(Execution Copy)

ARCELOR S.A.
DOFASCO INC.

SUPPORT AGREEMENT

January 23, 2006

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SUPPORT AGREEMENT

THIS SUPPORT AGREEMENT made the 23rd day of January, 2006 (the "**Agreement**").

B E T W E E N:

ARCELOR S.A.,
a corporation incorporated under the laws of Luxembourg

(the "**Parent**")

- and -

4313267 CANADA INC.,
a wholly-owned subsidiary of the Parent incorporated
under the federal laws of Canada

("**Bidco**")

- and -

DOFASCO INC.
a corporation continued under the federal laws of Canada

(the "**Company**")

RECITALS:

A. The Parent through Bidco has made an offer by way of take-over bid to the shareholders of the Company to purchase all of the outstanding common shares of the Company (including common shares issuable upon the exercise of outstanding options) (the **"Common Shares"**) and associated rights issued under the Company's Shareholder Rights Plan (the "**Rights**", and together with the Common Shares, the "**Securities**") at a price of $63.00 per Common Share;

B. The Parent and Bidco wish to amend the terms of the Offer to, among other things, increase the price offered per Common Share to $71.00; and

C. The board of directors of the Company wishes to support and facilitate the amended offer on the terms set out in this Agreement and has concluded that it is in the best interests of the Company to enter into this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the covenants and agreements herein contained and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto covenant and agree as follows:

ARTICLE 1
INTERPRETATION

1.1 **Definitions**

In this Agreement, unless the context otherwise requires:

"**Acquisition Proposal**" has the meaning ascribed thereto in Subsection 7.1(a);

"**affiliate**" has the meaning ascribed thereto in the CBCA;

"**associate**" has the meaning ascribed thereto in the CBCA;

"**Agreement**" or "**Support Agreement**" means this support agreement dated January 23, 2006 entered into between the Parent, Bidco and the Company;

"**Amendment**" has the meaning ascribed thereto in Subsection 2.1(c);

"**Appropriate Regulatory Approvals**" means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities required in connection with the commencement of the Offer or the consummation of the Offer;

"**Arcelor Break Fee**" has the meaning ascribed thereto in Section 7.2;

"**Arcelor Offer**" means the offer dated December 30, 2005 by Bidco to the Shareholders to purchase all of the Securities;

"**Benefit Plans**" means any pension or retirement income plans or other employee compensation or benefit plans, agreements, policies, programs, arrangements or practices, whether written or oral, which are maintained by or binding upon the Company or any of its Subsidiaries;

"Bidco" means 4313267 Canada Inc., a wholly-owned subsidiary of the Parent;

"**Board of Directors**" means the board of directors of the Company;

"**business day**" means any day of the week, other than a Saturday, a Sunday or a statutory or civic holiday observed in Toronto, Ontario;

"**CBCA**" means the *Canada Business Corporations Act*, R.S.C. 1995, c. C-44, as amended;

"**Canadian GAAP**" means Canadian generally accepted accounting principles applied on a consistent basis;

"**Commissioner**" means either the Commissioner of Competition appointed under the *Competition Act* or any person duly authorized to exercise the powers and perform the duties of the Commissioner of Competition;

"**Common Shares**" means the common shares, no par value, of the Company (including common shares issuable upon the exercise of outstanding Options);

"**Company**" means Dofasco Inc., a corporation continued under the federal laws of Canada;

"**Company Balance Sheet**" has the meaning ascribed thereto in Section 4.11;

"**Company Intellectual Property**" has the meaning ascribed thereto in Subsection 4.14(a);

"**Company Material Adverse Effect**" means any change, effect, event, occurrence or state of facts that is, or would reasonably be expected to be, material and adverse to the assets, business, operations or financial condition (including cash resources) of the Company and its Subsidiaries and Joint Ventures taken as a whole other than any change, effect, event, occurrence or state of facts relating to (a) general, political, financial or economic conditions or the state of the securities or capital markets in general, including without limitation any reduction in major markets indices; (b) any change or changes in the trading price per se of the Common Shares; (c) the automotive industry generally or the steel industry generally and not specifically relating to or affecting the Company or its Subsidiaries or Joint Ventures; (d) the unionization of any employees of the Company or any Material Subsidiary or any activities directed toward any such unionization; (e) any change, effect, occurrence or state of facts arising in the ordinary course of business; (f) any action under United States trade laws or similar trade protection activities; or (g) the payment by the Company of the TK Break Fee;

"**Company Public Documents**" means all forms, reports, schedules, statements and other documents (i) required to be filed with all applicable securities regulatory authorities, the TSX and all other applicable self-regulatory organizations by the Company since January 1, 2003, and (ii) all forms, reports, schedules, statements and other documents filed with all applicable securities regulatory authorities by QCM Income Fund accessible to the public on the SEDAR website at www.sedar.com;

"**Copperweld**" means, collectively, Dofasco Elizabethtown Inc., Dofasco Shelby Inc., Dofasco Tubular Products Corporation and Dofasco Tubular Products Inc.;

"**Competition Act**" means the *Competition Act* (Canada), as amended;

"**Competition Filings**" has the meaning ascribed thereto in Section 5.3(b);

"**Depositary**" means the depositary under the Offer, currently being Computershare Investor Services Inc.;

"**Directors' Circulars**" means the Directors' Circular – Arcelor and the Directors' Circular – TK, collectively;

"**Directors' Circular – Arcelor**" means the directors' circular dated January 15, 2006 issued by the Board of Directors in respect of the Arcelor Offer;

"**Directors' Circular – TK**" means the directors' circular dated December 5, 2005 issued by the Board of Directors in respect of the TK Offer as amended by a notice of change dated January 19, 2006 issued by the Board of Directors;

"**Effective Date**" means the date on which the Offeror first pays for Securities deposited to the Offer;

"Environmental Laws" means all applicable Laws, including applicable common law, relating to the protection of human health and safety or the environment, or relating to hazardous or toxic substances or wastes, pollutants or contaminants;

"Exchange Act" means the U.S. Securities Exchange Act of 1934 and the rules and regulations of the SEC thereunder;

"Expiry Date" means February 8, 2006, or any subsequent date set out in any notice of the Offeror extending the period during which Securities may be deposited under the Offer; provided that, if such day is not a business day, then the Expiry Date shall be the next business day;

"Expiry Time" means 5:00 p.m. on the Expiry Date;

"Foreign Private Issuer" means an issuer incorporated or organized under the laws of any jurisdiction other than the United States of America or any state, territory or possession thereof other than an issuer meeting both of the following conditions: (1) more than 50 percent of the outstanding voting securities of such issuer are directly or indirectly owned by residents of the United States; and (2) any of the following: (A) the majority of the executive officers or directors are United States citizens or residents; (B) more than 50 percent of the assets of the issuer are located in the United States; or (C) the business of the issuer is administered principally in the United States;

"fully diluted basis" means, with respect to the number of Common Shares outstanding at any time, such number of outstanding Common Shares calculated assuming that all outstanding Options and all other rights to purchase or receive Common Shares (other than Rights) then outstanding are exercised;

"Governmental Entity" means (a) any multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, commissioner, board, bureau or agency, domestic or foreign; (b) any subdivision, agent, commission, commissioner, board, or authority of any of the foregoing; (c) any self-regulatory authority, including the TSX; or (d) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;

"ICA Filings" has the meaning ascribed thereto in Section 5.3(c);

"Intellectual Property" means all:

(i) copyrights, whether registered or not;

(ii) trade-marks, designs, logos, indicia, distinguishing guises, trade dress, trade names, business names, whether registered or not, and all goodwill associated with the foregoing;

(iii) patents and inventions and applications therefor and patents which may be issued from current applications (including divisions, reissues, renewals, re-examinations, continuations, continuations-in-part and extensions) applied for or registered;

(iv) trade secrets and confidential information; and

(v) industrial designs.

"Joint Venture" means, any body corporate, partnership, joint venture or other entity of which the Company or any of its Subsidiaries owns 50% or less of the outstanding shares or ownership interests;

"Laws" means all laws (including common law), by-laws, statutes, rules, regulations, principles of law, orders, ordinances, judgments, decrees or other requirements, whether domestic or foreign, and the terms and conditions of any grant of approval, permission, authority or license of or from any Governmental Entity and the term "applicable" with respect to such Laws and in a context that refers to one or more Parties, means such Laws as are applicable to such Party or its business, undertaking, property or securities and emanate from a Person having jurisdiction over the Party or Parties or its or their business, undertaking, property or securities;

"material" means, with respect to the Parent or the Company (as the case may be), a fact, liability, transaction or circumstance concerning the business, assets, liabilities, operations or financial condition of the Parent or the Company (as the case may be) and their respective Subsidiaries, and in the case of the Company its Joint Ventures, in each case taken as a whole, that would be reasonably likely to have a significant effect on the value of the shares of the Parent or the Company (as the case may be) or that would prevent or materially delay completion of the Offer in accordance with this Agreement;

"Material Subsidiary" means Copperweld, Dofasco de México, S.A. de C.V., Dofasco Marion Inc., Dofasco USA Inc., DoSol Galva Limited Partnership, Powerlasers and QCM;

"Minimum Tender Condition" means that there shall have been validly deposited under the Offer and not withdrawn at the Expiry Time that number of Common Shares which constitutes at least 66 2/3% of the Common Shares outstanding (on a fully diluted basis) at the Expiry Time;

"**Notice of Change**" has the meaning ascribed thereto in Subsection 2.1(f);

"Offer" means the Arcelor Offer as it is to be amended in accordance with Section 2.1 and as it may be further amended from time to time in accordance with the terms hereof;

"Offer Deadline" has the meaning ascribed thereto in Subsection 2.1(a);

"**Offered Consideration**" has the meaning ascribed thereto in Subsection 2.1(a);

"Offering Circular" means the Arcelor Offer and accompanying take-over bid circular of the Offeror dated December 30, 2005;

"Offeror" means, collectively, the Parent and Bidco;

"Options" means options to purchase Common Shares granted under the Company's Stock Option Plans;

"Parent" means Arcelor S.A., a corporation incorporated under the laws of Luxembourg;

"Parent Material Adverse Effect" means any change, effect, event, occurrence or state of facts that is, or would reasonably be expected to be, material and adverse to the assets, business, operations or financial condition (including cash resources) of the Parent and its Subsidiaries taken as a whole, other than any change, effect, event, occurrence or state of facts relating to the Luxembourg economy or securities markets in general;

"Parties" means the Company, the Parent and Bidco; and "Party" means any one of them;

"Person" includes an individual, partnership, association, body corporate, joint venture, business organization, trustee, executor, administrator, legal representative, government (including any Governmental Entity) or any other entity, whether or not having legal status;

"Powerlasers" means, collectively, Powerlasers Corporation and Powerlasers Limited;

"Product Authorizations" means approvals, licences, permits, consents, authorizations or registrations required or issued by any Governmental Entity, any other regulatory authority of competent jurisdiction or any material third party test house, registrar or certification body, relating to the investigation, manufacture, import, export, sale, distribution and/or marketing of the Products;

"Products" has the meaning ascribed thereto in Section 4.15;

"Proposed Agreement" has the meaning ascribed thereto in Subsection 7.1(e);

"**QCM**" means Quebec Cartier Mining Company;

"QCM Preliminary Prospectus" means the amended and restated preliminary prospectus for the QCM Income Fund dated November 16, 2005;

"Rights" has the meaning ascribed thereto in the first recital to this Agreement;

"SEC" means the U.S. Securities and Exchange Commission;

"SEDAR" means the System for Electronic Document Analysis and Retrieval developed for the Canadian Securities Administrators;

"Securities" has the meaning ascribed thereto in the first recital to this Agreement and **"Security"** means a Common Share, together with the associated Right;

"Securities Act" means the *Securities Act* (Ontario), R.S.O. 1990, c. S-5 and the rules, regulations and published policies made thereunder, as now in effect and as they may be amended from time to time prior to the Effective Date;

"Securities Laws" has the meaning ascribed thereto in Subsection 2.1(c);

"**Shareholder Rights Plan**" has the meaning ascribed thereto in Section 2.4(d);

"**Shareholders**" means the holders of Common Shares;

"Stock Option Plans" means, collectively, the option plans for full-time employees of the Company and the long term incentive plan of the Company, all as described in the Company's management proxy circular dated March 31, 2005;

"Subsequent Acquisition Transaction" has the meaning ascribed thereto in Section 2.7;

"Subsidiary" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned, or publicly announced as in the process of being acquired, directly or indirectly, by such specified body corporate and shall include any body corporate, partnership (other than D.J. Galvanizing Limited Partnership), joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary;

"Superior Proposal" has the meaning ascribed thereto in Subsection 7.1(a);

"**Tax Act**" means the *Income Tax Act* (Canada), R.S.C. 1985, c.1, as amended from time to time;

"Taxes" includes any taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Entity, including all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Entity in respect thereof, and including those levied on, or measured by, or referred to as, income, gross receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, value-added, excise, stamp, withholding, business, franchising, property, development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping duties, all license, franchise and registration fees and all employment insurance, health insurance and Canada, Quebec and other government pension plan premiums or contributions;

"Tax Returns" includes all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by law in respect of Taxes;

"Third Party Beneficiaries" has the meaning ascribed thereto in Section 8.12;

"TK Break Fee" has the meaning ascribed thereto in Section 4.11;

"TK Offer" means the offer dated December 5, 2005 by ThyssenKrupp Canada Acquisition Inc. to Shareholders to purchase all of the Common Shares made by way of take-over bid circular as amended by notices of variation respectively dated January 9, 2006 and January 15, 2006;

"TK Support Agreement" means the support agreement dated November 28, 2005 between ThyssenKrupp AG, 6481531 Canada Inc. and the Company, as amended on January 14, 2006;

"Transition Date" means the earlier of (i) the termination of this Agreement, and (ii) the appointment or election to the Board of Directors of persons designated by the Offeror who represent a majority of the directors of the Company; and

"TSX" means the Toronto Stock Exchange.

