice of law principles, and the federal laws of Canada applicable therein. The courts of the Province of Ontario, and any appellate court thereof, shall have exclusive jurisdiction to adjudicate any dispute or claim arising out of or in connection with this Release. Each of the Parties hereby irrevocably and unconditionally submits to the jurisdiction of the courts in the Province of Ontario, in respect of any proceedings brought in connection with this Release. Each of the Parties acknowledges and agrees that the courts in the Province of Ontario, are the most appropriate and convenient courts to settle any such dispute in connection with this Release and agrees not to argue to the contrary, and waives any objection to those courts on the grounds of inconvenient forum or otherwise in relation to proceedings in connection with this Release. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION BASED ON THIS RELEASE.
  17. Except as expressly provided herein (and except for the Stakeholder Agreements and any other agreements referenced herein to the extent such agreements remain in effect), this Release sets forth the entire agreement of the Parties with respect to the subject matter hereof as of the Plan Implementation Date, and supersedes any prior written or oral agreement or arrangement, and all agreements, covenants, representations and warranties, express and implied, oral and written, of the Parties with regard to the subject matter of this Release are contained herein.
  18. No modification of or amendment to this Release shall be valid unless in writing signed by the Parties hereto referring specifically to this Release and stating the Parties' intention to modify or amend the same. No waiver of any breach of or failure to comply with any of the terms of this Release shall be effective unless such waiver is made expressly in writing and executed and delivered by the Party against whom such waiver is claimed. No waiver of any breach or failure to comply with any of the terms of this Release shall be deemed to be a further or continuing waiver of such breach or failure to comply or a waiver of any other or subsequent breach or failure to comply. Except as otherwise

expressly provided herein, no failure on the part of any Releasee to exercise, and no delay in exercising, any right, power or remedy hereunder, or otherwise available in respect hereof at law or in equity, shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Releasee preclude any other or further exercise thereof, or the exercise of any other right, power or remedy.

19. This Release shall inure to the benefit of and will be binding upon each Releasee and Releasor and, in the case of any individuals, their heirs, administrators, executors and beneficiaries. The rights and obligations of the Releasors and Releasees under this Release are not assignable in whole or in part without the prior written consent of all other Parties hereto.
20. This Release is intended solely for the benefit of the Releasees, and except as otherwise expressly provided herein, is not intended to (and shall not) confer any benefit upon, or create any rights in favour of, any person other than the Releasees and, in the case of any individuals, their heirs, administrators, executors and beneficiaries.
21. The Parties to this Release agree to hold the benefit of the Release as trustee for their respective Representatives, as applicable.
22. This Release may be executed in any number of separate counterparts and delivered by facsimile or other method of electronic transmission, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute one and the same instrument.

*(Signature page to follow)*

IN WITNESS WHEREOF the parties hereto have executed this Release as of ►, 2017.

**UNITED STATES STEEL CORPORATION**

Per: \_\_\_\_\_

Name: Colleen M. Darragh

Title: VP & Controller

I have the authority to bind the Corporation.

**U.S. STEEL CANADA INC.**

Per: \_\_\_\_\_

Name: William E. Aziz

Title: CRO

I have the authority to bind the Corporation.

**U.S. STEEL TUBULAR PRODUCTS CANADA GP INC.**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the Corporation.

**U.S. STEEL TUBULAR PRODUCTS CANADA LIMITED PARTNERSHIP, by its general partner U.S. STEEL TUBULAR PRODUCTS CANADA GP INC.**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the Partnership.

**THE STELCO PLATE COMPANY LTD.**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the [Corporation](#).

**THE STEEL COMPANY OF CANADA, LIMITED**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the [Corporation](#).

**4347226 CANADA INC.**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the [Corporation](#).

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO, AS REPRESENTED BY THE MINISTER OF FINANCE on its behalf and on behalf of all of its ministries, agencies, commissions and other entities and funds including the Superintendent of Financial Services**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the [Crown](#).

**HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF ONTARIO AS REPRESENTED BY THE MINISTER OF THE ENVIRONMENT AND CLIMATE CHANGE**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the [Crown](#).

**UNITED STATES STEEL AND CARNEGIE PENSION FUND**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the [Corporation](#).

**UNITED STEEL, PAPER AND FORESTRY, RUBBER, MANUFACTURING, ALLIED INDUSTRIAL AND SERVICE WORKERS INTERNATIONAL UNION**

Per: \_\_\_\_\_



Name:

Title:

I have the authority to bind the [Union](#).

**UNITED STEEL, PAPER AND FORESTRY, RUBBER,  
MANUFACTURING, ALLIED INDUSTRIAL AND  
SERVICE WORKERS NATIONAL UNION**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the [Union](#).

**UNITED STEEL, PAPER AND FORESTRY, RUBBER,  
MANUFACTURING, ALLIED INDUSTRIAL AND  
SERVICE WORKERS LOCAL 8782**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the [Union](#).

**UNITED STEEL, PAPER AND FORESTRY, RUBBER,  
MANUFACTURING, ALLIED INDUSTRIAL AND  
SERVICE WORKERS LOCAL 8782(b)**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the [Union](#).

**UNITED STEEL, PAPER AND FORESTRY, RUBBER,  
MANUFACTURING, ALLIED INDUSTRIAL AND  
SERVICE WORKERS LOCAL 1005**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the [Union](#).

**NON-USW GROUP, as represented by Koskie Minsky  
LLP**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind this Group.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**ROBERT J. MILBOURNE**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**SHARON P. MILBOURNE**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**RENALD TURGEON**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**GERALD EHRMAN**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**THE ESTATE OF ANN PASE**  
\_\_\_\_\_  
Name:  
\_\_\_\_\_  
Administrator of the Estate of Ann Pase

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**THE ESTATE OF RICHARD E. NEWSTED**  
\_\_\_\_\_  
Name:  
\_\_\_\_\_  
Administrator of the Estate of Richard E. Newsted

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**CHARLES H. CREMENS**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**MICHAEL A. MCQUADE**

\_\_\_\_\_  
Witness

\_\_\_\_\_  
**THOMAS H. FERNS**

**Schedule "A"**  
**Excluded Contracts**

**Schedule "B"**

**Amounts owing by the USS Group to Stelco for good and services delivered prior to the Effective Time**

**Schedule “C”**  
**USW/Stelco Agreements**

Document comparison by Workshare Compare on Wednesday, June 07, 2017  
1:20:28 PM

Input:	
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Document 2 ID	PowerDocs://DOCS/16719440/8
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Deletions	268
Moved from	5
Moved to	5
Style change	0
Format changed	0
Total changes	790

**Tab B**



This is Exhibit "B" referred to in the affidavit of William F. Aziz sworn before me, this 7<sup>th</sup> day of June 2017

Court File No. CV-14-10695-00CL

~~A COMMISSIONER FOR TAKING AFFIDAVITS~~  
Warren Nickerson  
Barrister & Solicitor in the Province of Alberta

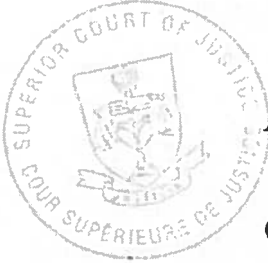
ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)

THE HONOURABLE MR. )

WEDNESDAY, THE 26<sup>th</sup>

JUSTICE WILTON-SIEGEL )

DAY OF APRIL, 2017



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.  
(the "Applicant")

AMENDED PLAN ORDER

**THIS MOTION**, made by U. S. Steel Canada Inc. (the "Applicant"), pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") and the *Canada Business Corporations Act* (the "CBCA") for an order among other things,

- (a) accepting the filing of the amended and restated plan of compromise, arrangement and reorganization of the Applicant under the CCAA and CBCA, dated April 25, 2017 (the "Amended Plan");
- (b) approving the classification of creditors set out in the Amended Plan for the purposes of the Meetings and voting on the Amended Plan;
- (c) authorizing the Applicant to enter into:
  - a. an agreement that amends the CCAA acquisition and plan sponsor agreement (the "PSA") dated as of December 9, 2016 between the Applicant, Bedrock Industries Canada LLC (the "Plan Sponsor") and Bedrock Industries L.P., as amended (the "Second PSA Amending Agreement") so that it incorporates and applies to the Amended Plan; and

- b. an agreement that amends the support agreement (the “**Province Support Agreement**”) made as of December 9, 2016 between the Applicant and Her Majesty the Queen in Right of the Province of Ontario (the “**Province**”), as amended, so that it incorporates and applies to the Amended Plan (the “**Second Province Support Amending Agreement**”); and
- (d) approving the process to determine the value of the Claim (the “**PBGF Assessment Claim**”) of the Superintendent of Financial Services (Ontario), in its capacity as administrator of the Pension Benefits Guarantee Fund (the “**Superintendent**”) relating to assessment amounts owing by the Applicant to the Pension Benefits Guarantee Fund (“**PBGF**”) for voting and distribution purposes;

was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of William E. Aziz sworn April 19, 2017 (the “**Aziz Affidavit**”), the Thirty-Eighth Report of Ernst & Young Inc. in its capacity as the Monitor of the Applicant (the “**Monitor**”), and the affidavit of service of Trevor Courtis dated April 19, 2017, and on hearing the submissions of counsel for the Applicant, the Monitor and any such other counsel as were present:

*Service and Interpretation*

1. **THIS COURT ORDERS** that the time for service of this motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that all capitalized terms used but not defined herein shall have the meanings given to them in the Amended Plan.

*Filing of Amended Plan*

3. **THIS COURT ORDERS** that the Amended Plan is hereby accepted for filing and the Applicant is authorized to contemporaneously file the Amended Plan with this Order.
4. **THIS COURT ORDERS AND DECLARES** that the Amended Plan constitutes the “Plan” for the purposes of the Meetings Order dated March 15, 2017 (the “**Meetings Order**”).

*Certain Further Amendments*

5. **THIS COURT ORDERS** that, after the Meetings, the Applicant may amend, restate, modify and/or supplement the Amended Plan with the consent of the Plan Sponsor, Representative Counsel and the Monitor (including in the manner required by paragraph A of the Non-USW Support Agreement), without the consent of the General Unsecured Creditors or approval of the Court, provided that any such amendment, restatement, modification and/or supplement:

- (a) is filed with the Court;
- (b) is posted on the website established by the Monitor in respect of these proceedings (the “**Monitor’s Website**”) and notice thereof is provided to the Stakeholders and the Affected Creditors (other than Affected Creditors represented by Representative Counsel);
- (c) does not materially decrease the anticipated recovery of General Unsecured Creditors under the Amended Plan and is otherwise not materially adverse to the financial or economic interests of General Unsecured Creditors, in each case as determined by the Monitor; and
- (d) does not amend the Plan Implementation Conditions (including any provision of the Amended Plan that is the subject of such conditions) without the consent of the party or parties for whose benefit the conditions exist (including without limitation, the USS Closing Conditions, the USSCPF Closing Conditions or the Pension Closing Conditions without the consent of USS, USSCPF or the Province, as the case may be.)

6. **THIS COURT ORDERS** that the power to amend outlined in paragraph 5 of this Order is in addition to, and does not replace, the power to amend at paragraph 10 of the Meetings Order.

*Creditor Classes*

7. **THIS COURT ORDERS** that, pursuant to section 22 of the CCAA, the classification of creditors as set out in the Amended Plan is hereby approved for the purposes of the Meetings.

*Proxies and Proofs of Claim*

8. **THIS COURT ORDERS AND DECLARES** that all proxies filed by Affected Creditors in relation to the plan of compromise, arrangement and reorganization of the Applicant dated March 15, 2017 shall be effective with respect to voting on the Amended Plan, unless:

- (a) the proxy is revoked by the Affected Creditor that filed it (the “**Revoking Creditor**”);  
and
- (b) Either:
  - (i) notwithstanding paragraph 41 of the Meetings Order, another proxy from the Revoking Creditor is received by the Monitor by no later than 5:00 p.m. on April 26, 2017, or 3 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; or
  - (ii) if the Revoking Creditor is an individual, such Revoking Creditor attends and votes at the relevant Meeting in person.

9. **THIS COURT ORDERS** that any Proofs of Claim (as defined in the Claims Process Order of the Court dated November 13, 2014 (the “**Claims Process Order**”)) filed after the Claims Bar Date (as defined in the Claims Process Order) specified in the Claims Process Order but before April 17, 2017 shall be deemed to have been filed by the Claims Bar Date and are not barred or extinguished and shall be reviewed by the Monitor in consultation with the Applicant and determined in accordance with the procedures set out in the Claims Process Order.

*Notice of Amended Plan*

10. **THIS COURT ORDERS** that each of the following is hereby approved:
- (a) the Applicant's Supplemental Information Circular substantially in the form attached to the Aziz Affidavit as Exhibit "E" (the "**First Supplemental Information Circular**"); and
  - (b) the letter from the Monitor to all General Unsecured Creditors, substantially in the form attached to the Thirty-Eighth Report of the Monitor, informing them that the draft First Supplemental Information Circular and the Thirty-Eighth Report of the Monitor are available on the Monitor's Website (the "**General Unsecured Creditors Notice Letter**").
11. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall cause a copy of the Amended Plan, the First Supplemental Information Circular, the General Unsecured Creditors Notice Letter and this Order to be posted on the Monitor's Website. The Monitor shall ensure that such materials remain posted on the Monitor's Website until at least one (1) Business Day after the Plan Implementation Date.
12. **THIS COURT ORDERS** that the notification process for this motion described in the Aziz Affidavit and the measures in paragraph 11 shall constitute good and sufficient service and notice of this Order and the Amended Plan on all Persons who may be entitled to receive notice thereof, or who may be entitled to be present in person or by proxy at the Meetings or who may have an interest in these proceedings, and no other form of notice or service need be made on such Persons and no other document or material need be served on such Persons in respect of these proceedings. Service shall be effective as of the time of the posting of the materials on the Monitor's Website.
13. **THIS COURT ORDERS** that the filing of the Thirty-Eighth Report of the Monitor with the Court and the service by email on the Service List of the Thirty-Eighth Report and posting thereof on the Monitor's Website, together with the mailing by the Monitor of notice to the list of Affected Creditors provided to the Monitor by USSC, constitute proper and timely filing and notice of the Monitor's Report on the Plan and the Amended Plan and satisfy any obligations or

duties of the Monitor in connection therewith, including pursuant to section 23(1) of the CCAA.

***PBGF Assessment Claim***

14. **THIS COURT ORDERS** that the PBGF Assessment Claim shall be subject to the terms of this Order notwithstanding its treatment as an Excluded Claim under the Claims Process Order. Nothing in this Order shall extend any bar date or alter, amend, or revive any PBGF Assessment Claim barred under any prior orders of this Court.

15. **THIS COURT ORDERS** that, no later than April 26, 2017, the Applicant, after consulting with the Superintendent and with approval of the Monitor, will deliver to the Superintendent a written statement setting out the amount of the PBGF Assessment Claim. The amount set out in such notice will be the value of the PBGF Assessment Claim for purposes of voting and distributions under the Amended Plan unless the Superintendent delivers a written objection to the Applicant and the Monitor prior to the Meetings in which case the amount set out in such notice will be the value of the PBGF Assessment Claim for voting purposes and the value for purposes of any distribution will be as agreed between the Applicant and the Superintendent, with the approval of the Monitor, or as otherwise ordered by the Court.

***PSA and Support Agreement Amendments***

16. **THIS COURT ORDERS** that the Applicant is hereby authorized to enter into the Second PSA Amending Agreement and the Second Province Support Amending Agreement (copies of which are attached as exhibits to the Aziz Affidavit) and to pursue the Transaction in accordance with the PSA, as amended by the Second PSA Amending Agreement.

*Assistance of Other Courts*

17. **THIS COURT ORDERS AND REQUESTS** the aid and recognition (including assistance pursuant to section 17 of the CCAA) of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or territory or any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this court in carrying out the terms of this Order.

*W. Ren - hml j.*

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ENTERED AT / INSCRIT A TORONTO  
ON / BOOK NO:  
LE / DANS LE REGISTRE NO:

APR 26 2017

PER / PAR: *W*

IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH  
RESPECT TO U. S. STEEL CANADA INC.

Court File No. CV-14-10695-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**AMENDED PLAN ORDER**

**McCarthy Tétraut LLP**  
Toronto Dominion Bank Tower  
Toronto, ON M5K 1E6  
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Lawyers for U. S. Steel Canada Inc.  
16577661



# Tab C

This is Exhibit "C" referred to in the Main Document 206  
affidavit of William E. Aziz  
sworn before me, this 2<sup>nd</sup>  
day of June 2017

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X  
In re :  
: U. S. STEEL CANADA INC., :  
: :  
Debtor in a foreign proceeding. :  
: :  
-----X

Chapter 15  
Case No. 17-11519 (MG) Province of Alberta  
A COMMISSIONER FOR TAKING AFFIDAVITS  
Warren N. Sklar  
Barrister & Solicitor in the Province of Alberta

**ORDER PURSUANT TO  
FED. R. BANKR. 2002 AND 9007 SCHEDULING RECOGNITION  
HEARING AND SPECIFYING FORM AND MANNER OF SERVICE OF NOTICE**

Upon the motion (the "Motion"),<sup>1</sup> of U. S. Steel Canada Inc., the foreign representative (the "Foreign Representative") of the above-captioned debtor (the "Debtor" or "USSC"), pursuant to Bankruptcy Rules 2002 and 9007 for entry of an order (i) setting the date for the hearing on the relief sought in the Verified Petition (the "Recognition Hearing") on the date that is 21 days after the date of service of the Notice Documents (as defined below), or as soon thereafter as this Court's calendar permits but before June 30, 2017, (ii) setting 4:00 p.m. (Eastern Standard Time) on a date no less than seven (7) days before the date of the Recognition Hearing as the deadline by which any responses to the Verified Petition must be received (the "Objection Deadline"), (iii) approving the form of notice of the Recognition Hearing and Objection Deadline attached hereto as Exhibit B (the "Hearing Notice"), and (iv) approving the manner of service of the Hearing Notice described herein, all as more fully set forth in the Motion; and this Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the relief

<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. § 1410; and notice of the Motion having been given as provided in the Motion, and such notice having been adequate and appropriate under the circumstances; and it appearing that no other or further notice need be provided; and upon the record of all of the proceedings had before this Court; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtor, its estates, creditors, and all parties in interest, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the Motion is granted to the extent set forth herein; and it is further

ORDERED that the Recognition Hearing shall be held before this Court on June 29, 2017 at 4 p.m. (prevailing Eastern Time) or as soon thereafter as counsel may be heard, before the Honorable Martin Glenn, in Room 523 of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408; and it is further

ORDERED that objections, if any, to the Verified Petition shall be made in writing and shall set forth the basis therefor, and such objections must be filed with this Court electronically and served upon the Foreign Representative's counsel, Weil, Gotshal & Manges, 767 Fifth Ave., New York, New York, 10025 (Attn: Marcia Goldstein, Esq., Robert J. Lemons, Esq., and Arkady A. Goldin, Esq.), so as to be received by 4:00 p.m. (prevailing Eastern Time) on June 22, 2017, with two courtesy copies served upon the Chambers of the Honorable

Martin Glenn, United States Bankruptcy Judge, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408; and it is further

ORDERED that the form of Hearing Notice attached to the Motion as Exhibit B is hereby approved; and it is further

ORDERED that copies of the Notice Documents shall be served by electronic mail to the extent email addresses are available and otherwise by United States mail, overnight or first-class postage prepaid, upon the Notice Parties listed in Exhibit C attached to the Motion within three (3) business days following entry of an order approving the Motion, and further, publication of the Hearing Notice shall be provided in the international edition of the Wall Street Journal; and it is further

ORDERED that if any party files a notice of appearance in this Chapter 15 Case, the Foreign Representative shall serve a copy of the Notice Documents on such party or its counsel within three (3) business days following the filing of such notice of appearance if such documents have not already been served on such party (or its counsel); and it is further

ORDERED that the notice requirements in section 1514(c) of the Bankruptcy Code are inapplicable in the context of this case; and it is further

ORDERED that service pursuant to this Order shall constitute good and sufficient service and adequate notice of the Recognition Hearing; and it is further

ORDERED that the Foreign Representative is authorized to take all action necessary to carry out this Order; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order.

