

# SECURITIES AND EXCHANGE COMMISSION

## FORM T-3/A

Initial application for qualification of trust indentures [amend]

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### FILER

#### **STELCO INC /FI**

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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM T-3/A**  
**(AMENDMENT NO. 1)**

**FOR APPLICATIONS FOR QUALIFICATION OF INDENTURES**  
**UNDER THE TRUST INDENTURE ACT OF 1939**

**STELCO INC.**

386 Wilcox Street, P.O. Box 2030, Hamilton, Ontario, Canada L8N 3T1  
(Address of principal executive offices)

**SECURITIES TO BE ISSUED UNDER THE INDENTURE**  
**TO BE QUALIFIED**

<b>TITLE OF CLASS</b>	<b>AMOUNT</b>
Unsecured Convertible 5.0% Notes due 2011	\$300.0 million*
Secured Convertible 9.5% Notes due 2016	\$225.0 million*

\* plus additional amounts as described in notes (1) and (2) to the table in Item 7(a).

Approximate date of proposed public offering: On the consummation date of the Reorganization referred to herein, which the obligor estimates will occur on or about January 1, 2006. Meetings of holders of Existing Claims (as defined herein) to consider the Reorganization are scheduled to be held on November 15, 2005.

Name and address of agent for service:

Kenneth R. Blackman  
Fried, Frank, Harris, Shriver & Jacobson LLP  
One New York Plaza  
New York, New York 10004-1980

The obligor hereby amends this application for qualification on such date as may be necessary to delay its effectiveness until (i) the 20<sup>th</sup> day after the filing of a further amendment which specifically states that it shall supersede this amendment, or (ii) such date as the Securities and Exchange Commission, acting pursuant to Section 307(c) of the Trust Indenture Act of 1939, may determine upon the written request of the obligor.

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## GENERAL

1. **General information.** *Furnish the following as to the applicant:*
  - (a) *Form of Organization:* A corporation.
  - (b) *State or other sovereign power under the laws of which organized:* Canada.
2. **Securities Act exemption applicable.** *State briefly the facts relied upon by the applicant as a basis for the claim that registration of the indenture securities under the Securities Act of 1933 (the "1933 Act") is not required.*

Registration of the indenture securities is not required by reason of the exemption from registration provided by Section 3(a)(10) of the 1933 Act and for the other reasons described below.

The indenture securities are to be issued in connection with the Plan of Arrangement and Reorganization (the "Reorganization") of Stelco Inc. (the "Applicant" or the "Company") pursuant to the Companies' Creditors Arrangement Act (Canada) and the Canada Business Corporations Act. In the Reorganization, various claims against and securities of the Applicant ("Existing Claims") will be converted into and exchanged for Unsecured Convertible 5.0% Notes due 2011 (the "Unsecured Notes") and Secured Convertible 9.5% Notes due 2016 (the "Secured Notes", and collectively, the "New Notes"), common shares ("New Common Shares") and rights (together with the New Notes and the New Common Shares, the "New Securities") of the Company.

Section 3(a)(10) of the 1933 Act provides an exemption from the registration provisions of the 1933 Act for, in relevant part:

". . . any security which is issued in exchange for one or more bona fide outstanding securities, claims or property interests . . . where the terms and conditions of such issuance are approved, after a hearing upon the fairness of such terms and conditions at which all persons to whom it is proposed to issue securities in such exchange shall have the right to appear, by any court . . ."

The three main elements of the Section 3(a)(10) exemption are (a) an exchange of outstanding securities, claims or property interests, (b) a fairness hearing and (c) court approval of the issuance and exchange. As described in the various documents relating to the Reorganization (the "Meeting Materials") (see Exhibits T3E.1 to T3E.2), each of these elements will be satisfied in connection with the issuance of the New Securities in the Reorganization.

(a) **Exchange of Securities.**

In the course of the Reorganization, the New Securities will be issued in exchange for claims against and securities of the Applicant.

(b) **Fairness Hearing.**

On October 4, 2005, the Ontario Superior Court of Justice (the "Court") authorized the Company to send the Meeting Materials to, among others, various holders of claims against and securities of the Applicant (the "Claimholders").

If the Reorganization is approved by the Claimholders, the Company will apply to the Court for an order approving the Reorganization. All Claimholders will be notified of the hearing by the Meeting Materials and have the right to appear at such hearing and to present evidence or testimony with respect to the fairness of the terms and conditions of the Reorganization to the holders of the Existing Claims.

(c) **Court Approval.**

The Reorganization is subject to the approval of the Court. It is anticipated that the Court will rule on the fairness of the Reorganization to the holders of the Existing Claims. The Court will be advised that its ruling will be the basis for claiming an exemption from registration under the 1933 Act by reason of the exemption afforded by Section 3(a)(10) thereof. The New Notes will be issued only if the Reorganization is approved by the Court.

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The Unsecured Notes which may be issued in the future, at the Company's option, as or in respect of interest on the Unsecured Notes as described in note (1) to the table in Item 7(a) will be issued in transactions not constituting a "sale" within the meaning of Section 2(3) of the 1933 Act.

The Secured Notes which may be issued as commitment fees or pursuant to rights as described in note (2) to the table in Item 7(a) are to be issued in offers and sales that occur outside the United States in transactions exempt from registration under the 1933 Act pursuant to Regulation S thereunder.

## AFFILIATIONS

3. **Affiliates.** *Furnish a list or diagram of all affiliates of the applicant and indicate the respective percentage of voting securities or other bases of control.*

Entity	Ownership Interest
Stelco Inc. (Can.)	
Stelco Holding Company (Del.)	100%
Stelco Coal Company (Penn.)	100%
Olga Coal Company (W. Va.)	10%
Mathies Coal Co. (Penn.)	13.3%
Beckley Coal Co. (W. Va.)	25%
Ontario Iron Co. (Minn.)	10%
Stelco Erie Corporation (Del.)	100%
Kanawha Coal Company (W. Va.)	100%
Ontario Tilden Company (Mich.)	100%
Tilden Mining Company, L.C. (Mich.)	15%
Ontario Coal Company (Del.)	100%
Ontario Hibbing Company (Minn.)	100%
Hibbing Development Company (Minn.)	24.1%
Hibbing Taconite Company (Minn.)	33.3%
Hibbing Taconite Company (Minn.)	6.7%
Chisholm Coal Company (Knty.)	100%
Ontario Eveleth Company (Minn.)	100%
Eveleth Mines LLC (Minn.)	15%
Stelco USA, Inc. (Del.)	100%
Commercial Distribution Services, Inc. (Mich.)	100%
CHT Steel Company Inc. (Ont.)	100%
6076483 Canada Inc. (Can.)	100% common stock
NORAMBAR INC. (Qué.)	100%
6076483 Canada Inc. (Can.)	100% preferred stock
Fers et Métaux Recyclés Ltée (Qué.)	100%
Stelpipe Ltd. (Can.)	100%
Welland Pipe Ltd. (Can.)	100%
AltaSteel Ltd. (Alta.)	100%
GenAlta Recycling Inc. (Can.)	50%
Moly-Cop Canada (Ont.)	50%
6076475 Canada Inc. (Can.)	100% preferred stock
6076475 Canada Inc. (Can.)	100% common stock
Wabush Mines (Qué.)	44.6%
Wabush Lake Railway Company Ltd. (Alta.)	44.6%
Arnaud Railway Company (Qué.)	44.6%
Knoll Lake Minerals Limited (Can.)	26%
Northern Land Company Limited (Nfld.)	22.3%
Twin Falls Power Corporation Limited (Can.)	7.61%
742784 Ontario Inc. (Ont.)	50%
Baycoat Limited (Can.)	50%
Baycoat Partnership (Ont.)	50%
PCI-Hilton Corporation (Ont.)	100%
D.C. Chrome Limited (Ont.)	50%
891059 Ontario Inc. (Ont.)	100%
Z-Line Company (Ont.)	10%
Z-Line Company (Ont.)	50%
3270726 Canada Inc. (Can.)	100%
Stelwire Ltd. (Can.)	100%
The Stelco Plate Company Ltd. (Can.)	100%
Stelfil Ltee. (Qué.)	100%
Stelcam Holdings Inc. (Alta.)	100%

Lake Erie Slab Company Inc. (Ont.)  
Camrose Tubes Limited (Alta.)

100%  
100%

**MANAGEMENT AND CONTROL**

4. **Directors and Executive Officers.** *List the names and complete mailing addresses of all directors and executive officers of the applicant and all persons chosen to become directors or executive officers. Indicate all offices with the applicant held or to be held by each person named.*

Each of the directors and executive officers of the Applicant listed below has the following complete mailing address: 386 Wilcox Street, P.O. Box 2030, Hamilton, Ontario, Canada L8N 3T1.

Name	Office
Richard Drouin	Director, Chairman of the Board
John E. Caldwell	Director
William P. Cooper	Director



Name	Office
Gary J. Lukassen	Director
Douglas W. Mahaffy	Director
The Honourable Barbara J. McDougall	Director
Courtney Pratt	Director, President and Chief Executive Officer
Colin Osborne	Chief Operating Officer and Executive Vice President, Strategy
William E. Vaughan	Senior Vice President, Finance and Chief Financial Officer
G. Blair Cowper-Smith	Corporate Secretary, General Counsel
Jack E. DiCosimo	Vice President, Operations (Stelco Hamilton)
Timothy F. Huxley	Vice President, Corporate Affairs`
Thomas E. Witter	Chief Commercial Officer

A new board which will serve after consummation of the Reorganization will be appointed pursuant to an order of the Court. It is expected that a majority of the board will consist of individuals who are not currently directors of the Company, and it is intended that the new board will remain in place for at least one year following the Reorganization.

5. **Principal owners of voting securities.** *Furnish the following information as to each person owning ten percent or more of the voting securities of the applicant.*

To the best of the knowledge of the Company, as of September 30, 2005, no person beneficially owned or exercised control or direction over more than 10% of the outstanding Series A Convertible Common Shares or the Series B Convertible Common Shares of the Company.

Based upon facts available to the Company, the Company is unable to determine whether any person will own 10% or more of the Company's voting securities following the Reorganization.

#### UNDERWRITERS

6. **Underwriters.** *Give the name and complete mailing address of (a) each person who, within three years prior to the date of filing the application, acted as an underwriter of any securities of the obligor which were outstanding on the date of filing the application, and (b) each proposed principal underwriter of the securities proposed to be offered. As to each person specified in (a), give the title of each class of securities underwritten.*

(a) None.

(b) None.

#### CAPITAL SECURITIES

7. **Capitalization.** *(a) Furnish the following information as to each authorized class of securities of the applicant.*

The following table presents the capitalization, on an unconsolidated basis, of the Company as of September 30, 2005 and as adjusted to give effect to the Reorganization. All dollar amounts are in Canadian dollars.

Title of class	Amount authorized	Amount outstanding as of September 30, 2005	As adjusted to give effect to the Reorganization
Retractable Unsecured 10.4% Debentures due 2009	\$125,000,000	\$125,000,000	-0-
Retractable Unsecured 8% Debentures due 2006	\$150,000,000	\$150,000,000	-0-
Convertible Unsecured Subordinated 9.5% Debentures due 2007	\$ 90,000,000	\$ 90,000,000	-0-
Unsecured Convertible 5.0% Notes due 2011	\$300,000,000 <sup>(1)</sup>	-0-	\$300,000,000
Secured Convertible 9.5% Notes due 2016	\$225,000,000 <sup>(2)</sup>	-0-	\$225,000,000 (2)
Secured Revolving Term Loan	\$350,000,000	-0-	\$350,000,000

Title of class	Amount authorized	Amount outstanding as of September 30, 2005	As adjusted to give effect to the Reorganization
Unsecured Province of Ontario Term Loan <sup>(3)</sup>	\$100,000,000	-0-	\$100,000,000
Series A Convertible Common Shares	Unlimited	101,339,415	-0-
Series B Convertible Common Shares	Unlimited	904,783	-0-
New Common Shares	Unlimited	-0-	1,100,000 shares

- Plus additional Unsecured Convertible 5.0% Notes due 2011 issuable, at the Company's option, as or in respect of interest on
- (1) Unsecured Notes. The Unsecured Notes are convertible into 61.868 New Common Shares, subject to anti-dilution adjustments in certain events, for each \$1,000 principal amount of Unsecured Notes.

- Plus (a) up to \$10.75 million aggregate principal amount of Secured Convertible 9.5% Notes due 2016 issuable in payment of commitment fees and (b) additional Secured Notes issuable pursuant to rights to be granted under the Reorganization and in connection with the Secured Revolving Term Loan to generate proceeds of \$100 million. The Secured Notes are convertible, at the holder's option, into New Common Shares at a conversion price of \$13.50 per New Common Share, subject to anti-dilution adjustments in certain events. Upon maturity, Stelco may elect to repay the Secured Notes by issuing New Common Shares valued at 90% of the Volume Weighted Average Trading Price ("VWAP") of the New Common Shares for the 20 consecutive trading days ending five trading days preceding the date of maturity.
- (2) holder's option, into New Common Shares at a conversion price of \$13.50 per New Common Share, subject to anti-dilution adjustments in certain events. Upon maturity, Stelco may elect to repay the Secured Notes by issuing New Common Shares valued at 90% of the Volume Weighted Average Trading Price ("VWAP") of the New Common Shares for the 20 consecutive trading days ending five trading days preceding the date of maturity.

- In connection with the Province of Ontario Term Loan, the Company will issue to the Province seven-year warrants to purchase approximately 4 million New Common Shares at an exercise price equal to a 100% premium to the VWAP of the New Common Shares for 30 consecutive trading days commencing on the 30th trading day following the date of implementation of the Reorganization.
- (3) Shares for 30 consecutive trading days commencing on the 30th trading day following the date of implementation of the Reorganization.

- (b) Give a brief outline of the voting rights of each class of voting securities referred to in paragraph (a) above.

**Existing Common Shares.** The holders of Series A Convertible Common Shares and Series B Convertible Common Shares are entitled to receive notice of and attend all annual and special meetings of the shareholders of the Company. Each Series A Convertible Common Share and each Series B Convertible Common Share entitles the holder thereof to one vote at all such meetings.

**New Common Shares.** The holders of New Common Shares shall be entitled to one vote per share at all annual and special meetings of shareholders.

## INDENTURE SECURITIES

8. **Analysis of indenture provisions.** Insert at this point the analysis of indenture provisions required under section 305(a)(2) of the Trust Indenture Act of 1939 (the "1939 Act").

The Unsecured Notes and Secured Notes will each be a series of Debt Securities under an indenture (the "New Note Platform Indenture") as supplemented by a first supplemental indenture (the "First Supplemental Indenture") and a second supplemental indenture (the "Second Supplemental Indenture", and together with the New Note Platform Indenture and the First Supplemental Indenture, the "New Note Indenture"), each of which are to be entered into among the Company, CIBC Mellon Trust Company (the "Canadian Trustee") and The Bank of New York (the "U.S. Trustee", and together with the Canadian Trustee, the "New Trustees"), as co-trustees. The following is a summary of certain provisions of the New Note Indenture. Capitalized terms used herein and not otherwise defined will have the definitions assigned to such terms in the New Note Platform Indenture. Section references in parentheses refer to sections of the New Note Platform Indenture, unless otherwise stated. This summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the New Note Indenture.

### **(A) Defaults Under the New Note Indenture.**

The following are Events of Default with respect to Debt Securities of any series issued under the New Note Indenture:

- (i) if the Company defaults in payment of the principal of any Debt Security of that series when the same becomes due;

- (ii) if the Company defaults in payment of any interest due on any Debt Security of that series and such default continues for a period of 30 days;  
if the Company neglects to carry out or observe any other covenant or condition in the New Note Indenture in respect of a Debt Security of that series on its part to be observed or performed and, after notice in writing has been given by the New Trustees to the Company specifying such default and requiring the Company to put an end to the same (which notice may be given by the
- (iii) New Trustees in their discretion and must be given by the New Trustees upon request by the holders of not less than 35% in principal amount of the outstanding Debt Securities of all series affected thereby (as one class)), the Company fails to make good such default within a period of 90 days unless the New Trustees (having regard to the subject matter of the neglect or non-observance) agree to a longer period, and in such event, within the period agreed to by the New Trustees;  
if the Company defaults under any obligation to repay borrowed money (other than the Debt Securities of that series or any such obligation of any partnership or unincorporated joint venture of which the Company is a partner or a party and holds not more than 50% of the ownership interests therein) pursuant to which the Company has outstanding any indebtedness in an aggregate amount in excess of Cdn.\$50,000,000, and such default has resulted in the acceleration of the maturity of such obligation,
- (iv) provided that such default has not been waived by the obligee prior to the New Trustees taking any action pursuant to the terms of the New Note Indenture or provided that such event of default is not in good faith disputed by the Company, but in that event the Company will, if the New Trustees so require, give security which, in the reasonable discretion of the New Trustees, is sufficient to pay in full any amount claimed in respect of such dispute in case the acceleration of the obligation is held to be valid;  
if an order is made or an effective resolution passed for the winding-up, liquidation or dissolution of the Company, except in the
- (v) course of carrying out, or pursuant to, a transaction which is permitted in the Successor Corporation provisions of the New Note Indenture;  
if the Company makes a general assignment for the benefit of its creditors or institutes any other proceeding for relief under any
- (vi) bankruptcy or insolvency law, or is declared bankrupt, or if a custodian or a sequestrator or a receiver and manager or any other person with similar powers is appointed in respect of the Company or of all the property of the Company or a substantial party thereof;  
if an encumbrancer takes possession of all or a substantial part of the property of the Company, or if a distress or execution or
- (vii) any similar process is levied or enforced against such property and remains unsatisfied for such period as would permit such property or such part thereof to be sold thereunder and in either case such possession or process has not been contested in good faith and stayed within a period of 60 days thereafter; or
- (viii) any other Event of Default provided with respect to the Debt Securities of that series. (Section 6.01)