1.2 **Interpretation Not Affected by Headings.**

The division of this Agreement into Articles, Sections, Subsections and Paragraphs and the insertion of headings are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. Unless the contrary intention appears, references in this Agreement to an Article, Section, Subsection, Paragraph or Schedule by number or letter or both refer to the Article, Section, Subsection, Paragraph or Schedule, respectively, bearing that designation in this Agreement.

1.3 **Number and Gender**

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa, and words importing gender include all genders.

1.4 **Date for Any Action**

If the date on which any action is required to be taken hereunder by a Party is not a business day, such action shall be required to be taken on the next succeeding day which is a business day.

1.5 **Time References**

In this Agreement, any references to time are to Toronto time.

1.6 **Currency**

Unless otherwise stated, all references in this Agreement to sums of money are expressed in lawful money of Canada.

1.7 **Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement in respect of the Company shall have the meanings attributable thereto under Canadian GAAP and all determinations of an accounting nature in respect of the Company required to be made shall be made in a manner consistent with Canadian GAAP and past practice.

1.8 **Knowledge**

In this Agreement, unless otherwise stated, references to "the knowledge of" the Company or its Subsidiaries means the actual knowledge of the executive officers of the Company after reasonable inquiry within the Company. In this Agreement, unless otherwise stated, references to "the knowledge of" the Offeror means the actual knowledge of the directors and executive officers of the Parent and Bidco after reasonable inquiry.

1.9 **Schedules**

The following Schedule is annexed to this Agreement and is incorporated by reference into this Agreement and forms part hereof:

Schedule A - Conditions of the Offer

ARTICLE 2
THE OFFER

2.1 **Actions by Offeror**

(a) The Offeror agrees to amend the Arcelor Offer as provided herein by providing notice thereof to the Depositary and to mail the Amendment to all registered Shareholders as soon as possible after the date hereof and, in any event, before the sixth (6^{th}) business day commencing from the date of this Agreement (the "**Offer Deadline**"). The Arcelor Offer shall be amended to increase the price offered per Security to $71.00 paid in cash (the "**Offered Consideration**") and to replace the conditions to the Arcelor Offer set out in Section 5 thereof in their entirety with the conditions set out in Schedule A. In the event that the conditions to the Offer have been satisfied or waived by the Offeror, the Offeror shall take up and pay for the Securities deposited under the Offer as soon as possible after the Offeror becomes obligated by the terms of the Offer to take up the Securities deposited under the Offer.

(b) The Offer shall not be subject to any conditions, other than the conditions set out in Schedule A.

(c) The Offeror shall prepare a notice of variation (the "**Amendment**") that amends the Arcelor Offer to give effect to the terms hereof in both English and French in compliance with the Securities Act and all other applicable provincial securities laws, rules and regulations and published policies thereunder in Canada (collectively, the "**Securities Laws**"). Prior to printing the Amendment, the Offeror shall provide the Company and its counsel with an opportunity to review and comment on the Amendment, the Company recognizing that whether or not such comments are appropriate will be determined by the Offeror, acting reasonably. The Offeror shall provide the Company with a final copy of the Amendment to be mailed to registered Shareholders prior to the mailing to registered Shareholders.

(d) The Offer shall expire at the Expiry Time, subject to extension as contemplated in Section 5.4. If the conditions set out in Schedule A have been satisfied or waived by the Offeror at or prior to the Expiry Time, the Offeror shall within three business days accept for payment and pay for all of the Securities validly tendered (and not withdrawn) pursuant to the Offer. The terms of the Offer shall comply with the terms of this Agreement. In making the Offer, the Offeror shall comply with the provisions of applicable Laws.

(e) The Offeror may not amend, supplement or change any term or condition of the Offer (except as provided in Subsection 2.1(a)) without the prior written consent of the Company, not to be unreasonably withheld, except to extend the Offer or increase the Offered Consideration. Notwithstanding the foregoing: (i) the Offeror may decrease the Offered Consideration by an amount equal to any amount declared, set aside or paid as a dividend or distribution (whether in cash, stock, property or otherwise) on the Common Shares in excess of $0.33 per Common Share per fiscal quarter; and (ii) the Offeror may, in its sole discretion, waive any term or condition of the Offer, provided that the Offeror shall not, without the prior written consent of the Company, waive the Minimum Tender Condition if less than 50.01% of the outstanding Common Shares (on a fully diluted basis) are deposited under the Offer.

(f) The obligation of the Offeror to amend the Arcelor Offer by providing notice thereof to the Depositary and mailing the Amendment to Shareholders is conditional on the prior satisfaction of the following conditions, all of which conditions are included for the sole benefit of the Offeror and any or all of which may be waived by the Offeror in whole or in part in its sole discretion without prejudice to any other rights it may have under this Agreement or otherwise and which shall be deemed to have been waived by the mailing of the Amendment:

(i) this Agreement shall not have been terminated pursuant to Section 6.1;

(ii) no circumstance, fact, change, event or occurrence shall have occurred that would render it impossible for one or more of the conditions set out on Schedule A hereto to be satisfied;

(iii) the Board of Directors shall have prepared and approved in final form, authorized for printing and distribution to Shareholders and delivered to

the Offeror for mailing with the Amendment a notice of change in respect of the Directors' Circulars in both English and French (the "**Notice of Change**"), which Notice of Change shall contain a unanimous recommendation of the Board of Directors that Shareholders accept the Offer and reject the TK Offer;

(iv) no cease trade order, injunction or other prohibition at Law shall exist against the Offeror making the Offer or taking up or paying for Securities deposited under the Offer;

(v) the TK Support Agreement shall have been terminated in accordance with section 6.1(i) thereof;

(vi) the Company shall have complied in all material respects with its obligations under this Agreement;

(vii) all representations and warranties of the Company:

(A) that are qualified by a reference to a Company Material Adverse Effect shall be true and correct in all respects at the time of the mailing of the Amendment; and

(B) that are not qualified by a reference to a Company Material Adverse Effect shall be true and correct in all material respects at the time of the mailing of the Amendment;

(viii) there shall not have occurred or arisen (or there shall not have been disclosed or discovered), any change (or any condition, event or development involving a prospective change) in the business, operations, affairs, assets, liabilities (including any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), capitalization, financial condition, licenses, permits, rights or privileges, whether contractual or otherwise, of the Company or any of its Subsidiaries or Joint Ventures considered on a consolidated basis which the Offeror determines, acting reasonably, individually or in the aggregate, has or may have a Company Material Adverse Effect or a material adverse effect on the value of the Common Shares; and

(ix) the Board of Directors shall not have authorized the grant of further Options under the Stock Option Plans.

2.2 **Preparation of Filings**

(a) The Offeror and the Company shall cooperate in the preparation of any application for orders, registrations, consents, filings, circulars and approvals and the preparation of any required documents reasonably deemed by the Parties to be necessary to discharge their respective obligations under applicable Laws in connection with this Agreement or the Offer.

(b) Each of the Company and the Offeror shall promptly notify the other if at any time before the Effective Date it becomes aware that the Offering Circular, the Amendment, the Directors' Circular, the Notice of Change, an application for an order, any registration, consent, circular or approval, registration statement or any other filing under companies, corporations or securities Laws contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in the light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Offering Circular, the Amendment, the Directors' Circular, the Notice of Change, such application, registration, consent, circular or approval, registration statement or filing, and the Parties shall cooperate in the preparation of any amendment or supplement to the Offering Circular, the Amendment, the Directors' Circular, the Notice of Change, application, registration, consent, circular or approval, registration statement or filing, as required.

2.3 **Shareholder Communications**

The Company and the Offeror agree to cooperate in the preparation of presentations to investors, if any, regarding the Offer prior to the making of such presentations and to promptly consult with each other in issuing any press releases or otherwise making public statements, except in respect of an Acquisition Proposal, with respect to this Agreement or the Offer and in making any filing with any Governmental Entity with respect thereto. Each Party shall use all commercially reasonable efforts to enable the other Party to review and comment on all such press releases, except in respect of an Acquisition Proposal, prior to the release thereof and shall enable the other Party to review and comment on such filings, except in respect of an Acquisition Proposal, prior to the filing thereof; provided, however, that the foregoing shall be subject to each Party's overriding obligation to make disclosure in accordance with applicable Laws, and if such disclosure is required and the other Party has not reviewed or commented on the disclosure, the Party making such disclosure shall use all commercially reasonable efforts to give prior oral or written notice to the other Party, and if such prior notice is not possible, to give such notice immediately following the making of such disclosure or filing. Each of the Offeror and the Company agrees that, promptly after the entering into of this Agreement, a joint press release shall be issued announcing the entering into of this Agreement and, the Offeror's intention to amend the Arcelor Offer as contemplated herein, which press release shall be satisfactory in form and substance to each of the Offeror and the Company, acting reasonably.

2.4 **Company Approval of the Offer**

(a) The Company represents and warrants to and in favour of the Offeror, and acknowledges that the Offeror is relying upon such representations and warranties in entering into this Agreement, that, as of the date of this Agreement:

(i) the Board of Directors has: unanimously (A) determined that the Offer is a "Superior Proposal" within the meaning of section 7.1(a) of the TK Support Agreement; (B) approved the termination of the TK Support

Agreement in accordance with section 6.1(i) thereof and the withdrawal of the recommendation that shareholders accept the TK Offer; (C) determined that the Offer is fair to the Shareholders and it is in the best interests of the Company for the Offer to be made and the Board of Directors to support it on the terms of this Agreement; and (D) approved the entering into of this Agreement and the making of a recommendation that Shareholders accept the Offer and reject the TK Offer; and

(ii) after reasonable inquiry, the Board of Directors believes that all of the directors and senior officers of the Company intend to tender their Securities, including the Common Shares issuable on the exercise of all Options held by them, to the Offer.

(b) The Company shall use commercially reasonable efforts to prepare and make available for distribution contemporaneously with the Amendment, in both English and French and in compliance with Securities Laws, sufficient copies of the Notice of Change. Provided the Board of Directors has not changed or withdrawn its recommendation set out in Paragraph (i) of Subsection 2.4(a) above, the Notice of Change shall reflect the determinations and recommendations set forth in Paragraph (i) of Subsection 2.4(a) above, and the Company shall take all reasonable action to support the Offer on the terms of this Agreement. Prior to printing the Notice of Change, the Company shall provide the Offeror and its counsel with an opportunity to review and comment on it, the Offeror recognizing that whether or not such comments are appropriate will be determined solely by the Company, acting reasonably.

(c) The Company shall provide the Offeror, as soon as practicable and in any event within three (3) business days following the execution and delivery of this Agreement, with a list (in both written and electronic form) of the Shareholders, together with their addresses and respective holdings of Common Shares. The Company shall concurrently provide the Offeror with a list of the names, addresses and holdings of all persons having rights issued by the Company to acquire Common Shares (including holders of Options), together with the terms of all such rights (including exercise price, number of rights held and expiration dates). The Company shall from time to time request that its registrar and transfer agent furnish the Offeror with such additional information, including updated or additional lists of Shareholders, a list of participants in book-based nominee registered shareholders such as CDS & Co. and CEDE & Co., mailing labels and lists of securities positions and other assistance as the Offeror may reasonably request in order to be able to communicate the Amendment to the Shareholders and to such other Persons as are entitled to receive the Amendment and the Offer under applicable Laws.

(d) The Company represents that its Board of Directors has resolved to defer the "Separation Time" of the Rights (as defined in the Company's amended and restated shareholder protection rights agreement dated as of May 7, 2004 (the "**Shareholder Rights Plan**")) in respect of the Offer and to continue to defer separation of the Rights with respect to the Offer. The Company further

represents that the "Separation Time" has not occurred in respect of the TK Offer or otherwise. The Company agrees that, immediately prior to the Expiry Time, it shall waive or suspend the operation of or otherwise render the Shareholder Rights Plan inoperative against the Offer, any statutory right of acquisition (as described in Section 2.7) and any Subsequent Acquisition Transaction. Subject to the foregoing, unless required by the terms of the Shareholder Rights Plan with respect to a competing take-over bid or a final and non-appealable order of a court having jurisdiction or an order of any applicable securities regulatory authority, the Company shall not redeem the Rights or otherwise waive, amend, suspend the operation of or terminate the Shareholder Rights Plan without the prior written consent of the Offeror.

2.5 **Outstanding Stock Options**

Subject to the receipt of all Appropriate Regulatory Approvals, the Company will make such amendments to the Stock Option Plans and take all such other steps as may be necessary or desirable to allow all persons holding Options, who may do so under applicable Laws, to exercise their Options: (i) on an accelerated vesting basis solely for the purpose of tendering under the Offer all Securities issued in connection with such exercise, conditional upon the Offeror agreeing to take up such Securities; and (ii) to effect a cashless exercise of their Options for the purpose of tendering under the Offer all Securities issued in connection with such cashless exercise, conditional upon the Offeror agreeing to take up such Securities, on terms and in a manner acceptable to the Offeror. The Company shall use reasonable commercial efforts to ensure that all Options have been exercised in full or otherwise dealt with on terms and conditions satisfactory to the Offeror, acting reasonably, prior to the Expiry Time.