**IT IS SO ORDERED.**

Dated: June 2, 2017  
New York, New York

\_\_\_\_\_/s/**Martin Glenn**\_\_\_\_\_  
MARTIN GLENN  
United States Bankruptcy Judge

# Tab D

This is Exhibit "D" referred to in the  
affidavit of William E. Aziz  
sworn before me, this 7th  
day of June 2017

**PSA AMENDING AGREEMENT NO. 4**

THIS AGREEMENT is made as of June 7, 2017

BETWEEN

**U. S. STEEL CANADA INC.**, a corporation incorporated under the laws of Canada (the "**Corporation**")

- and -

**BEDROCK INDUSTRIES CANADA LP**, a limited partnership formed under the laws of the State of Delaware (formerly Bedrock Industries Canada LLC) (the "**Purchaser**" or "**Bedrock**")

- and -

**BEDROCK INDUSTRIES L.P.**, a limited partnership established under the laws of the State of Delaware (the "**Guarantor**")

WHEREAS the Corporation, Bedrock and the Guarantor entered into a CCAA Acquisition and Plan Sponsor Agreement (the "**Original PSA**") made as of December 9, 2016 contemplating, among other things, a restructuring of the Corporation by way of a plan of arrangement under the *Companies' Creditors Arrangement Act* (Canada);


AND WHEREAS the Corporation, Bedrock and the Guarantor entered into an agreement to amend the Original PSA (the "**First Amending Agreement**") on March 10, 2017 to, among other things, incorporate into the Original PSA the form of plan of compromise, arrangement and reorganization (the "**Original CCAA Plan**");

AND WHEREAS the Corporation, Bedrock and the Guarantor entered into an agreement to amend the Original PSA, as amended by the First Amending Agreement (the "**Second Amending Agreement**") on April 19, 2017 to, among other things, amend and restate the Original CCAA Plan (the "**First Amended and Restated CCAA Plan**");

AND WHEREAS the Corporation, Bedrock and the Guarantor entered into an agreement to amend the Original PSA, as amended by the First Amending Agreement and the Second Amending Agreement (the "**Third Amending Agreement**") on May 2, 2017 to, among other things, defer the date by which the Sanction Order (as such term is defined in the Original PSA) must be obtained;

AND WHEREAS the Corporation, Bedrock and the Guarantor have agreed to amend the Original PSA, as amended by the First Amending Agreement, the Second Amending Agreement and the Third Amending Agreement (collectively, the "**PSA**") on the terms and conditions set forth in this agreement (the "**Fourth Amending Agreement**") to amend and restate the First Amended and Restated CCAA Plan;

AND WHEREAS Section 8.07 of the PSA provides that no amendment to the PSA will be valid or binding unless set forth in writing and duly executed by the parties;

  
A COMMISSIONER FOR TAKING AFFIDAVITS  
Warren Nishimura  
Barrister & Solicitor  
Province of Alberta

NOW THEREFORE, in consideration of the covenants and agreements herein contained, the parties agree as follows:

1. The definition of “CCAA Plan” in Section 1.01 of the PSA is replaced with the following:

“CCAA Plan” means the second amended and restated plan of compromise, arrangement and reorganization pursuant to the CCAA and the *Canada Business Corporations Act* concerning, affecting and involving the Corporation attached as Exhibit A.
2. Exhibit A to the PSA is replaced with Exhibit A to this Fourth Amending Agreement.
3. Except as and to the extent expressly modified by this Fourth Amending Agreement, the PSA remains in full force and effect in all respects. By executing this Fourth Amending Agreement, the parties to this Fourth Amending Agreement certify that this Fourth Amending Agreement has been executed and delivered in compliance with the terms of Section 8.07 of the PSA.
4. This Fourth Amending Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.
5. Delivery of an executed signature page to this Fourth Amending Agreement by any party by electronic transmission will be as effective as delivery of a manually executed copy of this Fourth Amending Agreement by such party.
6. Notwithstanding any other provision of this Fourth Amending Agreement, this Fourth Amending Agreement will not be binding on the Corporation unless and until an order of the Ontario Superior Court of Justice (Commercial List), in form and substance satisfactory to the Corporation and the Purchaser, each acting reasonably, authorizing the Corporation to enter into this Fourth Amending Agreement and to pursue the Transaction in accordance with the PSA, as amended by this Fourth Amending Agreement, is made.

*[Remainder of page intentionally left blank]*



IN WITNESS WHEREOF the parties have executed this Agreement.

**U. S. STEEL CANADA INC.**

Per: \_\_\_\_\_

**BEDROCK INDUSTRIES CANADA LP**

Per: \_\_\_\_\_

**BEDROCK INDUSTRIES L.P.**

Per: \_\_\_\_\_

**EXHIBIT A**

**SECOND AMENDED AND RESTATED CCAA PLAN**

**Tab E**

This is Exhibit "E" referred to in the  
affidavit of William E. Aziz  
sworn before me, this 5th  
day of June 2017

**AMENDED AND RESTATED SUPPORT AGREEMENT**

THIS AGREEMENT is made as of June 7, 2017

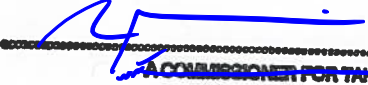
BETWEEN:

U. S. STEEL CANADA INC., a corporation incorporated under the laws of  
Canada

(the "Corporation")

- and -

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF  
ONTARIO (the "Province").

  
WARREN NICHOLSON  
Barrister & Solicitor  
in the Province  
of Alberta

WHEREAS on September 16, 2014, the Corporation initiated proceedings (the "CCAA Proceedings") under the *Companies' Creditors Arrangement Act* (the "CCAA") pursuant to an initial order of the Ontario Superior Court of Justice (Commercial List) (the "Court");

AND WHEREAS on January 12, 2016, the Court approved a sale and investment solicitation process in respect of the Corporation (the "SISP");

AND WHEREAS Bedrock Industries Group LLC was selected as a qualified bidder pursuant to the SISP;

AND WHEREAS on September 13, 2016, Bedrock Industries Group LLC and the Province entered into a Memorandum of Understanding in relation to the restructuring of the Corporation, an amended and restated copy of which is attached hereto as Schedule "A" (the "MOU");

AND WHEREAS Bedrock Industries L.P. ("Bedrock"), which is an affiliate of Bedrock Industries Group LLC, entered into a CCAA acquisition and plan sponsor agreement with the Corporation on December 9, 2016, as amended by PSA amending agreement no. 1 dated March 10, 2017, PSA amending agreement no. 2 dated April 19, 2017, PSA amending agreement no. 3 dated May 2, 2017 and PSA amending agreement no. 4 dated the date hereof (collectively, the "Plan Sponsor Agreement") which is attached as Schedule "B" hereto and which sets out certain agreements between the Corporation and Bedrock concerning a proposed restructuring of the Corporation (as described in the Plan Sponsor Agreement, the "Transaction") pursuant to which, among other things, Bedrock proposes to acquire the Corporation, directly or indirectly, by way of a plan of arrangement under the CCAA;

AND WHEREAS the Province and the Corporation entered into a support agreement made as of December 9, 2016, as amended by amending agreement no. 1 made as of March 10, 2017, amending agreement no. 2 made as of April 19, 2017 and amending agreement no. 3 made as of May 2, 2017 (collectively, the "Support Agreement"), setting out the terms and conditions upon which the Corporation agreed to pursue, and the Province agreed to support the Transaction to the extent it was consistent with various elements contemplated by the MOU;

**AND WHEREAS** the Province and the Corporation wish to amend and restate the Support Agreement (the “**Amended and Restated Support Agreement**”) to incorporate all prior amendments and set out the terms and conditions upon which the Corporation has agreed to pursue, and the Province has agreed to support the Transaction and the CCAA Plan (as defined in the Plan Sponsor Agreement);

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained, the parties agree as follows:

## **ARTICLE 1 - INTERPRETATION**

### **1.01 Headings**

The division of this Agreement into Articles and Sections and the insertion of a table of contents and headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. The terms “hereof”, “hereunder” and similar expressions refer to this Agreement and not to any particular Article, Section or other portion hereof.

### **1.02 Extended Meanings**

In this Agreement words importing the singular number include the plural and vice versa, words importing any gender include all genders and words importing persons include individuals, corporations, limited and unlimited liability companies, general and limited partnerships, associations, trusts, unincorporated organizations, joint ventures and Governmental Authorities. The term “including” means “including without limiting the generality of the foregoing” and the term “third party” means any person other than the Corporation and the Province.

## **ARTICLE 2 - TRANSACTION SUPPORT**

### **2.01 Structure of the Transaction**

The Corporation and the Province acknowledge that: (a) it is presently contemplated that the Transaction will be implemented pursuant to an acquisition of the shares of the Corporation, directly or indirectly, by Bedrock pursuant to the CCAA Plan; and (b) in the event the Transaction cannot be implemented in the manner described in sub-paragraph 2.01(a), it is contemplated that the Transaction would be completed pursuant to an alternative transaction structure that is on terms and conditions acceptable to the Province (an “**Alternative Transaction Structure**”). In the event the Transaction is implemented by way of an Alternative Transaction Structure, the terms of and obligations under this Agreement will apply to the Alternative Transaction Structure, with any necessary amendments as the structure and implementation of the Alternative Transaction may reasonably require.

## **2.02 Covenants of the Corporation**

The Corporation:

- (a) agrees to pursue in good faith the implementation of the Transaction and the CCAA Plan;
- (b) covenants and agrees that if the Transaction cannot be implemented pursuant to a CCAA Plan because any required creditor approval is not obtained or if it is determined by the Corporation and Bedrock, each acting reasonably, that it is no longer viable to implement the Transaction pursuant to the CCAA Plan, the Corporation shall pursue the implementation of the Transaction pursuant to an Alternative Transaction Structure;
- (c) shall provide the Province and its legal counsel with a reasonable opportunity to review draft copies of all motions or applications and other documents the Corporation intends to file with the Court in relation to the Transaction (including the CCAA Plan), and the Corporation shall engage in good faith consultations with the Province on the form and content of such materials. The Authorization Order, the Meeting Order, the Sanction Order (each as defined in the Plan Sponsor Agreement) and any other Order pertaining to the CCAA Plan or the Transaction shall be submitted to the Court in form and in substance satisfactory to the Province, acting reasonably; and
- (d) covenants and agrees to execute any and all documents and perform (or cause its agents and advisors to perform) any and all acts required by this Agreement to satisfy its obligations hereunder.

## **2.03 Covenants of the Province**

The Province:

- (a) acknowledges and consents to the terms of the Transaction as set out in the Plan Sponsor Agreement;
- (b) will support and co-operate in good faith with the Corporation in its efforts to complete the following steps in support of the Transaction (and will confirm such support in a written statement if requested):
  - (i) obtain the Authorization Order, the Meeting Order and the Sanction Order (each as defined in the Plan Sponsor Agreement) by the dates contemplated in the Plan Sponsor Agreement, subject to the form and substance of such Orders being satisfactory to the Province, acting reasonably;
  - (ii) implement the CCAA Plan and close the Transaction by the Outside Date (as defined in, and such dates may be extended in accordance with, the Plan Sponsor Agreement), subject to the terms of the CCAA Plan and all

definitive documentation in respect thereof being in form and in substance satisfactory to the Province;

- (iii) obtain any other orders of the Court in furtherance of and consistent with the Transaction, provided that in each case such orders are satisfactory to the Province, acting reasonably;
- (c) will vote (or cause to be voted) all of its Claims (as defined in the claims process order dated November 14, 2014 or any supplemental or other claims process order in the CCAA Proceedings) (the “**Province Claims**”) in favour of the CCAA Plan, (and any actions required in furtherance thereof), subject to the terms of the CCAA Plan and all definitive documentation in respect thereof being in form and in substance satisfactory to the Province;
- (d) will not sell, assign, transfer, encumber, lend, pledge, grant a security interest in, grant an option in or otherwise dispose of any of its Province Claims;
- (e) covenants and agrees, if the Transaction cannot be implemented pursuant to a CCAA Plan because any required creditor approval is not obtained or if it is determined by the Corporation and Bedrock, each acting reasonably, that for any reason it is no longer viable to implement the Transaction pursuant to the CCAA Plan, to support the implementation of the Transaction pursuant to an Alternative Transaction Structure and co-operate in good faith with the Corporation to implement the Alternative Transaction Structure;
- (f) covenants and agrees not to, directly or indirectly: (i) interfere with the approval of the CCAA Plan by creditors, the Court or otherwise, or the closing of the Transaction; (ii) contest or challenge all or any part of the Transaction or any part of the CCAA Plan relating thereto (iii) vote in opposition to, or in any manner inconsistent with, the CCAA Plan; (iv) propose, file, solicit, vote for or otherwise support any alternative offer, restructuring, liquidation, workout or plan of compromise or arrangement or reorganization of or for the Corporation that is inconsistent with the Transaction, except with the prior written consent of the Corporation; (v) take any action, or omit to take any action, that is inconsistent with its obligations under this Agreement or that might reasonably be regarded as likely to reduce the success of, or delay, challenge, frustrate or hinder the consummation of, the Transaction; or (vi) encourage or support any other person in doing anything set out in subparagraphs (i) through (v) above; provided in each case referred to in this paragraph 2.03(f) that the terms of the CCAA Plan and all definitive documentation in respect thereof are in form and in substance satisfactory to the Province; and
- (g) covenants and agrees to execute any and all documents and perform (or cause its agents and advisors to perform) any and all acts required by this Agreement to satisfy its obligations hereunder.

**2.04 Definitive Documentation**

Each of the Corporation and the Province covenants and agrees to cooperate and negotiate in good faith, and consistent with this Agreement, the definitive documents relating to the Transaction and the CCAA Plan and any Orders of the Court relating thereto, in each case in form and substance satisfactory to the Province and the Corporation, each acting reasonably.

**ARTICLE 3 - TERM****3.01 Term**

This Agreement will continue in force until the earlier of (i) the completion of the Transaction; (ii) the date on which the Plan Sponsor Agreement is terminated; (iii) the date on which this Agreement is terminated by mutual agreement between the Corporation and the Province; and (iv) 11:59:59 pm on June 30, 2017.

**ARTICLE 4 - GENERAL PROVISIONS****4.01 Time of the Essence**

Time is of the essence of this Agreement.

**4.02 Governing Law**

This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**4.03 Remedies**

Each of the parties understands and agrees that money damages would not be a sufficient remedy for any breach of this Agreement and that the parties will be entitled to specific performance and/or injunctive or other equitable relief as a remedy for any such actual or threatened breach, without proof of actual damages. The parties hereby irrevocably consent to the grant of any such equitable relief. Such remedy will not be deemed to be the exclusive remedy for any such breach of this Agreement but will be in addition to all other remedies available at law or in equity.

**4.04 Attornment**

For the purpose of all legal proceedings this Agreement will be deemed to have been performed in the Province of Ontario and the courts of the Province of Ontario will have jurisdiction to entertain any action arising under this Agreement. The Corporation and the Province each attorns to the jurisdiction of the courts of the Province of Ontario.



#### **4.05 Severability**

If any provision of this Agreement is determined by any court of competent jurisdiction to be illegal or unenforceable, that provision will be severed from this Agreement and the remaining provisions will continue in full force and effect.

#### **4.06 Benefit of the Agreement**

This Agreement will enure to the benefit of and be binding upon the successors of the parties.

#### **4.07 Entire Agreement**

This Agreement (including the agreements contemplated hereby) and the confidentiality agreement between the Corporation and the Province dated June 17, 2015 (the “**Confidentiality Agreement**”) constitute the entire agreement between the parties with respect to the subject matter hereof and such agreements cancel and supersede any prior understandings and agreements between the parties with respect thereto. There are no representations, warranties, terms, conditions, undertakings or collateral agreements, express, implied or statutory, between the parties other than as expressly set forth in this Agreement (including the agreements contemplated hereby) and the Confidentiality Agreement.

#### **4.08 Amendments and Waivers**

No amendment to this Agreement will be valid or binding unless set forth in writing and duly executed by the parties hereto. No waiver or breach of any provision of this Agreement will be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided, will be limited to the specific breach waived. The parties agree that other stakeholders may execute an agreement of a nature similar to this Agreement or become parties to this Agreement supporting the CCAA Plan from and after the date of this Agreement. Nothing in this Agreement will prohibit or restrict the Corporation from amending the Plan Sponsor Agreement if such amendment would not reasonably be expected to materially and adversely affect the Province.

#### **4.09 Disclosure**

The Province hereby consents to the disclosure of this Agreement by the Corporation and to the filing of this Agreement with the Court in the CCAA Proceedings or as may be required Applicable Law.

#### **4.10 Counterparts**

This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument.

**4.11 Electronic Execution**

Delivery of an executed signature page to this Agreement by any party by electronic transmission will be effective as delivery of a manually executed copy of this Agreement by such party.

**4.12 Authorization Order in respect of Corporation**

Notwithstanding any other provision of this Agreement, this Agreement will not be binding unless and until the Authorization Order is made.

*[Signature page follows]*

**IN WITNESS WHEREOF** the parties have executed this Agreement.

**HER MAJESTY THE QUEEN IN RIGHT OF  
THE PROVINCE OF ONTARIO**

Per: \_\_\_\_\_  
Name:  
Title:

**U. S. STEEL CANADA INC.**

Per: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE A**

**Memorandum of Understanding**

(See attached.)

**SCHEDULE B**

**Plan Sponsor Agreement**

(See attached.)

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**AFFIDAVIT OF WILLIAM E. AZIZ**

(Sworn June 7, 2017)

**McCarthy Tétrault LLP**

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Toronto ON M5K 1E6

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Lawyers for the Applicant

1.6722979

# Tab 3

Court File No. CV-14-10695-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

THE HONOURABLE MR.	)	FRIDAY, THE 9 <sup>th</sup>
	)	
JUSTICE WILTON-SIEGEL	)	DAY OF JUNE, 2017

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.**  
 (the "**Applicant**")

**SECOND AMENDED PLAN ORDER**

**THIS MOTION**, made by U. S. Steel Canada Inc. (the "**Applicant**"), pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the "**CCAA**") and the *Canada Business Corporations Act* (the "**CBCA**") for an order among other things,

- (a) accepting the second amended and restated plan of compromise, arrangement and reorganization of the Applicant under the CCAA and CBCA, to be dated June 9, 2017 (the "**Second Amended Plan**") for filing with the Court;
- (b) deeming Proofs of Claim filed after April 17, 2017 but before May 31, 2017 as having been filed by the Claims Bar Date (as defined in the Claims Process Order dated November 13, 2014);
- (c) authorizing the Applicant to enter into:
  - a. an agreement (the "**Third PSA Amending Agreement**") that amends the CCAA acquisition and plan sponsor agreement (the "**PSA**") dated as of December 9, 2016 between USSC, Bedrock Industries Canada LP (the "**Plan Sponsor**", formerly Bedrock Industries Canada LLC) and Bedrock Industries L.P.



(collectively with the Plan Sponsor, “**Bedrock**”), as amended, so that it incorporates and applies to the Second Amended Plan; and

- b. an amended and restated support agreement (the “**Amended and Restated Province Support Agreement**”) between USSC and Her Majesty the Queen in Right of the Province of Ontario (the “**Province**”) that incorporates and applies to the Second Amended Plan;

was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of William E. Aziz sworn June 7, 2017 (the “**Aziz Affidavit**”), the Forty-First Report of Ernst & Young Inc. in its capacity as the Monitor of the Applicant (the “**Monitor**”), and the affidavit of service of Trevor Courtis dated June 7, 2017, and on hearing the submissions of counsel for the Applicant, the Monitor and any such other counsel as were present:

*Service and Interpretation*

1. **THIS COURT ORDERS** that the time for service of this motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that all capitalized terms used but not defined herein shall have the meanings given to them in the Second Amended Plan.

*Filing of Second Amended Plan*

3. **THIS COURT ORDERS** that the Second Amended Plan is hereby accepted for filing and the Applicant is authorized to contemporaneously file the Second Amended Plan with this Order.

*Notice*

4. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall cause a copy of the Second Amended Plan and this Order to be posted on the

Monitor's Website. The Monitor shall ensure that such materials remain posted on the Monitor's Website until at least one (1) Business Day after the Plan Implementation Date.

5. **THIS COURT ORDERS** that the measures in paragraph 4 shall constitute good and sufficient service and notice of this Order and the Plan on all Persons who may be entitled to receive notice thereof, or who may be entitled to be present in person or by proxy at the Meetings or who may have an interest in these proceedings, and no other form of notice or service need be made on such Persons and no other document or material need be served on such Persons in respect of these proceedings. Service shall be effective as of the time of the posting of the materials on the Monitor's Website.

6. **THIS COURT ORDERS** that the filing of the Forty-First Report of the Monitor with the Court and the service by email on the Service List of the Forty-First Report and posting thereof on the Monitor's Website, constitute proper and timely filing and notice of the Monitor's Report on the Plan and satisfy any obligations or duties of the Monitor in connection therewith, including pursuant to section 23(1) of the CCAA.

#### *Proofs of Claim*

7. **THIS COURT ORDERS** that, further to the Orders of this Court dated March 15, 2017 and April 26, 2017, any Proofs of Claim (as defined in the Claims Process Order of the Court dated November 13, 2014 (the "**Claims Process Order**")) filed after April 17, 2017 but before May 31, 2017, which is a final deadline that is not subject to further extension, shall be deemed to have been filed by the Claims Bar Date (as defined in the Claims Process Order) specified in the Claims Process Order and are not barred or extinguished and shall be reviewed by the Monitor in consultation with the Applicant and determined in accordance with the procedures set out in the Claims Process Order.

#### *PSA and Support Agreement Amendments*

8. **THIS COURT ORDERS** that the Applicant is hereby authorized to enter into the Third PSA Amending Agreement and the Amended and Restated Province Support Agreement (copies of which are attached as exhibits to the Aziz Affidavit) and to pursue the Transaction in accordance with the PSA, as amended by the Third PSA Amending Agreement.

*Assistance of Other Courts*

9. **THIS COURT ORDERS AND REQUESTS** the aid and recognition (including assistance pursuant to section 17 of the CCAA) of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or territory or any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this court in carrying out the terms of this Order.

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**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**SECOND AMENDED PLAN ORDER**

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Lawyers for the Applicant  
16731220

# Tab 4

Court File No. CV-14-10695-00CL

**ONTARIO**  
**SUPERIOR COURT OF JUSTICE**  
**(COMMERCIAL LIST)**

THE HONOURABLE MR.	)	FRIDAY, THE 9 <sup>th</sup>
	)	
JUSTICE WILTON-SIEGEL	)	DAY OF JUNE, 2017

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.