**(B) Authentication and Delivery; Application of Proceeds.**

Debt Securities may be executed on behalf of the Company by any two of the chief executive officer, the president, any executive vice-president or senior vice-president or by any one of the aforesaid officers together with any one of the secretary, the treasurer, or any assistant secretary or assistant treasurer of the Company. The Debt Securities may, but need not, be under the corporate seal of the Company or a reproduction thereof (which reproduction will for such purposes be deemed to be the corporate seal of the Company). The signature of any of these officers on the Debt Securities may be manual or facsimile. (Section 2.05)

At any time and from time to time after the execution and delivery of the New Note Indenture, the Company may deliver Debt Securities executed on behalf of the Company to the New Trustees for certification or authentication, pursuant to an Order of the Company applicable thereto and evidence of compliance in accordance with the provisions of the New Note Indenture and Applicable Law. Upon receipt by the New Trustees of an Order of the Company applicable to such Debt Securities and such evidence of compliance, the New Trustees shall certify or authenticate and deliver such Debt Securities in the manner specified in such Order of the Company. (Section 2.06)

No Holder shall be entitled to any right or benefit under the New Note Indenture with respect to a Debt Security, and such Debt Security will not be valid or binding for any purpose, unless such Debt Security has been certified or authenticated, substantially in the form provided for in the related Supplemental Indenture, by the New Trustees, as evidenced by the manual signature of an authorized signing officer of the New Trustees. Such certification or authentication upon any Debt Security shall be conclusive evidence, and the only evidence, that such Debt Security has been issued under the New Note Indenture and is a valid obligation of the Company and that the Holder is entitled to the benefit thereof. (Section 2.06)

**(C) Release and Substitution of Property Subject to Lien.**

The New Trustees will not at any time release Collateral from the security interest created by the New Note Indenture and the Security Documents unless such release is in accordance with the provisions of the New Note Indenture and the Security Documents, including any requirement to obtain an opinion of counsel. (Second Supplemental Indenture, Section 10.03)

The release of any Collateral from the terms of the Security Documents will not be deemed to impair the security interest created by the New Note Indenture in contravention of the provisions thereof if and to the extent the Collateral is released pursuant to the New Note Indenture and the Security Documents. (Second Supplemental Indenture, Section 10.03)

Subject to and in accordance with the provisions of the New Note Indenture and the Security Documents, so long as no Event of Default has occurred and is continuing, the Company will have the right to remain in possession and retain exclusive control of the Collateral, to sell or otherwise dispose of inventory in the ordinary course of business, to collect, sell or otherwise dispose of accounts receivable in the ordinary course of business, to operate, manage, develop, lease, use, consume and enjoy the Collateral, to alter or repair any Collateral consisting of machinery or equipment so long as such alterations and repairs do not diminish the value thereof or impair the lien of the security documents thereon and to collect, receive, use, invest and dispose of the reversions, remainders, interest, rents, lease payments, issues, profits, revenues, proceeds and other income thereof. (Second Supplemental Indenture, Section 10.04)

The Company will be entitled to obtain a full release of all of the Collateral from the lien of the New Note Indenture and of the Security Documents upon compliance with the conditions precedent for a release upon full payment of the Secured Notes or upon compliance with the conditions precedent set forth in the New Note Indenture for satisfaction and discharge of the New Note Indenture or for defeasance as set forth in the New Note Indenture. Upon delivery by the Company to the New Trustees of an officers' certificate and an opinion of counsel, each to the effect that such conditions precedent have been complied with (and which may be the same officers' certificate and opinion of counsel otherwise required), the New Trustees will forthwith take all necessary action (at the request of and the expense of the Company) to release and reconvey to the Company all of the Collateral, and will deliver such Collateral in its possession to the Company, including, without limitation, the execution and delivery of releases and satisfactions wherever required. (Second Supplemental Indenture, Section 10.05)

The Company will be entitled to obtain a release of, and the New Trustees will release, items of Collateral (the "Released Interests") subject to a Non-Core Asset Sale (as defined in the Second Supplemental Indenture) upon compliance with the conditions precedent that the Company will have delivered to the New Trustees the following:

- (i) a company order requesting release of Released Interests, such company order (a) specifically describing the proposed Released Interests and (b) certifying that the Released Interests consist only of Non-Core Assets;
- (ii) an officers' certificate certifying that all conditions precedent to such release have been complied with; and
- (iii) an opinion of counsel to the effect that all conditions precedent to such release have been complied with.

Upon compliance by the Company with, to the extent applicable, the conditions precedent set forth above, the New Trustees will cause to be released and reconveyed to the Company the Released Interests and any proceeds generated on a Non-Core Asset Sale may be used by the Company without restriction. (Second Supplemental Indenture, Section 10.05)

The Company will be entitled to obtain a release of, and the New Trustees will release, items of Collateral taken by eminent domain or expropriation or sold pursuant to the exercise by Canada, the United States of America or any State, municipality, province or governmental authority thereof of any right which it may then have to purchase, or to designate a purchaser or to order a sale of, all or part of the Collateral, upon compliance with the conditions precedent that the Company will have delivered to the New Trustees the following:

- (i) an officers' certificate certifying that (a) such Collateral has been taken by eminent domain or expropriation and the amount of the award therefor, or that such property has been sold pursuant to a right vested in Canada, the United States of America, or a State, municipality, province or other governmental authority thereof to purchase, or to designate a purchaser, or order a sale of such Collateral and the amount of the proceeds of such sale, and (b) all conditions precedent to such release have been complied with; and
- (ii) an opinion of counsel to the effect that all conditions precedent to such release have been complied with.

Upon compliance by the Company with, to the extent applicable, the conditions precedent set forth above, the New Trustees will cause to be released and reconveyed to the Company the Collateral property taken by eminent domain or expropriation or sold as described immediately above. Cash equal to the amount of the award for such property or the proceeds of such sale shall be held or used in accordance with the Security Documents. (Second Supplemental Indenture, Section 10.05)

So long as no Event of Default has occurred and is continuing or would result, the Company may, without any prior release or consent by the New Trustees, (a) conduct ordinary course activities in respect of the Collateral which do not individually or in the aggregate adversely affect the value of the Collateral, including: selling or otherwise disposing of cash equivalents; selling or otherwise disposing of inventory in the ordinary course of business; collecting, selling or otherwise disposing of accounts receivable in the ordinary course of business; selling or otherwise disposing of any property subject to the lien of the New Note Indenture and the Security Documents which has become worn out or obsolete in any single transaction or series of related transactions which have a fair market value of Cdn.\$1,000,000 or less or through the replacement by property of substantially equivalent or greater value; abandoning, terminating, canceling, releasing or making alterations in or substitutions of any leases or contracts subject to the lien of the New Note Indenture or any of the Security Documents; surrendering or modifying any franchise, license or permit subject to the lien of the New Note Indenture or any of the Security Documents which it may own or under which it may be operating; altering, repairing, replacing, changing the location or position of and adding to its structures, machinery, systems, equipment, fixtures and appurtenances; demolishing, dismantling, tearing down or scrapping any fixed asset Collateral or abandoning any thereof; granting a nonexclusive license of any intellectual property; and abandoning intellectual property which has become obsolete and not used in the business and (b) sell or otherwise dispose of any Collateral provided such sale or disposition is in accordance with the terms of the Security Documents. (Second Supplemental Indenture, Section 10.06)

To the extent applicable, and in addition to any other requirements of the New Note Indenture, the Company will cause Section 314(d)(1) of the TIA relating to the release of property or securities from the lien thereof and of the Security Documents to be complied with. The Company shall not be required to comply with the first sentence of this paragraph in respect of transactions undertaken pursuant to clause (a) of the preceding paragraph, provided that the Company shall deliver to the New Trustees on or before August 29, 2006 and within 60 days following each December 31 and June 30 thereafter a certificate (signed by two officers) to the effect that all of the transactions undertaken by the Company pursuant to clause (a) of the preceding paragraph during the preceding semi-annual period were in the ordinary course of the Company's business and that all proceeds therefrom were used by the Company as permitted by the New Note Indenture and the Security Documents. (Second Supplemental Indenture, Section 10.13)

The fair value of Collateral released from the lien of the New Note Indenture and the Security Documents pursuant to clause (a) of the paragraph prior to the preceding paragraph will not be considered in determining whether the aggregate fair value of Collateral released from the lien of the New Note Indenture and the Security Documents in any calendar year exceeds the 10% threshold specified in Section 314(d)(1) of the TIA; provided that the Company's right to rely on this sentence at any time is conditioned upon the Company having furnished to the New Trustees the certificates described in the preceding paragraph that were required to be furnished to the New Trustees at or prior to such time. It is expressly understood that the preceding paragraph and this paragraph relate only to the Company's obligations under the TIA and will not restrict or otherwise affect the Company's and its subsidiaries' rights or abilities to release Collateral pursuant to the terms of the New Note Indenture and the Security Documents or as otherwise permitted by the New Trustees under the New Note Indenture and the Security Documents. (Second Supplemental Indenture, Section 10.13)

Notwithstanding anything to the contrary, the Company will not be required to comply with all or any portion of Section 314(d) of the TIA if the Company determines, in good faith based on advice of counsel, that, under the terms of (a) Section 314(d) of the TIA, or (b) any interpretation or guidance, or both, as to the meaning thereof of the Securities and Exchange Commission or its staff, including publicly available "no action" letters or exemption orders, all or any portion of Section 314(d) of the TIA is inapplicable to all or any part of the Collateral or the release, deposit or substitution thereof. (Second Supplemental Indenture, Section 10.13)

**(D) Satisfaction and Discharge.**

The New Note Indenture will, upon request of the Company, cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Debt Securities provided for therein, rights to receive payments of principal of (and premium, if any) and interest thereon and as to any indemnification of the New Trustees by the Company), and the New Trustees will execute proper instruments acknowledging satisfaction and discharge of the New Note Indenture, when:

(a) either:

(i) all Debt Securities theretofore certified and delivered (other than (A) Debt Securities that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.10 of the New Note Platform Indenture and (B) Debt Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Company and thereafter repaid to the Company or discharged from such trust, as provided in Section 5.03 of the New Note Platform Indenture) have been delivered to the New Trustees for cancellation; or

(ii) all such Debt Securities not theretofore delivered to the New Trustees for cancellation:

A. have become due and payable;

B. will become due and payable at their Stated Maturity within one year; or

C. are to be called for redemption within one year under arrangements satisfactory to the New Trustees for the giving of notice by the New Trustees in the name, and at the expense, of the Company;

and the Company, in the case of the provisions outlined in paragraphs (a)(ii) A., B. or C. above, has irrevocably deposited or caused to be deposited with the New Trustees as trust funds in trust an amount sufficient to pay and discharge the entire indebtedness on such Debt Securities and coupons for principal (and premium, if any) and interest to the date of such deposit (in the case of Debt Securities and coupons that have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(b) the Company has paid or caused to be paid all other sums payable hereunder by the Company; and

the Company has delivered to the New Trustees a Certificate of the Company and an opinion of counsel stating that all

(c) conditions precedent herein provided related to the satisfaction and discharge of the New Note Indenture have been complied with.

Notwithstanding the satisfaction and discharge of the New Note Indenture, the obligations of the Company to the New Trustees with respect to compensation and indemnity and, if money has been deposited with the New Trustees pursuant to paragraph (a)(ii) above, the obligations of the New Trustees with respect thereto as provided in the New Note Indenture, will survive. (Section 11.11)

Subject to the provisions of the New Note Platform Indenture, all money deposited with the New Trustees in connection with a satisfaction and discharge of the New Note Indenture will be

held in trust and applied by them, in accordance with the provisions of the Debt Securities, the coupons relating thereto and the New Note Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as its own Paying Agent) as the New Trustees may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the New Trustees. (Section 11.11)

**(E) Evidence of Compliance with Conditions and Covenants.**

The Company will, on or before June 1 in each year and at any other reasonable time if requested by the New Trustees, furnish to the New Trustees a Certificate of the Company stating that the Company has complied with all covenants, conditions and other requirements contained in the New Note Indenture, non-compliance with which would, with the giving of notice, lapse of time, or otherwise, constitute an Event of Default thereunder or, if such is not the case, specifying the covenant, condition or other requirement that has not been complied with and giving particulars of such non-compliance and its current status and the action, if any, the Company has taken or proposes to take with respect thereto to eliminate such circumstance and remedy such Event of Default, as the case may be. (Section 5.04)

The Company will promptly notify the New Trustees in writing upon becoming aware of the occurrence of any Event of Default. (Section 5.04)



If the Debt Securities of any series are secured by a mortgage or pledge of property, the Company will comply with Section 314(b) of the TIA. (Section 5.04) As such, the Company will furnish to the New Trustees (a) promptly after the execution and delivery of the indenture, an opinion of counsel either stating that in the opinion of such counsel the indenture has been properly recorded and filed so as to make effective the lien intended to be created thereby, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to make such lien effective and (b) at least annually after the execution and delivery of the indenture, an opinion of counsel either stating that in the opinion of such counsel such action has been taken with respect to the recording, filing, re-recording, and re-filing of the indenture as is necessary to maintain the lien of such indenture, and reciting the details of such action, or stating that in the opinion of such counsel no such action is necessary to maintain such lien.

Upon any request or application by the Company to the New Trustees to take or refrain from taking any action under the New Note Indenture, the Company will furnish upon request to the New Trustees evidence of compliance with the conditions precedent provided for in the New Note Indenture. Such evidence will consist of: (i) a certificate of the Company and (ii) an opinion of counsel, each stating that such conditions precedent of the New Note Indenture have been complied with in accordance with the terms of the New Note Indenture. Evidence furnished to the New Trustees under these provisions of the New Note Indenture must include the statements required by Section 314(e) of the 1939 Act. (Sections 12.05 and 12.06)

9. **Other obligors.** Give the name and complete mailing address of any person, other than the applicant, who is an obligor upon the indenture securities.

None.

10. **Contents of application for qualification.** This application for qualification comprises:

- (a) Pages numbered 1 to 15 consecutively.
- (b) The statements of eligibility and qualification on Form T-1 of The Bank of New York as co-trustee under the New Note Indenture are being filed as exhibits hereto.
- (c) The following exhibits in addition to those filed as a part of the Forms T-1:

Exhibit Number	Description
T3A*	Articles of Incorporation of Stelco Inc.
T3B*	By-Laws of Stelco Inc.
T3C.1**	Form of Indenture among Stelco Inc., CIBC Mellon Trust Company and The Bank of New York, as co-trustees
T3C.2**	Form of First Supplemental Indenture among Stelco Inc., CIBC Mellon Trust Company and The Bank of New York, as co-trustees, relating to the Unsecured Convertible 5.0% Notes due 2011
T3C.3**	Form of Second Supplemental Indenture among Stelco Inc., CIBC Mellon Trust Company and The Bank of New York, as co-trustees, relating to Secured Convertible 9.5% Notes due 2016
T3D.1*	Claims Procedure Order and Meeting Order of Ontario Superior Court of Justice (included as Exhibits C and D to the Information Circular filed as Exhibit T3E.1 hereto)
T3E.1*	Notice of Proceedings and Meetings and Information Circular of Stelco Inc.
T3E.2*	Form of Proxy for Claimholders (included in the Meeting Order included as Exhibit D to the Information Circular filed as Exhibit T3E.1 hereto)
T3F**	See the Cross-Reference Table contained in the Form of Indenture filed as Exhibit T3C.1
25.1*	Form T-1 of The Bank of New York for Unsecured Convertible 5.0% Notes due 2011
25.2*	Form T-1 of The Bank of New York for Secured Convertible 9.5% Notes due 2016

\* Previously filed.

\*\* Filed herewith.



SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the applicant, Stelco Inc., a corporation organized and existing under the laws of Canada, has duly caused this amendment to Form T-3 to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto fixed and attested, all in the City of Hamilton, Province of Ontario, Canada, on the 31<sup>st</sup> of October, 2005.

STELCO INC.

By: /s/ William E. Vaughan

Name: William E. Vaughan

Title: Senior Vice President, Finance  
and Chief Financial Officer

EXHIBITS TO  
STELCO INC.  
APPLICATION FOR QUALIFICATION  
OF INDENTURES  
UNDER THE TRUST INDENTURE ACT OF 1939  
ON FORM T-3

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## EXHIBIT INDEX

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\* Previously filed.

\*\* Filed herewith.



**STELCO INC.**

and

**CIBC MELLON TRUST COMPANY**

as

**Canadian Trustee**

and

**THE BANK OF NEW YORK**

as

**U.S. Trustee**

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**TRUST INDENTURE**

**made as of , 2006**

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**McCARTHY TÉTRAULT LLP**

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Reconciliation and tie between Trust Indenture Act of 1939 (United States) and the Trust Indenture between Stelco, Inc., CIBC Mellon Trust Company and The Bank of New York.

Trust Indenture Act Section		Indenture Section
§310	(a)(1)	7.10
	(a)(2)	7.10
	(a)(3)	7.12
	(a)(4)	N.A.
	(a)(5)	7.10
	(b)	7.10
§311	(c)	N.A.
	(a)	7.11
	(b)	7.11
§312	(c)	N.A.
	(a)	2.13(1)
	(b)	2.13(2)
§313	(c)	2.13(2)
		7.06
§314	(a)	5.04
	(b)	5.04
	(c)(1)	12.05
	(c)(2)	12.05
	(c)(3)	N.A.
	(d)	5.04
	(e)	12.06
	(f)	N.A.
§315	(a)	7.01
	(b)	7.05
	(c)	7.01
	(d)	7.01
	(e)	6.12
§316	(a) last sentence)	1.02
	(a)(1)(A)	6.07
	(a)(1)(B)	6.04
	(a)(2)	N.A.
	(b)	6.09
	(c)	1.09(3)
§317	(a)	6.10, 6.11
§318	(a)	1.06

N.A. means not applicable.

Note: This reconciliation and tie will not, for any purpose, be deemed to be a part of the Indenture.