2.6 **Directors**

Promptly upon the take-up and payment by the Offeror pursuant to the Offer of more than 66 2/3% of the outstanding Common Shares (on a fully diluted basis), and from time to time thereafter, the Offeror shall be entitled to designate all of the directors of the Board of Directors, and any committees thereof, and the Company shall not frustrate the Offeror's attempts to do so, and covenants to cooperate with the Offeror, subject to applicable Laws, to obtain the resignation of any then incumbent directors effective on the date specified by the Offeror and facilitate the Offeror's designees to be elected or appointed to the Board of Directors without the necessity of calling a meeting of Shareholders. In the event the Offeror waives the Minimum Tender Condition, upon the take-up and payment by the Offeror pursuant to the Offer of more than 50.01% of the outstanding Common Shares (on a fully diluted basis), and from time to time thereafter, the Offeror shall be entitled to designate a majority of the directors of the Board of Directors, and any committees thereof, and the Company shall not frustrate the Offeror's attempts to do so, and covenants to cooperate with the Offeror, subject to applicable Laws, to obtain the resignation of a majority of the then incumbent directors effective on the date specified by the Offeror and facilitate the Offeror's designees to be elected or appointed to the Board of Directors without the necessity of calling a meeting of Shareholders.

2.7 **Subsequent Acquisition Transaction**

If, within 120 days after the date of the Arcelor Offer, the Offer has been accepted by holders of not less than 90% of the outstanding Common Shares (on a fully diluted basis) other than Common Shares held at the date of the Arcelor Offer by or on behalf of Bidco or an affiliate or associate of Bidco, Bidco shall, to the extent possible, acquire the remainder of the Common Shares from those Shareholders who have not accepted the Offer pursuant to section 206 of the CBCA and otherwise in accordance with applicable Laws. If that statutory right of acquisition is not available, the Offeror shall pursue other lawful means of acquiring the remaining Common Shares not tendered to the Offer. Upon the Offeror taking up and paying for more than 66 2/3% of the outstanding Common Shares (on a fully diluted basis) under the Offer, the Offeror agrees to acquire, and the Company agrees to assist the Offeror in acquiring, the balance of the Common Shares as soon as practicable, but in any event, not later than 120 days after the Expiry Date, by way of amalgamation, statutory arrangement, capital reorganization or other transaction of the Company and Bidco or an affiliate of Bidco or the Parent (a "**Subsequent Acquisition Transaction**") for consideration per Common Share at least equal in value to the Offered Consideration paid by the Offeror under the Offer.

2.8 **Performance of Bidco**

The Parent hereby unconditionally and irrevocably guarantees, and covenants and agrees to be jointly and severally liable with Bidco for, the due and punctual performance of each and every obligation of Bidco arising under this Agreement, including, without limitation, amending the Arcelor Offer as provided herein, subject to the terms of this Agreement.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF THE PARENT AND BIDCO

The Parent and Bidco hereby jointly and severally represent and warrant to the Company as follows, and acknowledge that the Company is relying upon these representations and warranties in connection with the entering into of this Agreement:

3.1 **Organization**

The Parent is a company duly incorporated and existing under the laws of Luxembourg. Bidco is a company duly incorporated and existing under the federal laws of Canada, and each of the Parent and Bidco has all necessary corporate power and authority to own its respective assets and conduct its respective businesses as now owned and conducted. The Parent and Bidco are each duly qualified to carry on business and are in good standing in each jurisdiction in which the character of their respective properties or the nature of their respective activities makes such qualification necessary, except where the failure to be so qualified will not, individually or in the aggregate, have a Parent Material Adverse Effect.

3.2 **Authority Relative to this Agreement**

Each of the Parent and Bidco has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of

this Agreement by the Parent and Bidco and the consummation of the Offer have been duly authorized by the board of directors of the Parent and Bidco (or any authorized committee thereof), as applicable and no other corporate proceedings (other than board meetings to approve the Amendment and the capitalization of Bidco) on the part of the Parent and Bidco are necessary to authorize this Agreement and the transactions contemplated hereby (other than any Subsequent Acquisition Transaction). This Agreement has been duly executed and delivered by the Parent and Bidco and constitutes a valid and binding obligation of the Parent and Bidco, enforceable by the Company against them in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency and other laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

3.3 **No Conflict; Required Filings and Consent**

The execution and delivery by the Parent and Bidco of this Agreement and the performance by them of their respective obligations hereunder and the completion of the Offer will not violate, conflict with or result in a breach of any provision of: (a) the constating documents or by-laws of the Parent or Bidco or equivalent organizational or constitutional documents; or (b) Laws to which either the Parent or Bidco is subject or by which the Parent or Bidco is bound. Other than in connection with or in compliance with Appropriate Regulatory Approvals, and applicable Laws and policies, no authorization, consent or approval of, or filing with, any public body, court or authority is necessary on the part of Bidco or the Parent for the consummation of the transactions contemplated by this Agreement, except for such authorizations, consents, approvals and filings as to which the failure to obtain or make would not, individually or in the aggregate, prevent or materially delay consummation of the transactions contemplated by this Agreement.

3.4 **Sufficient Funds**

The Parent and Bidco have made adequate arrangements (as such term is understood for purposes of section 96 of the Securities Act) to ensure that sufficient funds are available to effect payment in full of the Offered Consideration in accordance with the terms of the Offer.

3.5 **Knowledge**

As of the date of this Agreement, the Offeror has no knowledge of any fact or circumstance: (a) that would prevent it from amending or completing the Offer in accordance with Subsection 2.1(a); or (b) that makes any representation and warranty of the Company herein untrue or incorrect.

3.6 **Survival of Representations and Warranties**

Subject to Section 6.4, the representations and warranties of the Parent and Bidco contained in this Agreement shall not survive the completion of the Offer and shall expire and be terminated on the earlier of the Effective Date and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 4
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to the Offeror, and acknowledges that the Offeror is relying upon these representations and warranties in connection with the entering into of this Agreement and the amending of the Offer as contemplated herein, that, except as disclosed in the Company Public Documents:

4.1 Organization and Qualification

The Company is continued and validly existing under the CBCA and has all necessary corporate power and authority to own its assets and conduct its business as now owned and conducted. The Company is duly qualified to carry on business in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary, except where the failure to be so qualified will not have a Company Material Adverse Effect. True and complete copies of the articles and by-laws of the Company were filed on SEDAR and the Company has not taken any action to amend or supersede such documents.

4.2 Authority Relative to this Agreement

The Company has the requisite corporate power and authority to enter into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated by this Agreement (other than any Subsequent Acquisition Transaction) have been duly authorized by the Board of Directors and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement. This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable by the Offeror against the Company in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency and other applicable Laws affecting the enforcement of creditors' rights generally and subject to the qualification that equitable remedies may be granted only in the discretion of a court of competent jurisdiction.

4.3 No Conflict or Breach; Required Filings and Consent

The execution and delivery by the Company of this Agreement and the performance by it of its obligations hereunder and the completion of the Offer will not: (a) violate, conflict with or result in a breach of any provision of: (i) the constating documents of the Company or any of its Subsidiaries; (ii) any agreement, joint venture arrangement, contract, indenture, deed of trust, mortgage, bond, instrument, licence, franchise or permit to which the Company or any of its Material Subsidiaries is a party or by which the Company or any of its Material Subsidiaries is bound; or (iii) subject to obtaining all Appropriate Regulatory Approvals applicable to the Company or a Material Subsidiary, any Law to which the Company or any of its Material Subsidiaries is subject or by which the Company or any of its Material Subsidiaries is bound; (b) give rise to any right of termination, or the acceleration of any indebtedness, under any such agreement, contract, indenture, deed of trust, mortgage, bond, instrument, licence, franchise or permit; or (c) give rise to any rights of first refusal, trigger any change in control or influence

provisions or any restriction or limitation under any such agreement, contract, indenture, deed of trust, mortgage, bond, instrument, licence, franchise or permit, or result in the imposition of any encumbrance, charge or lien upon any of the Company's assets or the assets of any of its Material Subsidiaries, except where such violation, conflict or breach, or rights of termination or other rights would not, individually or in the aggregate, reasonably, be expected to result in, or result in, a Company Material Adverse Effect. Other than in connection with or in compliance with applicable Laws and policies, no authorization, consent or approval of, or filing with, any Governmental Entity or any court or other authority is necessary for the consummation by the Company of its obligations under this Agreement or for the completion of the Offer not to cause or result in any loss of any rights or assets or any interest therein held by the Company or any of its Subsidiaries, except where the failure to obtain such authorization, consent or approval, or to make such filing, would not, individually or in the aggregate, reasonably be expected to have, or have, a Company Material Adverse Effect.

4.4 **Subsidiaries and Joint Ventures**

(a) The Company does not have any interests in any Person that is material to the Company other than as disclosed in the Company Public Documents. Each Material Subsidiary is duly organized and is validly existing under the laws of its jurisdiction of incorporation or organization, has all necessary corporate power and authority to own its assets and conduct its business as now owned and conducted by it and is duly qualified to carry on business in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary, except where the failure to be so qualified would not have a Company Material Adverse Effect. The Company beneficially owns, directly or indirectly, all of the issued and outstanding securities of each of the Subsidiaries. All of the outstanding shares in the capital of each of the Subsidiaries are: (i) validly issued, fully-paid and non-assessable and all such shares are owned free and clear of all pledges, security interests, liens, claims or encumbrances of any kind or nature whatsoever and (ii) free of any other restrictions including any restriction on the right to vote, sell or otherwise dispose of the shares.

(b) Each Joint Venture is duly organized and is validly existing under the laws of its jurisdiction of incorporation or organization, where applicable, has all necessary corporate power and authority, or authority, where applicable, to own its assets and conduct its business as now owned and conducted by it and is duly qualified to carry on business in each jurisdiction in which the character of its properties or the nature of its activities makes such qualification necessary. The Company beneficially owns, directly or indirectly, a 50% interest of each of the Joint Ventures. All of the outstanding shares or other ownership interests, if applicable, of the Joint Ventures owned by the Company are fully-paid and non-assessable and are owned free and clear of all pledges, security interests, liens, claims or encumbrances of any kind or nature whatsoever and are free of any other restrictions including any restriction on the right to vote, sell or otherwise dispose of the shares or ownership interests, where applicable.

4.5 **Compliance with Laws, Licenses and Product Authorizations**

The Company and each of its Material Subsidiaries is in compliance with all applicable Laws and all Product Authorizations, each of the Company and its Material Subsidiaries has all Product Authorizations and all licences, permits, orders or approvals of, and has made all required registrations with, any Governmental Entity that is required in connection with the ownership of their respective assets or the conduct of their respective operations as presently carried on and each of them has fully complied with and is in compliance with all such Product Authorizations, licences, permits, orders, approvals and registrations, except, in each case, for failures which, individually or in the aggregate, would not have a Company Material Adverse Effect. None of the Company or any of its Material Subsidiaries has received any notice, whether written or oral, of revocation or non-renewal of any such Product Authorizations, licences, permits, orders, approvals or registrations, or of any intention of any Governmental Entity to revoke or refuse to renew any of such Product Authorizations, licences, permits, orders, approvals or registrations except in each case, for revocations or non-renewals which, individually or in the aggregate, would not have a Company Material Adverse Effect and, to the knowledge of the Company, all such Product Authorizations, licences, permits, orders, approvals and registrations shall continue to be effective in order for the Company and its Material Subsidiaries to continue to conduct their respective businesses as they are currently being conducted, except where the failure to maintain such effectiveness would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect. None of the Company or any of its Material Subsidiaries is in conflict with, or in default (including cross defaults) under or in violation of: (i) its articles or by-laws or equivalent organizational documents; or (ii) any agreement or understanding to which it or by which any of its properties or assets is bound or affected, except for conflicts or defaults which, individually or in the aggregate, would not have a Company Material Adverse Effect. No person or entity other than the Company or a Subsidiary thereof owns or has any proprietary, financial or other interest (direct or indirect) in any of the Product Authorizations, licences, permits, order, approvals or registrations, except for interests that would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect.

4.6 **Capitalization and Listing**

(a) The authorized share capital of the Company consists of an unlimited number of Common Shares, 500,000 class A preferred shares, an unlimited number of class B preferred shares and an unlimited number of class C preferred shares. As of January 13, 2006: (i) there were 77,582,111 Common Shares validly issued and outstanding as fully paid and non-assessable shares in the capital of the Company; and (ii) there were outstanding Options providing for the issuance of 2,182,200 Common Shares upon the exercise thereof. Except for the Options referred to in the immediately preceding sentence and the Rights issuable pursuant to the Shareholder Rights Plan, there are no options, warrants, conversion privileges, calls or other rights, shareholder rights plans, agreements, arrangements, commitments, or obligations of the Company or any of its Subsidiaries to issue or sell any shares of the Company or of any of its Subsidiaries or securities or obligations of any kind convertible into, exchangeable for or otherwise carrying

the right or obligation to acquire any shares of the Company or any of its Subsidiaries. No Shareholder is entitled to any pre-emptive or other similar right granted by the Company or any of its Subsidiaries. The Common Shares are not listed or quoted on any market other than the TSX.

(b) All Common Shares that may be issued pursuant to the exercise of outstanding Options will, when issued in accordance with the terms of the Options, be duly authorized, validly issued, fully paid and non-assessable and are not and will not be subject to or issued in violation of, any pre-emptive rights. There are no outstanding contractual obligations of the Company or any of its Material Subsidiaries to repurchase, redeem or otherwise acquire any Common Shares or any shares in the share capital of any of its Subsidiaries. No Subsidiary of the Company owns any Common Shares.