**SANCTION ORDER**

**THIS MOTION**, made by U. S. Steel Canada Inc. (the “**Applicant**”), pursuant to the *Companies' Creditors Arrangement Act* (Canada) (the “**CCAA**”) and the *Canada Business Corporations Act* (the “**CBCA**”) for an order, among other things, approving and sanctioning the Second Amended and Restated Plan of Compromise, Arrangement and Reorganization of the Applicant under the CCAA and CBCA dated June 9, 2017 concerning, affecting and involving the Applicant (the “**Plan**”), as approved by the Affected Creditor Classes at the Meetings held on April 27, 2017, and which is attached hereto as Schedule “A”, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of William E. Aziz sworn June 7, 2017 (the “**Aziz Affidavit**”), the Forty-First Report of Ernst & Young Inc. in its capacity as the Monitor of the Applicant (the “**Monitor**”), and the affidavit of service of Trevor Courtis dated June 7, 2017, and on hearing the submissions of counsel for the Applicant, the Monitor and any such other counsel as were present:

**A. Service and Interpretation**

1. **THIS COURT ORDERS** that the time for service of this motion is hereby abridged and validated so that this motion is properly returnable today and hereby dispenses with further service thereof.
2. **THIS COURT ORDERS** that all capitalized terms used but not defined herein shall have the meanings given to them in the Plan or, if not therein defined, then as defined in the Meetings Order granted in this proceeding on March 15, 2017 (the “**Meetings Order**”).

**B. Conduct of the Meetings**

3. **THIS COURT ORDERS AND DECLARES** that there has been good and sufficient service, delivery and notice of the Plan, the Meetings Order and the Meetings Materials to all Persons upon which notice, service and delivery were required.
4. **THIS COURT ORDERS AND DECLARES** that the Meetings were duly convened, held and conducted in conformity with the CCAA, the Meetings Order and all other Orders of this Court in the CCAA Proceedings.

**C. Sanction of the Plan**

5. **THIS COURT ORDERS AND DECLARES** that:
  - (a) the Plan has been approved by the Required Majorities of each of the Affected Creditor Classes (as defined in the Meetings Order, subject to the amendments to the Affected Creditor Classes approved in the Amended Plan Order granted in this proceeding on April 26, 2017 (the “**Amended Plan Order**”)) at the Meetings, in conformity with the CCAA and the terms of the Meetings Order and the Amended Plan Order;
  - (b) the Applicant has complied with the provisions of the CCAA and the Orders of this Court made in the CCAA Proceedings in all respects;

- (c) the Applicant has acted, and is acting, in good faith and with due diligence, and has not done or purported to do (nor does the Plan do, or purport to do) anything that is not authorized by the CCAA; and
- (d) the Plan, all terms and conditions thereof, and the matters and the transactions contemplated thereby, are fair and reasonable.

6. **THIS COURT ORDERS AND DECLARES** that the Plan and all associated steps, compromises, transactions, arrangements, releases and reorganizations effected thereby are hereby sanctioned and approved pursuant to Section 6 of the CCAA.

**D. Approval of Plan Sponsor Agreement and Province Support Agreement**

7. **THIS COURT ORDERS AND DECLARES** that the CCAA Acquisition and Plan Sponsor Agreement dated as of December 9, 2016 between the Applicant and the Plan Sponsor, as amended, is hereby approved.

8. **THIS COURT ORDERS AND DECLARES** that the Support Agreement dated as of December 9, 2016 between the Applicant and the Province, as amended, is hereby approved.

**E. Plan Implementation**

***Authorization to Implement Plan***

9. **THIS COURT ORDERS** that each of the Applicant and the Monitor, as applicable, is hereby authorized and directed to take all steps and actions, and to do all things, necessary or appropriate to implement the Plan in accordance with and subject to its terms and conditions, and enter into, execute, deliver, complete, implement and consummate all of the steps, transactions, distributions, payments, deliveries, allocations, instruments and agreements contemplated by, and subject to the terms and conditions of, the Plan, and all such steps and actions are hereby authorized, ratified and approved. Neither the Applicant nor the Monitor shall incur any liability as a result of acting in accordance with the terms of the Plan and this Sanction Order.

10. **THIS COURT ORDERS** that each of the Applicant, the Monitor and Representative Counsel is hereby authorized and empowered to exercise all consent and approval rights



provided for in the Plan in the manner set forth in the Plan, whether prior to or after the Effective Time.

11. **THIS COURT ORDERS** that (i) each of the Applicant, the Monitor, the Plan Sponsor, the Province and any other Person required to make any distributions, deliveries or allocations or take any steps or actions related thereto pursuant to the Plan are hereby authorized and directed to complete such distributions, deliveries or allocations and to take any such related steps or actions, as the case may be, in accordance with the terms of the Plan, and such distributions, deliveries and allocations, and steps and actions related thereto, are hereby approved, (ii) such distributions, deliveries or allocations shall be free and clear of all claims, rights and interests of any Person, including without limitation, the CCAA Charges.

*Articles of Reorganization*

12. **THIS COURT ORDERS** that upon the satisfaction or waiver, as applicable, of the Plan Implementation Conditions set out in Section 9.1 of the Plan in accordance with the terms of the Plan, the Applicant shall file the Articles of Reorganization.

13. **THIS COURT ORDERS** that, pursuant to Section 191 of the CBCA, the Articles of Reorganization, substantially in the form attached as Schedule "A" to the Plan be and are hereby approved and the articles of the Applicant shall be amended as set out therein as of the Plan Implementation Date.

*Certificates*

14. **THIS COURT ORDERS** that, upon receipt of the Certificate of Reorganization by the Applicant, the Applicant will deliver to the Monitor a copy of a certificate in the form attached hereto as Schedule "B" (the "**Corporation's 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. The Applicant shall file the Corporation's Certificate with this Court as soon as reasonably practicable.

15. **THIS COURT ORDERS** that, as soon as practicable following the Effective Time, the Monitor shall be authorized and directed to serve on the service list in the CCAA Proceedings

and post on the website established by the Monitor in respect of these proceedings (the “**Monitor’s Website**”) a certificate in the form attached hereto as Schedule “C” (the “**Monitor’s Certificate**”), signed by the Monitor, certifying that the Plan Implementation Date has occurred. The Monitor shall file the Monitor's Certificate with this Court as soon as reasonably practicable.

### ***Restructuring Steps***

16. **THIS COURT ORDERS** that the Plan, subject to its terms and conditions including the Plan Implementation Conditions described in Section 9.1 of the Plan, will be binding and effective as at the Effective Time upon and with respect to the Applicant, all Affected Creditors, the Released Parties and all other Persons named or referred to in, or subject to, the Plan or the Sanction Order.

17. **THIS COURT ORDERS** that the Restructuring Steps to be taken and the transactions, arrangements, reorganizations, transfer, assignments, cancellations, compromises, settlements, payments, extinguishments, discharges, injunctions and releases to be effected on the Plan Implementation Date are hereby authorized and approved and are and shall be deemed to occur and be effected in accordance with the terms of the Plan in the sequence and at the times contemplated by Section 4.2 of the Plan, without any further act or formality.

### ***Reserves***

18. **THIS COURT ORDERS** that the Unresolved Claims Reserve and Administration Reserve are hereby approved, and the Applicant shall deliver the Unresolved Claims Reserve and Administration Reserve to the Monitor, in trust, at or prior to the Effective Time. The Applicant and Monitor are hereby authorized and directed to distribute funds from the Unresolved Claims Reserve in accordance with the provisions of Section 6.4 of the Plan.

19. **THIS COURT ORDERS** that the Monitor and its counsel shall be entitled to payment from the Administration Reserve for 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 after the Effective Time.

20. **THIS COURT ORDERS** that any amounts remaining in the Unresolved Claims Reserve or the Administration Reserve, as the case may be, 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, shall be distributed or released in accordance with the Plan.

#### **F. Effect of Plan Implementation**

##### *Effect on Affected Claims and D&O Claims*

21. **THIS COURT ORDERS** that, as at the Effective Time and in accordance with the sequence of steps set out in Section 4.2 of the Plan, any and all Affected Claims of Affected Creditors shall be and shall be deemed to be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred, and the ability of any Person to proceed against the Applicant in respect of or relating to any Affected Claims, whether directly, indirectly, derivatively or otherwise is hereby forever discharged, enjoined and restrained, and all proceedings with respect to, in connection with or relating to such Affected Claims are hereby permanently stayed, excepting only the obligations to make distributions and deliveries in respect of such Affected Claims in the manner and to the extent provided for in the Plan and this Sanction Order.

22. **THIS COURT ORDERS** that, as at the Effective Time and in accordance with the sequence of steps set out in Section 4.2 of the Plan, any and all D&O Claims shall be and shall be deemed to be fully, finally, irrevocably and forever compromised, released, discharged, cancelled and barred, and the ability of any Person to proceed against any other Person in respect of or relating to any D&O Claims, whether directly, indirectly, derivatively or otherwise is hereby forever discharged, enjoined and restrained, and all proceedings with respect to, in connection with or relating to such D&O Claims are hereby permanently stayed.

23. **THIS COURT ORDERS** that the treatment of Affected Claims and D&O Claims under the Plan shall be final and binding for all purposes and enure to the benefit of the Applicant, all Affected Creditors, the Stakeholders, the Released Parties, 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.

24. **THIS COURT ORDERS** that from and after the Effective Time, all Persons with an Affected Claim or a D&O Claim shall be deemed to have granted, executed and delivered to the Applicants all consents, releases, assignments and waivers, statutory or otherwise, required to implement and carry out the Plan in its entirety.

25. **THIS COURT ORDERS** that any Person that did not file a Proof of Claim or a Dispute Notice (each as defined in the Claims Procedure Orders), as applicable, by the Claims Bar Date, the Restructuring Claims Bar Date, the Non-USW Employee Restructuring Claims Bar Date and the Supplementary Restructuring Claims Bar Date (as each term is defined in the Claims Procedure Orders), as applicable, or such other date provided for in the Claims Procedure Orders, as applicable, and any Person with an Affected Claim that is not a Proven Claim or Unresolved Claim, shall be and is hereby fully, finally, irrevocably and forever barred from making any Claim and shall not be entitled to any consideration under the Plan, and such Person's Claim shall be and is hereby fully, finally, irrevocably and forever barred and extinguished.

26. **THIS COURT ORDERS** that any D&O Claim for which a proof of claim has not been filed by the D&O Claims Bar Date (as defined in the applicable Claims Procedure Order) or such other date provided for in such Claims Procedure Order, as applicable, shall be and is hereby fully, finally, irrevocably and forever barred from making any D&O Claim and such Person's D&O Claim shall be and is hereby fully, finally, irrevocably and forever barred and extinguished.

27. **THIS COURT ORDERS** that paragraphs 25 and 26 herein, paragraph 17 of the Claims Process Order made November 13, 2014 and paragraphs 13, 16(c) and 19 of the Claims Process Order made March 15, 2017, apply with respect to any and all Claims against the Applicant, and any and all D&O Claims, that are not expressly compromised or excluded pursuant to the Plan.

28. **THIS COURT ORDERS** that each Person named or referred to in, or subject to the Plan, will be deemed to have consented and agreed to all of the provisions of the Plan, in its entirety, including for greater certainty, the Schedules annexed to the Plan.

***USSCPF Agreements***

29. **THIS COURT ORDERS** that the USSCPF Agreements shall be terminated as at the Effective Date.

***Non-Termination of Existing Agreements and Waiver of Defaults***

30. **THIS COURT ORDERS** that subject to the performance by the Applicant of its obligations under the Plan, and except to the extent expressly contemplated by the Plan (including Section 7.1 of the Plan and the Stakeholder Contractual Releases) or this Sanction Order, all contracts, leases, agreements and other arrangements to which the Applicant 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 as of the Effective Time as set out in Section 4.2 of the Plan, 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:

- (a) 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 of default arising as a result of the insolvency of the Applicant);
- (b) the insolvency of the Applicant or the fact that the Applicant sought or obtained relief under the CCAA;
- (c) any steps, compromises, releases, discharges, cancellations, transactions, arrangements or reorganizations effected pursuant to the Plan or any action taken or transaction effected pursuant to the Plan; or
- (d) any change of control of the Applicant arising from the implementation of the Plan and the Stakeholder Agreements.

31. **THIS COURT ORDERS**, for greater certainty, that (a) nothing in paragraph 30 hereof shall waive, compromise or discharge any obligations of the Applicant in respect of any

Unaffected Claim, and (b) the designation of any claim as an Unaffected Claim is without prejudice to the Applicants' right to dispute the existence, validity or quantum of any Unaffected Claim, save and except for the quantum of principal and interest owed by the Applicant for the USS Secured Claims, and (c) nothing in this Sanction Order or the Plan shall affect or waive the Applicant's rights and defences, both legal and equitable, with respect to any Unaffected Claim, including, but not limited to, all rights with respect to entitlements to set-offs or recoupments against such Unaffected Claim.

32. **THIS COURT ORDERS** that from and after the Plan Implementation Date, all Persons shall be deemed to have waived any and all defaults of the Applicant then existing or previously committed by the Applicant, or caused by the Applicant, directly or indirectly, or non-compliance with any covenant, warranty, representation, undertaking, positive or negative pledge, term, provision, condition or obligation, expressed or implied, in any contract, instrument, credit document, lease, guarantee, agreement for sale, deed, licence, permit or other agreement, written or oral, and any and all amendments or supplements thereto (each, an "**Agreement**"), existing between such Person and the Applicant arising directly or indirectly from the filing by the Applicant under the CCAA and the implementation of the Plan, including without limitation any of the matters or events listed in paragraph 30 hereof and any and all notices of default and demands for payment or any step or proceeding taken or commenced in connection therewith under an Agreement shall be deemed to have been rescinded and of no further force or effect, provided that nothing herein shall be deemed to excuse the Applicant from performing their obligations under the Plan or be a waiver of defaults by the Applicant under the Plan and the related documents.

***Conflict with Plan***

33. **THIS COURT ORDERS** that from and after the Effective Time on the Plan Implementation Date, any conflict between:

- (a) the Plan; and
- (b) the covenants, warranties, representations, terms, conditions, provisions or obligations, express 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 any Person and the Applicant as at the Plan Implementation Date,

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

***Bankruptcy***

34. **THE COURT ORDERS AND DECLARES** that, notwithstanding (i) the pendency of the CCAA Proceedings; (ii) any application for a bankruptcy, receivership or other order now or hereafter issued pursuant to the BIA, the CCAA or otherwise in respect of the Applicant 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 Applicant, the transactions contemplated by the Plan will be binding on any trustee in bankruptcy or receiver that may be appointed in respect of the Applicant or its assets and will not be void or voidable by creditors of the Applicant, 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, the 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.

***Initial CCAA Order and Other Orders***

35. **THIS COURT ORDERS** that:

- (a) other than as expressly set out herein, the provisions of the Initial Order shall terminate, including the Stay Period (as defined in the Initial Order), at the Effective Time except to the extent of the protections granted therein in favour of the Monitor or the CRO; and
- (b) all other Orders made in the CCAA Proceedings shall continue in full force and effect in accordance with their respective terms, except to the extent that such

Orders are varied by or are inconsistent with this Sanction Order or any further Order of this Court in the CCAA Proceedings.

## **G. Releases and Injunctions**

### *Delivery of Stakeholder Contractual Releases*

36. **THIS COURT ORDERS AND DECLARES** that the Applicant, in its personal capacity and in its capacity as administrator of the Main Pension Plans and otherwise, is hereby authorized to execute and deliver the Stakeholder Contractual Releases, substantially in the form attached as Schedule J to the Plan.

37. **THIS COURT ORDERS AND DECLARES** that the Stakeholder Contractual Releases, substantially in the form attached as Schedule J to the Plan, upon execution and delivery thereof, are hereby confirmed and shall be effective as of the Effective Time with respect to the Released Parties in accordance with the terms thereof.

### *USSC Court-Ordered Releases*

38. **THIS COURT ORDERS** that, as of the Effective Time and in accordance with the sequence of steps set out in Section 4.2 of the Plan, each of the Released USSC Parties will be fully, finally and irrevocably released and discharged from all Released USSC Claims of any nature which will be fully, finally, irrevocably and forever compromised, waived, discharged, released, cancelled and barred as against the Released USSC Parties in accordance with the Plan.

### *USS/USSCPF Court-Ordered Release*

39. **THIS COURT ORDERS** that, as of the Effective Time and in accordance with the sequence of steps set out in Section 4.2 of the Plan, each of (i) the USS Group, (ii) USSCPF, and (iii) their respective Representatives, are hereby fully, finally, irrevocably and unconditionally released and forever discharged from any and 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 Applicant or others excluded in the Stakeholder Contractual Releases and as agreed to by USS or USSCPF, as the case may be, and the Applicant or the relevant Stakeholder, as the case may be.

### ***Plan Releases and Injunctions***

40. **THIS COURT ORDERS AND DECLARES** that the compromises, arrangements, releases, discharges and injunctions contemplated in the Plan granted for the benefit of the Released Parties, including, without limitation, pursuant to Sections 7.1 and 7.3 of the Plan, are integral components of the Plan and are necessary for, and vital to, the success of the Plan and that, as of the Effective Time and in accordance with the sequence of steps set out in Section 4.2 of the Plan, all such compromises, arrangements, releases, discharges and injunctions are hereby sanctioned, approved and given full force and effect, and all such compromises, arrangements, releases, discharges and injunctions shall be binding upon and effective against all Affected Creditors, the Applicant and all other Persons; provided, however, that the foregoing shall not apply to affect the rights or obligations under the Plan or the Stakeholder Agreements, including, without limitation, the rights of the Affected Creditors to receive distributions in respect of their Affected Claims in accordance with the Plan, or in respect of any Non-Released USSC Claim or, subject to the Stakeholder Contractual Release, any claims against a Director, in his or her capacity as such, referred to in subsection 5.1(2) of the CCAA.

### **H. Pension Transition Arrangements**

41. **THIS COURT ORDERS** that in taking all steps and actions and doing all things necessary or appropriate to implement the Plan in accordance with its terms, the Applicant is authorized to execute a pension transition agreement or agreements in form and content satisfactory to it and the counterparties thereto (a “**Pension Transition Agreement**”) to facilitate the transition of pension administration in respect of the Main Pension Plans (the “**Pension Administration Transition**”) to a third party administrator (the “**Appointed Administrator**”) appointed by the Superintendent of Financial Services of Ontario (the “**Superintendent**”).

42. **THIS COURT ORDERS** that none of (a) the Applicant; (b) the third-party counterparties to any contracts assigned in respect of the Pension Transition Agreement, excluding the OCIO (as defined in the Aziz Affidavit) (the “**Pension Transition Counterparties**”, with any contracts assigned being the “**Assigned Contracts**”); (c) any other party (including, without limitation, USS Group or USSCPF, but excluding the OCIO) providing services in connection with the Pension Transition Agreement (including, without limitation, under the further assurances clause thereunder) or the Pension Administration Transition, each during the Implementation Transition Period (as defined below); or (d) their respective Representatives (the parties in clauses (a) to (d) collectively, the “**Pension Transition Released Parties**”) shall incur any liability (including for, in respect of or arising out of any alleged common employer, common administrator or similar claims, breach of trust, breach of fiduciary duty or breach of statutory obligations under the *Pension Benefits Act* (Ontario) or its related regulations) in performing their obligations in connection with implementation of the Pension Transition Agreement, in carrying out the terms of the Pension Transition Agreement, or in exercising their rights or obligations under any Assigned Contract during the Implementation Transition Period, other than any liability arising out of or in connection with claims against a Pension Transition Released Party solely to the extent that such party is determined by a final order of a court of competent jurisdiction to have committed fraud.

43. **THIS COURT ORDERS AND DECLARES** that, effective as of the Effective Time, each of the Pension Transition Released Parties is hereby fully, finally and irrevocably released and discharged from any and all demands, claims (including claims for contribution or indemnity), actions, causes of action, counterclaims, suits, liabilities and damages on account of any liability, obligation, demand or cause of action of whatever nature (including for, in respect of or arising out of any alleged common employer, common administrator or similar claims, breach of trust, breach of fiduciary duty or breach of statutory obligations under the *Pension Benefits Act* (Ontario) or its related regulations) that any Person 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 during the period commencing on the Plan Implementation Date and continuing until completion of the Pension Administration Transition to the Appointed Administrator (the “**Implementation Transition Period**”), that in any way relate to or arise out of or in connection with, the Pension Transition Agreement, the Assigned Contracts or the Pension Administration Transition save and except for any claim against a Pension Transition Released Party if such party is determined by a final order of a court of competent jurisdiction to have committed fraud; provided, however, that for greater certainty nothing herein shall release a Pension Transition Released Party from performing its obligations under the Pension Transition Agreement or any Assigned Contract or its obligations, statutory or otherwise, related to the Pension Administration Transition, in respect of which solely a party to such contract or the Superintendent shall have the right to raise or the right to pursue any matters relating thereto. For greater certainty, no member or beneficiary of the Main Pension Plans shall have such right.