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13.01 Counterparts and Formal Date

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## TRUST INDENTURE

THIS TRUST INDENTURE is made as of , 2006

BETWEEN

STELCO INC., a corporation existing under the laws of Canada (the “**Corporation**”)

– and –

CIBC MELLON TRUST COMPANY, a trust company existing under the laws of Canada (the “**Canadian Trustee**”) and THE BANK OF NEW YORK, a New York banking corporation (the “**U.S. Trustee**” and together with the Canadian Trustee, the “**Trustee**”)

**WHEREAS** the Corporation wishes to issue from time to time Debt Securities (as hereinafter defined) in the manner provided for in this Indenture;

**NOW THEREFORE**, in consideration of the premises and the covenants and agreements herein contained, the sum of \$1.00 and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

### ARTICLE 1 – INTERPRETATION

#### 1.01 Definitions

In this Indenture, unless something in the subject-matter or context is inconsistent therewith:

“**Act**” or “**Act of Holders**”, when used with respect to any Holders, has the meaning specified in Section 1.09(1).

“**Affiliate**” means any Person which, directly or indirectly, controls or is controlled by or is under common control with the Corporation and, for purposes of this definition, “**control**” means the beneficial ownership, directly or indirectly, of more than 50% of the Voting Shares of the subject corporation and “**controlling**” and “**controlled**” have corresponding meanings.

“**Applicable Law**” means, at any time, with respect to any Person, property, transaction, event or other matter, as applicable, all laws, rules, statutes, regulations, treaties, orders, judgments and decrees, and all official requests, directives, rules, guidelines, orders, policies, practices and other requirements of any Governmental Authority relating or applicable at such time to such Person, property, transaction, event or other matter, and also includes any interpretation thereof by any Person having jurisdiction over it or charged with its administration or interpretation.

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“**Applicable Securities Law**” means any Applicable Law in any jurisdiction regulating, or regulating disclosure with respect to, any sale or distribution of securities in, or to residents of, such jurisdiction.

“**Authorized Investments**” has the meaning specified in Section 11.12(1).

“**Board of Directors**” means either the board of directors of the Corporation, the executive or any other committee of that board or any group of directors of the Corporation duly authorized to make a decision on the matter in question.

“**Book-Based System**” means, in relation to the Global Debt Securities of a Series, the debt clearing, record entry, securities transfer and pledge systems and services established and operated by or on behalf of the related Depository for such Series (including where applicable pursuant to one or more agreements between such Depository and its Participants establishing the rules and procedures for such systems and services) or any successor system or services thereof.

“**Business Day**” means a day that is not a Saturday, Sunday or civic or statutory holiday or other day which banks are required or authorized to be closed in Toronto, Ontario or in New York, New York.

“**Canadian Commissions**” has the meaning specified in Section 5.04(2)(a).

“**Canadian Dollar**” or “**Dollar**” or “**\$**” means lawful currency of Canada.

“**Canadian generally accepted accounting principles**” means generally accepted accounting principles established from time to time by the Canadian Institute of Chartered Accountants.

“**Canadian Trustee**” means CIBC Mellon Trust Company and its successors in the trusts hereby created as Canadian Trustee.

“**CDS**” means The Canadian Depository for Securities Limited, together with its successors from time to time.

“**Certificate of the Corporation**”, “**Order of the Corporation**” and “**Request of the Corporation**” mean, respectively, a written certificate, order or request signed in the name of the Corporation by its chief executive officer or president or an executive vice-president or senior vice-president and, in addition, by its secretary or assistant secretary or treasurer or another executive vice-president or senior vice-president, and may consist of one or more instruments so executed and delivered to the Trustee.

“**Certified Resolution**” means a copy of a resolution certified by the secretary or assistant secretary of the Corporation to have been duly adopted by the Board of Directors and to be in full force and effect and unamended on the date of such certification.

“**Certifying Agent**” or “**Authenticating Agent**” mean, in relation to a Series, the Person appointed in or pursuant to the related Supplemental Indenture as the certifying or authenticating

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agent for such Series, in such capacity, together with such Person's successor from time to time in such capacity.

**"Clearing Agency"** means, in relation to a Series issuable in whole or in part in the form of one or more Global Debt Securities, (i) CDS, or (ii) any other organization recognized as a "clearing agency" pursuant to Applicable Securities Law, specified for such purpose in the related Supplemental Indenture.

**"Corporation"** means Stelco Inc. and also every Successor Corporation that has complied with the provisions of 8.01(a).

**"Counsel"** means in the case of Counsel to the Corporation, any barrister, solicitor or other lawyer or firm of barristers, solicitors or other lawyers retained or employed by the Corporation and acceptable to the Trustee and means in the case of Counsel to the Trustee, any barrister, solicitor or other lawyer or firm of barristers, solicitors or other lawyers retained or employed by the Trustee (who may, except as otherwise expressly provided in this Indenture, be Counsel to the Corporation).

**"Covenant Defeasance"** has the meaning specified in Section 11.03.

**"Debt Security"** means any bond, debenture, note or other similar evidence of indebtedness of any kind, nature or description whatsoever issued under this Indenture and certified pursuant to this Indenture and for the time being outstanding.

**"Default Interest"** has the meaning specified in Section 4.02(4).

**"Definitive Debt Securities"** means, with respect to a Series, Debt Securities in registered form, in the definitive form specified or provided for in the related Supplemental Indenture.

**"Depository"** means, with respect to a Series issuable in whole or in part in the form of one or more Global Debt Securities, the Clearing Agency designated in or pursuant to the related Supplemental Indenture as the depository for such Series, together with its successors in such capacity.

**"Director"** means a director of the Corporation for the time being, and reference, without more, to action by the Directors means action by the directors of the Corporation as a board or, whenever duly empowered, action by a committee of the board.

**"Event of Default"** means, with respect to a Series, any of the events identified in Section 6.01 or in the related Supplemental Indenture, as being an Event of Default with respect to such Series.

**"Global Debt Security"** means a Debt Security of a Series in global form

**"Governmental Authority"** means, when used with respect to any Person, any government, parliament, legislature, regulatory authority, agency, tribunal, department, commission, board, instrumentality, court, arbitration board or arbitrator or other law, regulation or rule-making entity (including a Minister of the Crown, any central bank, Superintendent of Financial

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Institutions or other comparable authority or agency) having or purporting to have jurisdiction on behalf of, or pursuant to the laws of, Canada or any country in which such Person is incorporated, continued, amalgamated, merged or otherwise created or established or in which such Person has an undertaking, carries on business or holds property, or any province, territory, state, municipality, district or political subdivision of any such country or of any such province, territory or state of such country.

“**Government Securities**” means securities that are (i) direct obligations of the government of Canada for the timely payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the government of Canada the payment of which is unconditionally guaranteed as a full faith and credit obligation by the government of Canada.

“**Holder**” means the Person in whose name a Debt Security is registered in the relevant Register in accordance with this Indenture (and including, for greater certainty, in the case of any Global Debt Security, the applicable Depository or its nominee in whose name such Global Debt Security is registered, as the case may be).

“**Interest Payment Date**” means the date upon which interest is payable in accordance with the terms of the Debt Security.

“**Legal Defeasance**” has the meaning specified in Section 11.02.

“**Lien**” means, with respect to any property, any mortgage, deed of trust, hypothec, charge, pledge, lien, security interest, title retention or other encumbrance of any nature or kind whatsoever, howsoever created or arising.

“**Maturity**” means, with respect to any principal of a Debt Security, the date on which such principal becomes due and payable, whether at Stated Maturity or by declaration of acceleration, call for redemption, repayment at the option of the Holder or otherwise.

“**Notice**” means any notice, document or other communication required or permitted to be given under this Indenture or any other Series Specific Document.

“**Office**” or “**Agency**” means, with respect to a Series, an office or agency of the Corporation, a Trustee, the related Registrar or the related Paying Agent, as the case may be, maintained or designated as the Place of Payment for such Series pursuant to this Indenture or the related Supplemental Indenture or any other office or agency of the Corporation, a Trustee, the related Registrar or the related Paying Agent, as the case may be, maintained or designated for such Series pursuant to this Indenture or the related Supplemental Indenture.

“**Opinion of Counsel**” means a written opinion addressed to the Trustee (among other addressees) by Counsel who will be reasonably satisfactory to the Trustee.

“**Original Currency**” has the meaning specified in Section 4.03.

“**Other Currency**” has the meaning specified in Section 4.03.

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“**Other Series Agent**” means, with respect to any Series, a Person appointed in or pursuant to the related Supplemental Indenture to act in any agency or other identified capacity (other than as Depository, Transfer Agent, Registrar or Paying Agent) for such Series, together with such Person’s successors from time to time in such capacity.

“**Participant**” means, in relation to a Depository, a broker, dealer, bank or other financial institution or other Person on whose behalf such Depository or its nominee holds Debt Securities pursuant to a Book-Based System operated by such Depository.

“**Paying Agent**” means, in relation to a Series, the Person or Persons authorized by the Corporation to pay the principal (and premium, if any) or interest on any Debt Securities thereto on behalf of the Corporation.

“**Person**” means an individual, corporation, limited or unlimited liability company, general or limited partnership, joint venture, unincorporated organization, trust, trustee, executor, administrator, or other legal representative or Governmental Authority and pronouns have a similarly extended meaning.

“**Place of Payment**” means, in relation to a Series, the place or places where the principal of and any premium, interest and other amounts on such Series are payable as specified in the related Supplemental Indenture.

“**Plan**” means the Plan of Arrangement and Reorganization pursuant to the Companies’ Creditors Arrangement Act (Canada) and the *Canada Business Corporations Act* involving Stelco Inc., Stelpipe Ltd., Stelwire Ltd., CHT Steel Company Inc. and Welland Pipe Ltd.

“**Principal Terms**” has the meaning specified in Section 2.02.

“**Proceeding**” means any suit, action or other judicial or administrative proceeding.

“**property**” means any asset, revenue or any other property or property right or interest, whether tangible or intangible, real or personal, including any right to receive income.

“**Redemption Date**”, with respect to a Debt Security to be redeemed, means the date fixed for such redemption by or pursuant to the related Supplemental Indenture.

“**Redemption Price**” means, when used with respect to any Debt Security to be redeemed, the price at which it is to be redeemed by or pursuant to the related Supplemental Indenture.

“**Registrar**” means, in relation to a Series, the Person appointed in or pursuant to the related Supplemental Indenture as the registrar for such Series, in such capacity, together with such Person’s successors from time to time in such capacity.

“**Regular Interest Record Date**” means, with respect to a Series and related Interest Payment Date, the date specified in or determined pursuant to the related Supplemental Indenture as the record date for the determination of the Holders to which interest on such Series is payable on such Interest Payment Date, provided that, if the related Supplemental Indenture does not contain any provision specifying or setting out the manner to determine such date, the Regular Interest

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Record Date for such Series means (i) the fifteenth Business Day of the month immediately preceding the month in which such Interest Payment Date occurs, if such Interest Payment Date is the fourteenth or any preceding day of a month, and (ii) the last Business Day of the month immediately preceding the month in which such Interest Payment Date occurs, if such Interest Payment Date is the fifteenth or any subsequent day of a month.

“**Replacement Agent**” has the meaning specified in Section 2.12(1).

“**SEDAR**” has the meaning specified in Section 5.04(2).

“**Series**” means all Debt Securities of the same type issued pursuant to the same Supplemental Indenture, the Principal Terms of which are, subject to the last sentence of Section 2.02, identical, whether or not such Debt Securities have been or are to be issued on the same date.

“**Series Specific Documents**” means, in relation to a Series, (i) this Indenture including the related Supplemental Indenture, (ii) all Debt Securities of such Series, (iii) all other documents and agreements, including those creating any Series Specific Lien for such Series identified in the related Supplemental Indenture as a Series Specific Document for such Series, and (iv) all other agreements, documents, certificates and instruments delivered by the Corporation to the Trustee pursuant to, or in respect of, any of the agreements, documents, certificates or instruments referred to in any of the preceding clauses of this definition, in each case as the same may from time to time be supplemented, amended, consolidated or restated.

“**Series Specific Lien**” has the meaning specified in Section 4.04(4).

“**Special Interest Record Date**” has, with respect to the payment of any Default Interest on a Series, the meaning specified in Section 4.02(4)(a).

“**Stated Maturity**” means, with respect to any principal of or accrued interest on a Debt Security, the fixed date specified in the related Supplemental Indenture on which such principal or interest is due and payable.

“**Successor Corporation**” has the meaning attributed thereto in Section 8.01(a).

“**Supplemental Indenture**” has the meaning specified in Section 10.01.

“**TIA**” means the *U.S. Trust Indenture Act of 1939*, as amended.

“**Transfer Agent**” means, in relation to a Series, the Person appointed in or pursuant to the related Supplemental Indenture as the transfer agent for such Series, in such capacity, together with such Person’s successor from time to time in such capacity.

“**Trust Indenture**”, “**Indenture**”, “**herein**”, “**hereby**”, “**hereof**” and similar expressions mean or refer to this trust indenture as originally executed and as the same may be supplemented or amended from time to time by any indenture, deed or instrument supplemental or ancillary hereto, and the expressions “**Article**” and “**Section**” followed by a number refer to the specified Article or Section of this Indenture.

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“**Trust Indenture Legislation**” means, at any time, the provisions of (i) the *Canada Business Corporations Act* and the regulations thereunder as amended or re-enacted from time to time, (ii) the provisions of any other applicable statute of Canada or any province thereof, and (iii) the TIA and regulations thereunder, in each case, relating to trust indentures and the rights, duties and obligations of trustees under trust indentures and of corporations issuing debt obligations under trust indentures to the extent that such provisions are at such time in force and applicable to this Indenture, provided that clauses (i) and (ii) do not apply to or govern the U.S. Trustee.

“**Trustee**” means the U.S. Trustee and the Canadian Trustee or either of them, as the context may require.

“**Trust Officer**” means when used with respect to the Trustee, any vice president, assistant vice president, assistant treasurer, employee or trust officer within the corporate trust department of the Trustee (or any successor unit, department or division of the Trustee) located at the corporate trust office of the Trustee who has direct responsibility for the administration of this Indenture and will also mean, with respect to a particular corporate trust matter, any other agent or officer of the Trustee to whom any corporate trust matter is referred because of his or her knowledge of and familiarity with the particular subject.

“**U.S. \$**” means lawful currency of the United States.

“**U.S. Trustee**” means The Bank of New York and its successors in the trusts hereby created as US Trustee.

“**Voting Shares**” means shares of capital stock of any corporation carrying voting rights under all circumstances, provided, however, that shares which only carry the right to vote conditionally on the happening of an event will not be considered Voting Shares nor will any shares be deemed to cease to be Voting Shares solely by reason of a right to vote accruing to shares of another class by reason of the happening of any such event.

Words importing the singular number include the plural and *vice versa* and words importing any gender include all genders. The term “**including**” means “including without limiting the generality of the foregoing”.

Any reference in this Indenture to any act, statute, regulation, policy statement, instrument or Section thereof will be deemed to be a reference to such act, statute, regulation, policy statement, instrument or Section as amended, re-enacted or replaced from time to time.

#### 1.02 **Meaning of “outstanding” for Certain Purposes**

Every Debt Security certified and delivered by the Trustee hereunder will be deemed to be “outstanding” until it is cancelled or delivered to the Trustee for cancellation or money, Government Securities or other securities as permitted by the terms of the related Debt Security for the payment, purchase or redemption thereof is set aside pursuant to Article 11, provided, however, that:

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- (a) Debt Securities that have been partially redeemed will be deemed to be outstanding only to the extent of the unredeemed part of the principal amount thereof;
- (b) if a new Debt Security has been issued in substitution for a Debt Security that has been mutilated, lost, stolen or destroyed, only one of them will be counted for the purpose of determining the aggregate principal amount of the Debt Security outstanding; and for the purpose of any provision of this Indenture entitling holders of Debt Securities to vote, sign consents, requests or other instruments or take any other action under this Indenture, Debt Securities owned legally or equitably by the Corporation or any Affiliate will be disregarded except that:
  - (i) for the purpose of determining whether the Trustee will be protected in relying on any such vote, consent, request or other instrument or other action, only the Debt Securities which the Trustee knows are so owned will be so disregarded; and Debt Securities so owned that have been pledged in good faith other than to the Corporation or any Affiliate will not be so
  - (ii) disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to vote such Debt Securities in its discretion free from the control of the Corporation or such Affiliate.

### 1.03 **Accounting Terms**

As used in this Indenture and in any certificate or other document made or delivered pursuant to this Indenture, accounting terms not defined in this Indenture, or in any such certificate or other document, and accounting terms partly defined in this Indenture or in any such certificate or other document to the extent not defined, have the respective meanings given to them under Canadian generally accepted accounting principles. To the extent that the definitions of accounting terms in this Indenture, or in any such certificate or other document are inconsistent with the meanings of such terms under Canadian generally accepted accounting principles, the definitions contained in this Indenture, or in any such certificate or other document will prevail.

### 1.04 **Currency**

Unless expressly provided to the contrary in this Indenture or in any Debt Security, all monetary amounts in this Indenture or in such Debt Security refer to Canadian Dollars.

### 1.05 **Interpretation not Affected by Headings, etc.**

The division of this Indenture into Articles and Sections, the provision of a table of contents and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation hereof.

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#### 1.06 **Governing Law**

This Indenture and each Debt Security issued hereunder will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and will be treated in all respects as Ontario contracts and each of the Corporation, the Trustee and, by their acceptance of Debt Securities and the benefits of this Indenture, the Holders from time to time, attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario, except (a) that the exercise, performance or discharge by the U.S. Trustee of any of its rights, powers, duties or responsibilities hereunder will be construed in accordance with the laws of the State of New York and the federal laws of the United States of America applicable thereto and (b) that if any provision of this Indenture or any Debt Security issued hereunder limits, qualifies or conflicts with any duties imposed by Section 318(c) of the TIA, the imposed duties will control.

#### 1.07 **Language**

The Corporation, the Trustee and, by their acceptance of Debt Securities and the benefits of this Indenture, the Holders from time to time acknowledge that this Indenture and all matters related hereto will be read, construed and enforced in the English language, and unless otherwise specified herein, all notices, statements of account and other documents signed or permitted to be given or entered into pursuant hereto will be drawn up in the English language. The parties hereto expressly request and require that this Indenture and all related documents be drawn up in English. Les parties aux présentes conviennent et exigent que cette entente et tous les documents qui s' y rattachent soient rédigés en langue anglaise à la volonté expresse des parties.