4.7 **U.S. Securities Law Matters**

The Company is a Foreign Private Issuer and is not an investment company registered or required to be registered under the U.S. Investment Company Act of 1940. Neither the Common Shares nor any other securities of the Company are registered, or required to be registered, pursuant to Section 12 of the Exchange Act. To the knowledge of the Company, less than forty percent of the Common Shares are held by U.S. holders. None of the Common Shares have been offered or sold by the Company to residents of the United States on a private placement basis, and the Company has not made an offering of securities registered under the U.S. Securities Act of 1933. The Company is not required to file reports pursuant to Sections 12 and 15 (d) of the Exchange Act.

4.8 **Shareholder and Similar Agreements**

Other than the Options and the Shareholder Rights Plan, the Company is not party to any material shareholder, pooling, voting trust or other agreement relating to the issued and outstanding shares of the Company or any of its Material Subsidiaries.

4.9 **Reports**

The Company has filed with all applicable securities regulatory authorities, the TSX and all applicable self-regulatory organizations true and complete copies of the Company Public Documents that the Company is required to file therewith. The Company Public Documents at the time filed: (i) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and (ii) complied in all material respects with the requirements of applicable Securities Laws. The Company has not filed any confidential material change report with the Ontario Securities Commission or any other securities authority or regulator or any stock exchange or other self-regulatory authority which at the date hereof remains confidential.

4.10 **Financial Statements**

(a) The audited consolidated financial statements for the Company as at and for each of the fiscal years ended on December 31, 2004, December 31, 2003, and

December 31, 2002 including the notes thereto and the report by the Company's auditors thereon, have been, and all financial statements of the Company which are or have been publicly disseminated by the Company in respect of any subsequent periods prior to the Effective Date will be or have been, as the case may be, prepared in accordance with Canadian GAAP applied on a basis consistent with prior periods and present fairly, in all material respects, the consolidated financial position and results of operations of the Company and its Subsidiaries, taken as a whole, as of the respective dates thereof and for the respective periods covered thereby. There are no outstanding loans made by the Company or any of its Material Subsidiaries to any executive officer or director of the Company or its Material Subsidiaries except for such loans with respect to which the failure to repay would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect.

(b) The management of the Company has: (i) implemented disclosure controls and procedures to ensure that material information relating to the Company, including its Subsidiaries, is made known to the management of the Company by others within those entities, which disclosure controls and procedures are, given the size of the Company and the nature of its business, effective at the reasonable assurance level in timely alerting the Company's principal executive officer and its principal financial officer to material information required to be included in the Company Public Documents, and (ii) not, based on its most recent evaluation, determined there to be any materially fraudulent action that involves management or other employees who have a significant role in the Company's internal control over financial reporting or reported on such fraud to the Company's outside auditors or the audit committee of the Board of Directors.

(c) Since January 1, 2000: (i) neither the Company nor any of its Material Subsidiaries nor, to the Company's knowledge, any director, officer, employee, auditor, accountant or representative of the Company or any of its Material Subsidiaries has received or otherwise had or obtained knowledge of any material complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices; procedures, methodologies or methods of the Company or any of its Material Subsidiaries or their respective internal accounting controls, including any complaint, allegation, assertion, or claim that the Company or any of its Material Subsidiaries has engaged in questionable accounting or auditing practices; and (ii) no attorney representing the Company or any of its Material Subsidiaries, whether or not employed by the Company or any of its Subsidiaries, has reported evidence of a material violation of Securities Laws, material breach of fiduciary duty or similar violation by the Company, any of its Material Subsidiaries or any of their respective officers, director, employees or agents to the Board of Directors or any committee thereof or to any director or officer of the Company.

4.11 **Undisclosed Liabilities**

Neither the Company nor any of its Material Subsidiaries has any liabilities or obligations of any nature, whether or not accrued, contingent or otherwise, except for: (i) liabilities

and obligations that are specifically disclosed on the audited balance sheet of the Company as of December 31, 2004 (the "**Company Balance Sheet**") or in the notes thereto, and (ii) liabilities and obligations incurred in the ordinary course of business consistent with past practice since December 31, 2004, that are not and would not, individually or in the aggregate with all other liabilities and obligations of the Company and its Material Subsidiaries (other than those disclosed on the Company Balance Sheet and other than the sum of $215 million potentially owing by the Company to ThyssenKrupp AG pursuant to section 7.2(a) of the TK Support Agreement (the "**TK Break Fee**")), reasonably be expected to have a Company Material Adverse Effect. Without limiting the foregoing, the Company Balance Sheet reflects reasonable reserves in accordance with Canadian GAAP for contingent liabilities relating to pending litigation and other contingent obligations of the Company and its Subsidiaries (including liabilities under escheat and similar Laws) as at December 31, 2004.

4.12 **Interest in Properties**

The Company and its Material Subsidiaries have title to all of their properties and assets (other than the Company Intellectual Property licensed to the Company), free and clear of any material claims or encumbrances, and the Company's properties and assets are sufficient for the conduct of the Company's and the Material Subsidiaries respective businesses as now carried on or as contemplated by the Company to be carried on.

4.13 **Employment Matters**

(a) Neither the Company nor any of its Material Subsidiaries has entered into any written or oral agreement or understanding providing for severance or termination payments to any director, officer or employee in connection with the termination of their position or their employment as a direct result of a change in control of the Company.

(b) Neither the Company nor any of its Material Subsidiaries (other than Copperweld, Powerlasers, QCM, Dofasco de México, S.A. de C.V. and Dofasco Mario Inc.) (i) is a party to any collective bargaining agreement, or (ii) is subject to any application for certification. To the knowledge of the Company, as of the date hereof, no fact or event exists that would reasonably be expected to give rise to a violation of this Subsection on or before the Effective Date.

(c) Neither the Company nor any of its Subsidiaries is subject to any claim for wrongful dismissal, constructive dismissal or any other tort claim, actual or, to the knowledge of the Company, threatened, or any litigation actual, or to the knowledge of the Company, threatened, relating to employment or termination of employment of employees or independent contractors except where such claim or litigation would not, individually or in the aggregate, reasonably be expected to have, or have, a Company Material Adverse Effect. To the knowledge of the Company, no labour strike, lock-out, slowdown or work stoppage is pending or threatened against or directly affecting the Company.

(d) The Company and its Material Subsidiaries have operated in accordance with all applicable Laws with respect to employment and labour, including, but not

limited to, employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights, labour relations and privacy and there are no current, pending, or to the knowledge of the Company, threatened proceedings before any board or tribunal with respect to any of the areas listed herein, except where the failure to so operate would not have a Company Material Adverse Effect.

(e) All persons who are or were performing services in the United States for the Company or any of its Material Subsidiaries and are or were classified as independent contractors do or did satisfy and have satisfied the requirements of Law to be so classified, and the Company or a Subsidiary has, since January 1, 2003, fully and accurately reported their compensation on IRS Forms 1099 when required to do so, except where any such failure would not, individually or in the aggregate, reasonably be expected to have, a Company Material Adverse Effect.

4.14 **Intellectual Property Rights**

(a) All of the Intellectual Property that is material to the business of the Company as currently conducted (the "**Company Intellectual Property**") is owned by or validly licensed to the Company or its Subsidiaries.

(b) The Company has not licensed, conveyed or assigned any Company Intellectual Property except where any such licence, conveyance or assignment would not, individually or in the aggregate, reasonably be expected to have, a Company Material Adverse Effect.

(c) To the knowledge of the Company, the Company Intellectual Property has not been used or enforced, or failed to be used or enforced, in a manner that would result in the abandonment, cancellation or loss of enforcement rights of such Company Intellectual Property which would reasonably be expected to result in a Company Material Adverse Effect. To the knowledge of the Company, the Company has not taken any action it is prohibited from taking, or failed to take any action it is required to take, that would result in or provide any basis for a material default by, or a material reduction or dilution of the rights of, the Company pursuant to any of the agreements or licences entered into by the Company in respect of any of the Company Intellectual Property and all such agreements and licences are in full force and effect and neither the making of the Offer, amending the Arcelor Offer as provided herein, nor the acquisition of Securities pursuant thereto will require the consent of, or payment, to any other parties to such agreements or licences.

(d) There are no violations or infringements of the Company Intellectual Property or challenges to the enforceability of the Company Intellectual Property except for such violations, infringements or challenges which would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect.

(e) The Company Intellectual Property constitutes all the material Intellectual Property necessary or appropriate to conduct the businesses of the Company and

its Material Subsidiaries as presently conducted in all material respects, and upon consummation of the transactions contemplated by this Agreement, the Company and its Subsidiaries shall: (i) have good, valid and unencumbered title to all Company Intellectual Property owned by the Company and its Subsidiaries on the date hereof; and (ii) have the right to use all Company Intellectual Property licensed to a Company or its Subsidiaries to the same extent such licensed Intellectual Property is currently used in the businesses of the Company and its Subsidiaries.

(f) No claim has been asserted or, to the knowledge of the Company, is threatened by any person, nor does the Company have knowledge of any valid ground for any bona fide claims: (i) to the effect that the manufacture, sale, offer for sale, importation or use of any Company Intellectual Property, on or before the date of this Agreement, by the Company infringes, misappropriates, violates, dilutes or constitutes the unauthorized use by the Company of any copyright, trade secret, patent, trademark, tradename or other intellectual property right of any Person, except where such claim would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect; or (ii) challenging the ownership or validity of any Company-owned Company Intellectual Property.

(g) The Company and each of its Material Subsidiaries: (i) has the right to use all trade secrets, customer lists, hardware designs, programming processes, databases, software and other information required for and used in its products, services or its business as conducted on the date of this Agreement; (ii) has taken all reasonable measures to protect and preserve the security and confidentiality of its trade secrets and other confidential information; (iii) has ensured that all employees and consultants of the Company or its Material Subsidiaries involved in the design, review, evaluation, development, implementation or support of services or products of the Company or any of its Subsidiaries, that result in the creation or development of any Company-owned Company Intellectual Property, have executed nondisclosure and assignment of inventions agreements to protect the confidentiality of the Company's or its Subsidiaries' trade secrets and other confidential information; (iv) warrant that, to the knowledge of the Company, on the date of this Agreement all trade secrets and other confidential information owned by the Company or its Subsidiaries are not part of the public domain or knowledge, nor have they been misappropriated by any person having an obligation to maintain such trade secrets or other confidential information in confidence for the Company or its Subsidiaries; (v) warrant that, to the knowledge of the Company, no employee or consultant of the Company or any of its Subsidiaries has misappropriated any trade secrets or other confidential information of any other person in the course of their work for the Company or any such Subsidiary; and (vi) has ensured that no university, government agency (whether federal, state, provincial or municipal) or other organization which has sponsored research and development conducted by the Company or any of its Subsidiaries has any claim of right to or ownership of or other encumbrance upon any of the Company-owned Company Intellectual Property, except in the case of (i) to (vi) above, to the extent the statements contained therein are not correct,

there would not, individually or in the aggregate, reasonably be expected to be a Company Material Adverse Effect.

4.15 **Regulatory Matters**

Except to any extent that would not, in the aggregate, be reasonably expected to have, or have, a Company Material Adverse Effect, all of the products that are developed, manufactured or sold by the Company and/or its Material Subsidiaries and/or Joint Ventures for which the Company or its Material Subsidiaries or Joint Ventures are entitled to receive royalties or other payments (the "**Products**"): (i) have received all necessary Product Authorizations for their distribution, sale and/or use in accordance with their respective labeling and sales or marketing materials; (ii) meet all applicable specifications as described in connection with such Product Authorizations; (iii) have been developed, manufactured, marketed, distributed and sold in accordance with the Product Authorizations and all applicable Law; (iv) are not classified as "investigational devices" or other similar limited classification; and (v) are not, and have not been subject to any recall notifications, warnings, suspensions or similar actions from any Governmental Entity or other regulatory authorities of competent jurisdiction.

4.16 **Non-Compliance**

To the knowledge of the Company, there are no complaints, investigations, proceedings or actions pending or threatened by Governmental Entities or other regulatory authorities of competent jurisdiction which involve allegations of non-compliance with applicable Laws or the Product Authorizations or the rules, policies or guidelines of such Governmental Entities or other regulatory authorities relating to the Products or the development, manufacture, sale or distribution of the Products (and the Company has no knowledge of any facts that would lead to such complaints, investigations, proceedings or actions) other than those which would not, individually or in the aggregate, have a Company Material Adverse Effect. The Company and its Material Subsidiaries have filed all required submissions, notices and reports required by such laws, Product Authorizations or rules, policies or guidelines, except where the failure to file would not, individually or in the aggregate, reasonably be expected to result in a Company Material Adverse Effect.