44. **THIS COURT ORDERS AND DECLARES** that, effective from the Plan Implementation Date, all reasonable fees, expenses and costs incurred in connection with the administration of the Main Pension Plans (including, for greater certainty, (i) the U.S. Steel Canada Inc. Retirement Plan for USW Local 1005 Members at Hamilton Works, FSCO Registration No. 0354878; (ii) the U.S. Steel Canada Inc. Retirement Plan for USW Local 8782 Members at Lake Erie Works, FSCO Registration No. 0698761; 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), or the investment of their related pension funds or the U.S. Steel Canada Inc. Master Trust, shall be properly payable from the applicable pension fund.

45. **THIS COURT ORDERS** that, for greater certainty and without limiting the release provisions in paragraphs 42 and 43 of this Sanction Order, notwithstanding any provision of the Pension Transition Agreement or any Assigned Contract: (a) during the Implementation Transition Period, the sole recourse with respect to any claims by any Pension Transition Counterparty for indemnification under any Assigned Contract or any claim by any Pension Transition Released Party for indemnification in relation to the Pension Administration Transition shall be limited to the assets of the Main Pension Plans; and (b) any reasonable costs of pension administration incurred during the Implementation Transition Period or in

connection with any claims released under paragraphs 42 and 43 of this Sanction Order shall constitute expenses that shall be paid from the assets of the applicable Main Pension Plans.

### **I. CCAA Charges**

#### **46. THIS COURT ORDERS that:**

- (a) The Directors' Charge (as provided for and defined in the Initial Order and any subsequent Orders in the CCAA Proceedings) shall be terminated, discharged, expunged and released at the Effective Time;
- (b) The Administration Charge (as provided for and defined in the Initial Order and any subsequent Orders in the CCAA Proceedings) shall be terminated, discharged, expunged and released upon the filing of the Monitor's Second Certificate (as defined below);
- (c) The DIP Lender's Charge (as provided for and defined in the Initial Order and any subsequent Orders in the CCAA Proceedings) and the Critical Supplier Charge (as provided for and defined in the Cash Conservation and Business Preservation Order granted in this proceeding on October 9, 2015 and any subsequent Orders in the CCAA Proceedings) shall be terminated, discharged, expunged and released upon payment in full of the USS Secured Claims and all other amounts outstanding as at the Effective Time secured by the Critical Supplier Charge that are to be paid to USS pursuant to the Plan; and
- (d) The Replacement DIP Lender's Charge (as provided for and defined in the Replacement DIP Approval Order granted in this proceeding on July 24, 2015 and any subsequent Orders in the CCAA Proceedings) shall be terminated, discharged, expunged and released at the Effective Time, upon payment of the Exit Fee (as defined in the Amended and Restated Interim Financing Term Sheet between the Applicant and the DIP Lender dated as of November 4, 2015, as amended and extended (the "**DIP Term Sheet**")) and all other amounts to be paid to the DIP Lender pursuant to the DIP Term Sheet.

**J. Land Vehicle**

47. **THIS COURT ORDERS** that, as at the Effective Time, all of the Applicant's right, title and interest in and to the Land Assets shall vest absolutely in the Land Vehicle, free and clear of and from any and all security interests (whether contractual, statutory or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory or otherwise), liens, executions, levies, charges or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise, other than the Province Land Charge and the encumbrances and instruments listed in Schedule "E" hereto (the "**Land Asset Claims**") including, without limiting the generality of the foregoing:

- (a) the CCAA Charges; and
- (b) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the "**Encumbrances**", which term shall not include the encumbrances and instruments listed in Schedule "E" hereto),

and, for greater certainty, this Court orders that all of the Encumbrances and Land Asset Claims affecting or relating to the Land Assets are hereby expunged and discharged as against the Land Assets.

**K. The Applicant and Court-Appointed Parties***USSC Board of Directors*

48. **THIS COURT ORDERS AND DECLARES** that the activities and conduct of the Directors of the Applicant in the CCAA Proceedings, as disclosed in the affidavits filed with the Court on behalf of the Applicant from time to time and the reports of the Monitor to the Court from time to time (including, without limitation, in relation to negotiating, executing and implementing the Plan and the Stakeholder Agreements) be and are hereby ratified and approved.

**CRO**

49. **THIS COURT ORDERS AND DECLARES** that the activities and conduct of the CRO in the CCAA Proceedings, as disclosed in the affidavits filed with the Court on behalf of the Applicant from time to time and the reports of the Monitor to the Court from time to time (including, without limitation, in relation to negotiating, executing and implementing the Plan and the Stakeholder Agreements) be and are hereby ratified and approved and all claims against the CRO arising from or relating to the services provided to the Applicant up to and including the date of this Sanction Order are barred.

50. **THIS COURT DECLARES** that, as at the Effective Time, the CRO shall be and is hereby discharged from its duties in the CCAA Proceedings.

51. **THIS COURT DECLARES** that the protections afforded to the CRO pursuant to the terms of the Initial Order and the other Orders made in the CCAA Proceedings shall not expire or terminate on the Plan Implementation Date and, subject to the terms hereof, shall remain effective and in full force and effect.

***Monitor***

52. **THIS COURT ORDERS AND DECLARES** that the Monitor has complied with the provisions of the CCAA and the Orders of this Court made in the CCAA Proceedings in all respects.

53. **THIS COURT ORDERS AND DECLARES** that the Monitor has not done or purported to do anything that is not authorized by the CCAA.

54. **THIS COURT ORDERS AND DECLARES** that the activities and conduct of the Monitor in the CCAA Proceedings, as disclosed in its reports to the Court from time to time, including, without limitation, in relation to conducting and administering the Meetings on April 27, 2017 (as more particularly described in the Thirty-Ninth Report of the Monitor) be and are hereby ratified and approved, and that the Monitor has satisfied all of its obligations up to and including the date of this Sanction Order and all claims against the Monitor arising from or relating to the services provided to the Applicant up to and including the date of this Sanction Order are barred.

55. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA and the powers provided to the Monitor herein, under the Plan and under the Orders of this Court, shall be and is hereby authorized, directed and empowered to perform its functions and fulfill its obligations under the Plan to facilitate the implementation of the Plan and to complete all matters incidental to the termination of the CCAA Proceedings.

56. **THIS COURT ORDERS** that: (a) in carrying out the terms of this Sanction Order and the Plan, the Monitor shall have all the protections given to it by the CCAA and the other Orders in these proceedings, and as an officer of the Court, including the stay of proceedings in its favour; (b) the Monitor shall incur no liability or obligation for any act or omission as a result of carrying out any duties or work in connection with the Sanction Order and/or the Plan, save and except for any gross negligence or wilful misconduct on its part; (c) the Monitor shall be entitled to rely on the books and records of the Applicant and any information provided by the Applicant without independent investigation; and (d) the Monitor shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.

57. **THIS COURT ORDERS AND DECLARES** that any payments or deliveries under the Plan or this Sanction Order made or assisted by the Monitor, shall not constitute a "distribution" and the Monitor shall not constitute a "legal representative" or "representative" of the Applicant or "other person" for the purposes of Section 159 of the *Income Tax Act* (Canada), Section 270 of the *Excise Tax Act* (Canada), Section 46 of the *Employment Insurance Act* (Canada), Section 22 of the *Retail Sales Tax Act* (Ontario), Section 107 *Corporations Tax Act* (Ontario), or any other similar federal, provincial or territorial tax legislation (collectively, the "**Statutes**"), and the Monitor in making any such payments or deliveries of funds or assets in relation to the General Unsecured Creditor Pool or the Unresolved Claims Reserve is not "distributing", nor shall it be considered to have "distributed", such funds or assets for the purposes of the Statutes, and the Monitor shall not incur any liability under the Statutes for making any payments or deliveries under the Plan or failing to withhold amounts, ordered or permitted hereunder, and the Monitor shall not have any liability for any of the Applicant's tax liabilities regardless of how or when such liabilities may have arisen, and is hereby forever released, remised and discharged from any claims

against it under or pursuant to the Statutes or otherwise at law, arising as a result of the distributions and deliveries under the Plan and this Sanction Order and any claims of this nature are hereby forever barred.

58. **THIS COURT ORDERS** that upon (i) fulfillment of the Monitor's duties under the Claims Procedure Orders, this Sanction Order and the Amended Plan Order, and (ii) the Monitor receiving an acknowledgement of payment in full of the claims secured by the Administration Charge, the Monitor shall serve on the service list in the CCAA Proceedings, post on the Monitor's Website and file with the Court a certificate in the form attached hereto as Schedule "D" (the "**Monitor's Second Certificate**"), and that, upon the filing of the Monitor's Second Certificate, Ernst & Young Inc. shall be deemed to be discharged from its duties, obligations and responsibilities as Monitor of the Applicants and shall be forever released, remised and discharged from any claims against it relating to its activities as Monitor.

***Representative Counsel***

59. **THIS COURT ORDERS** 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 and any amendments to the Plan required in the future by the Non-USW Support Agreement) as may be necessary or desirable to implement the Plan and the Non-USW Support Agreement and to complete the transactions contemplated thereby and the Stakeholder Agreements (the "**Non-USW Work**"), consistent with the terms of the Plan and the Non-USW Support Agreement.

60. **THIS COURT ORDERS** that: (a) the Non-USW Representatives and Representative Counsel shall incur no liability or obligation as a result of carrying out the Non-USW Work, save and except for any gross negligence or wilful misconduct on their part; (b) Representative Counsel shall be entitled to rely on the books and records of the Applicant and any information provided by the Applicant without independent investigation; and (c) Representative Counsel shall not be liable for any claims or damages resulting from any errors or omissions in such books, records or information.



61. **THIS COURT ORDERS** that the Non-USW Representatives and Representative Counsel shall be and are hereby discharged from their duties in the CCAA Proceedings as of the date specified by written agreement between the Applicant, the Non-USW Representatives and Representative Counsel to be entered into before the Plan Implementation Date in relation to remaining activities and costs of the Non-USW Representatives and Representative Counsel to complete the matters contemplated by the Plan after the Plan Implementation Date or, failing such agreement, as may be ordered by the Court.

62. **THIS COURT DECLARES** that the protections afforded to the Non-USW Representatives and Representative Counsel pursuant to the terms of the Representative Counsel Order and the other Orders made in the CCAA Proceedings shall not expire or terminate on the Plan Implementation Date and, subject to the terms hereof, shall remain effective and in full force and effect.

***Fees and Disbursements Paid to Stakeholder Advisers***

63. **THIS COURT ORDERS AND DECLARES** that the fees paid by the Applicant during the CCAA Proceedings to advisers of certain stakeholders of the Applicant (including without limitation the USW and the Non-USW Representatives) have been in respect of professional services that have facilitated the restructuring of the Applicant for the continued operations of the Applicant's business and for the Applicant's benefit.

***Claims Officers***

64. **THIS COURT ORDERS** that any Claims Officer appointed in accordance with the Claims Order shall continue to have the authority conferred upon and to benefit from all protections afforded to Claims Officers pursuant to the Orders in the CCAA Proceedings and shall thereafter be discharged and released from its obligations upon the filing of the Monitor's Second Certificate.

## L. Recognition and Notice

### *Effect, Recognition and Assistance*

65. **THIS COURT ORDERS** that, notwithstanding any other provision of this Sanction Order, the Applicant and the Monitor shall remain entitled to seek advice, directions or assistance from the Court in respect of the interpretation and implementation of this Sanction Order and the performance by the Applicant and the Monitor of their respective obligations under the Plan, the Sanction Order and any other matters that pertain to the completion of the administration of the CCAA Proceedings.

66. **THIS COURT ORDERS AND DECLARES** that, pursuant to section 142 of the *Courts of Justice Act* (Ontario), no person shall be liable for any act done in good faith in accordance with any Order issued in this proceeding, and any person who takes any action whatsoever in reliance on this Sanction Order prior to the commencement of any appeal hereof or the expiry of any appeal period shall not be prejudiced or harmed in any manner by any such subsequent appeal.

67. **THIS COURT ORDERS** that this Sanction Order shall have full force and effect in all provinces and territories in Canada and abroad and as against all Persons against whom it may be otherwise enforceable.

68. **THIS COURT ORDERS AND REQUESTS** the aid and recognition (including assistance pursuant to section 17 of the CCAA) of any court or any judicial, regulatory or administrative body in any province or territory of Canada and any judicial, regulatory or administrative tribunal or other court constituted pursuant to the Parliament of Canada or the legislature of any province or territory or any court or any judicial, regulatory or administrative body of the United States and the states or other subdivisions of the United States and of any other nation or state to act in aid of and to be complementary to this court in carrying out the terms of this Sanction Order and the Plan.

### *Notice*

69. **THIS COURT ORDERS** that, as soon as practicable after the granting of this Order, the Monitor shall cause a copy of this Sanction Order to be posted on the Monitor's Website, and

the Applicant shall serve a copy on the parties on the Service List and those parties who appeared at the hearing of the motion for this Sanction Order. From and after the Effective Time, any notices, motions or documents which may be filed with the Court need only be served on the Applicant, the Monitor, and such Persons who deliver a Notice of Appearance to the Applicant and the Monitor, and file it with the Court, after the Effective Time.

70. **THIS COURT ORDERS** that the measures in paragraph 69 shall constitute good and sufficient service and notice of this Order on all Persons who may be entitled to receive notice thereof or who may have an interest in these proceedings, and no other form of notice or service need be made on such Persons and no other document or material need be served on such Persons in respect of these proceedings.

*Extension of Stay*

71. **THIS COURT ORDERS** that the Stay Period, as defined in the Initial Order made herein on September 16, 2014, is hereby further extended to the Effective Time.

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**Schedule "A"**

**Second Amended and Restated Plan of Compromise, Arrangement and Reorganization**

**Schedule "B"**  
**Corporation's Certificate**

**Schedule "C"**

**Monitor's Certificate**

**Schedule "D"**

**Monitor's Second Certificate**

## Schedule “E”

### 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). *38249-0114*
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**

47. 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.
48. 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.
49. 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.
50. 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.
51. 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)**

52. 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
53. 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
54. 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
55. 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
56. 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
57. 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
58. 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
59. 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
60. Instrument No. NK24278, registered June 1, 2009, is an Application for Absolute Title. 50259-0289
61. 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
62. 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
63. 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
64. 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

65. Instrument No. NK71750, registered July 10, 2014 is an Application for Absolute Title. 50258-0194, 50258-0175
66. 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



IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH  
RESPECT TO U. S. STEEL CANADA INC.

Court File No. CV-14-10695-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**SANCTION ORDER**

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# Tab 5

Court File No. CV-14-10695-00CL

**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.**

**AFFIDAVIT OF WILLIAM E. AZIZ  
(RE PSA Authorization Order)**

I, William E. Aziz, of the Town of Oakville, in the Province of Ontario, MAKE OATH  
AND SAY:

1. I am the President of BlueTree Advisors II Inc., which has been retained by U. S. Steel Canada Inc. (“USSC” or the “**Applicant**”) to provide my services to USSC as Chief Restructuring Officer (“**CRO**”) of USSC in accordance with the engagement letter dated September 16, 2014. I report to the board of directors of USSC (the “**Board**”).

2. In my role as CRO, I have sworn a series of affidavits in these *Companies' Creditors Arrangement Act* (“**CCAA**”) proceedings and as such have personal knowledge of the facts to which I depose.

3. Capitalized terms used in this affidavit and not otherwise defined herein have the meanings set out in the CCAA Acquisition and Plan Sponsor Agreement between USSC and Bedrock Industries Canada LLC (the “**Purchaser**” or “**Bedrock**”) and Bedrock Industries L.P., made as of December 9, 2016 (the “**PSA**”), a redacted copy of which is attached hereto as **Exhibit “A”**. An unredacted copy of the PSA will be provided to the Court under seal as it

contains commercially sensitive information the production of which (i) is unnecessary as all material elements of the PSA have been disclosed in the redacted version; and (ii) may have a negative impact on the SISP in the event that the Transaction is not completed. To preserve certain commercially sensitive information in the PSA as well as the integrity of the SISP, it is proposed that the unredacted copy of the PSA should be sealed and remain sealed until further order of the Court. A copy of the unredacted PSA has also been provided to those stakeholders who have executed non-disclosure agreements.

4. I swear this affidavit in support of a motion by USSC for an order substantially in the form of the draft order included in the Applicant's Motion Record (the "**Authorization Order**"), among other things:

- (a) declaring that Bedrock is the successful bidder (as defined in paragraph 27 of the SISP), deeming that all other bids and proposals made by any other person (whether in accordance with the SISP or otherwise) have been rejected, terminating any entitlement of stakeholders pursuant to the SISP or otherwise to communicate with other potential bidders with respect to the acquisition of an interest in USSC or its assets, and prohibiting any such communication;
- (b) authorizing the Applicant to enter into the PSA, *nunc pro tunc*, and to pursue the restructuring of USSC with Bedrock by way of a plan of arrangement under the CCAA (the "**CCAA Plan**") and related Stakeholder Agreements contemplated thereby in accordance with the PSA (collectively, the "**Transaction**"), provided that the Transaction and the CCAA Plan remain subject to approval by further order of the Court;

- (c) approving the non-solicitation provision in Section 5.06 of the PSA and authorizing and directing the Applicant to comply with the terms thereof;
- (d) approving the expense reimbursement provisions in Section 7.02(2) of the PSA and authorizing the Applicant to make such payments as may be required to satisfy its obligations thereunder, in accordance with the terms of such provision;
- (e) authorizing the Applicant to enter into a support agreement dated as of December 9, 2016 with the Province of Ontario in respect of the PSA (the “**Province Support Agreement**”), *nunc pro tunc*;
- (f) ordering that the unredacted copy of the PSA and Province Support Agreement shall be sealed, kept confidential and not form part of the public record until further order of the Court; and
- (g) abridging and validating the time for service of the motion record so that the motion is properly returnable on the day it is heard and dispensing with further service thereof.

5. As described in more detail below, the PSA with Bedrock follows more than two years of wide-ranging and intense restructuring discussions between USSC and its stakeholders and is the product of extensive marketing efforts pursuant to USSC’s current court-supervised sale and investment solicitation process and a prior sale and restructuring/recapitalization process.

6. Based on the various proposals that USSC received during the two marketing processes, including Bedrock’s proposal, it has been apparent that any going-concern transaction would require the agreement and support of various key stakeholders to satisfy the conditions of a buyer or investor to complete the transaction. Obtaining consensus from all necessary constituents remains a work-in-progress, but in USSC’s view, there is sufficient support among the

stakeholders at this stage for the proposed Bedrock transaction to be pursued on an exclusive basis to see whether the remaining open matters (of which there are still several material ones) can be resolved and the proposed transaction can be implemented.

## **BACKGROUND**

7. On September 16, 2014, USSC obtained an initial order (as amended and restated from time to time, the “**Initial Order**”) pursuant to the *Companies’ Creditors Arrangement Act* (“**CCAA**”), among other things, granting a stay of proceedings (the “**Stay**”) and appointing Ernst & Young Inc. as monitor (the “**Monitor**”).

## **SALE AND MARKETING PROCESS**

8. USSC has conducted extensive sale and marketing efforts within these CCAA proceedings over the course of more than 18 months, under supervision of the Monitor and the CCAA Court and with significant involvement of key stakeholders.

### *SARP*

9. On April 2, 2015, USSC obtained an order authorizing it to commence a sale and restructuring/recapitalization process (“**SARP**”). USSC, with assistance from Rothschild Inc. (the “**Financial Advisor**”), the Monitor and me, ran a comprehensive SARP extending over a five month period. Pursuant to the SARP, 102 potentially interested parties were contacted, advertisements were placed in the *Globe & Mail*, the *Wall Street Journal*, the *Simcoe Reformer*, the *Hamilton Spectator* and *Metal Bulletin Daily* and a press release was issued by USSC. Of the 102 parties contacted, 39 executed non-disclosure agreements with USSC and multiple parties submitted non-binding letters of intent.<sup>1</sup>

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<sup>1</sup> Monitor’s 10<sup>th</sup> Report.

10. Despite the extensive solicitation and marketing process in accordance with the SARP, USSC did not receive any executable offers for the ongoing business in the SARP. While various going-concern bids were received by USSC, those bids contained requirements that certain stakeholders make contributions and compromises that such stakeholders were unwilling to make and which requirements the bidders were unwilling to waive.

11. As a result, with no executable transaction or series of transactions, USSC subsequently obtained an order authorizing and directing it to discontinue the SARP on October 9, 2015.

#### *SISP*

12. On January 12, 2016, a new sales and marketing process was commenced when the Court granted an order (the “**SISP Order**”) approving a sale and investment solicitation process (“**SISP**”) to solicit interest in and opportunities for a sale of or investment in all or part of USSC’s assets and business operations (an “**Opportunity**”). A copy of the SISP Order is appended as **Exhibit “B”** for ease of reference.

13. Pursuant to the SISP, the Opportunity could include “one or more of a restructuring, recapitalization or other form of reorganization of the business and affairs of USSC as a going concern or a sale of all, substantially all or one or more components of USSC’s assets ... and business operations ... as a going concern or otherwise...”

#### *Phase I*

14. At the outset of the SISP, the Financial Advisor provided broad notice of the SISP to potentially interested parties. Notice of the SISP was also published in various newspapers, including the *Globe & Mail*, *Hamilton Spectator*, *Simcoe Reformer*, the *Wall Street Journal* (U.S., Asia and Europe editions), and the *Metal Bulletin Daily*, and USSC issued a press release

with *Canada Newswire* designating dissemination in Canada and major financial centres in the United States.<sup>2</sup>

15. Non-binding letters of interest were received from a number of interested parties by the Phase 1 bid deadline of February 29, 2016.