#### 1.08 **Day Not a Business Day**

In the event that any day on or before which any action is required to be taken hereunder is not a Business Day, then such action will be required to be taken on or before the next succeeding day that is a Business Day.

#### 1.09 **Acts of Holders**

(1) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Holders in person or by agents duly appointed in writing. Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Holders may, alternatively, be embodied in and evidenced by the record of Holders of Debt Securities voting in favour thereof, either in person or by proxies duly appointed in writing, at any meeting of Holders of Debt Securities duly called and held in accordance with the provisions of Article 9, or a combination of such instruments and any such record. Except as herein otherwise expressly provided, such action will become effective when such requisite instrument or instruments are delivered to the Trustee and, where it is hereby expressly required, to the Corporation. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "**Act of Holders**" or the "**Act**" of the Holders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing

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any such agent will be sufficient for any purpose of this Indenture and, subject to Section 7.01, conclusive in favour of the Trustee and the Corporation, if made in the manner provided in this Section 1.09.

(2) The fact and date of the execution by any Person of any such instrument or writing may be proved by the affidavit of a witness of such execution or by a certificate of a notary public or other officer authorized by Applicable Law to take acknowledgements of deeds, certifying that the individual signing such instrument or writing acknowledged to such notary public or other officer the execution thereof. Where such execution is by a signer acting in a capacity, other than such signer's individual capacity, such certificate or affidavit will also constitute sufficient proof of such signer's authority. The fact and date of the execution of any such instrument or writing, or the authority of the Person executing the same, may also be proved in any manner that the Trustee deems sufficient.

(3) If the Corporation or the Trustee solicits from the Holders of Debt Securities of any Series any Act, the Corporation or the Trustee, as the case may be, may, at its option, fix in advance a record date for the determination of Holders of Debt Securities entitled to take such Act, but the Corporation or the Trustee, as the case may be, has no obligation to do so. Any such record date will be fixed at the Corporation's or the Trustee's discretion, as the case may be. If such a record date is fixed, such Act may be sought or taken before or after the record date, but only the Holders of Debt Securities of record at the close of business on such record date will be deemed to be Holders of Debt Securities for the purpose of determining whether Holders of the requisite proportion of Debt Securities of such Series outstanding have authorized or agreed or consented to such Act, and for that purpose the Debt Securities of such Series outstanding will be computed as of such record date.

(4) Any Act of the Holder of any Debt Security will bind every future holder of the same Debt Security and the Holder of every Debt Security issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof in respect of anything done, suffered or omitted by the Trustee or the Corporation in reliance thereon, whether or not notation of such action is made upon such Debt Security.

#### **1.10 Interest Payments and Calculations**

(1) All interest payments to be made under this Indenture or any Debt Security will be paid without allowance or deduction for deemed re-investment or otherwise, both before and after Maturity and before and after default and/or judgment, if any, until payment of the amount on which such interest is accruing, and, to the extent permitted by Applicable Law, interest will accrue on overdue interest at the same rate as is specified in respect of the principal.

(2) For the purposes of the *Interest Act* (Canada), if in this Indenture or in any Debt Security a rate of interest is or is to be calculated on the basis of a period that is less than a full calendar year, the yearly rate of interest to which such rate is equivalent is such rate multiplied by a fraction of which the numerator is the actual number of days in the calendar year for which such calculation is made and the denominator is the number of days in such period.

(3) The rates of interest stipulated in this Indenture or in any Debt Security will be calculated using the nominal rate method of calculation, and will not be calculated using the effective rate method of calculation or on any other basis that gives effect to the principle of deemed re-investment of interest.

(4) In calculating interest under this Indenture or under a Debt Security for any period, unless otherwise specifically stated, the first day of such period will be included and the last day of such period will be excluded.

#### **1.11 No Conflict with Supplemental Indentures**

The terms and provisions of a Supplemental Indenture for a Series may eliminate, modify, amend or add to any of the terms and provisions of this Trust Indenture, but solely as applied to such Series. The insertion of the phrase “**in any Supplemental Indenture**”, “**unless otherwise specified in the related Supplemental Indenture**” or similar phrases in this Trust Indenture, or the absence of any such phrase, will not limit the scope of or otherwise affect the preceding sentence or Section 2.02. For greater certainty, if a term or provision contained in this Trust Indenture conflicts or is inconsistent with a term or provision of a Supplemental Indenture for a Series, such Supplemental Indenture will govern with respect to such Series and, except as and to the extent provided in Section 10.02(2), the terms and provisions of such Supplemental Indenture may eliminate, modify, amend or add to the terms and provisions of this Trust Indenture solely as applied to such Series.

#### **1.12 Successors and Assigns**

All covenants and agreements in this Indenture by the Corporation will bind its successors and assigns, whether expressed or not.

#### **1.13 Severability Clause**

If any provision in this Indenture or in the Debt Securities are invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

#### **1.14 Benefits of Indenture**

Nothing in this Indenture or in the Debt Securities, express or implied, will give to any Person, other than the parties hereto and their successors hereunder, any Paying Agent, any Other Series Agent, any Registrar and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

#### **1.15 Unclaimed Debt Securities**

Subject to Applicable Law, all Debt Securities together with any interest thereon that remain unclaimed after a period of two calendar years from the date on which they are redeemed or mature will be forfeited and will revert to the Corporation.

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**1.16 Shareholder, Directors and Officers Exempt from Individual Liability**

No recourse under or upon any obligation, covenant or agreement contained in this Indenture, or in any Debt Security, or because of any indebtedness evidenced thereby can be had against any past, present or future shareholder, director or officer, as such, of the Corporation or of any successor, either directly or through the Corporation or any successor, under any Applicable Law or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, all such liability being expressly waived and released by the acceptance of any Debt Security by the holder thereof and as part of the consideration for the issue of such Debt Security.

**ARTICLE 2 – THE DEBT SECURITIES**

**2.01 Plan Securities**

The aggregate principal amount of Debt Securities that may be issued under this Indenture is limited to the principal amount of Debt Securities issuable in connection with the Plan, including as commitment fees or upon the exercise of rights issuable under the Plan and in respect of interest on Debt Securities (whether issued in connection with the Plan or in respect of interest) and in respect of Debt Securities that are issued in exchanged for or on conversion of other securities issued in connection with the Plan. The aggregate principal amount of any Series that may be issued under this Indenture will be specified or determined in the manner provided for in the related Supplemental Indenture.

**2.02 Principal Terms of a Series**

The Debt Securities may be issued from time to time in one or more Series, subject to compliance with the provisions and conditions hereinafter set forth. Prior to the initial issuance of any Debt Securities of a Series, the Corporation will establish, in or pursuant to a Certified Resolution and set forth in a Certificate of the Corporation and establish in one or more separate Supplemental Indentures, the principal terms of such Series (the “**Principal Terms**”) which may include, but are not restricted to, the following:

- (a) the name, title or designation of such Series (which will distinguish such Series from all other Series);
  - (b) the aggregate principal amount of such Debt Securities that may be issued (except for Debt Securities issued upon a transfer of, or in exchange for, or in lieu of, other Debt Securities of such Series) and the issue price of such Debt Securities (at par, at a discount or at a premium) or whether such Debt Securities will be issued on a non-fixed price basis;
  - (c) the date of issue and delivery and the date of Stated Maturity of such Debt Securities;
  - (d) the currency or currency unit of such Debt Securities and whether the Holder of any such Debt Security or the Corporation may elect the currency or currency unit
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in which payments on such Debt Security are to be made and, if so, the manner of such election;

- (e) the denominations in which such Debt Securities may be issued;
  - (f) the manner of payment and the Place of Payment for such Debt Securities;  
whether such Debt Securities are to be interest-bearing and, if so, the rate of interest (which may be fixed or variable) per annum, the date from which interest on such Debt Securities will accrue, the Interest Payment Dates and the Regular Interest Record Dates (or the method of determining any of the foregoing);
  - (g) the right of the Corporation, if any, to extend the Interest Payment Dates, and the duration of any such extension, with respect to such Debt Securities;
  - (h) the right of the Corporation, if any, to repay, convert, redeem or purchase such Debt Securities and, in relation to any such right, the period within which, or the date on which, the price at which and the terms and conditions upon which, such Debt Securities are to be so repaid, redeemed or purchased, in whole or in part, and where a Debt Security called for redemption is not paid upon surrender thereof for redemption, the rate of interest payable on the principal of and any premium, interest and other amounts on such Debt Security;
  - (i) the right of the Holders, if any, to cause the Corporation to repay, convert, redeem or repurchase such Debt Securities and, in relation to any such right, the details of the obligation, if any, of the Corporation to repay, redeem or repurchase such Debt Securities and the period within which, or the date on which, the price at which, and the terms and conditions upon which, such Debt Securities are to be so repaid, redeemed or purchased, in whole or in part, and where a Debt Security presented to the Corporation for redemption is not paid upon presentation thereof for redemption, the rate of interest payable on the principal of and any premium, interest and other amounts on such Debt Security;
  - (j) the definitive form of such Debt Securities, including the form of the certificate of or authentication of the Trustee relative thereto;
  - (k) whether such Debt Securities will be issued as either Definitive Debt Securities or Global Debt Securities or both, and the Depository for any such Global Debt Securities, the terms and conditions, if any, upon which any such Global Debt Securities may be exchanged, in whole or in part, for Definitive Debt Securities, and the manner in which any interest payable on such Global Debt Securities will be paid;
  - (l) any exchange on which such Debt Securities will be listed;
  - (m) the terms, if any, pursuant to which such Debt Securities are subject to defeasance;
  - (n)
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- (o) any special provisions for the payment of additional interest with respect to such Debt Securities;
  - (p) any additional covenants included for the benefit of Holders of such Debt Securities;
  - (q) the subordination provisions, if any, to be applicable to such Debt Securities;
  - (r) the terms and conditions, if any, pursuant to which such Debt Securities are to be guaranteed or secured;
  - (s) whether such Debt Securities will be convertible or exchangeable into any other securities of the Corporation or any other Person and, if so, the terms and conditions of conversion or exchange including the conversion or exchange price, the conversion or exchange period and any provisions pursuant to which the number of securities of the Corporation to be received by the Holders of such Debt Securities would be subject to adjustment;
  - (t) if the amount of principal of or any premium, interest or other amount on such Debt Securities may be satisfied by money or the issue of other securities of the Corporation or any other Person and the terms and conditions for payment thereof;
  - (u) whether a Registrar, Paying Agent, Certifying Agent, Authenticating Agent, Transfer Agent or Other Series Agent will be appointed for such Debt Securities and, if so, the identity of such Registrar, Paying Agent, Certifying Agent, Transfer Agent or Other Series Agent;
  - (v) any provisions with respect to those definitions specified in Article 1, and those other provisions of this Indenture, that require or permit further specification in the related Supplemental Indenture;
  - (w) any additional terms and provisions with respect to, and any additional conditions, representations and Events of Default, if any, for, such Debt Securities;
  - (x) any modification or elimination of any of the definitions, representations, covenants, conditions, Events of Default or other terms and provisions of this Indenture to be applicable to such Debt Securities;
  - (y) any provisions granting special rights to Holders of such Debt Securities when a specified event occurs;
  - (z) any special tax implications of, or any special tax provisions, representations, agreements or indemnities relating to, such Debt Securities, including any provisions for withholding tax indemnities or gross-ups; and
  - (aa) any other provisions, requirements, conditions, indemnities, enhancements or other matters of any nature or kind whatsoever relating to such Debt Securities,
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including any terms that may be required by, or advisable under, any Applicable Law or any rules, procedures or requirements of any securities exchange on which any of such Debt Securities are, or are proposed to be, listed or of any over-the-counter market in which any of such Debt Securities are, or are proposed to be, traded or that may be advisable in connection with the marketing of such Debt Securities.

All Debt Securities of a particular Series will be subject to identical Principal Terms except that the issue date, the issue price and the amount of the first payment of interest may be different in respect of Debt Securities of such Series issued on different dates.

### **2.03 Form of Definitive Debt Securities**

(1) The definitive form of a Debt Security, and the Trustee's certificate of authentication on such Debt Security, will be substantially as set forth in the related Supplemental Indenture. The forms of all Debt Securities may contain such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture and the related Supplemental Indenture or by a Certified Resolution, and may have such letters, numbers or other marks of identification or designation and such legends or endorsements placed thereon as are required to conform to usage or to comply with any Applicable Law, or with the rules of any securities exchange on which any of such Debt Securities may be listed or any over-the-counter market on which any of such Debt Securities may be traded, or as the Corporation may determine to be necessary, appropriate or desirable for any other purpose.

(2) Subject to any Applicable Law, Debt Securities may be typewritten, printed, lithographed or engraved or otherwise produced, or be any combination of the foregoing, as the Corporation may determine, with the approval of the Trustee.

### **2.04 Form of Interim Debt Securities**

(1) Pending the delivery of Definitive Debt Securities of a Series to the Trustee, there may be issued, in lieu of such Definitive Debt Securities, interim Debt Securities of such Series, in such forms and in such denominations and signed by the Corporation and certified by the Trustee in such manner as the Corporation may approve, entitling the Holders of such interim Debt Securities to Definitive Debt Securities of such Series when the same are ready for delivery; provided, however, that the aggregate unpaid principal amount of interim Debt Securities of a Series so created and certified will not exceed the aggregate unpaid principal amount of Debt Securities of such Series for the time being authorized. The provisions of Section 2.06 regarding certification or authentication by the Trustee will apply to interim Debt Securities.

(2) When issued, interim Debt Securities of a Series will, for all purposes, be deemed to be Debt Securities of such Series and, pending the exchange of such interim Debt Securities for Definitive Debt Securities of such Series, the Holders of such interim Debt Securities will be deemed to be Holders of Debt Securities of such Series and entitled to the benefit of this Indenture to the same extent and in the same manner as though such exchange had not been made and as if such Holders were originally issued Debt Securities.

(3) Immediately after the delivery of Definitive Debt Securities of a Series to the Trustee, the Corporation will call in for exchange all interim Debt Securities of such Series and immediately after such exchange, the Trustee will cancel the same. No charge will be made by the Corporation or the Trustee to the Holders of such interim Debt Securities for such exchange.

#### **2.05 Execution**

(1) The Debt Securities will be executed on behalf of the Corporation by any two of the chief executive officer, the president, any executive vice-president or senior vice-president or by any one of the aforesaid officers together with any one of the secretary, the treasurer, or any assistant secretary or assistant treasurer of the Corporation. The Debt Securities may, but need not, be under the corporate seal of the Corporation or a reproduction thereof (which reproduction will for such purposes be deemed to be the corporate seal of the Corporation). The signature of any of these officers on the Debt Securities may be manual or facsimile. Debt Securities bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Corporation will bind the Corporation, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication and delivery of such Debt Securities.

(2) The Corporation will provide to the Trustee, the related Registrar or the related Paying Agent, as the case may be, a supply of certificates to evidence Debt Securities for each Series in such forms (including interim, or registered and global or definitive, as the case may be), in such amounts, bearing such distinguishing letters and numbers, and as at such times as are necessary to enable the Trustee, the related Registrar and the related Paying Agent to fulfil their respective responsibilities under this Indenture.

#### **2.06 Certification or Authentication by Trustee**

(1) At any time and from time to time after the execution and delivery of this Indenture, the Corporation may deliver Debt Securities executed on behalf of the Corporation to the Trustee for certification or authentication, pursuant to an Order of the Corporation applicable thereto and evidence of compliance, in accordance with Section 12.05 , together with an Opinion of Counsel which states that:

- (a) the form of such Debt Securities has been established by a Supplemental Indenture or by or pursuant to a resolution of the Board of Directors in accordance with and in conformity with the provisions of this Indenture;
- (b) the terms of such Debt Securities have been established in accordance with and in conformity with the other provisions of this Indenture;
- (c) such Debt Securities, when authenticated or certified and delivered by the Trustee and issued by the Corporation in the manner and subject to any conditions specified in such Opinion of Counsel, will constitute valid and legally binding obligations of the Corporation, enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting the enforcement of creditors' rights and to general equity principles; and

(d) all conditions precedent in respect of the issuance of the Debt Securities have been complied with.

Upon receipt by the Trustee of an Order of the Corporation applicable to such Debt Securities and such evidence of compliance, the Trustee will certify or authenticate and deliver such Debt Securities in the manner specified in such Order of the Corporation.

(2) No Holder will be entitled to any right or benefit under this Indenture with respect to a Debt Security, and such Debt Security will not be valid or binding for any purpose, unless such Debt Security has been certified or authenticated, substantially in the form provided for in the related Supplemental Indenture, by the Trustee, as evidenced by the manual signature of an authorized signing officer of the Trustee. Such certification upon any Debt Security will be conclusive evidence, and the only evidence, that such Debt Security has been issued under this Indenture and is a valid obligation of the Corporation and that the Holder is entitled to the benefit thereof.

(3) Debt Securities bearing the manual signature of an individual who was, at the time that such signature was affixed, an authorized signing officer of the Trustee, will be valid and binding on the Trustee notwithstanding that such individual ceased to be an authorized signing officer of the Trustee prior to the delivery of such Debt Securities.

(4) The certificate or authentication of the Trustee on the Debt Securities will not be construed as a representation or warranty by the Trustee as to the validity of this Indenture or of the Debt Securities (except the due certification or authentication thereof) or as to the performance by the Corporation of its obligations under this Indenture and the Trustee will in no respect be liable or answerable for the use made of the Debt Securities or any of them or of the proceeds thereof.

#### **2.07 Record of Payments**

(1) If acting as a Paying Agent in respect of any Debt Securities, the Canadian Trustee (or, if the Corporation so directs, the U.S. Trustee) will maintain accounts and records evidencing each payment of principal of and premium and interest on Debt Securities, which accounts and records will constitute, in the absence of manifest error, *prima facie* evidence thereof

(2) None of the Corporation, the Trustee, any Registrar or any Paying Agent will be liable or responsible to any Person for any aspect of the records related to or payments made on account of beneficial interests in any Global Debt Security or for maintaining, reviewing, or supervising any records relating to such beneficial interests.