4.17 **Absence of Certain Changes or Events**

Since January 1, 2004: (a) the Company and its Material Subsidiaries have conducted their respective businesses only in the ordinary course of business and consistent with past practice; (b) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) which has had or is reasonably likely to have a Company Material Adverse Effect has been incurred; (c) there has not been any event, circumstance or occurrence which is reasonably likely to give rise to a Company Material Adverse Effect; (d) there has not been any change in the accounting practices used by the Company and its Material Subsidiaries; (e) except for ordinary course increases consistent with past practice, there has not been any increase in the salary, bonus, or other remuneration payable to any employees of any of the Company or its Material Subsidiaries; (f) except in respect of the Company's normal course issuer bid and the redemption of the Company's Preferred Shares, Series A on October 15, 2004, there has

not been any redemption, repurchase or other acquisition of securities of the Company by the Company, or any declaration, setting aside or payment of any dividend or other distribution (whether in cash, shares or property) with respect to the Common Shares except for ordinary course dividends or distributions consistent with past practice; (g) there has not been a material change in the level of accounts receivable or payable, inventories or employees that is not consistent with the level of business and general economic conditions; (h) the Company has not entered into or amended any material contract (other than the TK Support Agreement) other than in the ordinary course of business consistent with past practice; and (i) there has not been any satisfaction or settlement or any claims or liabilities that were not reflected in the Company's financial statements, other than the settlement of liabilities incurred in the ordinary course of business consistent with past practice.

4.18 **Litigation, Etc.**

There is no claim, action, proceeding or investigation pending or, to the knowledge of the Company, threatened against or relating to the Company or any of its Material Subsidiaries or the business of the Company or any of its Material Subsidiaries or affecting any of their properties, assets or Products, including claims of adverse ownership of, invalidity of, or opposition to the Company Intellectual Property or that the use by the Company or its Material Subsidiaries of the Company Intellectual Property in the business of the Company or its Material Subsidiaries or in any Product on or before the date of this Agreement violates or infringes the Intellectual Property rights or other proprietary rights of any third party, before or by any court or governmental or regulatory authority or body which, if adversely determined, would have, or would reasonably be expected to have, a Company Material Adverse Effect or prevent or materially delay the consummation of the transactions contemplated by this Agreement, nor to the Company's knowledge are there any events or circumstances which could reasonably be expected to give rise to any such claim, action, proceeding or investigation (provided that the representation in this Section 4.18 shall not apply to claims, actions, proceedings, or investigations which may arise after the date of this Agreement which do not have a reasonable prospect of succeeding or, if successful, would not give rise to, nor reasonably be expected to give rise to, a Company Material Adverse Effect). Neither the Company nor any of its Subsidiaries is subject to any outstanding order, writ, injunction or decree which has had, or is reasonably likely to have, a Company Material Adverse Effect or which would prevent or materially delay consummation of the transactions contemplated by this Agreement.

4.19 **Taxes**

The Company and each of its Material Subsidiaries has duly and in a timely manner filed all Tax Returns required to be filed by it, except where the failure to do so would not, individually or in the aggregate, result, or reasonably be expected to result, in a Company Material Adverse Effect, those Tax Returns were complete and correct in all material respects and the Company and each of its Material Subsidiaries has paid, collected, withheld or remitted all material Taxes which are due and payable by it on or before the date hereof and the Company has provided adequate accruals in accordance with Canadian GAAP in the most recently published financial statements of the Company for

any Taxes for the period covered by such financial statements that have not been paid whether or not shown as being due on any Tax Returns. Since such publication date, no material liability in respect of Taxes not reflected in such statements or otherwise provided for has been assessed, proposed to be assessed, incurred or accrued, other than in the ordinary course of business. Except as disclosed or reflected in the Company's Public Documents, there are no actions, suits, proceedings, investigations or claims threatened against the Company or any of its Material Subsidiaries in respect of Taxes, or any matters under discussion with any Governmental Entity relating to Taxes asserted by any such authority which are reasonably likely to have a Company Material Adverse Effect, individually or in the aggregate. No waivers of statutes of limitations with respect to Taxes have been given or requested with respect to the Company or any Material Subsidiary.

4.20 **Books and Records**

The corporate records and minute books of the Company and its Material Subsidiaries have, since the Company's incorporation on May 15, 1917, or since such applicable other date of incorporation in the case of each Material Subsidiary, been maintained in accordance with all applicable Laws in all material respects and the minute books of the Company and its Material Subsidiaries are complete and accurate in all material respects. Financial books and records and accounts of the Company and its Material Subsidiaries in all material respects: (i) have been maintained in accordance with good business practices on a basis consistent with prior years; (ii) are stated in reasonable detail and, in the case of its Material Subsidiaries, during the period of time when owned by the Company, accurately and fairly reflect the transactions and dispositions of assets of the Company and its Material Subsidiaries; and (iii) in the case of the Material Subsidiaries, during the period of time when owned by the Company, accurately and fairly reflect the basis for the Company consolidated financial statements.

4.21 **Insurance**

(a) All premiums payable prior to the date hereof under material policies of insurance naming the Company or any of its Material Subsidiaries as an insured have been paid and neither the Company nor any of its Material Subsidiaries has failed to make a material claim thereunder on a timely basis except where such failure would not, individually or in the aggregate, reasonably be expected to have, or have, a Company Material Adverse Effect.

(b) Each of such material policies and other forms of insurance is in full force and effect on the date hereof and shall (or comparable replacement or substitutions therefor shall) be kept in full force and effect by the Company through the Effective Date. No written (or to the knowledge of the Company other) notice of cancellation or termination has been received by the Company or any Material Subsidiary with respect to any such policy.

4.22 **Non-Arm's Length Transactions**

There are no current contracts, commitments, agreements, arrangements or other transactions between the Company or any of its Subsidiaries on the one hand, and any

officer or director of the Company or any of its Subsidiaries or any associate of any such officer or director, on the other hand, other than contracts of employment.

4.23 **Pension and Employee Benefits**

(a) The Company has complied in all material respects with all the terms of, and all applicable Laws in respect of, the pension and other employee compensation and benefit obligations of the Company and its Material Subsidiaries, including the terms of any funding and investment contracts or obligations applicable thereto, arising under or relating to any Benefit Plans and all Benefit Plans.

(b) No step has been taken, no event has occurred and no condition or circumstance exists that has resulted in or could reasonably be expected to result in any Benefit Plan being ordered or required to be terminated or wound up in whole or in part or having its registration under applicable legislation refused or revoked, or being placed under the administration of any trustee or receiver or regulatory authority or being required to pay any material Taxes, fees, penalties or levies under applicable Laws. There are no actions, suits, claims (other than routine claims for payment of benefits in the ordinary course), trials, demands, investigations, arbitrations or other proceedings which are pending or, to the knowledge of the Company, threatened in respect of any of the Benefit Plans or their assets which would reasonably be expected to have, or have, a Company Material Adverse Effect. The Offeror hereby acknowledges that changes are being made to the Benefit Plans relating to Copperweld, including the partial termination or winding-up of two (2) of its pension plans, which changes would not reasonably be expected to have a Company Material Adverse Effect.

(c) Except with respect to Copperweld and QCM, the Company and its Material Subsidiaries have no liability for life, health, medical or other welfare benefits to former employees or beneficiaries or dependents thereof, other than those reflected or reserved against in the Company Balance Sheet or those incurred thereafter in the ordinary course of business.

(d) All Benefit Plans subject to the Laws of any jurisdiction outside of Canada: (i) have been maintained in all material respects in accordance with all applicable requirements, (ii) if they are intended to qualify for special tax treatment meet all necessary requirements for such treatment, and (iii) if they are intended to be funded are funded in accordance with applicable Laws and if they are intended to be book-reserved are book-reserved in accordance with applicable generally accepted accounting principles.

4.24 **Environmental**

(a) Except for any matters that, individually or in the aggregate, would not have, or would not reasonably be expected to have a Company Material Adverse Effect, neither the Company nor any of its Material Subsidiaries is subject to:

(i) any Environmental Law which requires or may require any material work, repairs, construction, change in business practices and operations, or expenditures; or

(ii) any written demand or written notice with respect to a breach of or liability under any Environmental Laws applicable to the Company or any of its Material Subsidiaries, including, without limitation, any regulations respecting the use, storage, treatment, transportation, or disposition of any pollutants, contaminant, waste of any nature, hazardous material, toxic substance, dangerous substance or dangerous good as defined in any applicable Environmental Laws.

(b) To the knowledge of the Company, there is not now on or in any property presently owned, leased or operated by the Company or any of its Material Subsidiaries, any polychlorinated biphenyls (PCBs) used in the Company's operations in hydraulic oils, electrical transformers or other equipment, except as would not reasonably be expected to have, or have, individually or in the aggregate, a Company Material Adverse Effect, provided that this representation and warranty shall not apply to polychlorinated biphenyls (PCBs) used in the Company's transformers, which polychlorinated biphenyls (PCBs) are being dealt with by the Company in accordance and compliance with all Environmental Laws.

(c) To the knowledge of the Company, any asbestos-containing material or presumed asbestos-containing material which is on or part of any property presently owned, leased or operated by the Company or any of its Material Subsidiaries, as currently configured and operated, is in an acceptable state of repair according to the current standards and practices governing such material, and its presence or condition does not violate any currently applicable Law, other than such violations that would not reasonably be expected to have, or have, individually or in the aggregate, a Company Material Adverse Effect.

4.25 **Restrictions on Business Activities**

There is no agreement, judgment, injunction, order or decree binding upon the Company or any Material Subsidiary that has or could reasonably be expected to have the effect of prohibiting, restricting or materially impairing any business practice of the Company, any Material Subsidiary, any acquisition of property by the Company or any Material Subsidiary or the conduct of business by the Company or any Material Subsidiary as currently conducted (including following the transactions contemplated by this Agreement) other than such agreements, judgments, injunctions, orders or decrees which would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

4.26 **Material Contracts**

Neither the Company nor any of its Subsidiaries is in breach or default under any material contract or is aware of any condition that with the passage of time or the giving of notice or both would result in such a breach or default, except in each case where any

such breaches or defaults would not, individually or in the aggregate, reasonably be expected to result in, or result in, a Company Material Adverse Effect. Neither the Company nor any Subsidiary knows of, or has received written notice of, any breach or default under (nor, to the knowledge of the Company, does there exist any condition which with the passage of time or the giving of notice or both would result in such a breach or default under) any material contract by any other party thereto, except where any such violation or default would not, individually or in the aggregate, reasonably be expected to result in, or result in, a Company Material Adverse Effect.

4.27 **Relationships with Customers, Suppliers, Distributors and Sales Representatives**

The Company has not received any written (or to the knowledge of the Company other) notice that any customer, supplier, distributor or sales representative intends to cancel, terminate or otherwise modify or not renew its relationship with the Company or any Subsidiary, and, to the knowledge of the Company, no such action has been threatened, in any of the foregoing cases, in a manner inconsistent with the historical experiences of the Company or any Subsidiary, which in either case individually or in the aggregate, would reasonably be expected to have a Company Material Adverse Effect.

4.28 **Product Recalls**

The Company is not aware of any pattern or series of claims against the Company or any of its Subsidiaries which reasonably could be expected to result in a generalized product recall relating to products sold by the Company or any of its Subsidiaries, including the Products, regardless of whether such product recall is formal, informal, voluntary or involuntary, which recall would reasonably be expected to have a Company Material Adverse Effect.

4.29 **Fees**

The Company has disclosed to the Offeror the maximum amount of advisory fees, success fees, brokerage commissions, finders fees or other like payments payable by the Company or any of its Subsidiaries in connection with the Offer and the TK Offer, assuming the Offer is completed at the Offered Consideration.

4.30 **TK Support Agreement**

The Company has complied with section 7.1(e) of the TK Support Agreement with respect to the entering into of this Agreement. The TK Support Agreement has been validly terminated in accordance with section 6.1(i) thereof and the Company has supplied the Offeror with a true copy of the notice of termination delivered in connection therewith. The Company has not breached, in any material respect, any terms of the TK Support Agreement.

4.31 **QCM and Copperweld**

Notwithstanding any other provision of this Article 4, for the purposes of this Agreement, any representation or warranty of the Company which would apply to QCM or Copperweld by virtue of their being Material Subsidiaries or Subsidiaries of the

Company, that is not expressly qualified by reference to a Company Material Adverse Effect shall be deemed to be qualified by reference to a Company Material Adverse Effect.

4.32 **Survival of Representations and Warranties**

Subject to Section 6.4, the representations and warranties of the Company contained in this Agreement shall not survive the completion of the Offer, and shall expire and be terminated on the earlier of the Effective Date and the date on which this Agreement is terminated in accordance with its terms.