16. The Financial Advisor and USSC, with assistance from the Monitor and me, reviewed each of the non-binding letters of interest. After receiving input from key stakeholders and with the agreement of the Monitor, a number of bidders including Bedrock were selected to participate in Phase 2 of the SISP (the “**Phase 2 Qualified Bidders**”).

#### *Phase 2*

17. USSC, with the assistance of the Financial Advisor, the Monitor and me, developed the process to be followed during the second phase of the SISP and prepared a Phase 2 bid process letter, which was distributed to all Phase 2 Qualified Bidders.

18. During Phase 2 of the SISP, USSC worked with the Phase 2 Qualified Bidders to advance their due diligence. This included hosting site visits, management presentations, responding to diligence requests and coordinating meetings with stakeholder groups to the extent requested by bidders.

19. The deadline for interested Phase 2 Qualified Bidders to submit a binding offer was May 13, 2016 (the “**Phase 2 Bid Deadline**”). On that date, USSC received a number of offers, including an offer from Bedrock.

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<sup>2</sup> Monitor’s 21<sup>st</sup> Report.



20. As was the case in the SARP, each of the bids received from Phase 2 Qualified Bidders at the Phase 2 Bid Deadline, other than bids that provided for a liquidation, required a variety of contributions and compromises from stakeholders. As a result, it was apparent that a significant degree of negotiation among USSC, bidders and key stakeholder groups would be required to effect a going-concern outcome and the timelines contemplated in the SISP Order were extended from time to time to accommodate those negotiations.

21. With a view to pursuing the necessary stakeholder agreements, USSC and its advisors, with the assistance of the Monitor, facilitated meetings and negotiations between bidders and the relevant key stakeholder groups, 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 and their counsel (the “**Salaried Representatives**”) and United States Steel Corporation (“**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.

22. During this time period, certain bidders were eliminated from the process with the agreement of the Monitor in accordance with the SISP based on a number of factors, including input from key stakeholders. Other bidders withdrew from the SISP.

23. Certain of the bidders who were eliminated from the SISP provided unsolicited purported offers to USSC after the close of the Phase 2 Bid Deadline. Each such purported offer was not considered further for a number of reasons, including that each such purported offer did not

rectify all the issues that led to the bidder in question being eliminated from the SISP originally and to protect the integrity of the SISP.

24. Out of this extensive and time intensive process, by the end of July the Bedrock proposal emerged as the most promising bid, and was designated as a “Qualified Bid”.

*Advancement of Bedrock Bid – USSC Discussions*

25. Since emerging as the most promising bid, Bedrock with the support of USSC has continued discussions and negotiations with stakeholders including the USW and its Locals, the Salaried 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.

26. On September 21, 2016, the Province announced a Memorandum of Understanding (“**Province/Bedrock MOU**”) had been signed between the Province and Bedrock. While the terms of the MOU were kept confidential, the Province announced that “[t]he MOU [between the Province and Bedrock] is an important step toward the completion of a restructuring intended to protect jobs, the ongoing operations at USSC's Hamilton and Lake Erie facilities, pensions and post-employment benefits for active and retired USSC employees.” Attached hereto as **Exhibit “C”** is a copy of the press release announcing the signed Province/Bedrock MOU.

Subsequently, the Province/Bedrock MOU was amended and restated to reflect the transaction structure agreed between USSC and Bedrock in the PSA.

27. On November 1, 2016, USS announced it had agreed to proposed terms with Bedrock regarding the sale and transition of ownership of USSC to Bedrock. The terms are reflected in a term sheet between the two of them (the “**USS/Bedrock Term Sheet**”). The USS/Bedrock Term

Sheet has been kept confidential. The USS press release, attached hereto as **Exhibit “D”**, indicated that USS had agreed to continue to provide certain shared services to USSC and would enter into an agreement to supply USSC with all of its requirements for iron ore pellets through 2021.

28. Also on November 1, 2016, the USW issued a press release stating that the USW believed that the Bedrock arrangements with the Province and USS represented “the best opportunity to date for the restructuring and continued operation of U. S. Steel Canada facilities.” A copy of the USW press release is attached hereto as **Exhibit “E”**.

29. 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. A copy of the support letter to Bedrock is attached hereto as **Exhibit “F”**.

30. I understand that, at this time, Bedrock continues to negotiate with key stakeholders, including USS, the Province, the USW, the Locals and the Salaried Representatives.

*Advancement of Bedrock Bid – Stakeholder Discussions*

31. During this same period, USSC and Bedrock have also been involved in direct discussions, including the negotiation of the structure of the proposed Transaction and the terms of the agreement to govern it. These discussions have included weekly meetings between USSC and Bedrock and many other meetings between USSC, Bedrock and key USSC stakeholders. The discussions have encompassed a large number of work streams, such as pension matters, OPEB matters, environmental matters, land and lease matters, tax matters, new financing arrangements and regulatory approvals.

32. As a product of these discussions, on December 9, 2016 USSC and Bedrock reached agreement on the principal terms of the Transaction, as reflected in the PSA. Because USSC is neither a party to the Province/Bedrock MOU nor the USS/Bedrock Term Sheet, the discussions between USSC and Bedrock included a discussion of the terms of the non-binding framework memoranda of understandings that Bedrock reached with the Province and USS. The PSA is largely consistent with, and builds on, the terms of the Province/Bedrock MOU, the USS/Bedrock Term Sheet and the understanding between Bedrock and Local 8782, with one aspect (the proposed CCAA releases sought by USS for itself in the USS/Bedrock Term Sheet) requiring further explanation later in this affidavit.

33. In connection with the PSA, USSC and Bedrock requested the Province, and the Province has agreed, to enter into the Province Support Agreement with USSC dated December 9, 2016. A redacted copy of the Province Support Agreement (without the PSA which is a schedule thereto and redacted to exclude the same commercially sensitive information redacted from the PSA and referenced above) is attached hereto as **Exhibit “G”**. An unredacted copy of the Province Support Agreement will be provided to the Court under seal.

34. The PSA provides that it is not binding on USSC until USSC obtains the Authorization Order. Similarly, the Province Support Agreement does not become effective unless the Authorization Order is granted.

#### **AUTHORIZATION ORDER**

35. The SISP provides that USSC and the Financial Advisor, in consultation with and with the approval of the Monitor, is to review and evaluate each Qualified Bid and identify the highest or otherwise best bid (the “**Successful Bid**”). USSC and the Financial Advisor, in consultation with and with the approval of the Monitor, have identified the bid made by Bedrock, as reflected

in the PSA, as the Successful Bid in the SISP. The SISP provides that the determination of any Successful Bid by USSC and the Monitor is subject to approval by the Court. Accordingly, as part of the Authorization Order, USSC seeks confirmation of Bedrock's proposal (as reflected in the PSA) as the Successful Bid, recognizing that the PSA is subject to many material conditions that still need to be fulfilled and that the Transaction and contemplated CCAA Plan are subject to future approval by the Court.

36. In terms of seeking future court approval, the SISP provides that an Opportunity identified pursuant to the SISP may proceed by way of a "recapitalization or other form of reorganization of the business and affairs of USSC as a going concern" or a sale. As reflected in the PSA, Bedrock and USSC, in consultation with the Monitor and certain other stakeholders, have elected to proceed with a restructuring and acquisition of USSC by way of a plan of arrangement under the CCAA.

37. While the SISP provides for a "Sale Approval Motion" in the event a Successful Bidder seeks to approve an asset sale transaction, neither the SISP nor the Initial Order set out a specific structure for Court approval to proceed with a restructuring by way of a CCAA plan of arrangement.

38. The proposed Transaction involves the acquisition of USSC by Bedrock pursuant to a CCAA Plan and related Stakeholder Agreements. USSC, therefore, seeks authorization from this Court to enter into the PSA with Bedrock and to pursue the Transaction by way of a CCAA Plan in accordance with the PSA.

#### **DESCRIPTION OF THE TRANSACTION**

39. At a high level, under the proposed Transaction (if implemented), among other things:

- (a) Bedrock will acquire all of USSC's shares from USS and will receive an assignment of USS's unsecured claims against USSC;
- (b) the secured claims of USS against USSC will be paid in full, including accrued interest;
- (c) USS will continue to provide certain transition and business services to USSC;
- (d) USSC will commit to purchasing all of its iron ore requirements from USS through 2021;
- (e) USSC will commit to pay various amounts over 20 years to fund USSC's five main registered pension plans, in accordance with new pension legislation and proposed new regulations, with certain of such funding guaranteed by Bedrock;
- (f) USSC will also commit to pay various amounts on account of OPEBs, with a new entity established for the purpose of receiving, holding and distributing those funds on account of OPEBs;
- (g) USSC will transfer all of its land assets to a land vehicle for the benefit of USSC's five main registered pension plans and OPEBs, with a portion of the lands associated with steel-related operations being leased back to USSC;
- (h) in exchange for a release of certain environmental liabilities relating to USSC's lands (as more fully described in the Bedrock/Province MOU), the Province will receive US\$61 million as financial assurance in respect of environmental issues relating to USSC's lands. Any portion of the financial assurance that is not needed to address environmental issues will be directed toward USSC's five main registered pension plans and OPEBs;

- (i) the Province will provide certain secured loans totalling \$76 million to facilitate the pension, OPEB and land-related matters, with the expectation that such loans will be repaid from any proceeds received from a sale of the lands and other repayment sources;
- (j) a distribution pool will be created for general unsecured creditors and distributed *pro rata* to them;
- (k) Bedrock will fund the closing amounts USSC will need to complete the Transaction;
- (l) Bedrock will arrange for USSC to have access to an ABL facility providing at least \$125 million of borrowing availability at closing, following payment of all amounts required to be paid under the Transaction and all CCAA exit costs; and
- (m) USSC, USS, the USW, the Salaried Representatives and the Province, among others, will exchange contractual releases and will obtain releases pursuant to the CCAA Plan and sanction order.

40. The proposed Transaction has been structured to provide significant benefits to the stakeholders involved in these CCAA proceedings. The Transaction will lay the groundwork for Bedrock to carry on USSC's operations at both its Hamilton Works and Lake Erie Works facilities, preserving jobs for employees and providing collateral benefits to the communities in which USSC currently operates. The Transaction provides a long-term commitment for the funding of pensions and OPEBs and avoids the harsh consequences of an immediate wind-up of USSC's five main pension plans. The proposed Transaction structure is the result of long and challenging negotiations between diverse parties that have, subject to further negotiations, put USSC on the path toward a fair and reasonable outcome for each of USSC's stakeholders.

41. To assist in accomplishing these objectives and bringing the Transaction to fruition, USSC now seeks authorization to enter into the PSA and the Province Support Agreement, and to take appropriate steps to pursue the Transaction as described in the PSA. The PSA includes, among other things:

- (a) The agreement of both USSC and Bedrock to use commercially reasonable efforts to give effect to a restructuring of USSC by way of the CCAA Plan and certain stakeholder agreements (as defined in the PSA, the “**Stakeholder Agreements**”) prior to March 31, 2017, with milestone dates for obtaining the Authorization Order, Meeting Order, Sanction Order and implementing the CCAA Plan;
- (b) Bedrock’s agreement to, among other things:
  - (i) acquire all of the USSC shares pursuant to the CCAA Plan and the agreements contemplated with USS;
  - (ii) fund the “Closing Funding Amount” at or immediately prior to the Time of Closing;
  - (iii) arrange new debt financing for USSC providing at least \$125 million of borrowing availability at closing (following payment of all amounts required to be paid under the Transaction and all CCAA exit costs) on terms and conditions satisfactory to Bedrock and USSC;
  - (iv) negotiate in good faith with USSC and the Stakeholders to settle the terms of the applicable Stakeholder Agreements and related documentation; and
  - (v) cooperate in good faith with and take commercially reasonable steps to assist USSC to implement the transaction by seeking the support of all



relevant stakeholders, assisting USSC to obtain material third party consents and using commercially reasonable efforts to satisfy closing conditions, including obtaining regulatory approvals.

- (c) USSC's agreement to:
  - (i) prepare and file court materials to obtain an authorization order, meeting order and sanction order, including preparing and filing the CCAA Plan;
  - (ii) seek material third party consents and the requisite creditor approvals of the CCAA Plan;
  - (iii) negotiate in good faith with Bedrock and certain stakeholders to settle the terms of Stakeholder Agreements and related documentation;
  - (iv) take commercially reasonable steps to satisfy closing conditions; and
  - (v) not solicit any alternative transaction or (i) participate in any substantive discussions or negotiations with other persons regarding any such alternative transaction, (ii) accept or recommend any alternative transaction or (iii) enter into any agreement in respect of any alternative transaction.
  
- (d) A term sheet for a CCAA Plan that includes, among other things:
  - (i) the proposed treatment of affected creditors and other stakeholders;
  - (ii) releases in favour of USSC, USS, the Monitor and other participating stakeholders, as applicable, and their respective directors, officers and other responsible persons and representatives; and

- (iii) the basic terms of the CCAA Plan, including contents of the sanction order and a list of conditions that must be satisfied or waived on or prior to the Effective Time (as defined therein).
- (e) Additional term sheets for:
  - (i) pension arrangements;
  - (ii) OPEB arrangements;
  - (iii) environmental arrangements;
  - (iv) land vehicle arrangements;
  - (v) HW and LEW leases; and
  - (vi) tax sharing arrangements.

42. The PSA also sets out a number of conditions to close the Transaction. Conditions to closing include:

- (a) approval of the CCAA Plan and Stakeholder Agreements by USSC's board of directors;
- (b) requisite creditor and court approvals of the CCAA Plan;
- (c) *Competition Act (Canada)*, *HSR Act*, and *Investment Canada Act* approval will have been obtained;
- (d) the Pension Closing Conditions, the OPEB Closing Conditions, the Environmental Conditions, the Land Vehicle Closing Conditions, the Lease Closing Conditions, the Tax Closing Conditions and the USS Closing Conditions,

each as set out in the PSA, will have been satisfied on terms and conditions acceptable to Bedrock and USSC;

- (e) payment or arrangements made by Bedrock to pay the Closing Funding Amounts and any other amounts that must be paid in connection with the Transaction;
- (f) execution of a new loan agreement with not less than \$125 million of borrowing availability following payment of all amounts required to be paid under the Transaction and all CCAA exit costs;
- (g) the execution and delivery of all other Stakeholder Agreements;
- (h) execution and ratification of amendments to Collective Agreements;
- (i) the execution and delivery of all Stakeholder Releases;
- (j) USSC obtaining directors' and officers' insurance coverage for past acts;
- (k) receipt of consents for contracts that are material to the business of USSC; and
- (l) the satisfaction or waiver, in accordance with the terms of the CCAA Plan, of the conditions to the implementation of the CCAA Plan.

43. I believe that it is appropriate and in the best interests of USSC and its stakeholders for USSC to enter into the PSA and the Province Support Agreement and to pursue the Transaction. The bid submitted by Bedrock was selected as the Successful Bid pursuant to the terms of the SISF, with the approval of the Monitor. The PSA sets out a framework pursuant to which the Transaction – which provides for USSC's business to continue as a going-concern - will be pursued and implemented, in accordance with a timeline for important milestones in relation thereto.

44. The PSA is an extensively negotiated document between USSC and Bedrock, which was negotiated with the oversight of the Monitor. I believe the terms of the PSA are reasonable and appropriate, while striking a balance between competing needs of Stakeholders. This includes my belief that providing exclusivity to Bedrock at this stage pursuant to the non-solicitation provision is appropriate in light of the extensive sale and marketing efforts that have taken place to date pursuant to the Monitor and court-supervised SISP process, in accordance with which Bedrock has been identified as the Successful Bidder. While there continue to be certain Stakeholder Agreements to be negotiated, among other material matters that are conditions to closing, providing exclusivity to Bedrock to continue its negotiations at this stage makes sense in the circumstances.

45. The PSA provides that USSC will reimburse Bedrock for its expenses up to a maximum of \$4 million in the event of termination of the PSA by Bedrock because of a breach of the PSA by USSC. Based on my experience in other CCAA sales processes and based on market data provided by USSC's financial adviser, I believe that the reimbursement obligation is in line with other transactions of this scale and is reasonable under the circumstances as it is intended only to reimburse Bedrock for its actual expenses incurred in respect of the transaction in the event of a breach by USSC.

46. The PSA provides for various steps that will be required before the Transaction can be implemented, including negotiation of the Stakeholder Agreements. If such support is not obtained, USSC will be forced to consider its alternatives at that time, which will include possible liquidation scenarios or a piecemeal sale of parts of its business and assets; however, in my view, the PSA represents a very positive step towards completion of a successful restructuring of USSC's business.

47. Based on the information available to date and Bedrock's proven success in reaching proposed terms with USS and in reaching the MOU with the Province, and based on the positive tone of its interactions with the USW, among others, I am optimistic that agreements between Bedrock and the remaining stakeholders can be achieved in the near term such that USSC can move forward to develop and implement the CCAA Plan in accordance with the PSA and continue the business of USSC as a going concern for the benefit of USSC's stakeholders including employees, pensioners, suppliers and others.

48. USSC notes that, despite the tremendous efforts made by interested parties to advance the CCAA proceedings to its current stage, significant work remains to be done in order to finalize the Stakeholder Agreements, prepare the CCAA Plan and complete each of the outstanding conditions to closing. USSC appreciates the hard work that stakeholders have put into the negotiations to date and encourages the parties to remain constructively engaged in the process for the mutual benefit of all stakeholders in these CCAA proceedings.

## **RELEASES**

49. Because of the nature of the liabilities and potential liabilities of USSC, it will be necessary for USSC to obtain broad releases pursuant to its CCAA plan and the sanction order to ensure that Bedrock acquires USSC free and clear of all liabilities other than ones intended to survive the Transaction. Because of indemnity obligations of USSC in favour of its directors and officers, among other reasons, it will be necessary for the USSC directors and officers to obtain broad releases too.

50. For these reasons, the PSA contemplates broad releases in favour of USSC and the USSC directors and officers. In addition, the PSA contemplates that releases will be exchanged between key stakeholders and USSC, the form and content of which are to be negotiated, to

resolve all claims that may exist between them in relation to USSC. For example, in the process to determine the claims of USS against USSC, many claims were asserted by stakeholders against USS.

51. I understand that, following bilateral negotiations between USS and Bedrock, those parties included proposed terms for releases in favour of USS in the USS/Bedrock Term Sheet. That term sheet proposes, among other things, releases from indemnities USS agreed to provide to directors and officers of USSC. As noted, USSC is not a party to the USS/Bedrock Term Sheet and did not negotiate the terms of the proposed USS releases with USS.

52. When negotiation of the PSA between Bedrock and USSC occurred, one of the issues addressed was the nature and scope of releases. USSC was aware that there are USSC directors and officers that have contractual and other forms of indemnification from USS. Some also have contractual commitments from USS to maintain directors and officers insurance for them and to maintain or purchase “tail” insurance after they cease to be directors and officers. These indemnities are personal to the individuals and do not involve USSC as a party.

53. As was disclosed in the initial affidavit of Michael A. McQuade filed in these proceedings in support of the application for the Initial Order, the USS entity that is the shareholder of USSC reconstituted the board of directors of USSC in late January 2014. It did so to facilitate the exploration of, among other things, a formal restructuring of USSC. At that stage, after a comprehensive evaluation of its global operations, USS had concluded that the Canadian operations conducted through USSC were in need of restructuring.

54. In reconstituting the board, USS sought assistance from Mr. Charles Cremens and Mr. Richard Newsted, both individuals recognized for their significant restructuring and/or steel industry experience. USS appointed both to the board of USSC as independent directors. Mr.

Cremens continues to serve today. Mr. Newsted passed away on November 5, 2015, and has not been replaced. Mr. McQuade was left in place by USS as the third director.

55. In or around January 2014, USS entered into contracts with each of Mr. Cremens, Mr. Newsted and Mr. McQuade, agreeing to indemnify them in respect of claims in relation to USSC and agreeing to maintain directors and officers insurance for them during their term in office and afterward. I understand that USS entered into a similar contract with at least one other former officer of USSC.

56. I understand that pursuant to the USS by-laws, individuals that serve as directors and officers of subsidiaries of USS are indemnified in respect of claims against them in relation to the applicable subsidiary, in accordance with the terms of the by-laws.

57. As the PSA negotiations with Bedrock were nearing conclusion, USSC chose to seek support agreements from the Province and USS. In that regard, USSC provided a draft support agreement to USS, seeking its support for the PSA and the Transaction contemplated by it. The draft included, among other things, proposed terms for a USS release. Mindful of the existence of the contractual and other obligations of USS to USSC directors and officers that I am advised by the directors were intended to survive any restructuring of USSC, the release terms proposed did not include a release by USSC directors and officers in favour of USS of the indemnity and insurance-related obligations of USS.

58. USSC's directors and officers in their personal capacity are represented by independent counsel, Bryan Finlay of WeirFoulds LLP. Mr. Finlay has advised USS and USSC, on behalf of the two current directors, that the directors are not willing to release USS from its indemnity and insurance-related obligations. As noted, Mr. Newsted, passed away earlier in these proceedings.

As far as I am aware, his estate is not aware of the issue and it may have a similar position in relation to the continuation of the contractual obligations of USS.

59. At this time, USS has not entered into a support agreement with USSC. With respect to the issue of releases regarding USS's indemnification obligations, the parties, including USSC, have had a confidential exchange. In order to proceed with the PSA at this time, which the board of directors of USSC believes is in the best interests of the Corporation and its stakeholders, a clause has been inserted in the PSA (Section 6.05) to deal with the issue of releases.