#### **2.08 Registration of Exchanges and Transfers**

(1) Debt Securities of a Series may be exchanged for one or more Debt Securities of the same Series in an equal aggregate principal amount and having the same Principal Terms upon surrender of the Debt Securities to be exchanged at the specified Office of the Transfer Agent; provided, however, that each Debt Security issued in exchange for such original Debt Security

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will have a principal amount in an authorized denomination as provided for in the related Supplemental Indenture.

(2) Notwithstanding anything contained in this Section, the Registrar will not be required to register the exchange or transfer of any Debt Security during the period of 15 Business Days preceding the date for any payment with respect to such Debt Security, including the date on which such Debt Security is to be redeemed, if applicable.

(3) The Registrar, the Trustee and the Corporation will not be required to (a) execute for delivery, register the transfer of or exchange Debt Securities of any particular Series during the 15 Business Day period before the day of the mailing of a notice of redemption of Debt Securities of such Series selected for redemption under Section 3.01, beginning at the open of business on the first Business Day of such period and ending at the close of business on the last day of such period; or (b) register the transfer of or exchange any Debt Security so selected for redemption in whole or in part, except the unredeemed portion of any Debt Security being redeemed in part.

(4) The Registrar and the Trustee will be reimbursed by the Corporation for any stamp taxes or governmental charges required to be paid and will be paid a reasonable charge for their services and a reasonable sum per Debt Security created and issued upon any exchange or transfer of Debt Securities effected by them, other than an exchange of interim Debt Securities for permanent Debt Securities. Payment of such charges will be made by the Person requesting the exchange or transfer as a condition precedent to such exchange or transfer.

#### **2.09 No Duty to Monitor**

The Trustee has no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Indenture or under Applicable Law with respect to any transfer of any interest in any Debt Security (including any transfers between or among Depository Participants or beneficial owners of interests in any Global Security) other than to require delivery of such certificates and other documentation or evidence as are expressly required by, and to do so if and when expressly required by the terms of, this Indenture, and to examine the same to determine substantial compliance as to form with the express requirements hereof.

#### **2.10 Persons Entitled to Payment**

(1) Prior to due presentment for registration of transfer of any Debt Security, the Corporation, the Trustee, the related Registrar, the related Paying Agent, the related Transfer Agent and any other Person may treat the Person in whose name any Debt Security is registered in the applicable register (including in the case of a Global Debt Security, the related Depository or the nominee of such Depository in whose name such Global Debt Security is registered) as the absolute and sole owner of such Debt Security for all purposes including receiving payment of the principal of and any premium, interest or other amount on such Debt Security, receiving any notice to be given to the Holder of such Debt Security, and taking any Act of Holders with respect to such Debt Security, whether or not any payment with respect to such Debt Security is

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overdue, and none of the Corporation, the Trustee, the related Registrar, the related Paying Agent, the related Transfer Agent or any other Person will be affected by notice to the contrary.

(2) Delivery of a Debt Security to the Trustee, the related Registrar or the related Paying Agent by or on behalf of the Holder thereof will, upon payment of such Debt Security, be a good discharge to the Corporation of all obligations evidenced by such Debt Security. None of the Corporation, the Trustee, the related Registrar, the related Paying Agent or any other Person will be bound to inquire into the title of any such Holder nor will the Corporation, the Trustee, the related Registrar, the related Paying Agent or any other Person be bound to see to the execution of any trust affecting the ownership of any Debt Security or be affected by notice of any equity that may be subsisting in respect of any Debt Security.

(3) In the case of the death of one or more joint registered Holders of a Debt Security, the principal of, and any premium, interest and other amounts payable on such Debt Security may be paid to the survivor or survivors of such registered Holders whose receipt of such payment, accompanied by the delivery of such Debt Security, will constitute a valid discharge to the Corporation, the Trustee, the related Registrar, and the related Paying Agent.

#### **2.11 Cancellation of Debt Securities**

(1) All Debt Securities surrendered for payment of the final amount required to be paid thereon or that have been redeemed by the Corporation as contemplated by Section 3.01, or that have been surrendered to the Trustee for registration of exchange or transfer, will be promptly cancelled by the Trustee, and if surrendered to the related Registrar or the related Paying Agent, will be delivered by it to the Trustee for cancellation and will be cancelled by the Trustee on receipt.

(2) The Corporation may, in its discretion at any time, deliver to the Trustee for cancellation any Debt Securities that the Corporation has purchased as provided for in this Indenture, and all such Debt Securities so delivered will be cancelled by the Trustee.

(3) All Debt Securities that have been cancelled by the Trustee will be destroyed or disposed of by the Trustee in accordance with its standard practices, and the Trustee will furnish upon request to the Corporation, the related Registrar and the related Paying Agent a certificate setting forth the numbers and denominations of the Debt Securities so destroyed or disposed of.

#### **2.12 Mutilated, Lost, Stolen or Destroyed Debt Securities**

(1) If any Debt Security has been mutilated or defaced or has or has been alleged to have been lost, stolen or destroyed, then, on application by the applicable Holder to the related Registrar (in such capacity a "**Replacement Agent**"), the Corporation may, in its discretion, execute, and upon such execution the Trustee will certify and deliver, a new Debt Security of the same Series, date and the same Principal Terms as the defaced, mutilated, lost, stolen or destroyed Debt Security in exchange for and in place of the defaced or mutilated Debt Security, and in lieu of and in substitution for the lost, stolen or destroyed Debt Security. Notwithstanding the foregoing, no Debt Security will be delivered as a replacement for any Debt Security that has been mutilated or defaced otherwise than upon surrender of the mutilated or defaced Debt Security, and no Debt Security will be delivered as a replacement for any Debt Security which

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has been lost, stolen or destroyed unless the applicant for the replacement Debt Security has furnished to the Corporation and the Trustee evidence, satisfactory in form and substance to the Corporation and the Trustee, of its ownership of, and of such loss, theft or destruction of, such Debt Security and has provided such security or indemnity (including an indemnity bond if so required) to the Corporation, the Trustee, the related Registrar and the related Paying Agent in amount, form and substance satisfactory to each of them. Any instructions by the Corporation to a Replacement Agent under this Section will include such indemnity for the protection of such Replacement Agent as such Replacement Agent may reasonably require.

(2) If any mutilated, defaced, lost, stolen or destroyed Debt Security has become or is about to become due and payable, the Corporation, in its discretion, may, instead of executing a replacement Debt Security, pay to the Holder thereof the full amount outstanding on such mutilated, defaced, lost, stolen or destroyed Debt Security.

(3) Upon the issuance of a replacement Debt Security, the Corporation may require the applicant for such replacement Debt Security to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in relation to such issuance and any other expenses (including the fees and expenses of the Trustee, the related Registrar, the related Paying Agent and the Corporation) connected with such issuance.

(4) Each replacement Debt Security will bear a unique serial number and be in a form otherwise identical to the Debt Security it replaces and will be entitled to the benefits of this Indenture to the same extent and in the same manner as the Debt Security it replaces.

(5) The Replacement Agent will promptly deliver to the Trustee for cancellation each mutilated or defaced Debt Security surrendered to it and in respect of which a replacement Debt Security has been delivered or money has been paid.

(6) Unless the Corporation instructs otherwise, the Trustee will, in accordance with its practice, destroy each mutilated or defaced Debt Security surrendered to and cancelled by it and in respect of which a replacement Debt Security has been delivered or money or securities has been paid and will, as soon as reasonably practicable, upon request furnish to the Corporation, the related Registrar and the related Paying Agent a certificate as to such destruction specifying in numerical sequence the serial numbers of the Debt Securities so destroyed.

### **2.13 Access to Lists of Holders**

(1) The U.S. Trustee will preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders of the Debt Securities of a Series and will otherwise comply with TIA Section 312(a). If the U.S. Trustee is not the Registrar, the Corporation must furnish to the U.S. Trustee, in writing no later than each Regular Interest Record Date for each Series and at such other times as the U.S. Trustee may request in writing a list in such form and as of such Record Date or other date as the U.S. Trustee may reasonably require of the names and addresses of Holders, including the aggregate principal amount of Debt Securities held by each Holder. If the Canadian Trustee is not the Registrar, the Corporation must furnish to the Canadian Trustee, in writing at such times as the Canadian

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Trustee may request in writing such information reasonably required by the Trustee to comply with its duties under Section 85(1) of the Canada Business Corporations Act.

(2) Holders may communicate pursuant to TIA Section 312(b) with other Holders with respect to their rights under this Indenture or any Debt Security. The Corporation, the Trustee, the related Registrar and anyone else will have the protection of TIA Section 312(c).

#### **2.14 Global Debt Securities**

(1) The Corporation, at its option, may at any time and from time to time require that any or all Debt Securities of a Series be represented in the form of a Global Debt Security held by or on behalf of the related Depository as custodian of such Global Debt Security. If the Corporation requires that the Debt Securities of a particular Series are to be issued as a Global Debt Security, then the Corporation will execute, and the Trustee or the Certifying Agent or the Authenticating Agent, as the case may be, will certify and deliver, one or more Global Debt Securities that (a) will represent, and will be denominated in an amount equal to the aggregate principal amount of, the Debt Securities of such Series, (b) if in registered form, will be registered in the name of the related Depository or its nominee, (c) will be delivered or caused to be delivered by the Trustee to the related Depository or pursuant to the related Depository's instruction, and (d) will bear a legend which may be in the form provided by the Depository, substantially to the effect that except as otherwise provided in the Indenture, the Debt Security may be transferred, in whole but not in part, only to another nominee of the Depository or to a successor Depository or to a nominee of such successor Depository. Any endorsement of a Global Debt Security to reflect the principal amount, or any increase or decrease in the principal amount, of the Debt Securities represented by such Global Debt Security will be made by the Trustee, the related Registrar or the related Paying Agent, as the case may be, in such manner and upon instructions given by such Person as is specified in such Global Debt Security or in an Order of the Corporation.

(2) It is expressly acknowledged that any registrations of beneficial ownership, and transfers of beneficial ownership, of Debt Securities represented by Global Debt Securities will be made only through the applicable Book-Based System. The rights of a holder of any interest in a Debt Security represented by a Global Debt Security (including the right to receive a certificate or other instrument evidencing an ownership interest in such Debt Security) will be limited to those rights established by Applicable Law and by agreements between the related Depository and its applicable Participant and between such Participant and the holder of such interest. Accordingly, none of the Corporation, the Trustee, the related Registrar, the related Paying Agent or any agent of any such Person will be under any obligation to deliver to the holder of such interest, nor will such holder have any right to require the delivery of, a certificate evidencing any Debt Security (or interest therein) represented by a Global Debt Security.

(3) If:

- (a) required to do so by Applicable Law;
  - (b) the applicable Book-Based System ceases to exist;
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at any time a Depository notifies the Corporation or the Corporation otherwise determines that the applicable Depository is no longer willing or able to discharge properly its responsibilities as Depository or if at any time such Depository is no longer registered or in good standing under any Applicable Law or be qualified as a Clearing Agency under any Applicable Securities Law, in each case as required in order to fulfil its duties and obligations as Depository of that Series and the Corporation is unable to locate a qualified successor within 90 days and/or to engage such successor within a reasonable amount of time;

(c) the Corporation at its option elects to terminate the applicable Book-Based System for any reason (including if the Corporation considers it impracticable or inefficient to effect any distribution of the applicable Debt Securities through the applicable Book-Based System or through the facilities of the applicable Depository); or

(d) after the occurrence of an Event of Default, unregistered holders of Debt Securities of the applicable Series determine (by an instrument in writing signed in one or more counterparts by Holders or Participants for such Holders representing beneficial interests aggregating over 51% in principal amount of Debt Securities of that Series then outstanding and delivered to the Corporation, the Trustee and the Depository) that the continuation of the holding of Debt Securities of that Series in the Book-Based System is no longer in the best interests of the Holders thereof;

the Corporation, will cause Debt Securities represented by a Global Debt Security to be issued in definitive form to holders other than the applicable Depository and its nominees and to allow transfers of such Debt Securities other than within the applicable Book-Based System and to allow any payments or distributions required to be made under this Indenture with respect to such Debt Securities to be made other than to the related Depository or to be distributed other than through the applicable Book-Based System. In addition, the Corporation has the right to appoint one or more sub-custodians in the event that the Corporation determines that it is impractical for the related Depository to act as custodian for any Debt Securities that are, and which are permitted to be, beneficially owned by non-residents of Canada.

(4) Notwithstanding Section 2.08, a Global Debt Security may be transferred, in whole but not in part and in the manner provided in Section 2.08, only to another nominee of the Depository for the applicable Series, or to a successor Depository for the applicable Series selected or approved by the Corporation or to a nominee of such successor Depository.

(5) In the event that the use of the Book-Based System is terminated in accordance with Section 2.14(3), then the Trustee, upon receipt of an Order of the Corporation so requesting, will certify or authenticate and deliver Definitive Debt Securities of such Series in authorized denominations, and in an aggregate principal amount equal to the principal amount of the Global Debt Securities of such Series in exchange for such Global Debt Securities. Upon the exchange of the Global Debt Securities of a Series for Definitive Debt Securities of such Series, such Global Debt Securities will be cancelled by the Trustee. Such Definitive Debt Securities will be registered in such names and in such authorized denominations as the related Depository,

pursuant to instructions from its Participants or otherwise, will notify to the Trustee or the related Registrar, as the case may be. The Trustee will deliver such Definitive Debt Securities to the related Depository for delivery to the Persons in whose names such Debt Securities have been so registered.

### **ARTICLE 3 – REDEMPTIONS AND PURCHASES**

#### **3.01 Redemption**

Debt Securities that are redeemable before their Stated Maturity will be redeemable in accordance with their Principal Terms and, except as otherwise specified in the Principal Terms, in accordance with the following provisions:

Election to Redeem; Notice to Trustee, Registrar and Paying Agent. If the Corporation elects to redeem less than all of the Debt Securities of a Series, the Corporation will, at least 15 days prior to the date determined by the Corporation for the giving of notice of

- (a) redemption to the Holders of the Debt Securities to be redeemed (unless a shorter notice is satisfactory to the Trustee, the related Registrar and the related Paying Agent), notify the Trustee, the related Registrar and the related Paying Agent of the Redemption Date and of the principal amount of such Series to be redeemed.

- (b) Selection of Debt Securities to Be Redeemed.

(i) If less than all the Debt Securities of any Series are to be redeemed, the particular Debt Securities to be redeemed will be selected by the Trustee from the outstanding Debt Securities of such Series not previously called for redemption, on a pro rata aggregate basis or by such other method as the Trustee deems equitable.

(ii) The Trustee will upon request notify the Corporation in writing of the Debt Securities selected for redemption and, in the case of any Debt Securities selected for partial redemption, the principal amount thereof to be redeemed.

(iii) For all purposes of this Indenture, unless the context otherwise requires, all provisions related to the redemption of Debt Securities will relate, in the case of any Debt Security redeemed or to be redeemed only in part, to the portion of the principal amount of such Debt Security that has been or is to be redeemed.

- (c) Notice of Redemption.

(i) Notice of redemption will be given not less than 30 or more than 60 days prior to the Redemption Date to the Holders of the Debt Securities to be redeemed.

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All notices of redemption will state: (A) the Redemption Date; (B) the Redemption Price; (C) if less than all of the applicable Series is to be redeemed, the identification (and, in the case of partial redemption, the principal amounts) of the particular Debt Securities to be redeemed; (D) that on the Redemption Date the Redemption Price of each such Debt Security (or part thereof) to be redeemed will become due and payable, and that interest on such Debt Security (or part thereof to be redeemed) will cease to accrue on and after such date; (E) the Place of Payment where such Debt Securities, maturing on or after the Redemption Date, are to be surrendered; (F) any other matter that the Trustee, the related Registrar or the related Paying Agent reasonably requests in connection with such redemption; and (G) in the case of Debt Securities in the Book-Based System, that the redemption will take place in such manner as may be agreed by the Depository, the Trustee and the Corporation.

(ii) Notice of redemption of Debt Securities to be redeemed at the election of the Corporation will be given by the Corporation or, at (iii) the Corporation's request, by the Trustee, the related Registrar or the related Paying Agent in the name and at the expense of the Corporation.

(d) Deposit of Redemption Price. On or prior to the Redemption Date, the Corporation will deposit with the Paying Agent (or, if the Corporation is acting as its own Paying Agent, it will segregate and hold in trust as provided in Section 5.03), an amount of money sufficient to pay the Redemption Price of and (except as provided in Section 3.01(e)(i) below) accrued interest on, all the Debt Securities (or parts thereof) that are to be redeemed on such date.

(e) Debt Securities Payable on Redemption Date.

If notice of redemption has been given as provided herein, the Debt Securities (or parts thereof) that are to be redeemed will become due and payable on the Redemption Date, at the Redemption Price specified in such notice, in the same manner and with the same effect as if such date was the Stated Maturity specified in such Debt Securities, anything therein or herein to the contrary notwithstanding, and from and after such Redemption Date, if the money necessary to redeem such Debt Securities has been deposited as provided in Section 3.01(d) and affidavits or other proof satisfactory to the Trustees as to the publication or mailing of such notice as have been lodged with the Trustee, such Debentures will not be considered as outstanding hereunder. (i) From and after such date (unless the Corporation defaults in the payment of the Redemption Price or any accrued interest) such Debt Securities (or parts thereof) will cease to bear interest. Upon surrender of any Debt Security for redemption in accordance with a notice of redemption, the Redemption Price of such Debt Security will be paid by the Corporation together with accrued interest to the Redemption Date, provided that instalments of interest on Debt Securities, where the Redemption Date is subsequent to a Regular

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Interest Record Date but prior to the related Interest Payment Date, will be payable to the Holders thereof registered as such on the applicable Regular Interest Record Dates for such instalments.

- (ii) If a Debt Security called for redemption is not paid upon surrender of such Debt Security for redemption, the principal of and any premium, interest and other amounts on such Debt Security will, until paid, bear interest from the Redemption Date at the rate or rates prescribed therefor in the related Supplemental Indenture.