ARTICLE 5
COVENANTS

5.1 **Conduct of Business by the Company**

The Company covenants and agrees that, prior to the earlier of: (i) the Effective Date; and (ii) the Transition Date, unless the Offeror shall otherwise agree in writing (such agreement not to be unreasonably withheld) or as otherwise expressly contemplated or permitted by this Agreement, subject to compliance with applicable competition and anti-trust laws:

(a) the Company shall, and shall cause each of its Subsidiaries to, conduct its and their respective businesses only in, not take any action except in, and maintain their respective facilities in the ordinary course of business consistent with past practice except as may be required in order to comply with the terms of this Agreement;

(b) without limiting the generality of Subsection (a) above, and except (A) as otherwise expressly required by this Agreement, (B) for transactions involving the Company and one or more wholly-owned Subsidiaries or between wholly-owned Subsidiaries and (C) for transactions involving amounts which, individually or in the aggregate, do not exceed $50 million, the Company shall not directly or indirectly do, and shall cause each of its Subsidiaries not to:

(i) issue, sell, award, pledge, dispose of, encumber or agree to issue, sell, award, pledge, dispose of or encumber any Common Shares, or any Options, calls, conversion privileges or rights of any kind to acquire any Common Shares or other securities or any shares of its Subsidiaries (other than pursuant to the exercise of Options issued under the Stock Option Plans);

(ii) except in the ordinary course of business consistent with past practice, sell, pledge, lease, dispose of, encumber or agree to sell, pledge, dispose of or encumber any assets of the Company or any of its Subsidiaries or any interest in any asset of the Company or any of its Subsidiaries that, in either case, has a value greater than $25 million other than, in the case of Copperweld and QCM, in accordance with the business plans of such companies as they exist as at the date hereof and, to the extent such

business plans have not been prepared in contemplation of the Arcelor Offer, the TK Offer or the Offer and, provided, however, that the Company shall not, and shall not permit any Subsidiary, to complete the transaction contemplated by the QCM Preliminary Prospectus without the express consent thereto of the Offeror (which consent may be withheld for any reason);

(iii) amend or propose to amend the articles, by-laws or other constating documents of the Company or any of its Subsidiaries;

(iv) split, combine or reclassify any outstanding Common Shares;

(v) redeem, purchase or offer to purchase any Common Shares or other securities of the Company or any shares or other securities of its Subsidiaries;

(vi) declare, set aside or pay any dividend or other distribution (whether in cash, securities or property or any combination thereof) in respect of any Common Shares except for dividends paid in the ordinary course of business consistent with past practice and for dividends by any Subsidiary of the Company to the Company or another wholly-owned Subsidiary of the Company;

(vii) reorganize, amalgamate or merge the Company or any of its Subsidiaries with any other Person;

(viii) reduce the stated capital of the shares of the Company or of any of its Subsidiaries;

(ix) acquire or agree to acquire (by merger, amalgamation, acquisition of stock or assets or otherwise) any Person, or make any investment either by purchase of shares or securities, contributions of capital (other than to wholly-owned Subsidiaries), property transfer or purchase of any property or assets of any other Person, that has a value greater than $25 million other than acquisitions in the ordinary course of business consistent with past practice;

(x) enter into, directly or indirectly, an investment in or acquisition of, whether individually or with any other Person, any asset or an interest in any asset that has a value greater than $25 million, provided however that the Company may make such investments in short term investment grade instruments consistent with past practice;

(xi) incur or commit to incur any indebtedness for borrowed money or any other material liability or obligation or issue any debt securities, except for the borrowing of working capital in the ordinary course of business and the borrowing of monies to pay the TK Break Fee to the extent required under the TK Support Agreement and to fund the Company's obligations under its supplemental employee retirement plan and certain consulting

agreements as required by the terms thereof, or guarantee, endorse or otherwise as an accommodation become responsible for, the obligations of any other Person or make any loans or advances, except in the ordinary course of business consistent with past practice;

(xii) adopt a plan of liquidation or resolutions providing for the liquidation or dissolution of the Company or any of its Subsidiaries;

(xiii) pay, discharge or satisfy any claims, liabilities or obligations other than the payment, discharge or satisfaction, in the ordinary course of business consistent with past practice, of liabilities reflected or reserved against in the Company's financial statements or incurred in the ordinary course of business consistent with past practice;

(xiv) authorize, recommend or propose any release or relinquishment of any contractual right except where such release or relinquishment would not reasonably be expected to result in a Company Material Adverse Effect; or

(xv) waive, release, grant or transfer any rights of value or modify or change any existing licence, lease, contract or other document, except where such waiver, release, grant, transfer, modification or change would not reasonably be expected to result in a Company Material Adverse Effect;

(c) the Company shall not, and shall cause each of its Subsidiaries not to, except in the ordinary course of business consistent with past practice:

(i) increase the fringe benefits payable or to become payable to its directors or officers (whether from the Company or any of its Subsidiaries), or enter into or modify any employment, severance, or similar agreements or arrangements with, or grant any bonuses, salary increases, severance or termination pay to, any officer of the Company or member of the Board of Directors other than pursuant to agreements already entered into as of December 4, 2005 as disclosed in the Company Public Documents and other agreements in respect of employees of Copperweld, Powerlasers and QCM; or

(ii) in the case of employees who are not officers of the Company or members of the Board of Directors, take any action other than in the ordinary course of business and consistent with past practice (none of which actions shall be unreasonable or unusual) with respect to the grant of any bonuses, salary increases, severance or termination pay or with respect to any increase of benefits payable in effect on the date hereof and other agreements in respect of employees of Copperweld, Powerlasers and QCM;

(d) subject to Section 2.5 and except in the ordinary course of business consistent with past practice, the Company shall not, and shall cause each of its Subsidiaries not to, establish, adopt, enter into, amend or waive any performance or vesting criteria or accelerate vesting, exercisability or funding under any bonus, profit

sharing, thrift, incentive, compensation, stock option, restricted stock, pension, retirement, deferred compensation, savings, welfare, employment, termination, severance or other employee benefit plan, agreement, trust, fund, policy or arrangement for the benefit or welfare of any directors, officers, current or former employees of the Company or its Subsidiaries, except for employees of Copperweld, Powerlasers and QCM as planned by the Company prior to the date hereof to the extent such plans were not made or conceived in contemplation of the Arcelor Offer, the TK Offer or the Offer;

(e) the Company shall use reasonable commercial efforts to cause its current material insurance (or re-insurance) policies not to be cancelled or terminated or any of the coverage thereunder to lapse, unless simultaneously with such termination, cancellation or lapse, replacement policies underwritten by insurance and re-insurance companies of nationally recognized standing providing coverage equal to or greater than the coverage under the cancelled, terminated or lapsed policies' for substantially similar premiums are in full force and effect;

(f) the Company shall:

(i) use reasonable commercial efforts, and cause each of its Material Subsidiaries, to preserve intact their respective business organizations and goodwill, to keep available the services of its and their officers and employees as a group and to maintain satisfactory relationships with suppliers, distributors, customers and others having business relationships with them;

(ii) not take any action, or permit any of its Subsidiaries to take any action, which would render, or which reasonably may be expected to render, any representation or warranty made by it in this Agreement untrue in any material respect;

(iii) promptly notify the Offeror orally and in writing of the occurrence of any Company Material Adverse Effect, and of any material governmental or third party complaints, investigations or hearings (or communications indicating that the same are being contemplated);

(iv) not enter into any agreement, contract, lease, licence or other binding obligation of the Company or its Material Subsidiaries: (A) containing (1) any material limitation or restriction on the ability of the Company or its Material Subsidiaries or, following completion of the transactions contemplated hereby, the ability of the Parent or its Subsidiaries, to engage in any type of activity or business, (2) any material limitation or restriction on the manner in which, or the localities in which, all or any material portion of the business of the Company or its Material Subsidiaries or, following consummation of the transactions contemplated hereby, all or any material portion of the business of the Parent or its Subsidiaries, is or would be conducted, or (3) any material limit or restriction on the ability of the Company or its Material Subsidiaries or, following completion of the transactions contemplated hereby, the ability

of the Parent or its Subsidiaries to solicit customers or employees, (B) that would reasonably be expected to materially delay or prevent the consummation of the transactions contemplated by this Agreement, or (C) that involves or would reasonably be expected to involve payments outside the ordinary course of business that are in excess of $50 million in the aggregate over the term of the contract and that is not terminable within 30 days of the Effective Date without payment by the Parent or its Subsidiaries, except in accordance with business plans approved prior to the date hereof and to the extent they have not been prepared in contemplation of the Arcelor Offer, the TK Offer or the Offer;

(v) not incur any capital expenditures or enter into any agreement obligating the Company or its Subsidiaries to provide for future capital expenditures outside the ordinary course of business that involve payments in excess of $50 million in the aggregate, except in accordance with business plans approved prior to the date hereof and to the extent they have not been prepared in contemplation of the Arcelor Offer, the TK Offer or the Offer;

(vi) not pay, discharge, settle or compromise any claim, action, litigation, arbitration or proceeding, other than any such payment, discharge, settlement or compromise in the ordinary course of business consistent with past practice requiring a monetary payment by the Company not in excess of $10 million individually or $25 million in the aggregate; and

(vii) in connection with the QCM Preliminary Prospectus, not initiate or facilitate the filing with the Autorité des Marchés Financiers or any other Governmental Entity of a final prospectus in respect of the securities of the QCM Income Fund without the Offeror's prior written consent;

(g) the Company and each of its Material Subsidiaries shall:

(i) duly and timely file all material Tax Returns required to be filed by it on or after the date hereof and all such Tax Returns will be true, complete and correct in all material respects;

(ii) timely withhold, collect, remit and pay all material Taxes which are to be withheld, collected, remitted or paid by it to the extent due and payable;

(iii) not make or rescind any material express or deemed election relating to Taxes;

(iv) not make a request for a Tax ruling or enter into any material agreement with any taxing authorities or consent to any material extension or waiver of any limitation period with respect to Taxes;

(v) not settle or compromise any claim, action, suit, litigation, proceeding, arbitration, investigation, audit or controversy relating to Taxes that requires a payment by the Company or any of its Material Subsidiaries in excess of $5 million;

(vi) not change any of its methods of reporting income, deductions or accounting for income Tax purposes from those employed in the preparation of its income Tax Return for the tax year ended December 3l, 2004, except as may required by applicable Laws; and

(vii) subject to the receipt of the appropriate indemnities from the Offeror, co-operate with such reasonable requests as the Offeror may make in respect of its tax planning for the acquisition of the Company, and take (or refrain from taking) such actions relating thereto prior to the Expiry Date as the Offeror may reasonably request for such purpose.

(h) the Company shall not authorize or enter into or modify any contract, agreement, commitment or arrangement, to do any of the matters prohibited by the other paragraphs of this 5.1.

Notwithstanding the foregoing in this Section 5.1, the Company and the Board of Directors shall be permitted to take such actions and to refrain from taking such actions as they see fit, without the prior consent of the Offeror, to fulfill the fiduciary obligations of the Board of Directors in respect of any Superior Proposal.

5.2 **Covenants with respect to Support Agreement**

The Parent and the Company each covenant and agree that, except as contemplated in this Agreement, until the Effective Date or the day upon which this Agreement is terminated, whichever is earlier, it shall use reasonable commercial efforts to satisfy (or cause the satisfaction of) the conditions of the Offer set forth in Schedule A to this Agreement, to the extent the same is within its control, and take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under all applicable Laws.

5.3 **Filings and Authorizations**

(a) Each of the Offeror and the Company, as promptly as practicable after the execution and delivery of this Agreement, will (i) make, or cause to be made, all such filings and submissions under all Laws applicable to it, as may be required for it to consummate the Offer, (ii) use all its commercially reasonable efforts to obtain, or cause to be obtained, and secure all Appropriate Regulatory Approvals, and (iii) use all commercially reasonable efforts to take, or cause to be taken, all other actions necessary, proper or advisable in order for it to fulfil its obligations under this Agreement including fulfilling as soon as is practicable any reasonable requests for additional information. Subject to any applicable Laws, the Parties will coordinate and cooperate with one another in exchanging such information and supplying such assistance as may be reasonably requested by each in connection with the foregoing including, without limitation, providing each other with all notices and information supplied or filed with any Governmental Entity (except for notices and information which the Offeror or the Company, in each case acting reasonably, considers confidential and sensitive which may be filed on a confidential basis), and all notices and correspondence received from any Governmental Entity.

(b) Without limiting the generality of Subsection 5.3(a), with respect to the obtaining Appropriate Regulatory Approvals under the Competition Act and any foreign Laws pertaining to competition or antitrust, each of the Offeror and the Company shall:

(i) as soon as reasonably practicable, in consultation with each other, make or cause to be made such filings and submissions ("**Competition Filings**") as may be required or advisable;

(ii) consult with each other in respect of any requests and enquiries from the Commissioner or any other Governmental Entity pertaining to the applicable Competition Filing or the Offer;

(iii) comply at the earliest practicable date with any reasonable request or requirement for additional information or documentary material received from the Commissioner or any other Governmental Entity pertaining to a Competition Filing or the Offer.

(c) Without limiting the generality of Subsection 5.3(a), with respect to the obtaining of Appropriate Regulatory Approvals under the Investment Canada Act:

(i) the Offeror shall as soon as reasonably practicable, make the required application for review and provide any additional commercially reasonable undertakings or other submissions ("**ICA Filings**") as may be required or advisable;

(ii) the Parties will consult with each other in respect of any requests and enquiries from the Investment Review Division of Industry Canada or the Minister of Industry pertaining to the ICA Filings or the Offer;

(iii) the Offeror shall comply at the earliest practicable date with any reasonable request or requirement for additional information or documentary material received from the Investment Review Division of Industry Canada or the Minister of Industry pertaining to the ICA Filings or to the Offer.

(d) The Parties shall use commercially reasonable efforts to obtain the Appropriate Regulatory Approvals within 75 days from the date hereof.

(e) Nothing in this Section 5.3 shall oblige any Party to disclose to another Party any written communications or information which that Party, acting reasonably, considers to be confidential and sensitive in nature, provided that arrangements will be made among the Parties and their counsel as necessary for any such confidential written communications or information to be exchanged on a "counsel only" basis

5.4 **Extension of the Offer**

The Parties acknowledge that if prior to the Expiry Date the Offeror becomes aware that any condition set out in Schedule A is unlikely to be satisfied or performed prior to the Expiry Date, it may, prior to such date, in accordance with applicable Laws, extend the period during which Securities may be deposited under the Offer, subject to Subsection 6.1(g). If the conditions of the Offer set out in paragraph (b) of Schedule A to this Agreement are not satisfied or waived by the Expiry Time, and provided that the conditions of the Offer are reasonably capable of being satisfied and further provided that the Company is not in breach of the terms of this Agreement in any material respect, the Offeror shall extend the Expiry Date, from time to time, in order that the conditions set out in paragraph (b) of Schedule A to this Agreement may be satisfied; the whole provided, however, that the Offeror shall not be required to extend the Expiry Date to any date after March 31, 2006.