60. As set out in Section 6.05 of the PSA, an application to the Court may be required to determine whether a court-ordered release releasing USS from its contractual and other indemnification obligations to individuals, including the Corporation's directors and officers, for claims arising in relation to the Corporation should be granted.

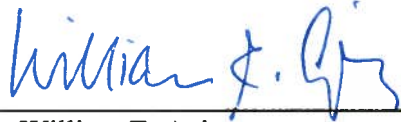
**TIMING**

61. While timing for completion of the restructuring Transaction remains uncertain, the current expectation is that the Transaction will close in the first quarter of 2017 if all parties, including Bedrock and the USSC stakeholders continue to work expeditiously and in good faith.

SWORN BEFORE ME at the City of )  
Toronto, in the Province of Ontario, )  
this 13 day of December, 2016. )

  
\_\_\_\_\_)  
Commissioner for Taking Affidavits

Neha Chawla, a Commissioner, etc.,  
Province of Ontario, while a ~~Student-at-Law~~.  
Expires May 25, 2018.

  
\_\_\_\_\_  
William E. Aziz



# Tab 6

Court File No. CV-14-10695-00CL

**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.**

**AFFIDAVIT OF WILLIAM E. AZIZ  
SWORN MARCH 10, 2017  
(re: Meetings Order, PSA Amendment and Stay Extension)**

I, William E. Aziz, of the Town of Oakville, in the Province of Ontario, MAKE OATH  
AND SAY:

1. I am the President of BlueTree Advisors II Inc., which has been retained by U. S. Steel Canada Inc. ("USSC" or the "Applicant") to provide my services to USSC as Chief Restructuring Officer ("CRO") of USSC in accordance with the engagement letter dated September 16, 2014. I report to the board of directors of USSC (the "Board").
2. As the CRO of USSC, I have personal knowledge of the matters deposed herein, except where I have indicated that I have obtained facts from other sources, in which case I verily believe those facts to be true. I have spoken with certain of the officers, advisors and/or employees of USSC as well as the Monitor (defined below), as necessary, and where I have relied on information from such discussions, I believe such information to be true.
3. All terms not otherwise defined herein have the meanings given to them in the Plan.
4. I swear this affidavit in support of a motion by USSC seeking

- (a) an order (the “**Meetings Order**”) substantially in the form of the draft order included at Tab 3 of the Applicant’s Motion Record, among other things:
- (i) accepting the filing of the plan of compromise, arrangement and reorganization of the Applicant under the *Companies’ Creditors Arrangement Act* (“**CCAA**”) and the *Canada Business Corporations Act* (the “**CBCA**”) dated March 15, 2017 (the “**Plan**”) with the Court;
  - (ii) approving, pursuant to section 22 of the CCAA, the classification of creditors as set out in the Plan for the purposes of the Meetings (defined below) and voting on the Plan;
  - (iii) authorizing and directing the Applicant to call, hold and conduct meetings of its creditors to vote on the Plan;
  - (iv) authorizing and directing the mailing and distribution of certain meeting materials and other procedures to be followed to provide notice of the Meetings;
  - (v) approving the procedures to be followed at the Meetings, including voting procedures; and,
  - (vi) setting a date for the hearing of the Applicant’s motion for the Sanction Order (the “**Sanction Hearing**”); and
- (b) an order substantially in the form of the draft order included at Tab 4 of the Applicant’s Motion Record, among other things authorizing USSC to enter into:
- (i) an agreement (the “**PSA Amending Agreement**”) that amends the CCAA

Acquisition and Plan Sponsor Agreement dated as of December 9, 2016 between USSC, Bedrock Industries Canada LLC (“**Bedrock**”) and Bedrock Industries L.P. (the “**PSA**”) to, among other things, extend the outside date for the implementation of the CCAA Plan and closing of the Transaction to May 31, 2017; and (ii) an agreement (the “**Support Amending Agreement**”) that amends the agreement (the “**Support Agreement**”) made as of December 9, 2016 between USSC and Her Majesty the Queen in Right of the Province of Ontario (the “**Province**”); and

- (c) an order substantially in the form of the draft order included at Tab 5 of the Applicant’s Motion Record, among other things extending the Stay Period, as defined in the Initial Order (defined below) from March 31, 2017 up to and including May 31, 2017.

5. The Plan and various Stakeholder Agreements (defined below) are intended to restructure certain of USSC’s liabilities and to facilitate the restructuring of USSC into a viable and competitive industry participant.

6. As described in greater detail below, pursuant to the Transaction, Bedrock will acquire substantially all of USSC’s operating assets and business on a going concern basis by acquiring all of the outstanding shares of restructured USSC. USSC will continue with substantially all of its producing assets and operations, emerging as a stand-alone steel manufacturer with a restructured balance sheet and sufficient liquidity to enable it to compete in a challenging steel market.

7. The Transaction is expected to result in the greatest possible and most timely recovery for Affected Creditors in the circumstances given the alternatives available to USSC.

8. The Transaction is conditional on, among other things, the implementation of the Plan, which in turn contemplates the execution and implementation of agreements with a variety of stakeholders relating to USSC's assets and real property, environmental matters, tax matters, labour matters, OPEB matters and pension matters (the "**Stakeholder Agreements**"). It is anticipated that Affected Creditors will participate in the restructuring through the Plan while other creditors whose claims need to be addressed as conditions of the Transaction will participate in the restructuring through these various Stakeholder Agreements.

## **I. BACKGROUND**

9. On September 16, 2014, USSC obtained an initial order (as amended and restated from time to time, the "**Initial Order**") pursuant to the CCAA, among other things, granting a stay of proceedings (the "**Stay**") and appointing Ernst & Young Inc. as monitor (the "**Monitor**").

### *Claims Processes*

10. On November 13, 2014, USSC obtained an order that set out a claims process (the "**Claims Process**") and provided a Claims Bar Date for all "Claims" (as defined therein) of December 22, 2014.

11. On June 13, 2016, USSC sought and obtained an order (the "**IP Claims Process Order**") approving a claims process to identify and determine IP Claims (as defined therein) of United States Steel Corporation ("USS").

12. USSC is presently seeking an order approving a supplemental claims process to identify, determine and resolve (i) claims against directors and officers of the Applicant and its subsidiaries, and (ii) claims of certain creditors of the Applicant holding claims excluded from the application of the original Claims Process but which will be Affected Claims under the Plan.

### *Sales and Marketing Processes*

13. USSC, under the supervision of the Monitor and the CCAA Court, with the assistance of the Applicant's financial advisor, Rothschild Inc. (the "**Financial Advisor**"), and with significant involvement from key stakeholders, has conducted extensive sales and marketing efforts within these CCAA proceedings, including the Sale and Restructuring/Recapitalization Process ("**SARP**") and the Sale and Investment Solicitation Process ("**SISP**").
14. On April 2, 2015, USSC obtained an order approving the commencement of the SARP. As part of the extensive SARP, the Financial Advisor contacted 102 potentially interested parties and received multiple non-binding letters of intent. Notwithstanding this effort, the SARP was ultimately unsuccessful in generating an executable going concern offer for USSC. Each of the going-concern bids received in the SARP contained terms that were unacceptable to certain stakeholders and that bidders were unwilling to waive.
15. The SARP was subsequently discontinued by Court order on October 9, 2015.
16. Also on October 9, 2015, USSC obtained a Court order, among other things, approving cash conservation measures and a related business plan.
17. On January 12, 2016, USSC sought an order to conduct a further sales and marketing process and the Court granted an order approving the SISP (the "**SISP Order**").
18. As part of the SISP, the Financial Advisor once again canvassed the market for potentially interested parties and assisted USSC, along with the Monitor and myself, in its review of each of the non-binding letters received in the first phase of the SISP. After receiving input

from key stakeholders, a number of bidders, including Bedrock, were selected to participate in the second phase of the SISP.

19. During the second phase of the SISP, USSC worked with qualified bidders to advance their due diligence through site visits, management presentations, responding to diligence requests and coordinating meetings with stakeholder groups. On May 13, 2016, USSC received a number of binding offers, including one from Bedrock.

20. As was the case in the SARP, each of the bids received, other than liquidation bids, required a variety of contributions and compromises from stakeholders. With a view to pursuing the necessary stakeholder agreements, USSC and its advisors, with the assistance of the Monitor, facilitated meetings and negotiations between bidders and the relevant key stakeholder groups over the course of several months. Out of this extensive and time intensive process, by the end of July, the Bedrock proposal emerged as the most promising bid and was designated as a “Qualified Bid”.

21. Since then, Bedrock has continued discussions and negotiations with stakeholders including the USW, 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.

22. On December 15, 2016, USSC obtained an order (the “**PSA Authorization Order**”), among other things, declaring Bedrock to be the successful bidder in the SISP and authorizing USSC to enter into the PSA and Support Agreement and to pursue the restructuring of USSC with Bedrock by way of a CCAA plan and related stakeholder agreements (subject to approval by further order of the Court). The PSA contemplated an outside date of March 31, 2017 for the

implementation of the restructuring transaction. As described further below, USSC is seeking to amend the PSA to, among other things, extend the outside date for implementation of the Transaction to May 31, 2017.

### *Stakeholder Support*

23. On September 21, 2016, the Province announced that it had signed a memorandum of understanding with Bedrock (the “**Province MOU**”) to help facilitate a restructuring of USSC. This agreement with a key stakeholder assisted in forming the framework of a comprehensive restructuring of USSC.

24. The Province also entered into the Support Agreement with USSC, 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 all of the elements common to the PSA and the Province MOU.

25. On November 1, 2016, USS announced that it had reached a non-binding agreement with Bedrock regarding the sale and transition of its ownership of USSC (the “**USS/Bedrock MOU**”). 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 to USSC.

26. Also on November 1, 2016, the USW issued a press release stating that the USW believed that the Bedrock arrangements with the Province and USS 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.

27. Discussions and negotiations among Bedrock, USSC and key stakeholders regarding the Bedrock Transaction and the CCAA Plan are continuing, and have advanced the process to the point where USSC now seeks to call meetings of its Affected Creditors to consider and vote on the proposed Plan.

## **II. THE BEDROCK TRANSACTION OVERVIEW**

28. With the support of Bedrock and the Monitor, USSC has formulated a transaction – to be effected pursuant to the Plan and various Stakeholder Agreements - which reflects the extensive negotiations between USSC and its various stakeholders and is the culmination of the extensive marketing process, described above. The objective is to allow USSC to emerge from CCAA Proceedings under new ownership and on a restructured basis, while addressing the interests of all stakeholders in a fair and reasonable manner in the circumstances.

29. While USSC is not presently seeking Court approval of the Plan or the Transaction, the overarching aim, by the completion of the CCAA Proceedings, is to (i) complete a restructuring and reorganization of USSC whereby Bedrock will acquire the outstanding shares of USSC (thereby acquiring substantially all of the USSC operating assets and business on a going concern basis); (ii) provide for a compromise of and consideration for Affected Claims that are Proven Claims; (iii) effect a release and discharge of all Affected Claims and Released Claims; and (iv) address the balance sheet issues and legacy obligations of USSC with the goal of enabling USSC and its business to continue as a competitive, going concern, stand-alone steel manufacturer – all in the expectation that Affected Creditors will derive a greater benefit from implementation of the Plan than they would derive from a bankruptcy or liquidation of USSC.

30. The Transaction is to be implemented pursuant to (i) the Plan; and (ii) a series of agreements with stakeholders. The Meetings Order, which is now sought by USSC, deals with the processes and procedures relating to the Plan and meetings of certain of USSC's creditors to vote on the Plan.

31. The Plan, as described in more detail below, provides, among other things, a compromise of and consideration for Proven Claims in two classes: General Unsecured Claims and Non-USW Main Pension and OPEB Claims. Pursuant to the Plan:

- (a) General Unsecured Creditors with Proven Claims (not including the Province or USS, which is not a General Unsecured Creditor) will receive a cash distribution in respect of their claims, and their claims will be compromised, released, discharged and barred; and
- (b) Existing Non-USW Main Pension and OPEB Benefits will be replaced by New Non-USW Pension and OPEB Benefits and Non-USW Main Pension and OPEB Claims will be compromised, released, discharged and barred.

32. Various other Claims are unaffected by the Plan, although many of the unaffected claims are addressed through the Stakeholder Agreements. The complete list of Unaffected Claims is set out in section 2.3 of the Plan and includes:

- (a) USS Secured Claims and USS Unsecured Claims;
- (b) Secured Claims accepted as Proven Claims pursuant to the Claims Procedure Orders, including Construction Lien Claims and Secured Municipal Tax Claims; and

- (c) Claims of USW Employees and their beneficiaries (A) under the provisions of the Collective Agreements or any employment-related statute, including applicable employment standards and human rights legislation; or (B) for Existing HW Local 1005 Pension and OPEB Benefits, Existing LEW Local 8782 Pension and OPEB Benefits, Existing LEW Local 8782(b) Pension and OPEB Benefits (see discussion below for how these claims are addressed in separate Stakeholder Agreements).

33. The separate Stakeholder Agreements (execution and delivery of which are conditions precedent to the Plan), address various other Claims and interests of Stakeholders, including but not limited to:

- (a) Claims by the Province relating to environmental matters – to be addressed in a release by the Province as described below;
- (b) Claims by USW Employees and their beneficiaries with respect to pension and OPEB benefits for Local 1005, Local 8782 and Local 8782(b) – to be addressed in CBA Amendments, the Pension Agreement, the Special Regulation, the OPEB Agreement and the OPEB ELHT Documents as described below; and
- (c) Claims by and issues relating to USS – to be addressed in various agreements, with provision for payment in full to USS of its USS Secured Claims; arrangements for the cancellation of the USS Unsecured Claims (without payment of a distribution) and the transfer of all issued and outstanding shares of the Corporation to Bedrock; and execution of transitional services agreements, licenses or other agreements with respect to intellectual property and trade secrets, an iron ore pellet supply agreement and certain releases, among other things.

34. The Stakeholder Agreements also provide specific mechanisms for addressing issues and executing various steps in the Transaction, including arrangements regarding USSC assets and real property, environmental matters, labour matters, tax matters, OPEB matters and pension matters.

35. I have set out below a high level description of the key elements of the Transaction, as presently contemplated, that are to be governed by the Stakeholder Agreements. Further details can be found in the Schedules to the Plan.

*a) Land-Related Transactions*

36. Prior to or at the closing of the Transaction, USSC will contribute and convey to a special purpose entity established for the purpose of holding and monetizing the Land Assets (the “**Land Vehicle**”) all right, title, benefit and interest of USSC in the Lands (and certain assets located on the Lands that will not be leased by USSC, which are not used in steel-making), and the Land Vehicle will conduct a sale process to maximize value from the Lands.

37. The Land Vehicle will be governed by a board of trustees (or directors) who are independent from the Province, the USW, the Non-USW Representatives and USSC. The Land Vehicle will be partially funded by the Province through a six-year term secured revolving line of credit up to a maximum of \$10 million.

38. USSC will enter into long-term leases with the Land Vehicle to lease the portion of the Lands required to operate its business and will pay rent to the Land Vehicle. The Land Assets must be sold by the Land Vehicle within 5 years unless otherwise agreed, with net proceeds of such sale being allocated to the OPEB Entities and Main Pension Plans after repayment of any secured amounts owing to the Province and certain other amounts. Additional details and

specifications regarding the land related transactions are included in the Land Term Sheet attached as Schedule “C” to the Plan and the Lease Term Sheet attached as Schedule “D” to the Plan.

*b) Environmental Matters*

39. USSC will make a one-time irrevocable cash payment of US\$61 million to the Province in exchange for the release by the Province of environmental liabilities arising from past operations on the relevant lands. USSC will be responsible for any post-closing environmental liabilities that do not arise from historic contamination.

40. If the MOECC determines that any portion of the payment made to the Province is not required by the MOECC in connection with historic environmental issues, one half of such portion will be paid to the OPEB Entities (the “**OPEB Remaining Share**”) and the other half will be paid to the Main Pension Plans (the “**Pension Remaining Share**”), subject to the Province’s first-ranking security therein. Additional details and specifications regarding treatment of environmental matters are included in the Environmental Term Sheet attached to the Plan as Schedule “B”.

*c) Labour Matters*

41. As noted above, the Plan is conditional upon amendments to the Collective Agreements between USSC and IIW Local 1005, LEW Local 8782 and LEW Local 8782(b), which are to be in effect as of the Plan Implementation Date. Among other things, the CBA Amendments are to (a) provide for the New Local 1005 Pension and OPEB Benefits, the New Local 8782 Pension and OPEB Benefits and the New LEW Local 8782(b) Pension and OPEB Benefits; (b) replace the Existing Local 1005 Pension and OPEB Benefits, the Existing LEW Local 8782 Pension and

OPEB Benefits and the Existing LEW Local 8782(b) Pension and OPEB Benefits; and (c) be fully enforceable and govern the relationship between the parties.

*d) Tax Matters*

42. Arrangements will be made concerning 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 at closing 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.

*e) OPEB Matters*

43. The OPEB Entities will be established to receive contributions that will be used to fund the OPEBs. Details regarding the type and level of OPEBs to be provided will be set out in the OPEB ELHI Documents.

44. The OPEB Entities will receive funding from the proceeds of the sale of the Land Assets by the Land Vehicle, any OPEB Remaining Share from the Province (subject to the Province's first-ranking security therein), and contributions from USSC of:

- (a) \$15 million in the aggregate, pro-rated for 2017, and 6.5% of USSC's Free Cash Flow (as defined in the Plan), to a maximum additional annual amount of \$11 million (which does not include any Excess 8782 Amount (as defined in the OPEB Term Sheet) paid by Bedrock to USW Local Union 8782 during the first five years post-closing); and

- (b) a \$30 million lump sum advance payment payable on the earlier of (i) the date USSC first makes any distribution to Bedrock and (ii) the date that is three years following the closing of the Transaction.

45. The Province will provide an interest-free, secured, reducing non-revolving line of credit to the OPEB Entities to a maximum of \$66 million to provide cash to fund OPEBs, maturing six years post-closing. Additional details and specifications regarding treatment of OPEB matters are included in the OPEB Term Sheet, attached to the Plan as Schedule "E".

*f) Pension Matters*

46. The Superintendent of Financial Services will appoint an administrator to replace USSC as the administrator of the Main Pension Plans. USSC's ongoing funding obligations with respect to the Main Pension Plans will be fixed according to the terms of the Pension Term Sheet (attached to the Plan as Schedule "F"). The Main Pension Plans will continue to be covered by the Ontario Pension Benefits Guarantee Fund.

47. In addition to any contributions to the Main Pension Plans from a trust to be established for the benefit of the Main Pension Plans (the "**Pension Deficit Funding Trust**") (arising from its receipt of proceeds from the Land Vehicle and Carried Interest Agreement (defined below)), or arising from Tax Savings Agreement, USSC will make various other cash contributions into the Main Pension Plans. USSC will also make a lump sum contribution to the Main Pension Plans by way of a \$30 million upfront payment (funded by Bedrock) upon closing.

48. The maximum total contribution of USSC to the Main Pension Plans will be \$400 million (excluding the \$30 million upfront payment made by Bedrock, the "Carried Interest" amount pursuant to the Carried Interest Agreement (defined below), and any proceeds from the Land

Assets). USSC will have no further obligation to make contributions to the Main Pension Plans once it has made the maximum contribution and will not be liable for any deficit in the Main Pension Plans existing as of the Closing Date, including any deficit funding, or for any wind up deficit funding upon wind up or termination of any of the Main Pension Plans under the *Pension Benefits Act* (Ontario).

49. Bedrock will guarantee a minimum contribution to the Main Pension Plans of \$10 million per year for the first five years, and a minimum of \$15 million for the next 15 years up to a maximum guaranteed amount of \$160 million, subject to certain dollar-for-dollar reductions.

50. On the closing date, Bedrock, USSC and the Province will enter into a carried interest agreement with payments arising out of such agreement to be deposited into the Pension Deficit Funding Trust (the "**Carried Interest Agreement**"). The Carried Interest Agreement will provide for payment to the Pension Deficit Funding Trust of 10% of all profits earned by Bedrock arising from USSC to the extent such distributions exceed Bedrock's equity investment in USSC.

51. I am advised by Hicks Morley that the Ontario Minister of Finance will also recommend to the Lieutenant Governor-in-Council that a new regulation (referred to in the Plan as the "**Special Regulation**") be made under the Ontario *Pension Benefits Act* (Ontario), the purpose of which shall be to give effect to the Pension Agreement and the Pension Term Sheet (attached to the Plan as Schedule "F"). Additional details and specifications regarding treatment of pension matters are included in the Pension Term Sheet (attached to the Plan as Schedule "F") and the Information Circular.



### **III. THE PLAN**

52. In accordance with the Meetings Order, Affected Creditors will be divided into two separate classes (the “**Affected Creditors 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.

53. In proposing these classes, USSC considered, among other things, the nature of the obligations giving rise to the Claims, the nature and rank of any security held in respect of Claims, and the legal entitlements and remedies available to creditors in the absence of a CCAA plan.

#### ***General Unsecured Claims***

54. A “General Unsecured Claim” is defined in the Plan as “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.” Such General Unsecured Claims are all in the nature of unsecured claims.