- (f) Debt Security Redeemed in Part. Any Debt Security that is to be redeemed only in part will be surrendered to the Paying Agent, with, if such Person so requires, due endorsement by, or a written instrument of transfer in form satisfactory to such Person duly executed by, the Holder or the Holder's attorney duly authorized in writing, and the Corporation will execute, and the Trustee will certify or authenticate and deliver to such Holder without charge, a new Debt Security or Debt Securities of the same Series, of any authorized denomination as requested by such Holder in an aggregate principal amount equal to, and having the same Principal Terms as, and in exchange for, the unredeemed portion of the Debt Security so surrendered.

### 3.02 **Purchase of Debt Securities**

(1) The Corporation has the right at any time and from time to time to purchase Debt Securities in the market or by tender or by private contract, at any price that is agreed upon between the Corporation and the applicable Holders.

(2) Upon an invitation for tenders, if more Debt Securities of the applicable Series are tendered, at the same lowest price, than the Corporation is prepared to accept, the Debt Securities to be purchased by the Corporation will be selected by the Trustee in such manner (which may include random selection by computer) as the Canadian Trustee deems appropriate, from the Debt Securities tendered at such price. For this purpose, the Trustee may make, and from time to time amend, regulations with respect to the manner in which Debt Securities may be so selected, and regulations so made will be valid and binding upon all Holders notwithstanding the fact that, as a result of such regulations, any Debt Security becomes subject to purchase in part only. The Holder of any Debt Security of which part only is purchased will be entitled to receive, upon surrender of such Debt Security, without cost to such Holder, one or more new Debt Securities for the unpurchased part so surrendered, and the Corporation will execute, and the Trustee will certify or authenticate and deliver, such new Debt Securities upon receipt of the Debt Security so surrendered.

(3) Subject to the provisions as to Debt Securities redeemed in part, all Debt Securities purchased under the provisions of this Section 3.02 will be forthwith delivered to and cancelled by the Trustee and no Debt Securities will be issued in substitution therefor.

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## **ARTICLE 4 – PAYMENTS, PRIORITY ARRANGEMENTS**

### **4.01 Provisions for Payment**

The principal of and any premium, interest and other amounts on a Series will be payable in the currency specified in the related Supplemental Indenture for such Series at the Place of Payment for such Series against surrender of the Debt Securities of such Series at the Office of the Paying Agent in such Place of Payment. If no currency is specified in the related Supplemental Indenture, amounts payable with respect to such Series will be payable in Canadian Dollars. Each Series will bear interest, if any, payable on the Interest Payment Dates and at the rate specified in, or determined in the manner provided in, the related Supplemental Indenture. Each Debt Security will be dated its issue date or, if agreed upon by the Corporation and the Trustee, the date of its certification or authentication by the Trustee.

### **4.02 Interest Payments**

(1) Interest payable on a Debt Security on an Interest Payment Date will be paid to the Holder thereof as at the close of business on the Regular Interest Record Date for such Interest Payment Date. Upon payment by the Corporation of the additional fees and expenses of the Trustee, the related Registrar or the related Paying Agent, as the case may be, with respect thereto, payment of interest on a Debt Security may be made by wire transfer to an account maintained with a bank in Canada designated in writing at least 15 days prior to the applicable Interest Payment Date by a Holder of such Series from time to time. In addition, at the option of the Corporation, payment of interest on a Debt Security may be made by cheque mailed not later than five days prior to the applicable Interest Payment Date to the address of the Person entitled to such payment as the address appearing in the relevant register. The forwarding of such cheque will satisfy and discharge the liability for the interest on such Debt Securities to the extent of the sum represented thereby (plus the amount of any tax deducted or withheld) unless such cheque is not paid on presentation at any of the places at which such interest is payable. In the event of the non-receipt of such cheque by the applicable Holder of Debt Securities or the loss, theft or destruction thereof, the Corporation, upon being furnished with evidence of such non-receipt, loss, theft or destruction and indemnity reasonably satisfactory to it, will issue or cause to be issued to such Holder of Debt Securities a replacement cheque for the amount of such cheque.

(2) Notwithstanding anything contained in this Indenture to the contrary, the Corporation may enter into an agreement with the Holder of a Debt Security or with the Person for whom such holder is acting as nominee providing for the payment, without presentation or surrender of the Debt Security or notation of payment thereon, to such holder of the principal sum of, any premium and interest on such Debt Security and all other money or securities payable hereunder at a place, and by electronic funds transfer on or in such other manner, other than the places or the manner specified in this Indenture and in such Debt Security as the places and the manner for such payment. The Corporation will furnish to the Trustee a Certificate of the Corporation setting forth the details of such agreement. Any payment of the principal of, any premium and interest on any such Debt Security and other money payable hereunder at such other place or in such other manner pursuant to such agreement will, notwithstanding any other provision of this

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Indenture or the Debt Security, be valid and binding on the Corporation, the Trustee and all holders of Debt Securities.

(3) If a Debt Security or a portion thereof is called or presented to the Corporation for redemption and the Redemption Date is subsequent to a Regular Interest Record Date but prior to the related Interest Payment Date, interest on such Debt Security will be paid upon presentation and surrender of such Debt Security as provided in Section 3.01.

(4) Interest on any Series that is not paid on or within three Business Days following the applicable Interest Payment Date (“**Default Interest**”) will be paid in accordance with the following:

The Corporation may elect to pay the Default Interest to the Holders of such Series as at the close of business on a Special Interest Record Date for the payment of the Default Interest, which will be fixed in the following manner. The Corporation will notify the Trustee in writing of the amount of Default Interest proposed to be paid and the date of the proposed payment, and at the same time the Corporation will deposit with the Trustee an amount of money equal to the amount of the Default Interest proposed to be paid, or will make arrangements satisfactory to the Trustee for such deposit prior to the date of the proposed payment, and such money when

(a) deposited will be held in trust for the benefit of the Persons entitled thereto. The Trustee will then fix a special record date on a Business Day (a “**Special Interest Record Date**”) for the payment of the Default Interest, which will be not less than 10 days and not more than 15 days prior to the proposed payment date and not less than 10 days after the receipt by the Trustee of the notice of the proposed payment. The Trustee will cause notice of the proposed payment of Default Interest and the Special Interest Record Date to be given to the Holders of such Series not less than 10 days prior to such Special Interest Record Date. Default Interest will be paid to such Holders as at the close of business on such Special Interest Record Date and will not be payable pursuant to Section 4.02(4)(b).

(b) The Corporation may pay Default Interest on any Series in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Series is listed or any over-the-counter market in which such Series is traded, and upon such notice as may be required by such exchange or market, if, after notice given by the Corporation to the Trustee of the proposed payment pursuant to this Section 4.02(4), such manner of payment will be deemed practicable by the Trustee.

(c) This Section 4.02(4) will not have any effect in determining if there is an Event of Default under Section 6.01(b).

(5) Subject to the foregoing provisions of this Section, each Debt Security delivered upon the transfer of or in exchange for or in lieu of any other Debt Security will carry the rights to interest accrued and unpaid, and to accrue, that was carried by such other Debt Security.

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#### 4.03 Currency Indemnity

The Corporation will make payments relative to each Debt Security in the currency in which such Debt Security is denominated (the “**Original Currency**”). If the Corporation makes a payment relative to a Debt Security (whether to the Trustee, the related Registrar, the related Paying Agent or the applicable Holder) in a currency (the “**Other Currency**”) other than the Original Currency (whether voluntarily or pursuant to an order or judgment of a court or tribunal of any jurisdiction), such payment will constitute a discharge of the liability of the Corporation in respect of such Debt Security only to the extent of the amount of the Original Currency which the recipient of such payment purchases, in accordance with its normal practice, with the amount of the Other Currency received. If the amount of the Original Currency which the recipient is able to purchase in accordance with normal banking procedures is less than the amount of the Original Currency due, the Corporation will indemnify and save harmless the Trustee, the related Registrar, the related Paying Agent and the applicable Holder from and against any loss or damage arising as a result of such deficiency. This indemnity will constitute an obligation separate and independent from the other obligations contained in this Indenture, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee, the related Registrar, the related Paying Agent or the applicable Holder, and will continue in full force and effect notwithstanding any Judgment or order in respect of any amount due under this Indenture.

#### 4.04 Ranking of Debt Securities

(1) All Debt Securities of a Series will rank *pari passu* and ratably with all other Debt Securities of such Series, and will share all collateral security, if any, delivered to the Trustee or any Person on its behalf with respect to such Series equally and ratably, except as provided in the Supplemental Indenture related to such Series, **with all other debt for which such collateral security, pursuant to its terms, is held by the Trustee, in each case without discrimination, preference or priority among such Debt Securities and such other debt and irrespective of their actual dates or terms of issue.**

(2) All Debt Securities of a Series will rank *pari passu* and ratably with all Debt Securities of all other Series without discrimination, preference or priority among such Debt Securities and irrespective of their actual dates or terms of issue, subject however to (a) any defeasance provisions, if any, applicable to different Series, and (b) any security provided for, and any subordination provisions of, and any intercreditor agreement in respect of, any Series.

(3) All Debt Securities of a Series will rank at least *pari passu* with all other unsecured and unsubordinated indebtedness of the Corporation, except to the extent of any mandatory preferences prescribed by Applicable Law and any subordination provisions of any Series.

(4) If so provided in the related Supplemental Indenture, and subject to compliance with any terms of this Indenture and any other Supplemental Indenture prohibiting the granting, creation, incurring or suffering to exist of Liens, the amounts payable under or with respect to a Series may be secured in such manner, against such property and pursuant to such security documents as may be specified in the related Supplemental Indenture (any such lien for a Series being referred to herein as the “**Series Specific Lien**” for such Series). In any such case, unless

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otherwise expressly provided by the applicable security documents or by this Indenture, the Series Specific Lien for a Series will be separate and distinct from the Series Specific Lien, if any, for any other Series, and will not secure the amounts payable under or with respect to any other Series.

(5) If so provided in the related Supplemental Indenture, the amounts payable under or with respect to a Series may be subordinated in such manner, pursuant to such documents and to such other debts and liabilities of the Corporation and any other obligor in respect of such Series (including any other Series) as may be specified in the related Supplemental Indenture.

(6) Each Holder by accepting a Debt Security irrevocably authorizes and directs the Trustee on its behalf to take such action (including the execution and delivery of documents of subordination) at the request of the Corporation as may be necessary or appropriate with the Trustee relying on the advice of counsel to further assure the priority arrangements provided for in this Indenture or any Series Specific Document with respect to any Series, including regarding application of payments, the provision of Security, the entering into of intercreditor arrangements and the effecting of subordination arrangements, and each Holder appoints the Trustee as its agent for any and all such purposes.

(7) A Holder may at any time extend any time of payment applicable to its Debt Securities, including waiver of any Event of Default applicable to such Debt Securities, without notice to or consent from any creditor of the Corporation (including any other Holder) which is subordinate in right of payment to such Holder.

## **ARTICLE 5 – COVENANTS OF THE CORPORATION**

### **5.01 Payment of Principal, Premium and Interest**

The Corporation covenants and agrees with the Trustee and for the benefit of the Holders of each Series of Debt Securities that it will duly and punctually pay the principal of (and premium, if any) and interest on the Debt Securities of such Series in accordance with their terms and this Indenture. Principal (and premium, if any) or interest payable with respect to any Debt Securities will be considered paid on the date due if the Paying Agent holds on that date money or securities or both sufficient to pay all principal (and premium, if any) and interest then due.

### **5.02 Maintenance of Office or Agency**

(1) The Corporation will maintain or cause the related Registrar or the related Paying Agent, as the case may be, to maintain an Office or Agency at each Place of Payment for any Series where Debt Securities of such Series may be presented or surrendered for payment, or for registration of transfer or exchange, and where notices and demands to or upon the Corporation in respect of such Debt Securities and this Indenture may be served. The Corporation will give prompt written notice to the Trustee of the location, and any change in the location, of any such Office or Agency. If at any time the Corporation fails to maintain such required Office or Agency or fails to furnish to the Trustee the address of any such Office or Agency, such presentations, surrenders, notices and demands may be made or served at the principal corporate trust office of the Canadian Trustee in Toronto, Ontario, unless in respect of a presentation or surrender for payment, or a registration or transfer or exchange in which case such presentation

or surrender will be made or served at the security transfer department of the Canadian Trustee in Toronto, Ontario, and the Corporation hereby appoints the Canadian Trustee as its agent to receive all such presentations, surrenders, notices and demands.

(2) The Corporation may from time to time designate one or more other Offices or Agencies (in or outside of such Place of Payment) where the Debt Securities of such Series may be presented or surrendered for any or all of such purposes, and may from time to time rescind such designations; provided, however, that no such designation or rescission will in any manner relieve the Corporation of its obligation to maintain, or cause the related Registrar or the related Paying Agent, as the case may be, to maintain for such purposes an Office or Agency in each Place of Payment for such Series. The Corporation will give prompt written notice to the Trustee of any such designation and any change in the location of any such other Office or Agency.

### **5.03 Money for Debt Securities Payments to Be Held in Trust**

(1) If the Corporation at any time acts as its own Paying Agent with respect to any Series of Debt Securities, it will, on or before each due date for payment of the principal of (and premium, if any) or interest on any of the Debt Securities of such Series, segregate and hold in trust for the benefit of the Persons entitled thereto a sum sufficient to pay the principal (and premium, if any) or interest so becoming due until such sums are paid to such Persons or otherwise disposed of as herein provided, and it will promptly notify the Trustee of its action or failure so to act.

(2) Whenever the Corporation has one or more Paying Agents with respect to any Series of Debt Securities, it will, prior to each due date for payment of the principal of (and premium, if any) or interest on any Debt Securities of such Series, deposit with a Paying Agent an amount sufficient to pay the principal (and premium, if any) or interest so becoming due, such amount to be held in trust for the benefit of the Persons entitled to such principal, premium or interest, and (unless such Paying Agent is the Trustee) the Corporation will promptly notify the Trustee of its action or failure so to act.

(3) The Corporation will cause each Paying Agent with respect to any Series of Debt Securities, other than the Trustee, to execute and deliver to the Trustee an instrument in which such Paying Agent agrees, subject to the provisions of this Section, that such Paying Agent will:

- (a) hold all amounts held by it for the payment of the principal of (and premium, if any) or interest on Debt Securities of such Series in trust for the benefit of the Persons entitled thereto until such amounts are paid to such Persons or otherwise disposed of as herein provided;
  - (b) give the Trustee written notice of any default by the Corporation (or any other obligor upon the Debt Securities of such Series) in the making of any payment of principal of (and premium, if any) or interest on the Debt Securities of such Series; and
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- (c) at any time during the continuance of any such default, upon the written request of the Trustee, forthwith deliver to the Trustee all amounts so held in trust by such Paying Agent.

(4) The Corporation may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by request of the Corporation direct any Paying Agent to deliver, to the Trustee all amounts held in trust by the Corporation or such Paying Agent, such amounts to be held by the Trustee upon the same trusts as those upon which such amounts were held by the Corporation or such Paying Agent; and upon such payment by any Paying Agent to the Trustee, such Paying Agent will be released from all further liability with respect to such amounts.

(5) Any amounts deposited with the Trustee or any Paying Agent, or then held by the Corporation, in trust for the payment of the principal of (and premium, if any) or interest on any Debt Security of any Series and remaining unclaimed for two years after such principal (and premium, if any) or interest has become due and payable will to the extent permitted by Applicable Law be delivered to the Corporation on Request of the Corporation, or (if then held by the Corporation) will be discharged from such trust; and the Holder of such Debt Security will thereafter, as an unsecured general creditor, look only to the Corporation for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust property, and all liability of the Corporation as trustee thereof, will thereupon cease.

#### **5.04 Corporate Existence; Books of Account; Annual Filing; Compliance Certificate, etc.**

- (1) The Corporation covenants and agrees with the Trustee for the benefit of each Holder that:
    - (a) it will at all times, subject to the provisions of Section 8.01 maintain its corporate existence;
    - (b) it will keep or cause to be kept proper books of account in accordance with Canadian generally accepted accounting principles; the Corporation will, on or before June 1, in each year and at any other reasonable time if requested by the Trustee, furnish to the Trustee a Certificate of the Corporation stating that the Corporation has complied with all covenants, conditions and other requirements contained in this Indenture, non-compliance with which would, with the giving of notice, lapse of time, or otherwise,
      - (c) constitute an Event of Default hereunder or, if such is not the case, specifying the covenant, condition or other requirement that has not been complied with and giving particulars of such non-compliance and its current status and the action, if any, the Corporation has taken or proposes to take with respect thereto to eliminate such circumstance and remedy such Event of Default, as the case may be; and
    - (d) the Corporation will promptly notify the Trustee in writing upon becoming aware of the occurrence of any Event of Default.
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(2) So long as any Debt Securities are outstanding:

- if the Corporation is subject to the reporting requirements under the securities laws of Canada and is required to file information with one or more securities commissions in Canada (the “**Canadian Commissions**”), the Corporation will furnish to the Canadian Trustee and the Holders of the Debt Securities to the extent not otherwise available on the Canadian System for Electronic Document Analysis and Retrieval (“**SEDAR**”), as promptly as is reasonably practicable after such information has been filed:
- (a) all quarterly and annual financial information that the Corporation would be required to file with the Canadian Commissions as if it was a reporting Corporation under the securities laws of the Province of Ontario, including in each case a “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and, with respect to the annual information only, a report on the annual financial statements by the Corporation’s independent chartered accountants; and
  - (i) all material change reports and other current reports that the Corporation would be required to file with the Canadian Commissions as if it was a reporting corporation under the securities laws of the Province of Ontario;
- if the Corporation is not subject to the reporting requirements under the securities laws of Canada or is otherwise not required to file information with the Canadian Commissions, the Corporation will furnish, when available, to the Canadian Trustee and the Holders of Debt Securities to the extent not otherwise available on SEDAR a copy of all of the financial information and reports referred to in Sections 5.04(2)(a) above; and
- (b) comply with Section 314(a) of the TIA to the extent such compliance is not otherwise provided for in this Section 5.04.
- If the Debt Securities of any Series are to be secured by a mortgage or pledge of property, the Corporation will comply with Section 314(b) and Section 314(d) of the TIA. Notwithstanding anything to the contrary in this Section 5.04(3), the Corporation will not be required to comply with all or any portion of Section 314(d) of the TIA if the Corporation determines, in good faith based on advice of counsel, that, under the terms of Section 314(d) of the TIA and/or any interpretation or guidance as to the meaning thereof of the U.S. Securities and Exchange Commission or its staff, including publicly available “no action” letters or exemptive orders, all or any portion of Section 314(d) of the TIA is inapplicable to all or any part of the collateral or the release, deposit or substitution thereof.
- (3) The Corporation will not change its name or amalgamate with another corporation under a different name without giving at least ten days’ prior notice to the Trustee of the new name and the date upon which such change of name or amalgamation
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is to take effect and, within five Business Days of the change of name or amalgamation, the Corporation will provide the Trustee with:

- (a) a notarial or certified copy of the articles or amendment or articles of amalgamation affecting the change of name; and
- (b) an opinion from legal counsel satisfactory to the Trustee as to the correct name of the Corporation and confirming that all appropriate registrations, filings or recordings have been made on behalf of the Trustee to fully and effectively maintain any security created.