ARTICLE 6
TERMINATION, AMENDMENT AND WAIVER

6.1 **Termination**

This Agreement may be terminated by notice in writing:

(a) at any time prior to the Effective Date by mutual consent of the Parent and the Company;

(b) by the Offeror, if any condition to amending the Arcelor Offer and mailing the Amendment set forth in Section 2.1(f) is not satisfied or waived by the Offer Deadline (other than as a result of the Offeror's default hereunder);

(c) by the Offeror, if any condition of the Offer set forth in Schedule A is not satisfied or waived by the Expiry Date;

(d) by the Offeror, at any time if:

(i) the Company shall have breached any of its representations and warranties that are qualified by a reference to a Company Material Adverse Effect, or if any such representations or warranties shall have become untrue or incorrect after the date hereof (except to the extent that the knowledge of the Offeror at the date hereof has identified the untruth or incorrectness of such representations and warranties at or prior to the date hereof); or

(ii) the Company shall have breached in any material respect any of its other representations and warranties, covenants or other agreements contained in this Agreement, or if any such representations or warranties shall in any material respects have become untrue or incorrect after the date hereof (except to the extent that the knowledge of the Offeror at the date hereof has identified the untruth or incorrectness of such representations and warranties at or prior to the date hereof);

(e) by the Offeror, at any time if the Company is in default of any covenant or obligation under this Agreement and such default is reasonably likely to prevent or materially delay consummation of the transactions contemplated by this Agreement;

(f) by the Company at any time if either the Parent or Bidco is in breach of any of its representations or warranties or in default of any covenant or obligation under this Agreement and such breach or default has had or is reasonably likely to have a Parent Material Adverse Effect, or is reasonably likely to prevent or materially delay consummation of the transactions contemplated by this Agreement;

(g) by the Company, if the Offeror has not taken up and paid for at least 66 2/3% of the outstanding Common Shares (on a fully diluted basis) under the Offer within 75 days after the date the Amendment is mailed to substantially all of the Shareholders, otherwise than as a result of the breach by the Company of any covenant or obligation under this Agreement or as a result of any representation or warranty of the Company in this Agreement being untrue or incorrect in any material respect; provided, however, that if the Offeror's take-up and payment for Securities deposited under the Offer is delayed by (i) an injunction or order made by a court or regulatory authority of competent jurisdiction, or (ii) the Offeror not having obtained any regulatory waiver, consent or approval which is necessary to permit the Offeror to take up and pay for Securities deposited under the Offer, then, provided that such injunction or order is being contested or appealed or such regulatory waiver, consent or approval is being actively sought, as applicable, this Agreement shall not be terminated by the Company pursuant to this Subsection 6.1(g) until the earlier of (i) 120 days after the date the Amendment is mailed to substantially all of the Shareholders and (ii) the fifth business day following the date on which such injunction or order ceases to be in effect or such waiver, consent or approval is obtained, as applicable;

(h) by the Offeror if: (i) the Board of Directors withdraws, modifies or changes its recommendation in favour of the Offer in a manner adverse to the Offeror; or (ii) the Board of Directors approves or recommends acceptance of an Acquisition Proposal; (iii) the Board of Directors does not reaffirm its recommendation in favour of the Offer to the Shareholders in a press release or directors' circular within 15 days after the public announcement or commencement of an Acquisition Proposal; or (iv) the Company fails to take any action required under Section 2.4(d) of this Agreement with respect to the Shareholder Rights Plan to defer the separation time of the Rights or to allow the timely completion of the Offer;

(i) by either the Offeror or the Company (provided that, immediately prior to any such termination by the Company, the Company has paid to the Parent the Arcelor Break Fee) , if the Offeror has been notified in writing by the Company of a Proposed Agreement in accordance with Subsection 7.1(e) and: (i) the Offeror does not deliver an amended Offer within five business days of delivery of the Proposed Agreement to the Offeror; or (ii) the Board of Directors determines, acting in good faith and in the proper discharge of its fiduciary duties, that the

Acquisition Proposal provided in the Proposed Agreement continues to be a Superior Proposal in comparison to the amended Offer of the Offeror; and

(j) by the Company, if the Offeror does not amend the Offer and mail the Amendment by the Offer Deadline.

6.2 **Amendment**

This Agreement may not be amended except by written instrument signed by each of the Parties.

6.3 **Waiver**

At any time prior to the Effective Date, either the Offeror or the Company may: (a) extend the time for the performance of any of the obligations or other acts of the other Party; or (b) waive compliance with any of the agreements of the other Party or with any conditions to its own obligations, in each case only to the extent such obligations, agreements or conditions are intended for its benefit.

6.4 **Effect of Termination**

If this Agreement is terminated as provided in Section 6.1 (other than pursuant to Subsection 6.1(d) or 6.1(f)), there shall be no liability or further obligation on the part of any Party or any of their respective shareholders, officers or directors, except as provided in Article 7 and for liability arising from a wilful breach of any covenant, representation or warranty in this Agreement or common law fraud and any action with respect thereto must be commenced within six months of the date of termination. For greater certainty, if this Agreement is terminated pursuant to Subsections 6.1(d) or 6.1(f), this Section 6.4 shall not operate to limit or restrict the rights of a Party with respect to claims based upon the breach of the covenant, representation or warranty that resulted in the termination.

ARTICLE 7
NON-SOLICITATION

7.1 **Non-Solicitation**

(a) On and after the date of this Agreement, the Company and its Subsidiaries shall not, directly or indirectly, through any officer, director, employee, advisor, representative, agent or otherwise, solicit, initiate or encourage inquiries from or submissions of proposals or offers from any other Person (including any of its officers or employees) relating to any liquidation, dissolution, recapitalization, merger, amalgamation, arrangement, acquisition or purchase of all or a material portion of the assets of, or any equity interest (including Common Shares) in, the Company or any of its Subsidiaries or other similar transaction or business combination (any of such foregoing inquiries or proposals being referred to herein as an "**Acquisition Proposal**"), or participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, facilitate or encourage, any effort or attempt by any other Person to do or seek to do any of the foregoing.

However, this Subsection 7.1(a) shall not prevent the Board of Directors or the Company, in respect of a bona fide written Acquisition Proposal which the Board of Directors has determined in good faith (after determining, with the advice of outside counsel, that the Board of Directors is required to do so in order to discharge properly its fiduciary duties) is likely to, if consummated in accordance with its terms, result in a transaction which is more favourable to Shareholders than the Offer (any such offer or proposal being referred to herein as a "**Superior Proposal**"), from considering, participating in any discussions, releasing any Person from any standstill agreement, negotiating, approving, cooperating in any way with (including, subject to Subsection 7.1(d), furnishing information), or assisting or facilitating any such Superior Proposal, or recommending to Shareholders or, subject to compliance with Subsection 7.1(e), entering into an agreement in respect of any Superior Proposal in each case made by a Person after the date hereof (and that was not solicited after such date in contravention of this Section 7.1), provided, however, that nothing in this section shall prevent the Company from taking any appropriate steps to prevent the QCM Preliminary Prospectus from lapsing.

(b) The Company shall immediately cease and cause to be terminated, any existing discussions or negotiations with any parties (other than the Offeror) with respect to any potential Acquisition Proposal (including the TK Offer) and request the return or destruction of all confidential information provided in connection therewith. The Company agrees not to release any third party from any confidentiality or standstill agreement except as permitted by Subsection 7.1(a) and shall not waive the application of the Shareholder Rights Plan in favour of any third party except as required pursuant to the Shareholders Rights Plan with respect to a competing take-over bid or a final and non-appealable order of a court having jurisdiction or an order of any applicable securities regulatory authority.

(c) The Company shall immediately provide notice to the Offeror of any bona fide Acquisition Proposal (including any amendments to any Acquisition Proposal) or any inquiry that could lead to an Acquisition Proposal or any amendments thereto or any request for non-public information relating to the Company or any of its Subsidiaries in connection with such an Acquisition Proposal or for access to the properties, books or records of the Company or any Subsidiary by any Person or entity that informs the Company, any member of the Board of Directors or such Subsidiary that it is considering making, or has made, an Acquisition Proposal. Such notice to the Offeror shall be made, from time to time, first immediately orally and then promptly in writing and shall indicate the identity of the Person making such proposal, inquiry or contact, all material terms thereof and such other details of the proposal, inquiry or contact known to the Company. The Company shall keep the Offeror informed of the status including any change to the material terms of any such Acquisition Proposal or inquiry.

(d) If the Board of Directors receives a request for material non-public information from a Person who proposes to the Company a bona fide written Acquisition Proposal and the Board of Directors determines, in the manner contemplated by Subsection 7.1(a) of this Agreement, that such Acquisition Proposal is likely to, if

consummated in accordance with its terms, result in a Superior Proposal then, and only in such case, the Company may provide such Person with access to information regarding the Company, subject to the execution of a confidentiality and standstill agreement which is customary in such situations and the form of which has been approved in advance by the Offeror, acting reasonably; provided that the Company sends a copy of any such confidentiality and standstill agreement to the Offeror promptly upon its execution and the Offeror is provided with a list of or copies of the information provided to such Person and immediately provided with access to similar information to which such Person was provided.

(e) The Company agrees that it will not enter into any agreement (a "**Proposed Agreement**"), other than a confidentiality and standstill agreement as contemplated by Subsection 7.1(d), with any Person providing for or to facilitate any Acquisition Proposal (including without limitation, any amendment to an Acquisition Proposal) unless the Board of Directors determines that such proposal is likely to, if consummated in accordance with its terms, constitute a Superior Proposal and then will not do so without providing the Offeror with an opportunity to amend this Agreement and the Offer to provide for at least equivalent financial terms to those included in the Proposed Agreement as determined by the Board of Directors, acting in good faith and in accordance with its fiduciary duties. In particular, the Company agrees to provide the Offeror with a copy of any Proposed Agreement relating to such Superior Proposal not less than five full business days prior to the proposed execution of the Proposed Agreement by the Company. The Board of Directors shall review any written offer delivered by the Offeror to amend the terms of this Agreement, provided that it is delivered to the Company within five business days of delivery of the Proposed Agreement to the Offeror, to determine, acting in good faith and in accordance with its fiduciary duties, whether the Offeror's amended Offer would be at least as favourable to Shareholders as the Acquisition Proposal provided in the Proposed Agreement. If the Board of Directors so determines, the Company and the Offeror shall enter into an amended agreement reflecting the amended Offer. If the Board of Directors continues to believe, acting in good faith and in the proper discharge of its fiduciary duties that the Acquisition Proposal provided in the Proposed Agreement continues to be a Superior Proposal with respect to the amended Offer, or does not receive an amended Offer within such five business day period, the Company shall be entitled to enter into the Proposed Agreement, subject to compliance with Section 7.2. The Company acknowledges and agrees that each successive material modification of any Acquisition Proposal shall constitute a new Acquisition Proposal for purposes of the requirement of this Subsection 7.1(e) to initiate an additional five business day notice period.

(f) The Company shall ensure that the officers, directors and employees of the Company and its Subsidiaries and any investment bankers or other advisors or representatives retained by the Company and its Subsidiaries in connection with the transactions contemplated by this Agreement are aware of the provisions of this Section, and the Company shall be responsible for any breach of this Section

7.1 by such officers, directors, employees, investment bankers, advisors or representatives.

7.2 **Break Fee Provision**

(a) If:

(i) prior to the Expiry Time, the Board of Directors withdraws, modifies or changes any of its recommendations or determinations regarding the Offer in a manner adverse to the Offeror or resolves to do so; or

(ii) the Board of Directors does not reaffirm its recommendation in favour of the Offer to the Shareholders in a press release within 15 days after the earlier of a public announcement or commencement of an Acquisition Proposal or any amendment thereto or variation thereof (where such public announcement, commencement, amendment or variation occurs prior to the Expiry Time); or

(iii) an Acquisition Proposal or any amendment thereto or variation thereof is publicly announced prior to the Expiry Time, the Minimum Tender Condition is not satisfied, and the Person who made such Acquisition Proposal, or any Person that is a "related party" (as defined under Ontario Securities Commission Rule 61-501) of such Person, acquires at least 50.01% of the Common Shares within 12 months of the date of termination of this Agreement; or

(iv) the Offer is not completed as a result of a default by the Company of any of its material obligations under this Agreement; or

(v) the Agreement is terminated as a result of the Offeror failing to exercise its right to make an amended Offer pursuant to Subsection 7.1(e); or

(vi) the Board of Directors recommends an Acquisition Proposal made prior to the Expiry Time; or

(b) the Company enters into a Proposed Agreement in accordance with Subsection 7.1(e);

then the Company shall forthwith after such event in the case of the events referred to in Subsection 7.2(a) and immediately prior to such event in the case of the event referred to in Subsection 7.2(b) pay to the Parent, by way of certified cheque or wire transfer of immediately available funds, the sum of $215 million (the "**Arcelor Break Fee**"). For greater certainty the Company shall not be obligated to make more than one payment under Subsection 7.2 if one or more of the events specified herein occurs. This Section shall survive the termination of this Agreement.