55. 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 (in each case, a “**Convenience Creditor**”) will receive payment in an amount equal to the lesser of \$7,500 and the actual amount of such Proven Claims in full satisfaction of such Proven Claims, subject to the terms and implementation of the Plan.

56. 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 in full satisfaction of such Proven Claims.

57. I understand that the Province, in respect of its General Unsecured Claim that is a Proven Claim, intends to waive its entitlement to, and will not receive, any distributions in such respect. As noted above, USS Secured Claims and USS Unsecured Claims are Unaffected Claims in the Plan. Implementation of the CCAA Plan is conditional on payment in full of the USS Secured Claims and settlement of the USS Unsecured Claims for nominal consideration (and without payment of a distribution).

58. 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.

#### ***Non-USW Main Pension and OPEB Claims***

59. The Non-USW Main Pension and OPEB Claims consist of Claims arising in respect of Existing Non-USW Main Pension and OPEB Benefits. In other words, all creditors in this class have Claims in respect of pension and/or post-employment benefit obligations.

60. At the Effective Time, each Non-USW Main Pension and OPEB Claim will be compromised, released and discharged 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 Term Sheet, the Pension Agreement, the Special Regulation, the OPEB Agreement

and the OPEB ELHT Documents in full satisfaction of such Non-USW Main Pension and OPEB Claims.

*Unaffected Creditors*

61. As noted above, the claims of Unaffected Creditors will be addressed pursuant to the Stakeholder Agreements or otherwise satisfied in accordance with the applicable agreements or other arrangements between Unaffected Creditors and USSC. Unaffected Creditors will not be entitled to vote on or receive any distributions or other consideration under the Plan itself.

62. Unless otherwise indicated, the Transaction contemplates that USSC will make the following payments from Available Cash in full satisfaction and discharge of the following Unaffected Claims:

- (a) payment to Brookfield Capital Partners Ltd. (“**DIP Lender**”) of all amounts required to satisfy all obligations and liabilities of USSC to the DIP Lender;
- (b) payment to USS of all amounts required to satisfy the USS Secured Claims in full;
- (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 Term Sheet and 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.

#### ***Releases***

63. The Plan provides that (a) the members of the USSC Group; (b) the CRO; (c) EY; and (d) their respective Representatives (collectively, the "**Released USSC Parties**") will be fully released and discharged from all Released USSC Claims at the Effective Date.

64. In addition, the Plan contemplates that, as a condition to closing, the Stakeholder Contractual Releases (a contractual release or releases among each of the Stakeholders and USSC and their respective Representatives) will have become effective, subject only to the occurrence of the Plan Implementation Date and that the Court, in the Sanction Order, has ordered the compromise, release and discharge, as against the USS Group, USSCPF and their respective Representatives, of all claims of all Persons of the nature released pursuant to the Stakeholder Contractual Releases with certain exclusions.

65. As of the Effective Time all Persons will be permanently barred with respect to any Released Claims from (i) commencing, directly or indirectly, any action or other proceeding of any kind against any of the Released Parties; (ii) 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 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.

66. The Plan also requires, at or before the Effective Time, that certain indemnities be provided from USSC and one or more other parties arranged by Bedrock in favour of the USS Contractually Indemnified Individuals, and that satisfactory arrangements be made for continuing insurance coverage for Directors and employees of USSC under existing insurance policies.

***Conditions Precedent to Plan Implementation***

67. Implementation of the Plan is conditional on the satisfaction or waiver of certain conditions set out in Section 9.1 of the Plan. At a high level, the conditions precedent include that:

- (a) the Plan will have been approved by each class of Affected Creditors of USSC;
- (b) the Sanction Order will have been issued by the Court, all appeal periods expired and any appeals finally disposed of by the applicable appellate tribunal and 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;

- (c) the Plan Sponsor will have paid the Plan Funding Amount to the Applicant in accordance with the Plan Sponsor Agreement and the loan agreement in respect of the New ABL Facility and all other required security and agreements will have become effective;
- (d) the various closing conditions relating to steps to implement the Transaction contained in Stakeholder Agreements will have been implemented, including that 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; the OPEB Closing Conditions will have been satisfied; the Pension Closing Conditions will have been satisfied; the Environmental Closing Conditions will have been satisfied; the Land Vehicle Closing Conditions will have been satisfied; the Lease Closing Conditions will have been satisfied; the Tax Closing Conditions will have been satisfied; the USS Closing Conditions and the USSCPF Closing Conditions will have been satisfied; and all other Stakeholder Agreements, if any, will have been executed and delivered;
- (e) the D&O Claims will be satisfied, released or compromised, the USS Indemnity Release Conditions will have been satisfied, and the Stakeholder Contractual Releases will have become effective, subject only to the occurrence of the Plan Implementation Date;

- (f) each of the conditions precedent to the closing of the Transaction provided in the Plan Sponsor Agreement will have been satisfied or waived;
- (g) no action or proceeding will be pending by any third party or enjoin or prohibit the Transaction; and
- (h) all applicable approvals and orders of, and all applicable submissions and filings with, governmental, regulatory and judicial authorities having jurisdiction for the completion of the transactions contemplated by the Plan will have been obtained or made.

#### ***Filing the Plan***

68. USSC is not presently seeking Court approval of the Plan. Rather, USSC is seeking to file the Plan with the Court and to bring the Plan before the Affected Creditors to vote upon it at the proposed Meetings. The Plan reflects a significant step forward in the restructuring of USSC and results from a thorough canvassing of the market in the sales and marketing processes and from intensive and extensive multi-party negotiations. In my view, the Plan fairly balances the interests of USSC's stakeholders and paves the way for a significantly better outcome for the Affected Creditors than they would derive from a bankruptcy or liquidation of USSC.

#### **IV. MEETINGS AND MEETINGS ORDER**

69. USSC intends to hold Meetings to enable the Affected Creditors to vote on a resolution to approve the Plan and any amendments thereto. It is proposed that two Meetings be held on April 27, 2017: one meeting of the General Unsecured Creditor Class and one meeting of the Non-USW Main Pension and OPEB Class. The Meetings will be held at the time and place set out in the Notice of Meetings and Sanction Hearing, described below.

70. As described in further detail above, I believe the classification of creditors as contemplated in the Meetings Order is fair, having regard to the creditors' legal interests, the remedies available to them, the consideration offered to them under the Plan and the extent to which they would recover their claims by exercising those remedies.

*Notice and Information Relating to the Meetings, Plan and Sanction Hearing*

71. USSC has prepared the following documents in relation to the Meetings, the Plan and the Sanction Hearing:

- (a) an Information Circular, attached hereto as **Exhibit "A"**; and
- (b) the Notice of Meetings and Sanction Hearing, attached hereto as **Exhibit "B"**.

72. The Information Circular and the Notice of Meetings and Sanction Hearing, together with the proxy and Election Notice for General Unsecured Creditors substantially in the form attached as Schedule "A" to the Meetings Order (the "**General Unsecured Creditor Proxy**") and the form of proxy for holders of Non-USW Main Pension and OPEB Claims substantially in the form attached as Schedule "B" to the Meetings Order (the "**Non-USW Main Pension and OPEB Proxy**") are collectively referred to as the "**Meeting Materials**".

73. The Meetings Order sets out the manner in which notice of the Meetings will be provided. It provides that, as soon as practicable after the granting of the Meetings Order, the Monitor shall:

- (a) cause a copy of the Meeting Materials and the Meetings Order to be posted on the Monitor's Website;



- (b) send the Meeting Materials to (i) Representative Counsel, (ii) all Affected Creditors with General Unsecured Claims in respect of which a Proof of Claim has been filed in a proper and timely manner or for which a notice of claim has been delivered, each in accordance with the applicable Claims Procedure Order and that is not barred pursuant to the applicable Claims Procedure Order, (iii) the service list maintained by the Monitor in these CCAA Proceedings (the “**Service List**”), (iv) any Opt-Out Individual as defined in paragraph 10 of the Representative Counsel Order (an “**Opt-Out Individual**”), and (v) any Affected Creditor or D&O Claim holder who makes a written request to the Monitor for a copy of the Meeting Materials, by regular mail, fax, courier or e-mail at the last known address (including fax number or email address) for such Creditors set out in the books and records of the Applicant or as provided in relation to a Claims Procedure Order (except that where such Creditors are represented by counsel known by the Applicant, the address, fax number, and email address of such counsel may be substituted) (collectively, the “**Meeting Materials Parties**”);
- (c) send a letter to all Non-USW Main Pension and OPEB Claim holders identified to the Monitor by the Applicant, substantially in the form attached hereto as **Exhibit “C”** by regular mail, fax, courier or e-mail at the last known address (including fax number or email address) for such Creditors set out in the books and records of the Applicant or as provided in relation to a Claims Procedure Order; and
- (d) cause notice of the Meetings, substantially in the form of the Notice of Meetings and Sanction Hearing, amended or abridged as the Monitor deems reasonable, in its discretion, for the purposes of publication, to be published for a period of two

(2) Business Days in The Globe and Mail (National Edition) and the Hamilton Spectator.

74. The draft Meetings Order contemplates that amendments may be made to the Plan and to the Meeting Material. It provides that:

- (a) USSC may, with the consent of the Plan Sponsor at any time, and from time to time, prior to or during the Meetings, amend, restate, modify and/or supplement the Plan provided that any such amendment, restatement, modification and/or supplement shall be made in accordance with the terms of the Plan and communicated in accordance with the Meetings Order; and
- (b) USSC, in consultation with the Monitor and with the consent of the Plan Sponsor, may from time to time (a) make such changes to the documents in the Meeting Materials as the Applicant, in consultation with the Monitor and the Plan Sponsor, considers necessary or desirable, including but not limited to changes to conform the content thereof to the terms of the Plan (including any amendments, restatements, modifications or supplements thereto), this Order or any further Orders of the Court; and (b) prepare any supplements to the Information Circular as the Applicant, in consultation with the Monitor and the Plan Sponsor, considers necessary or desirable (each a **“Supplemental Information Circular”**).

75. The Meetings Order provides that, as soon as reasonably practicable after finalization of any Supplemental Information Circular and any amendments or supplements to the Meeting Materials and any amendments, restatements, modifications and/or supplements to the Plan in accordance with the Meetings Order, the Monitor will (a) cause such materials to be posted on the Monitor’s Website (where the Monitor shall ensure that such materials remain posted until at

least one (1) Business Day after the Plan Implementation Date); and (b) if made prior to the Meetings, send such materials to the Meeting Materials Parties. or, if made at the Meetings, provide notice to those present at the Meetings prior to the vote being taken to approve the Plan.

76. In my view, the notice provisions set out in the Meetings Order are reasonable and provide sufficient notice of the Meetings and Sanction Hearing and information regarding the Plan. Representative Counsel reviewed and provided input on the draft Meetings Order and has advised that he is of the view that the draft Meetings Order, including the processes relating to notifying the Non-USW Main Pension and OPEB Claim holders and the voting and proxy processes for the Non-USW Main Pension and OPEB Claims is reasonable.

#### *Conduct of the Meetings*

77. The draft Meetings Order also provides for, among other things, the following in respect of the governance of the Meeting:

- (a) a representative of the Monitor, designated by the Monitor, shall preside as the chair (the “Chair”) of each Meeting and, subject to this Order and any further order of this Court, shall decide all matters relating to the conduct of each Meeting;
- (b) a quorum for each Meeting is one Affected Creditor of USSC with a Voting Claim present in person or by proxy and entitled to vote at the applicable Meeting;
- (c) 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 shall act as secretary at each Meeting.

- (d) the only Persons entitled to notice of or to attend the Meetings are the Monitor and its counsel; those Persons, including the holders of Proxies (defined in the Meetings Order), 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 legal counsel and advisors; and the Scrutineers. Any other Person may be admitted to a Meeting on invitation of the Chair; and
- (e) the Chair shall be entitled to adjourn and further adjourn a Meeting at a Meeting or any adjourned Meeting provided that any such adjournment or adjournments shall be for a period of not more than thirty (30) days in total and, in the event of any such adjournment, USSC and the Monitor shall 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.

***Proxies and Representative Counsel as Proxy***

78. Affected Creditors entitled to vote at a Meeting may vote at the Meeting in person or by proxy; however, such a Creditor who is not an individual may only attend and vote at a Meeting if it has appointed a proxyholder to attend and act on its behalf at such Meeting.

79. Any Proxy must be received by the Monitor by no later than 5:00 p.m. on April 24, 2017 or 3 (three) Business Days prior to any adjournment of the relevant Meeting as provided in the Meetings Order.

80. The draft Meetings Order provides that Representative Counsel is appointed as and deemed to be proxy for (i) the administrator of each of the Non-USW Main Pension Plans, and (ii) each Affected Creditor who is a retiree of USSC (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**”) other than (i) any Non-USW OPEB Affected Creditor who is an Opt-Out Individual, or (ii) any Non-USW OPEB Affected Creditor with a Non-USW Main Pension and OPEB Claim who appoints an alternative proxy and submits their proxy to the Monitor or attends the Meeting of the Non-USW Main Pension and OPEB Holders in person to vote on the Plan in respect of their Non-USW Main Pension and OPEB Claim.

81. Pursuant to the Meetings Order, Representative Counsel will be 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 it wishes to vote against the Plan.

#### ***Voting Procedure***

82. At each Meeting, the Chair will direct a vote on a resolution to approve the Plan and any amendments thereto as USSC may consider appropriate, and may direct a vote with respect to any other resolutions as the Chair may consider appropriate, in consultation with USSC.

83. The vote on the resolution to approve the Plan will be decided by approval of the Plan by a majority in number of the Affected Creditors of each of the Affected Creditors Classes holding Voting Claims (defined below) 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**”).

84. The following Affected 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 shall be entitled to vote at such Meeting;
  - (b) in respect of the Non-USW Main Pension and OPEB Class Meeting: only the administrator of each Non-USW Main Pension Plan and Non-USW OPEB Affected Creditors that hold Proven Claims or their proxies shall be entitled to vote at such Meeting. As noted above, Representative Counsel will be deemed to be proxy for the administrator of each Non-USW Main Pension Plans and each Non-USW OPEB Affected Creditor with the exceptions described above.
85. The Record Date for the purposes of determining which Affected Creditors are entitled to vote at the Meetings in respect of all General Unsecured Claims and Non-USW Main Pension and OPEB Claims is April 24, 2017.
86. Unaffected Creditors and holders of Equity Claims are not entitled, in such capacity, to attend the Meetings or vote on the Plan.
87. The voting entitlement on the Plan is calculated as follows, with 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;
  - (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 above) with a value equal to either (i) the amount of the wind-up deficiency as set out in the last available actuarial report prepared by the plan actuary, on behalf of the administrator, in respect of the applicable Non-USW Main Pension Plan as filed with the Financial Services Commission of Ontario 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.

88. 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 this Court.

89. 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.

***Monitor's Report***

90. The Monitor will provide a report to the Court within three Business Days following the Meetings, which shall be served on the Service List and posted on the Monitor's Website as soon as practicable after it is filed with the Court. The Monitor's report on the Meetings will include:

- (a) the results of the voting at each Meeting on the resolution to approve the Plan;

- (b) whether the Required Majorities have approved the Plan;
- (c) whether the votes cast in respect of Unresolved Claims, if any, would affect the result of that vote; and
- (d) any other matter which the Monitor considers relevant.

## V. SANCTION HEARING

91. If the Plan is approved by the Required Majorities, USSC intends to seek Court approval of the Plan at a hearing before this Court on May 9, 2017, or such later date as the Court may set (the “**Sanction Hearing**”).

92. The Meetings Order provides that USSC will serve the Service List with the motion materials relating to the Sanction Hearing and, otherwise, the posting on the Monitor’s Website, service of the Meeting Materials and/or letters, and/or publication in accordance with the notice provisions of the draft Meetings Order will constitute sufficient service and notice of the Sanction Hearing.

93. If the Plan is approved at the Sanction hearing, it is intended that recognition of the CCAA Proceedings, CCAA Plan and Sanction Order will be sought in an ancillary case under Chapter 15 of the United States Bankruptcy Code in the U. S. Bankruptcy Court. Notice of USSC’s motion will be provided and will include the applicable objection deadline and time and date of the hearing before the U. S. Bankruptcy Court.

## VI. EXTENSION OF DIP MILESTONE

94. On November 4, 2015, USSC entered into the Amended and Restated Interim Financing Term Sheet (as previously amended and extended, the “**Amended and Extended Replacement**



**DIP Term Sheet**”). The Third Amending and Extension Agreement to the Amended and Extended Replacement DIP Term Sheet amended the “Milestones” in the Amended and Extended Replacement DIP Term Sheet to provide the following Milestone among others:

(g) The Borrower shall obtain an order of the Court for the authorization and direction to convene one or more meetings of the creditors to consider and vote on a CCAA plan of compromise or arrangement to effect the completion of [sic] transaction contemplated by the Successful Bid...by January 31, 2017, unless such date is extended by the Lender in writing;

(h) The Borrower shall obtain an order of the Court for the approval of the CCAA Plan by March 10, 2017, unless such date is extended by the Lender in writing; and

(i) The Borrower shall implement the CCAA Plan and the transaction contemplated by the Successful Bid by March 31, 2017, unless such date is extended by the Lender in writing.

95. The above Milestones set deadlines by which the Meetings Order sought in this motion and the Sanction Order are to be obtained as well as a deadline for implementation of the Plan and the Transaction. Given the anticipated timing for such steps (discussed further below), I sought and obtained an extension of the above Milestones to March 15, 2017 (for the Meetings Order, Milestone “g”), May 31, 2017 (for the Sanction Order, Milestone “h”) and June 30, 2017 (for the implementation of the Plan and Transaction, Milestone “i”). I believe the above extensions are reasonable and appropriate.

## **VII. PSA AND SUPPORT AGREEMENT AMENDMENTS**

96. As set out above, pursuant to the PSA, USSC and Bedrock are required to use commercially reasonable efforts to effect a restructuring by way of CCAA Plan and stakeholder agreements prior to the outside date of March 31, 2017, with various milestone dates for obtaining a Meeting Order, Sanction Order, and for the implementation of the Plan. Similarly,

the term of the Support Agreement with the Province provides it continues in force until the earlier of March 31, 2017 and certain other dates.

97. While USSC is seeking to file the Plan at this time, it has become apparent that it will not be possible to implement the Plan by March 31, 2017 as a number of steps need to occur prior to the implementation of the Plan, including but not limited to the running of a supplemental claims process, a creditors' vote, a sanction hearing and the negotiation and execution of related Stakeholder Agreements. Accordingly, USSC entered into discussions with Bedrock to allow for additional time to complete all steps required for the implementation of the CCAA Plan. The terms of the agreement between USSC and Bedrock in this regard are set out in the PSA Amending Agreement, attached as **Exhibit "D"** (together with a copy of the PSA in the form attached to my affidavit of December 9, 2016, without attachments). USSC is now seeking authorization to enter into the PSA Amending Agreement.

98. The key terms of the PSA Amending Agreement include:

- (a) The term sheets previously appended to the PSA will be updated to reflect those appended in the CCAA Plan;
- (b) The date by which the Applicant is to obtain the Meeting Order will be extended to March 31, 2017;
- (c) The date by which the Applicant is to obtain the Sanction Order will be extended to May 10, 2017;
- (d) The date for the implementation of the CCAA Plan and closing of the Transaction will be extended to May 31, 2017.

99. USSC also engaged in discussions with the Province with respect to the Support Agreement and the Support Amending Agreement which, among other things, replaces the reference to March 31, 2017 with May 31, 2017, is attached hereto as **Exhibit "E"** (together with a copy of the Support Agreement in the form attached to my affidavit of December 9, 2016, without attachments).

100. In my view, the PSA Amending Agreement and Support Amending Agreement are appropriate and set out a reasonable timeline based on the current state of discussions around the CCAA Plan.

#### **VIII. STAY EXTENSION**

101. With progress having been made on the CCAA Plan, USSC intends to continue work on the steps necessary to implement it, including but not limited to the commencement of a supplementary claims process, holding the Meetings, and seeking a sanction order if the CCAA Plan is approved by the Requisite Majorities at each Meeting.

102. The stay of proceedings is currently set to expire on March 31, 2017. In order to allow USSC the continued protection of the stay of proceedings during the period currently anticipated to be required to implement the CCAA Plan, USSC seeks an extension of the Stay Period to May 31, 2017. As set out herein, USSC has acted in good faith and with due diligence, and I believe the extension of the Stay Period is both appropriate and necessary.

#### **IX. CONCLUSION**

103. USSC intends to proceed towards the approval and implementation of the Bedrock Transaction and the Plan as a key step towards the conclusion of the CCAA Proceedings. Accordingly, as part of the Meetings Order, USSC is seeking the Court's acceptance of the filing



# Tab 7

Court File No. CV-14-10695-00CL

**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.**

**AFFIDAVIT OF WILLIAM E. AZIZ  
SWORN APRIL 19, 2017**

**(re: Non-USW Support Agreement, Non-USW Settlement Agreement and Amended Plan)**

I, William E. Aziz, of the Town of Oakville, in the Province of Ontario, MAKE OATH  
AND SAY:

1. I am the President of BlueTree Advisors II Inc., which has been retained by U. S. Steel Canada Inc. (“**USSC**” or the “**Applicant**”) to provide my services to USSC as Chief Restructuring Officer (“**CRO**”) of USSC in accordance with the engagement letter dated September 16, 2014. I report to the board of directors of USSC (the “**Board**”).