#### 5.05 **Waiver of Certain Covenants**

The Corporation may omit in any particular instance to comply with any covenant or condition set forth in Section 5.04(2) with respect to the Debt Securities of any Series or identified in any Supplemental Indenture with respect to such Series as being subject to this Section 5.06 if, before the time for such compliance, the Holders of a majority in principal amount of the outstanding Debt Securities of such Series, by Act of Holders, either waive such compliance in such instance or generally waive compliance with such covenant or condition, but no such waiver will extend to or affect such covenant or condition except to the extent so expressly waived, and, until such waiver becomes effective, the obligations of the Corporation and the duties of the Trustee in respect of any such covenant or condition will remain in full force and effect.

### **ARTICLE 6 – DEFAULT AND ENFORCEMENT**

#### 6.01 **Events of Default**

Each of the following events is herein sometimes called an “**Event of Default**” with respect to the Debt Securities of any Series:

- (a) if the Corporation makes default in payment of the principal of any Debt Security of such Series when the same becomes due under any provision hereof or of such Debt Security;
  - (b) if the Corporation makes default in payment of any interest due on any Debt Security of such Series and such default continues for a period of 30 days;
  - (c) if the Corporation neglects to carry out or observe any other covenant or condition herein contained in respect of a Debt Security on its part to be observed or performed and, after notice in writing has been given by the Trustee to the Corporation specifying such default and requiring the Corporation to put an end to the same (which notice may be given by the Trustee in its discretion and must be given by the Trustee upon written request by the Holders of not less than 35% in principal amount of the outstanding Debt Securities of all series affected thereby (as one class)), the Corporation fails to make good such default within a period of 90 days, unless the Trustee (having regard to the subject matter of the neglect or
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non-observance) has agreed to a longer period, and in such event, within the period agreed to by the Trustee;

if the Corporation makes default under any obligation to repay borrowed money (other than the Debt Securities of such Series or any such obligation of any partnership or unincorporated joint venture of which the Corporation is a partner or a party and holds not more than 50% of the ownership interests therein) pursuant to which the Corporation has outstanding any indebtedness in an aggregate amount in excess of \$50,000,000, and such default has resulted in the acceleration of the maturity of such obligation, provided that

- (d) such default has not been waived by the obligee prior to the Trustee taking any action pursuant to Section 6.02 or provided that such event of default is not in good faith disputed by the Corporation, but in that event the Corporation will, if the Trustee so requires, give security which, in the reasonable discretion of the Trustee, is sufficient to pay in full any amount claimed in respect of such dispute in case the acceleration of the obligation is held to be valid;
- (e) if an order is made or an effective resolution passed for the winding up, liquidation or dissolution of the Corporation except in the course of carrying out, or pursuant to, a transaction that is permitted by Section 8.01;
- (f) if the Corporation makes a general assignment for the benefit of its creditors or institutes any other proceeding for relief under any bankruptcy or insolvency law, or is declared bankrupt, or if a custodian or a sequestrator or a receiver and manager or any other Person with similar powers is appointed in respect of the Corporation or of all the property of the Corporation or a substantial part thereof;
- (g) if an encumbrancer takes possession of all or a substantial part of the property of the Corporation, or if a distress or execution or any similar process is levied or enforced against such property and remains unsatisfied for such period as would permit such property or part thereof to be sold thereunder and in either case such possession or process has not been contested in good faith and stayed within a period of 60 days thereafter; or
- (h) any other Event of Default provided with respect to the Debt Securities of such Series.

#### **6.02 Acceleration on Default**

If an Event of Default described in Section 6.01(a) or (b) occurs and is continuing with respect to outstanding Debt Securities of any Series, then in every such case the Trustee may, in its discretion, and must, upon the written request of the Holders of not less than 35% in principal amount of the outstanding Debt Securities of such Series, declare the principal amount of and premium, if any, on all the outstanding Debt Securities of such Series and all accrued interest thereon to be due and payable immediately, by notice in writing to the Corporation (and to the Trustee if given by Holders), and upon any such declaration the same will become immediately due and payable. If an Event of Default described in Section 6.01(c) or (h) occurs and is

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continuing with respect to outstanding Debt Securities of one or more Series, then in every such case the Trustee or the Holders of not less than 35% in principal amount of the outstanding Debt Securities of all Series affected thereby (as one class) may declare the principal amount of and premium, if any, on all the outstanding Debt Securities of such affected Series and all accrued interest thereon to be due and payable immediately, subject to any provisions for subordination of any one or more Series of Debt Securities, by notice in writing to the Corporation (and to the Trustee if given by Holders), and upon any such declaration the same will become immediately due and payable, subject to any provisions for subordination of any one or more Series of Debt Securities. If an Event of Default described in Section 6.01(d), (e), (f) or (g) occurs and is continuing, then in every such case the Trustee or the Holders of not less than 35% in principal amount of all outstanding Debt Securities (as a class) may declare the principal amount of and premium, if any, on all the outstanding Debt Securities and all accrued interest thereon to be due and payable immediately, subject to any provisions for subordination of any one or more Series of Debt Securities, by notice in writing to the Corporation (and to the Trustee if given by Holders), and upon any such declaration the same will become immediately due and payable, subject to any provisions for subordination of any one or more Series of Debt Securities.

### 6.03 **Waiver of Declaration**

At any time after a declaration of acceleration with respect to the outstanding Debt Securities of one or more Series has been made pursuant to Section 6.02 and before a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter provided, the Holders of a majority in principal amount of outstanding Debt Securities of all Series affected by such Event of Default (as a class), by written Notice to the Corporation and the Trustee, may thereupon rescind and annul such declaration and its consequences in respect of such Series, if the Corporation has paid or deposited with the Trustee a sum sufficient to pay:

- (a) all overdue interest on all Debt Securities of such Series and all amounts due the Trustee hereunder;
- (b) the principal of (and premium, if any) any of the Debt Securities of such Series that have become due otherwise than by such declaration of acceleration, and interest thereon at the rate or rates prescribed therefor in such Debt Securities; and
- (c) to the extent that payment of such interest is lawful and applicable, interest upon overdue instalments of interest at the rate prescribed therefor in such Debt Securities; and

all Events of Default with respect to the Debt Securities of such Series, other than the non-payment of the principal of (and premium, if any), and interest on, such Debt Securities that have become due solely by such declaration of acceleration, have been cured or waived in accordance with the provisions of this Indenture.

### 6.04 **Waiver**

(1) The Holders of not less than a majority in principal amount of the outstanding Debt Securities of any Series may on behalf of the Holders of all Debt Securities of any such Series waive any past default hereunder with respect to such Series and its consequences, except a

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default in the payment of the principal of (or premium, if any) or interest on any Debt Security of such Series.

(2) Upon any such waiver, such default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, for every purpose of this Indenture. No such waiver will extend to any subsequent or other default or impair any right consequent thereon.

#### **6.05 Other Remedies**

(1) If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of (and premium, if any) or interest on the Debt Securities or to enforce the performance of any term of the Debt Securities or this Indenture.

(2) The Trustee will have the power at any time and from time to time to institute and to maintain such suits and proceedings as it may be advised will be necessary or advisable to preserve and protect its interests and the interests of the Holders. The Trustee may maintain a Proceeding even if it does not possess any Debt Securities or does not produce any of them in the Proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default will not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default.

#### **6.06 Application of Money Collected**

Any money collected by the Trustee pursuant to this Article 6 in respect of a Series will (subject to any claims having priority under Applicable Law) be applied in the following order, at the dates fixed by the Trustee and, in case of the distribution of such money on account of principal of (and premium, if any) or interest, upon presentation of Debt Securities, or both, as the case may be, and the notation thereon of the payment (if only partially paid) and upon surrender thereof (if fully paid):

- (a) first, to the payment of all amounts due to the Trustee (ratably in proportion of amount owed) under this Indenture with respect to such Series;
- (b) second, to the payment of accrued interest on such Series;
- (c) third, to the payment of the principal of (and premium, if any) on such Series;
- (d) fourth, to the payment of any other amounts with respect to such Series; and
- (e) fifth, to whomever may be lawfully entitled to receive the balance of such money as directed by an Order of the Corporation or a court of competent jurisdiction.

#### **6.07 Control by Holders**

(1) The Holders of at least a majority in principal amount of the outstanding Debt Securities of all Series affected by an Event of Default (as a class) may:

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- (a) direct the time, method and place of conducting any Proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to the Debt Securities of all Series affected by such Event of Default; and
- (b) take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of Debt Securities of such Series under any provisions of this Indenture or under Applicable Law.

(2) The Trustee may refuse, however, to follow any direction that conflicts with Applicable Law or this Indenture or that may expose the Trustee to potential liability, and in each such case, the Trustee has been provided funds and indemnity in form satisfactory to the Trustee prior to taking such action in accordance with Section 7.02(1)(d).

#### **6.08 Limitation on Suits**

(1) A Holder of Debt Securities of any Series may pursue a remedy with respect to this Indenture or the Debt Securities of such series directly only if: (a) the Holder has previously given to the Trustee written notice of a continuing Event of Default with respect to the Debt Securities of such Series; (b) the Holders of at least 35% in principal amount of the then outstanding Debt Securities of all Series affected by such Event of Default (as a class) have made a request in writing to the Trustee to institute a Proceeding and pursue the remedy; (c) such Holder has provided to the Trustee funds and indemnity in form satisfactory to the Trustee against any loss, liability or expense; (d) the Trustee does not comply with the request and has failed to institute such Proceeding within 60 days after receipt of such request and funds an indemnity; and (e) during such 60-day period the Holders of a majority in principal amount of outstanding Debt Securities of all Series affected by such Event of Default (as a class) do not give the Trustee a direction inconsistent with the request.

(2) Holders may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

(3) The limitations set forth in Section 6.08(1) do not apply to a suit instituted by a Holder of a Debt Security for the enforcement of payment of the principal of or any premium or interest on such Debt Security on or after the applicable Maturity Date specified in such Debt Security.

#### **6.09 Rights of Holders To Receive Payment**

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of (and, premium, if any) and interest on Debt Securities held by such Holder, on or after the respective due dates expressed in the Debt Securities (or, in the case of redemption, on the Redemption Date), or to institute suit for the enforcement of any such payment on or after such respective dates, will not be impaired or affected without the consent of the Holder, except if and to the extent that the institution or prosecution thereof or the entry of judgment therein would, under Applicable Law, result in the surrender, impairment, waiver or loss of the Lien of the Indenture upon any property subject to such Lien.

**6.10 Collection Suit by Trustee**

If an Event of Default specified in Section 6.01(a), through Section 6.01(h) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Corporation for the whole amount of principal (and premium, if any) and interest remaining unpaid, together with any and all amounts due the Trustee hereunder (including expenses of legal counsel).

**6.11 Trustee May File Proofs of Claim**

The Trustee may file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee and the Holders lodged or allowed in any judicial proceedings relative to the Corporation, its creditors or its property.

**6.12 Undertaking for Costs**

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defences made by the party litigant. This Section 6.12 does not apply to a suit by the Trustee, a suit by a Holder pursuant to Section 6.08, or a suit by any Holder or group of Holders of more than 10% in principal amount of the outstanding Debt Securities of all Series affected.

**6.13 Delay or Omission Not Waiver**

No delay or omission of the Trustee or of any Holder of any Debt Security to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article 6 or by Applicable Law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

**6.14 Remedies Cumulative**

No remedy herein conferred upon or reserved to the Trustee or upon or to the Holders is intended to be exclusive of any other remedy, but each remedy will be cumulative and will be in addition to every other remedy given hereunder or now existing or hereafter to exist by law or statute.

**6.15 Judgment Against the Corporation**

The Corporation covenants and agrees with the Trustee that, in case of any judicial or other Proceedings to obtain judgment for payment of the principal of, premium (if any) on or interest (if any) on the Debt Securities, judgment may be rendered against it in favour of the Holders or in favour of the Trustee, as trustee for the Holders, for the amount which may remain due in respect of the Debt Securities of such Series and the interest and premium (if any) thereon.

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**ARTICLE 7 – THE TRUSTEE**

**7.01 Duties of Trustee**

- In the exercise of its rights, duties and obligations prescribed or conferred by this Indenture and any other Series Specific Documents,
- the Canadian Trustee will act honestly and in good faith with a view to the best interests of the Holders, and will exercise that degree
- (a) of care, diligence and skill that a reasonably prudent corporate trustee would exercise in comparable circumstances in respect of corporate debt instruments;
- if an Event of Default has occurred and is continuing, the U.S. Trustee will exercise such of the rights and powers vested in it by this
- (b) Indenture and will use the same degree of care and skill in the exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs;
- except during the continuance of an Event of Default, the U.S. Trustee undertakes to perform such duties and only such duties as are
- (c) specifically set forth in this Indenture and no others, and no implied covenants or obligations will be read into this Indenture against the Trustee;
- in the absence of bad faith on its part, the Trustee may conclusively act and rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this
- (d) Indenture. In the case of any such certificates or opinions which by any provisions hereof are specifically required to be furnished to the Trustee, the Trustee will examine same to determine whether they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein);
- (e) the Trustee will not be relieved from liability for its own negligent action, its own negligent failure to act or its own wilful misconduct, except that:
- (i) this Section 7.01(e) does not limit the effect of Section 7.01(c);
- (ii) the Trustee will not be liable for any error of judgment made in good faith by a Trust Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts;
- (iii) the Trustee will not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.02 or 6.07; and
- (iv) no provision of this Indenture requires the Trustee to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers; and
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- (f) the Trustee will not be liable for interest on any money received by it except as the Trustee may agree in writing with the Corporation. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law; and
- (g) whether or not therein expressly so provided and notwithstanding any other provision hereof to the contrary, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to a Trustee will be subject to the provisions of this Section 7.01 and to the applicable provisions of Trust Indenture Legislation.

#### 7.02 **Certain Rights of Trustee**

- (1) Subject to Section 7.01:
    - (a) the Trustee may conclusively rely, and will be fully protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document (whether in original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper person;
    - (b) before the Trustee acts or refrains from acting, it may require a Certificate of the Corporation or an Opinion of Counsel. The Trustee will not be liable for any action it takes or omits to take in good faith in reliance on such certificate or opinion;
    - (c) the Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any attorney or agent appointed with due care by it hereunder;
    - (d) the Trustee will be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders, unless such Holders have provided to the Trustee funds and indemnity reasonably satisfactory to it against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction;
    - (e) the Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers, provided that the Trustee's conduct does not constitute negligence or bad faith;
    - (f) whenever in the administration of this Indenture the Trustee deems it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon a Certificate of the Corporation;
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the Trustee will not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee determines to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Corporation personally or by agent or attorney at the expense of the Corporation and, except as otherwise provided in Section 7.01(e) or required by Trust Indenture Legislation, will incur no liability of any kind by reason of such inquiry or investigation;

- (g) may see fit, and, if the Trustee determines to make such further inquiry or investigation, it will be entitled to examine the books, records and premises of the Corporation personally or by agent or attorney at the expense of the Corporation and, except as otherwise provided in Section 7.01(e) or required by Trust Indenture Legislation, will incur no liability of any kind by reason of such inquiry or investigation;
- except as otherwise provided in Section 7.01(e) or required by Trust Indenture Legislation, in no event will the Trustee be responsible or liable for special indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;

- (h) or liable for special indirect, or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action;
- (i) the rights, privileges, protections, immunities and benefits given to the Trustee, including its right to be indemnified, are extended to, and will be enforceable by, the Trustee in each of its capacities hereunder, and each agent, custodian and other Person employed to act hereunder; and

the Trustee may retain such independent legal counsel, auditor, valuer, engineer, surveyor or other expert and may employ such agents or assistants as may be required by it for the purposes of the discharging its duties and determining its rights hereunder, and may or may not in its discretion act and rely on the advice, information or opinion of any such expert and will not be liable for acting and relying in good faith on such advice, information or opinion, nor will the Trustee be responsible for any misconduct or negligence of any such Person appointed with due care. The Corporation will reimburse the Trustee for the reasonable fees, expenses and disbursements of any and all such independent legal counsel, auditor, valuer, engineer, surveyor other expert, agent or assistants. The Trustee may but need not, in its sole discretion, act and rely on the information, advice or opinion of independent legal counsel, auditor, valuer, engineer, surveyor or other expert retained or employed by the Corporation.

- (j) the Trustee may retain such independent legal counsel, auditor, valuer, engineer, surveyor or other expert and may employ such agents or assistants as may be required by it for the purposes of the discharging its duties and determining its rights hereunder, and may or may not in its discretion act and rely on the advice, information or opinion of any such expert and will not be liable for acting and relying in good faith on such advice, information or opinion, nor will the Trustee be responsible for any misconduct or negligence of any such Person appointed with due care. The Corporation will reimburse the Trustee for the reasonable fees, expenses and disbursements of any and all such independent legal counsel, auditor, valuer, engineer, surveyor other expert, agent or assistants. The Trustee may but need not, in its sole discretion, act and rely on the information, advice or opinion of independent legal counsel, auditor, valuer, engineer, surveyor or other expert retained or employed by the Corporation.