ARTICLE 8
GENERAL PROVISIONS

8.1 Further Assurances

Subject to the conditions herein provided and to the fiduciary duties of the Board of Directors and the board of directors of the Parent and Bidco, each Party agrees to use all reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as is practicable the transactions contemplated by the Offer and this Agreement, including (i) the execution and delivery of such documents as the other Party may reasonably require and (ii) obtaining such information, documents or consents required in connection with the preparation of the Amendment and the Notice of Change, and using reasonable best efforts to obtain all necessary waivers, consents and approvals, including without limitation those contemplated by Sections 3.3 and 4.3 and to effect all necessary registrations and filings, including, but not limited to, filings under applicable Laws and submissions of information requested by Governmental Entities. Each of the Parties shall cooperate in all reasonable respects with the other Party in taking such actions.

8.2 Notification of Certain Matters

Each Party shall give prompt notice to the others of: (i) the occurrence or failure to occur of any event, which occurrence or failure would cause or may cause any representation or warranty on its part contained in this Agreement to be untrue or inaccurate in any material respect at any time from the date of this Agreement to the earlier of the Effective Date and the termination of this Agreement; and (ii) any failure of such Party, or any officer, director, employee or agent thereof, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder.

8.3 Access to Information

Upon reasonable notice and subject to compliance with applicable competition and anti-trust Laws, the Company agrees to provide the Parent and its representatives with access to the Project Reardon website hosted by Intralinks, in addition to access during normal business hours to all books, records, information and files in its possession and control and access to its personnel on an as requested basis as well as access to its properties in order to allow them to conduct such investigations as they may consider necessary or advisable for due diligence, strategic planning and other valid business reasons, and further agrees to assist them in all reasonable ways in any investigations which they may wish to conduct. Any investigation by the Parent hereto and its representatives after the date of this Agreement shall not mitigate, diminish or affect the representations and warranties of the Company contained in this Agreement or any document or certificate given pursuant hereto.

8.4 Confidentiality

Any information provided or made available by a Party to any other Party in connection with this Agreement (including, without limitation, any information provided or made available pursuant to Sections 5.3 and 8.3) shall not be disclosed by the Party in receipt of

any such information to any other Person without the consent of the Party providing or making such information except as required by Law. This Section 8.4 shall not apply to information which (i) is or becomes generally available to the public other than as a result of disclosure by the Party to whom the information was provided or made available, (ii) was within the possession of a Party prior to it being provided or made available hereunder, or (iii) becomes available to a Party from a source other than another Party or any of its Representatives (as defined below). Notwithstanding this Section, information made available or provided to a Party hereunder may be made available to the directors, officers, employees, agents, advisors or other representatives of that Party (including without limitation, its attorneys, accountants, consultants, bankers and financial advisors) (collectively, the "**Representatives**") who need to know such information to assist such Party in connection with the transactions contemplated herein, provided that any such Representatives will be advised of the provisions of this Section 8.4, will be deemed to be bound hereby to the same extent as such Party and such Party shall be liable for any breach hereof by any of its Representatives. In the event a Party in receipt of another Party's information is required to disclose such information by Law, it shall to the extent practicable, provide such other Party with notice of such requirement as far in advance of the intended disclosure as possible so that the other Party may attempt to obtain a protective order. If the other Party is not able to obtain such a protective order, the Party required to disclose such information shall only disclose that portion of the information it is legally required to disclose and will use reasonable efforts to have any information it so discloses afforded confidential treatment.

8.5 **Officers' and Directors' Insurance**

Without limiting the right of the Company to do so prior to the Effective Date with the prior written consent of the Offeror not to be unreasonably withheld, the Offeror hereby agrees to use commercially reasonable efforts to secure directors' and officers' liability insurance for the current and former directors and officers of the Company and its Subsidiaries on a six year "trailing" (or "run-off') basis. If a trailing policy is not available at a reasonable cost, then the Offeror agrees that for the period from the Effective Date until six years after the Effective Date, the Offeror shall cause the Company or any successor to the Company (including the successor resulting from any winding-up or liquidation or dissolution of the Company) to maintain the Company's current directors' and officers' insurance policy or an equivalent policy subject in either case to terms and conditions no less advantageous to the directors and officers of the Company and its Subsidiaries than those contained in the policy in effect on the date hereof, for all present and former directors and officers of the Company and its Subsidiaries, covering claims made prior to or within six years after the Effective Date. The Offeror also agrees that after the expiration of such six year period it will use all commercially reasonable efforts to cause such directors and officers to be covered under the Parent's then existing directors and officers insurance policy, if any. The Offeror shall, and shall cause the Company (or its successor) to, indemnify the directors and officers of the Company and its Subsidiaries to the fullest extent to which the Offeror and the Company and its Subsidiaries are permitted to indemnify such officers and directors under their respective charter, by-laws, applicable Laws and contracts of indemnity.

8.6 **Employment Contracts**

Without limiting the obligations of the Company thereunder, the Offeror shall not interfere with the Company's compliance with the terms of the employment contracts between it and employees of the Company.

8.7 **Expenses**

The Offeror shall pay all filing fees in connection with the ICA Filings, Competition Filings and necessary approvals under competition and anti-trust and similar laws. Except for the foregoing and as otherwise expressly provided in this Agreement, each Party shall pay its own expenses incurred in connection with this Agreement, the completion of the transactions contemplated hereby and/or the termination of this Agreement, irrespective of the completion of the transactions contemplated hereby.

8.8 **Notices**

All notices, requests, demands and other communications hereunder shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the Party for whom it is intended or delivered, or if sent by facsimile transmission, upon confirmation that such transmission has been properly effected, to the Person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such Person. The date of receipt of any such notice or other communication if delivered personally shall be deemed to be the date of delivery thereof, or if sent by facsimile transmission the date of such transmission if sent on a business day, failing which it shall be deemed to have been received on the next business day.

If to the Offeror, the Parent or Bidco:

Arcelor S.A.

Attention: Gérard Dupouy, Senior Vice President – Strategy/ International Business Development

Telephone No.: (011) 35 2 47 92 24 23
Facsimile No.: (011) 35 2 47 92 24 91

with copies (which shall not constitute notice) to:

Ogilvy Renault
Suite 1100
1981 McGill College Avenue
Montréal, Québec H3A 3C1

Attention: Marc Lacourcière
Facsimile: (514) 286-5474

If to the Company:

1330 Burlington Street East
Box 2460
Hamilton, Ontario
L8N 3J5

Attention: Corporate Secretary
Facsimile: (905) 548-4249

with copies (which shall not constitute notice) to:

Fasken Martineau DuMoulin LLP
Suite 4200
Toronto Dominion Bank Tower
Box 20, Toronto Dominion Centre
Toronto, Ontario
M5K 1N6

Attention: J.A. Levin and W.J. Palmer
Facsimile: (416) 364-7813

Any Party may at any time change its address for service from time to time by giving notice to the other Parties in accordance with this Section 8.8.

8.9 **Severability**

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable Law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

8.10 **Entire Agreement, Assignment and Governing Law**

(a) This Agreement constitutes the entire agreement, and supersedes all other prior agreements and undertakings, both written and oral, between the Parties with respect to the subject matter hereof. Other than as set forth in this Agreement, no representation or warranty has been given by any Party to the others.

(b) This Agreement: (i) is not intended to confer upon any other Person any rights or remedies hereunder, except as contemplated under Section 8.12; (ii) shall not be assigned by operation of law or otherwise, except that the Offeror may assign all or any portion of its rights under this Agreement to any affiliate (as such term is defined in the Securities Act) upon three business days prior written notice to the Company and provided such affiliate executes and delivers a counterpart of this Agreement pursuant to which it agrees to be bound by the terms of this

Agreement as the Offeror but no such assignment shall relieve the Offeror of its obligations hereunder; and (iii) shall be governed in all respects, including validity, interpretation and effect, exclusively by the Laws of the Province of Ontario and the Laws of Canada applicable therein, without giving effect to the principles of conflict of laws thereof.

8.11 **Attornment**

The Parties hereby irrevocably and unconditionally consent to and submit to the courts of the Province of Ontario for any actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agree not to commence any action, suit or proceeding relating thereto except in such courts) and further agree that service of any process, summons, notice or document by registered mail to the addresses of the Parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of Ontario and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

8.12 **Third Party Beneficiaries**

The provisions of Section 8.5 are (i) intended for the benefit of all present and former directors, officers and employees of the Company and its Subsidiaries, as and to the extent applicable in accordance with their terms, and shall be enforceable by each of such persons and his or her heirs, executors, administrators and other legal representatives (collectively, the "**Third Party Beneficiaries**") and the Company shall hold the rights and benefits of Section 8.5 in trust for and on behalf of the Third Party Beneficiaries and the Company hereby accepts such trust and agrees to hold the benefit of and enforce performance of such covenants on behalf of the Third Party Beneficiaries, and (ii) are in addition to, and not in substitution for, any other rights that the Third Party Beneficiaries may have by contract or otherwise.

8.13 **Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce more than one counterpart.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF the parties have executed this Agreement.

ARCELOR S.A.

Per: *"Guy Dollé"*

Name: Guy Dollé

Title: Chairman of the Management Board and Chief Executive Officer

Per: ***"****Gérard Dupouy"*

Name: Gérard Dupouy

Title: Senior Vice-President, Strategy/International Business Development

4313267 CANADA INC.

Per: *"Guy Dollé"*

Name: Guy Dollé

Title: President and Chief Executive Officer

Per: *"Gérard Dupouy"*

Name: Gérard Dupouy

Title: Director

DOFASCO INC.

Per: ***"****Brian MacNeill"*

Name: Brian MacNeill

Title: Chairman of the Board

SCHEDULE A
CONDITIONS OF THE OFFER

Subject to the provisions of the Agreement, the Offeror shall have the right to withdraw the Offer and shall not be required to take up, purchase or pay for, and shall have the right to extend the period of time during which the Offer is open and postpone taking up and paying for, any Securities deposited under the Offer unless all of the following conditions are satisfied or waived by the Offeror at or prior to the Expiry Time:

(a) the Minimum Tender Condition;

(b) all government or regulatory approvals, waiting or suspensory periods, waivers, permits, consents, reviews, orders, rulings, decisions, and exemptions required by law, including, without limitation, those required under the *Investment Canada Act* or those of any provincial securities authorities, stock exchanges or other securities regulatory authorities, shall have been obtained on terms satisfactory to the Offeror, acting reasonably, including:

(i) the applicable waiting period related to merger pre-notification under Part IX of the *Competition Act* shall have expired or been waived by the Commissioner and the Commissioner shall have advised (to the satisfaction of the Offeror, acting reasonably) that she does not intend to oppose the purchase of the Securities under the Offer (which advice shall not have been rescinded or amended) and shall not have made or threatened to make application under the Competition Act in respect of the purchase of the Securities under the Offer, or

(ii) the Commissioner shall have issued an advance ruling certificate in respect of the purchase of the Securities pursuant to Section 102 of the *Competition Act* and shall not have subsequently withdrawn or purported to have withdrawn such advance ruling certificate prior to the acquisition by the Offeror of Securities deposited under the Offer;

(c) no act, action, suit or proceeding shall have been taken before or by any Governmental Entity (including, without limitation, by any individual, company, firm, group or other entity) in Canada or elsewhere, whether or not having the force of Law, and no Law shall have been proposed, enacted, promulgated or applied, in either case:

(i) to cease trade, enjoin, prohibit or impose material and adverse limitations, damages or conditions on the purchase by or the sale to the Offeror of the Securities or the right of the Offeror to own or exercise full rights of ownership of the Securities; or

(ii) which, if the Offer were consummated, would reasonably be expected to cause or create a Company Material Adverse Effect; or

(iii) which would prevent or materially delay the completion of the acquisition by the Offeror of the Securities pursuant to a Compulsory Acquisition or any Subsequent Acquisition Transaction;

(d) there shall not exist any prohibition at Law against the Offeror making the Offer or taking up and paying for any Securities deposited under the Offer or completing any Compulsory Acquisition or Subsequent Acquisition Transaction;

(e) there shall not exist or have occurred (or there shall not have been generally disclosed or discovered) a Company Material Adverse Effect;

(f) the Offeror shall not have become aware of any untrue statement of a material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made and at the date it was made (after giving effect to all subsequent filings filed before the date of the Support Agreement in relation to all matters covered in earlier filings), in any Company Public Document;

(g) the Board of Directors shall not have withdrawn any recommendation made by it that Shareholders accept the Offer or issued a recommendation in a manner that has substantially the same effect;

(h) at the Expiry Time, all representations and warranties of the Company in the Support Agreement: (A) that are qualified by a reference to Company Material Adverse Effect shall be true and correct in all respects; and (B) that are not qualified by a reference to a Company Material Adverse Effect shall be true and correct in all material respects;

(i) the Support Agreement shall not have been terminated;

(j) there shall not have occurred, developed or come into effect or existence any event, action, state, condition, terrorist event, war or financial occurrence of national or international consequence or any Law, action, inquiry or other occurrence of any nature whatsoever which materially adversely affects, or would reasonably be expected to materially adversely affect, the Company and its Subsidiaries (on a consolidated basis); and

(k) the Company shall have observed and performed its covenants in the Support Agreement in all material respects to the extent that such covenants were to have been observed or performed by the Company at or prior to the Expiry Time.

The foregoing conditions are for the exclusive benefit of the Offeror and may be asserted by the Offeror regardless of the circumstances giving rise to any such condition. The Offeror may, in the Offeror's sole discretion, waive any of the foregoing conditions, in whole or in part, at any time and from time to time, both before and after the Expiry

Time, without prejudice to any other rights which the Offeror may have. The failure by the Offeror at any time to exercise any of the foregoing rights will not be deemed to be a waiver of any such right and each such right shall be deemed to be an ongoing right which may be asserted at any time and from time to time.