2. As the CRO of USSC, I have personal knowledge of the matters deposed herein, except where I have indicated that I have obtained facts from other sources, in which case I believe those facts to be true.

3. All terms not otherwise defined in this affidavit have the meanings given to them in the proposed amended and restated plan of compromise, arrangement and reorganization of the Applicant under the *Companies' Creditors Arrangement Act* (“**CCAA**”) and the *Canada Business Corporations Act* (the “**CBCA**”) to be dated April 15, 2017 (the “**Amended Plan**”). A

true copy of the Amended Plan, showing the changes made to the plan of compromise, arrangement and reorganization of the Applicant dated March 15, 2017 (the “**Plan**”), is attached hereto as **Exhibit “A”**.

4. I swear this affidavit in support of the Applicant’s motion seeking:
- (a) an order (the “**Settlement Approval Order**”) substantially in the form of the draft order included at Tab 3 of the Applicant’s Motion Record that, among other things, approves:
    - (i) the letter of agreement dated April 10, 2017 between Representative Counsel (on behalf of the salaried employees, salaried retirees and all others that Representative Counsel represents), USSC and the Plan Sponsor (the “**Non-USW Support Agreement**”); and
    - (ii) the settlement agreement between Representative Counsel (on behalf of the Non-USW Settlement Creditors (as defined therein)), USSC and the Plan Sponsor (the “**Non-USW Settlement Agreement**”); and
  - (b) an order (the “**Amended Plan Order**”) substantially in the form of the draft order included at Tab 4 of the Applicant’s Motion Record that, among other things:
    - (i) accepts the Amended Plan for filing with the Court;
    - (ii) approves the classification of creditors as set out in the Amended Plan for the purposes of the Meetings;
    - (iii) authorizes the Applicant to enter into (A) an agreement that amends the CCAA acquisition and plan sponsor agreement (the “**PSA**”) dated as of

December 9, 2016 between USSC, Bedrock Industries Canada LLC (the “**Plan Sponsor**”) and Bedrock Industries L.P., as amended (the “**Second PSA Amending Agreement**”) so that it incorporates and applies to the Amended Plan; and (B) an agreement that amends the support agreement (the “**Province Support Agreement**”) made as of December 9, 2016 between USSC and Her Majesty the Queen in Right of the Province of Ontario (the “**Province**”), as amended, so that it incorporates and applies to the Amended Plan (the “**Second Province Support Amending Agreement**”); and

- (iv) approves the process to determine the value of the Claim of the Superintendent of Financial Services (Ontario), in its capacity as administrator of the Pension Benefits Guarantee Fund (the “**Superintendent**”) relating to assessment amounts owing by the Applicant to the Pension Benefits Guarantee Fund (“**PBGF**”) for voting and distribution purposes.

5. The Non-USW Support Agreement and arrangements that it contemplates represent another significant step toward the successful restructuring of USSC. If the Court approves the Non-USW Support Agreement and Non-USW Settlement Agreement, USSC will have secured the support of another one of its key stakeholder groups for the proposed restructuring Transaction.

6. If the Non-USW Support Agreement and Non-USW Settlement Agreement are approved, USSC then intends to file the Amended Plan with the Court, seek approval of the Amended Plan



by the Affected Creditors at the Meetings and pursue the satisfaction of the remaining conditions under the Amended Plan to be in a position to implement the Transaction.

7. The amendments to the Plan that are reflected in the Amended Plan include the changes necessary to implement the arrangements contemplated by the Non-USW Support Agreement and Non-USW Settlement Agreement, and certain other changes described below that are necessary to carry out USSC's restructuring.

8. The Applicant's proposed restructuring Transaction, which is to be implemented pursuant to the Amended Plan and the Stakeholder Agreements, is expected to result in the greatest possible and most timely recovery for Affected Creditors in the circumstances given the alternatives available to USSC.

## **I. BACKGROUND**

### *Meetings Order*

9. On March 15, 2017, the Court accepted the Plan for filing and issued an Order authorizing USSC to call, hold and conduct meetings of its creditors to vote on the Plan and ancillary relief related thereto (the "**Meetings Order**").

10. The Meetings Order provides that 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.

11. The Meetings Order further provides that two meetings will be held on April 27, 2017: one meeting of the General Unsecured Creditor class and one meeting of the Non-USW Main Pension and OPEB class.

*Notice of Meeting Provided*

12. In accordance with paragraph 16(a) of the Meetings Order, the Information Circular, the Notice of Meetings and Sanction Hearing, and the forms of proxy for General Unsecured Creditors and Non-USW Main Pension and OPEB Claim holders (collectively, the “**Meetings Materials**”):

- (a) were posted on the Monitor’s Website on March 16, 2017; and
- (b) were sent by the Monitor to:
  - (i) Representative Counsel;
  - (ii) all Affected Creditors with General Unsecured Claims in respect of which a Proof of Claim had been filed in a proper and timely manner or for which a notice of claim had been delivered, each in accordance with the applicable Claims Process Order, and that was not barred pursuant to the applicable Claims Process Order;
  - (iii) the service list maintained by the Monitor in these CCAA Proceedings;
  - (iv) any Opt-Out Individual as defined in paragraph 10 of the Representative Counsel Order; and

- (v) any Affected Creditor or D&O Claim holder who made a written request to the Monitor for a copy of the Meeting Materials (the “**Meetings Materials Parties**”).

13. Additionally, between March 21 and 23, 2017, pursuant to paragraph 16(b) of the Meetings Order, a letter was sent by the Monitor to all Non-USW Main Pension and OPEB Claim holders identified to the Monitor by the Applicant by regular mail, fax, courier or e-mail at the last known address (including fax number or email address) for such Creditors set out in the books and records of the Applicant or as provided in relation to a Claims Process Order.

14. Finally, on March 21, 2017, pursuant to paragraph 17 of the Meetings Order, notice of the Meetings, substantially in the form of the Notice of Meetings and Sanction Hearing, was published for one day in each of in The Globe and Mail (National Edition), the Hamilton Spectator, the Simcoe Reformer, the Wall Street Journal and the Pittsburgh Post-Gazette.

## **II. SETTLEMENT APPROVAL**

### *The Authority of Representative Counsel*

15. By order of the Court dated October 8, 2014 (as amended or amended and restated from time to time, the “**Representative Counsel Order**”), the Court appointed certain individuals as representatives (the “**Representatives**”) and Koskie Minsky LLP, as representative counsel, of all Non-USW Active and Retiree Beneficiaries excluding Opt-Out Individuals (as those terms are defined in the Representative Counsel Order). A true copy of the Representative Counsel Order (as amended and restated) is attached hereto and marked as **Exhibit “B”**.

16. At paragraph 2 to the Representative Counsel Order, the scope and purpose of the appointment is stated as “relating to all matters pertaining to any recovery, compromise of rights

or entitlements under the Non-USW Plans and OPEBs or changes to Other Compensation in these CCAA Proceedings.”

### *Negotiations with Representative Counsel*

17. Following the issuance of the Meetings Order and the distribution of the Meetings Materials, USSC and the Plan Sponsor engaged in extensive negotiations with Representative Counsel and the Representatives in relation to the Transaction with a view to obtaining support for the Transaction from the Non-USW Active and Retiree Beneficiaries represented by them.

18. Those negotiations culminated on April 10, 2017 with the signing of the Non-USW Support Agreement, which is described in more detail below. On April 13, 2017, USSC’s Board approved the Non-USW Support Agreement, subject to Court approval. A true copy of the Non-USW Support Agreement is attached hereto and marked as **Exhibit “C”**.

19. The Representatives, Representative Counsel and their financial and actuarial advisers have worked with USSC and the Plan Sponsor to settle the terms of the Non-USW Settlement Agreement and the Amended Plan, both of which will be required to implement the arrangements contemplated by the Non-USW Support Agreement if it is approved by the Court.

### *The Non-USW Support Agreement*

20. There are four principal elements to the Non-USW Support Agreement.

21. **First**, a “parity” clause with respect to OPEBs. The Plan (including the OPEB Term Sheet attached as Schedule E thereto) sets out the proposed treatment of claims relating to OPEBs. However, USSC has not yet reached agreement with USW Local 1005 on the treatment of OPEBs, which will be set out in the HW Local 1005 CBA Amendment that is required as a

condition to the implementation of the Plan. The Non-USW Support Agreement provides that if USSC agrees with USW Local 1005 in the HW Local 1005 CBA Amendment to more favourable contributions in respect of OPEBs than the terms contemplated by the Plan, USSC will also provide more favourable contributions to the Non-USW Main Pension and OPEB Claim holders on similar terms.

22. **Second**, the Non-USW Support Agreement provides for the settlement of Non-USW Employee Termination Claims and Non-USW Unfunded Supplemental Pension Claims (the “**Settlement Claims**”). USSC has agreed to pay \$9 million in full satisfaction of those claims (other than the smallest of these claims, which will continue to be treated as claims of Convenience Creditors).

23. This aspect of the Non-USW Support Agreement will be implemented pursuant to the Non-USW Settlement Agreement and the Amended Plan. The Non-USW Settlement Agreement will effect the compromise of the Settlement Claims. Therefore, changes to the Plan are necessary to remove the Settlement Claims from the class of General Unsecured Creditors, as discussed in more detail below. Any Non-USW Termination Claim or Non-USW Unfunded Supplemental Pension Claim that is a Proven Claim as of April 21, 2017 in an amount less than \$20,000 is excluded from the Settlement Claims and will remain subject to the Amended Plan in the General Unsecured Creditor class so that the holder thereof can take advantage of the distribution available to Convenience Creditors.

24. **Third**, pursuant to the Non-USW Support Agreement, all active salaried employees of USSC who currently participate in a Main Pension Plan will cease to accrue further defined benefit (DB) pension benefits under the applicable Main Pension Plan as at December 31, 2017

and will join the Group Registered Retirement Savings Plan maintained by the Applicant (the “**GRRSP**”) effective January 1, 2018.

25. This change will contain three beneficial aspects for the affected active employees: (i) employment service post-January 1, 2018 will be taken into account when determining eligibility for early retirement under the DB component at the time of the employee’s retirement; (ii) an employee’s final salary on retirement will be used to calculate the employee’s DB pension benefit on retirement; and (iii) the past employment service of the employee will be recognized for the determination of the tiered employer contributions to the employee’s account under the GRRSP.

26. **Fourth**, Representative Counsel, on behalf of the Non-USW Active and Retiree Beneficiaries it represents, agrees to support the Amended Plan and the Transaction it contemplates. Among other things, that support includes the following:

- (a) consent to the terms of the Transaction;
- (b) agreement to vote (or cause to be voted) all Affected Claims they have in favour of the Amended Plan;
- (c) agreement to take all commercially reasonable steps necessary to assist USSC and the Plan Sponsor in satisfying the conditions to closing of the Transaction and Amended Plan; and
- (d) agreement not to, directly or indirectly, support any alternative offer, restructuring or plan of arrangement of or for USSC that is inconsistent with the Transaction or the Amended Plan, except with the prior written consent of USSC and the Plan Sponsor.

27. The Non-USW Settlement Agreement has been reviewed and approved by the Board, subject to Court approval. A true copy of the Non-USW Settlement Agreement is attached hereto and marked as **Exhibit “D”**.

### **III. THE AMENDED PLAN**

#### *Amendments to Implement Non-USW Support Agreement*

28. As described above, the Amended Plan includes changes to the Plan to remove the Settlement Claims from the class of General Unsecured Creditors. The Settlement Claims consist of Non-USW Termination Claims and Non-USW Unfunded Supplement Pension Claims, other than those that were Proven Claims as of April 21, 2017 in an amount less than \$20,000.

29. The Amended Plan also includes a reduction in the size of the General Unsecured Creditor Pool from \$17 million to \$15.6 million. This reduction reflects two adjustments:

- (a) a decrease in the pool by \$2.5 million, being the portion of the General Unsecured Creditor Pool that was notionally attributable to the Settlement Claims, based on the Applicant’s estimate of about \$25 million of Settlement Claims and an estimated distribution of about 10 cents-on-the-dollar; and
- (b) an increase in the pool by \$900,000, being the Applicant’s estimate of the amount necessary to add to the General Unsecured Creditor Pool to maintain approximately the same level of recovery for General Unsecured Creditors as a consequence of adding the PBGF Assessment Claim into the class of General Unsecured Creditors (using an estimated distribution of about 10 cents-on-the-dollar for the class), which is discussed in more detail below.

30. The provisions of the Plan that allow for modifications to be made to it have been changed in the Amended Plan to enable USSC, with the consent of Representative Counsel, the Plan Sponsor and the Monitor, to amend the Plan after the Meetings, subject to certain restrictions to protect General Unsecured Creditors, among others. This change will enable USSC to implement the “parity” OPEB aspect of the Non-USW Support Agreement by way of the necessary future Plan amendments, if the circumstances arise that trigger a “parity” adjustment.

***PBGF Assessment Claim***

31. USSC pays an annual assessment fee to the Pension Benefits Guarantee Fund (which is administered by the Superintendent) for each of the Main Pension Plans and the Non-Main Pension Plans.

32. On September 29, 2015, the Court issued an interim order suspending any obligation of USSC to pay any amounts that may become due in respect of PBGF assessments pending a full hearing on the Business Preservation Plan proposed by USSC.

33. On October 9, 2015, following a full hearing on the matter, the Court approved the Business Preservation Plan including the suspension of payments for PBGF assessments. The Order included a declaration that it did not extinguish or compromise the claim of the Superintendent against USSC for the PBGF assessments (the “**PBGF Assessment Claim**”).



34. The following assessment amounts, not including any interest or fees, are outstanding as of December 31, 2016 in respect of the Main Pension Plans, as a result of the suspension of their payment:

<b>Period</b>	<b>Total Invoice</b>
2014-2015	\$4,406,698.03
2015-2016	\$4,297,056.43
<b>Total</b>	<b>\$8,703,754.46</b>

35. In connection with its restructuring effort, USSC needs to address the PBGF Assessment Claim that is outstanding. In the circumstances of this restructuring, the Superintendent is consenting to amendments to the Plan to include the treatment of the PBGF Assessment Claim as a General Unsecured Claim for both voting and distribution purposes. Ancillary relief is sought in the Amended Plan Order to provide for the determination of the amount of the PBGF Assessment Claim.

***Other Changes to the Plan***

36. In addition to the amendments to the Plan to give effect to the Non-USW Support Agreement and to include the PBGF Assessment Claim as described above, the following amendments are also contemplated in the Amended Plan:

- (a) The global contractual release required by USS is incorporated as a Schedule to the Amended Plan. The Plan contemplates that a global mutual release will be entered into by USS, USSC and the various Stakeholders, among others, but does not provide the form of that release. The inclusion of the form of release as a Schedule provides greater certainty as to the terms of the release to be executed and delivered by the relevant parties on the Plan Implementation Date. As of the

time of swearing this affidavit, the form of release is still subject to negotiation between the various parties. USSC expects that the form of release will be filed with the Court prior to the hearing of this motion.

- (b) The definition of USS Unsecured Claims is amended to provide that five General Unsecured Claims totalling about \$3.4 million that were assigned to the USS Group are excluded from the USS Unsecured Claims that are being discharged and cancelled pursuant to the Amended Plan. These excluded claims will be treated as General Unsecured Claims and compromised under the Amended Plan accordingly.

***Treatment of Proxies and Proofs of Claim***

37. The Amended Plan Order also contains provisions regarding the treatment of proxies in light of the Amended Plan, and deals with more late-filed Claims received by the Monitor.

38. With respect to proxies, Proxies that have been filed by Affected Creditors in relation to the Plan will count towards voting on the Amended Plan, unless the Proxy is revoked by the Affected Creditor and a new Proxy is filed by April 26, 2017 at 5:00 p.m, or three days before any adjourned Meeting, or the Affected Creditor (if the Affected Creditor is an individual) attends and votes in person at the relevant Meeting.

39. With respect to Proofs of Claim, in the Supplementary Claims Process Order dated March 15, 2017, the Court permitted Proofs of Claim filed after the “Claims Bar Date” (as defined in and specified in the Claims Process Order dated November 13, 2014 (the “**Claims Process Order**”), the “**Claims Bar Date**”) but before March 1, 2017 to be deemed to have been filed by the Claims Bar Date in order to address the late-filed Claims received by the Monitor. I

have been advised by the Monitor that additional late claims were received after March 1, 2017. Accordingly, in the Amended Plan Order, the Applicant seeks to deem Proofs of Claim filed after the Claims Bar Date but before April 17, 2017 to have been filed by the Claims Bar Date in order to address the additional late-filed Claims received. The Monitor, with the assistance of the Applicant, will review and deal with the late-filed Claims in accordance with the Claims Process Order.

*Notice of Amended Plan*

40. The Meetings Order contemplated that amendments may be made to the Plan. It provides that:

- (a) USSC may, with the consent of the Plan Sponsor at any time, and from time to time, prior to or during the Meetings, amend, restate, modify and/or supplement the Plan provided that any such amendment, restatement, modification and/or supplement shall be made in accordance with the terms of the Plan and communicated in accordance with the Meetings Order; and
- (b) USSC, in consultation with the Monitor and with the consent of the Plan Sponsor, may from time to time (a) make such changes to the documents in the Meeting Materials as the Applicant, in consultation with the Monitor and the Plan Sponsor, considers necessary or desirable, including but not limited to changes to conform the content thereof to the terms of the Plan (including any amendments, restatements, modifications or supplements thereto), this Order or any further Orders of the Court; and (b) prepare any supplements to the Information Circular as the Applicant, in consultation with the Monitor and the Plan Sponsor, considers necessary or desirable (each a “**Supplemental Information Circular**”).

41. The Meetings Order provides that, as soon as reasonably practicable after finalization of any Supplemental Information Circular and any amendments or supplements to the Meeting Materials and any amendments, restatements, modifications and/or supplements to the Plan in accordance with the Meetings Order, the Monitor will (a) cause such materials to be posted on the Monitor's Website (where the Monitor shall ensure that such materials remain posted until at least one (1) Business Day after the Plan Implementation Date); and (b) if made prior to the Meetings, send such materials to the Meeting Materials Parties or, if made at the Meetings, provide notice to those present at the Meetings prior to the vote being taken to approve the Plan.

42. USSC has prepared a Supplemental Information Circular setting out the amendments contemplated in the Amended Plan (the "**First Supplemental Information Circular**"). A true copy of the proposed First Supplemental Information Circular is attached hereto and marked as **Exhibit "E"**.

43. USSC, in conjunction with the Monitor, expects to take the following steps prior to the hearing of this motion to provide adequate notice to the persons whose interests may be affected by the Non-USW Settlement Agreement and the Amended Plan:

- (a) The Monitor will send a letter to all Affected Creditors, substantially in the form attached to the Thirty-Eighth Report of the Monitor (the "**General Unsecured Creditors Letter**"), informing them that the Thirty-Eighth Report of the Monitor (which will include the draft First Supplemental Information Circular and Amended Plan as an appendix) is available on the Monitor's Website. It is anticipated that the General Unsecured Creditors Letter will be sent on or before April 20, 2017; and

- (b) Representative Counsel will send a letter to all Non-USW Settlement Creditors (the “**Non-USW Settlement Creditors Letter**”) advising them of the Non-USW Support Agreement, the Non-USW Settlement Agreement and the proposed Amended Plan and of the date for the hearing of this motion. It is anticipated that the Non-USW Settlement Creditors Letter will be sent on or before April 20, 2017.

44. In accordance with the Meetings Order, if the Settlement Approval Order and Amended Plan Order are granted, the Monitor will post the Amended Plan, the First Supplemental Information Circular, the Settlement Approval Order and Amended Plan Order on the Monitor’s Website as soon as reasonably practicable, and in any event prior to the Meetings.

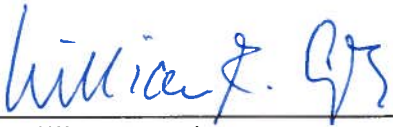
45. If the Settlement Approval Order and Amended Plan Order are granted, the Monitor will also post the General Unsecured Creditors Letter and the Non-USW Settlement Creditors Letter on the Monitor’s Website as soon as reasonably practicable.

#### **IV. PSA AND SUPPORT AGREEMENT AMENDMENTS**

46. The Plan is incorporated as a Schedule to the PSA, as amended, and the Province Support Agreement, as amended. The Second PSA Amending Agreement and the Second Province Support Amending Agreement USSC seek to replace the Plan with the Amended Plan. The Second PSA Amending Agreement is attached hereto and marked as **Exhibit “F”**. The Second Province Support Amending Agreement is attached hereto and marked as **Exhibit “G”**.

47. USSC is seeking authorization to enter into the Second PSA Amending Agreement and the Second Province Support Amending Agreement.

SWORN BEFORE ME at the City of )  
Toronto, Ontario, this 19<sup>th</sup> day of )  
April, 2017. )  
)  
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\_\_\_\_\_  
William E. Aziz

  
\_\_\_\_\_  
Commissioner for Taking Affidavits

Krupa Yatish Kotecha, a Commissioner, etc.,  
Province of Ontario, while a Student-at-Law.  
Expires May 25, 2018.

IN THE MATTER OF A PROPOSED PLAN OF COMPROMISE OR ARRANGEMENT WITH  
RESPECT TO U. S. STEEL CANADA INC.

Court File No. CV-14-10695-00CL

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding Commenced at Toronto

**MOTION RECORD  
(Returnable June 9, 2017)**

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