(2) A Trustee may request that the Corporation deliver a Certificate of the Corporation setting forth the names of the individuals and/or titles of officers authorized at such time to take specified actions pursuant to this Indenture, which Certificate of the Corporation may be signed by any person authorized to sign a Certificate of the Corporation, including any person specified as so authorized in any such certificate previously delivered and not superseded.

### **7.03 Individual Rights of Trustee**

The Trustee, any Paying Agent, any Registrar or any other agent of the Corporation or of the Trustee, in its individual or any other capacity, may become the owner or pledgee of Debt Securities and, subject to TIA Sections 310(b) and 311, may otherwise deal with the Corporation

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with the same rights it would have if it were not Trustee, Paying Agent, Registrar or such other agent.

#### **7.04 Trustee's Disclaimer**

The recitals and statements of fact contained herein and in the Debt Securities, except for the Trustee's certificates of authentication, will be taken as the statements of the Corporation, and the Trustee assumes no responsibility for their correctness. Neither Trustee makes any representations as to the validity or sufficiency of this Indenture or of any Debt Securities. The Trustee will not be accountable for the use or application by the Corporation of Debt Securities or the proceeds thereof.

#### **7.05 Notice of Defaults**

Each Trustee will promptly give the other Trustee notice of any Event of Default known to it. If any Event of Default occurs and is continuing and if such Event of Default is known to either Trustee, one or both of the Trustees will mail to the Holders of all outstanding Debt Securities affected thereby in the manner and to the extent provided in TIA Section 313(c) notice of the Event of Default within 30 days after its occurrence, unless such Event of Default has been cured; provided, however, that, except in the case of a default in the payment of the principal of, premium, if any, or interest on any Debt Security, either Trustee will be protected in withholding such notice if and so long as the Trustee in good faith determine that the withholding of such notice is in the interest of the Holders and so informs the Corporation in writing.

The Trustee will not be deemed to have knowledge of an Event of Default unless a written notice of such Event of Default has been received by either Trustee at its corporate trust office and such notice references the Debt Securities and this Indenture.

#### **7.06 Reports by Trustee to Holders**

Within 60 days after May 15 of each year commencing with May 15, 2006, the U.S. Trustee will transmit to the Holders, in the manner and to the extent provided in TIA Section 313(c), a brief report dated as of such date that complies with TIA Section 313(a). The U.S. Trustee also will comply with TIA Section 313(b) and (c).

The Corporation will promptly notify the Trustee whenever any Debt Securities become listed on any securities exchange and of any delisting thereof, and the U.S. Trustee will comply with TIA Section 313(d).

#### **7.07 Compensation and Indemnity**

The Corporation will pay to the Trustee such compensation as will be agreed in writing for its services hereunder. The Trustee's compensation will not be limited by any law on compensation of a trustee of an express trust. The Corporation will reimburse the Trustee upon request for all out-of-pocket expenses incurred or made by it, including costs of collection, in addition to the compensation for its services. Such expenses will include the reasonable compensation and out-of-pocket expenses of the Trustee's agents, counsel and other advisors.

The Corporation will indemnify the Trustee (in any of its capacities in connection with any of the transactions contemplated hereby, including under this Indenture) and its officers, directors, employees and agents for, and hold it and them harmless from and against any and all loss, liability, claim, damage or expense (including reasonable attorneys' fees and expenses), penalties, actions, suits, demands, costs, levies, disbursements of whatever kind or nature which may at any time be suffered by, imposed on, incurred by or asserted against the Trustee whether groundless or otherwise incurred by it or any of them without wilful misconduct or negligence or bad faith on its part arising out of or in connection with the administration of this trust and the performance of its duties hereunder (including the costs and expenses of enforcing this Indenture including this Section 7.07 and of defending itself against any claim, whether asserted by the Corporation, any Holder or any other Person). The Trustee will notify the Corporation promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Corporation will not relieve the Corporation of its obligations hereunder. The Corporation will defend the claim and the Trustee will reasonably cooperate in such defense. The Trustee may have separate counsel and the Corporation will pay the reasonable fees and expenses of such counsel. The Corporation need not pay for any settlement made without its consent, which consent may not be unreasonably withheld. The Corporation will not reimburse any expense or indemnify against any loss, liability or expense incurred by the Trustee through the Trustee's own wilful misconduct or negligence or bad faith.

To secure the Corporation's payment obligations in this Section 7.07, the Trustee will have a Lien prior to the Debt Securities on all money or property held or collected by the Trustee hereunder, in its capacity as Trustee, except money or property held in trust to pay principal of, premium, if any, and interest on particular Debt Securities.

The Corporation's obligations under this Section 7.07, and any claim arising hereunder will survive the resignation or removal of any Trustee, the satisfaction and discharge of the Corporation's obligations pursuant to Article 11 and any rejection or termination under any bankruptcy law, and the termination of this Indenture.

"Trustee" for purposes of this Section 7.07 will include any predecessor Trustee; provided, however, that the negligence or wilful misconduct or bad faith of any Trustee hereunder will not affect the rights of any other Trustee hereunder.

#### **7.08 Replacement of Trustee**

A resignation or removal of a Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

Either Trustee may resign at any time by so notifying the Corporation. The Holders of a majority in outstanding principal amount of the outstanding Debt Securities may remove either Trustee by so notifying the Trustee and the Corporation. The Corporation will remove a Trustee if:

- (a) such Trustee fails to comply with the applicable requirements of Section 7.10;
  - (b) such Trustee is adjudged bankrupt or insolvent;
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- (c) a receiver or other public officer takes charge of such Trustee or its property; or
- (d) such Trustee otherwise becomes incapable of acting.

If either Trustee resigns or is removed, or if a vacancy exists in the office of U.S. Trustee or Canadian Trustee for any reason, the Corporation will promptly appoint a successor Canadian or U.S. Trustee, as the case may be. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the outstanding Debt Securities may appoint a successor Trustee to replace the successor Trustee appointed by the Corporation.

A successor Trustee will deliver a written acceptance of its appointment to the retiring Trustee and to the Corporation. Thereupon the resignation or removal of the retiring Trustee will become effective, and the successor Trustee will have all the rights, powers and duties of the Trustee that it is succeeding under this Indenture. The successor Trustee will mail a notice of its succession to Holders. The retiring Trustee will, upon payment of its charges and subject to its Lien, if any, created by Section 7.07, promptly transfer all property held by it as Trustee to the successor Trustee.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Corporation or the Holders of at least 10% in outstanding principal amount of the Debt Securities of any Series may, at the Corporation's expense, petition any court of competent jurisdiction for the appointment of a successor Trustee at the expense of the Corporation.

If a Trustee fails to comply with Section 7.10, any Holder may petition any court of competent jurisdiction for the removal of such Trustee and the appointment of a successor Trustee.

Notwithstanding the replacement of a Trustee pursuant to this Section 7.08, the Corporation's obligations under Section 7.07 will continue for the benefit of the retiring Trustee.

#### **7.09 Successor Trustee by Merger**

Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee will be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, will be the successor of the Trustee hereunder, provided such corporation will be otherwise qualified and eligible under this Article 7, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Debt Securities will have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Debt Securities so authenticated with the same effect as if such successor Trustee had itself authenticated such Debt Securities. In case at that time any of the Debt Securities have not been authenticated, any successor Trustee may authenticate such Debt Securities either in the name of any predecessor hereunder or in the name of the successor Trustee. In all such cases such certificates will have the full force and effect which this Indenture provides that the certificate of authentication of the Trustee will have; provided, however, that the right to adopt the certificate of authentication of any predecessor Trustee or to

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authenticate Debt Securities in the name of any predecessor Trustee will apply only to its successor or successors by merger, conversion or consolidation.

#### **7.10 Eligibility: Disqualification**

The U.S. Trustee will at all times satisfy the requirements of TIA Section 310(a)(1) and (5). The U.S. Trustee will have a combined capital and surplus of at least U.S. \$50,000,000 as set forth in its most recent published annual report of condition. The U.S. Trustee will comply with TIA Section 310(b); provided, however, that there will be excluded from the operation of TIA Section 310(b)(1) any indenture or indentures under which other securities or certificates of interest or participation in other debt securities of the Corporation are outstanding if the requirements for such exclusion set forth in TIA Section 310(b)(1) are met. If either Trustee has or will acquire a conflicting interest within the meaning of the TIA, such Trustee will either eliminate such interest within 90 days or resign, to the extent and in the manner provided by, and subject to the provisions of, the TIA and this Indenture.

Notwithstanding the foregoing, the Holders waive any conflict that may arise from the fact that the Canadian Trustee acted as trustee for securities of the Corporation issued pursuant to various indentures entered into by the Corporation and the Canadian Trustee prior to the date of this Indenture.

There will at all times be a Canadian Trustee under this Indenture. The Canadian Trustee will at all times be a corporation organized under the laws of Canada or any province thereof and authorized to carry on trust business therein. If at any time the Canadian Trustee will cease to be eligible in accordance with this Section, it will resign immediately in the manner and with the effect hereinafter specified in Section 7.08.

#### **7.11 Preferential Collection of Claims Against Corporation**

The Trustee will comply with TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed will be subject to TIA Section 311(a) to the extent indicated therein.

#### **7.12 Joint Trustees**

The rights, powers, duties and obligations conferred and imposed upon the Trustees are conferred and imposed upon and will be exercised and performed by the U.S. Trustee and the Canadian Trustee jointly, except to the extent otherwise provided herein or otherwise required by Trust Indenture Legislation and except to the extent that under Trust Indenture Legislation either Trustee will be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations will be exercised and performed by the Trustee which is not so incompetent or unqualified to the extent it can do so under applicable law, and except that neither Trustee will be liable or responsible for the acts or omissions of the other Trustee. Notwithstanding anything to the contrary contained in this Indenture, it is hereby agreed and understood as between the U.S. Trustee and the Canadian Trustee that: (i) the U.S. Trustee is appointed hereunder solely for the purpose of satisfying Section 310(a) of the TIA, and such other sections of the TIA that expressly require a U.S. Trustee to act; (ii) the U.S. Trustee will not be subject to Canadian law; and (iii) the U.S. Trustee will have no obligation whatsoever in

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any capacity whatsoever (including, but not limited to the capacity of Paying Agent, Registrar, or Transfer Agent) under this Indenture or to administer this Indenture or the Debt Securities issued hereunder or under any Supplemental Indentures, except as set forth in clause (i), and the Canadian Trustee will be responsible for (a) the matters set forth in this clause (iii) and (b) to enforce this Indenture and exercise all rights and remedies on behalf of Holders hereunder; provided, however, that upon an Event of Default, the U.S. Trustee will exercise rights and remedies solely under U.S. law on behalf of U.S. Holders.

### 7.13 **Appointment of Co-Trustee**

(1) It is the purpose of this Indenture that there will be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture, and in particular in case of the enforcement thereof on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an individual or institution as a separate or co-trustee. The following provisions of this Section 7.13 are adopted to these ends.

(2) In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and Lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto will be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and only to the extent that the Trustee by the laws of any jurisdiction is incapable of exercising such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee will run to and be enforceable by either of them.

(3) Should any instrument in writing from the Corporation be required by the separate co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing will, on request, be executed, acknowledged and delivered by the Corporation; provided, however, that if an Event of Default has occurred and is continuing, if the Corporation does not execute any such instrument within 15 days after request therefor, the Trustee will be empowered as an attorney-in-fact for the Corporation to execute any such instrument in the Corporation's name and stead. In case any separate or co-trustee or a successor to either will die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-trustee, so far as permitted by law, will vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate or co-trustee.

(4) Each separate trustee and co-trustee will, to the extent permitted by law, be appointed and act subject to the following provisions and conditions:

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(a) all rights and powers, conferred or imposed upon the Trustee will be conferred or imposed upon and may be exercised or performed by such separate trustee or co-trustee; and

(b) no trustee hereunder will be personally liable by reason of any act or omission of any other trustee hereunder.

(5) Any notice, request or other writing given to the Trustee will be deemed to have been given to each of the then separate trustees and co-trustees, as effectively as if given to each of them. Every instrument appointing any separate trustee or co-trustee will refer to this Indenture and the conditions of this Article 7.

(6) Any separate trustee or co-trustee may at any time appoint the Trustee as its agent or attorney-in-fact with full power and authority, to the extent not prohibited by law, to do any lawful act under or in respect of this Indenture on its behalf and in its name. If any separate trustee or co-trustee dies, becomes incapable of acting, resigns or is removed, all of its estates, properties, rights, remedies and trusts will vest in and be exercised by the Trustee, to the extent permitted by law, without the appointment of a new or successor trustee.

#### **7.14 Responsibility of Trustee**

In no event will the Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

#### **7.15 Dealings with Collateral**

Beyond the exercise of reasonable care in the custody thereof, the Trustee (even in its capacity as a collateral agent, if applicable) shall have no duty as to any collateral in its possession or control or in the possession or control of any agent or bailee or any income thereon or as to preservation of rights against prior parties or any other rights pertaining thereto and the Trustee will not be responsible for preparing or filing any financing or continuation statements or recording any documents or instruments in any public office at any time or times or otherwise perfecting or maintaining the perfection of any security interest in the collateral. The Trustee will not be responsible for the existence, genuineness or value of any collateral or for the validity, perfection, priority or enforceability of the liens in any collateral.

### **ARTICLE 8 - SUCCESSOR CORPORATIONS**

#### **8.01 Certain Requirements in Respect of Merger, etc.**

So long as any Debt Securities issued under the Indenture remain outstanding, the Corporation will not enter into any transaction (whether by way of reorganization,

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reconstruction, consolidation, amalgamation, merger, transfer, sale, lease or otherwise) whereby all or substantially all of its undertaking, property and assets would become the property of any other Person or, in the case of amalgamation, of the continuing corporation resulting therefrom unless, but may do so if:

- (a) such other Person is a body corporate (herein called a “**Successor Corporation**”) incorporated under the laws of Canada or any province thereof;  
the Successor Corporation executes, prior to or contemporaneously with the consummation of such transaction, such instruments as are satisfactory to the Trustee and, in the Opinion of Counsel, are necessary or advisable to evidence the assumption by the Successor Corporation of liability for the due and punctual payment of the principal (and premium, if any) of all outstanding Debt Securities and the interest thereon, according to their tenor, and all other money payable hereunder and the covenant of the Successor Corporation to pay the same and its agreement to observe and perform all the covenants and obligations of the Corporation under this Indenture; and
- (b) no condition or event will exist in respect of the Successor Corporation at the time of such transaction and after giving full effect thereto which would constitute an Event of Default or which, with the giving of notice or with the passage of time or both would constitute an Event of Default.

#### 8.02 **Vesting of Powers in Successor**

Whenever the conditions of Section 8.01 have been duly observed and performed, the Successor Corporation will succeed to and be substituted for the Corporation with the same effect as if the Successor Corporation had been named herein as the Corporation, and the Successor Corporation will possess and from time to time may exercise each and every right and power of the Corporation under this Indenture in the name of the Corporation or otherwise and any act or proceeding required by any provision of this Indenture to be done or performed by any directors or officers of the Corporation may be done and performed with like force and effect by the like directors or officers of the Successor Corporation.

### **ARTICLE 9 - MEETINGS OF HOLDERS OF DEBT SECURITIES**

#### 9.01 **Purposes of Meetings**

A meeting of the Holders may be called at any time pursuant to this Article 9 for any of the following purposes:

- (a) to give any notice to the Corporation or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any Event of Default hereunder and its consequences, or to take any other action authorized to be taken by Holders pursuant to Article 6 or 7;
  - (b) to remove the Trustee and appoint a successor trustee pursuant to Article 7; or
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(c) to consent to the execution of an indenture supplement pursuant to Section 10.02.

#### **9.02 Place of Meetings**

Meetings of Holders may be held at such place or places as the Trustee or, in case of its failure to act, the Corporation or the Holders calling the meeting, from time to time determine.

#### **9.03 Call and Notice of Meetings**

(1) The Trustee may at any time (upon not less than 21 days' notice) call a meeting of Holders to be held at such time and at such place in Toronto, Ontario or in such other city as determined by the U.S. Trustee pursuant to Section 9.02. Notice of every meeting of Holders, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, will be given to each Holder in the manner contemplated by Section 12.03.

(2) In case at any time the Corporation or the Holders of at least 35% in aggregate principal amount of the Debt Securities of one or more Series then outstanding will have requested the Trustee to call a meeting of the Holders, by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee has not given the notice of such meeting within 20 days after receipt of such request, then the Corporation or the Holders of Debt Securities of the applicable Series in the amount above specified may determine the time (not less than 21 days after notice is given) and the place in Toronto, Ontario or in such other city as determined by the Corporation or the Holders pursuant to Section 9.02 for such meeting and may call such meeting to take any action authorized in Section 9.01 by giving notice thereof as provided in Section 12.03.

#### **9.04 Voting at Meetings**

To be entitled to vote at any meeting of Holders, a Person must be (a) a Holder at the relevant record date for determining the identity of Holders entitled to vote on any matter or (b) a Person appointed by an instrument in writing as proxy for a Holder by such Holder. The only Persons who will be entitled to be present or to speak at any meeting of Holders will be the Persons so entitled to vote at such meeting and their counsel and any representatives of the Trustee and its counsel and any representatives of the Corporation and its counsel.

#### **9.05 Voting Rights, Conduct and Adjournment**

(1) Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Holders in regard to proof of the holding of Debt Securities and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it deems appropriate. Except as otherwise permitted or required by any such regulations, the appointment of any proxy will be proved in such manner as is deemed appropriate by the Trustee or by having the signature of the Person executing the proxy witnessed or guaranteed by any bank, banker or trust company customarily authorized to certify to the holding of a Debt Security such as a Global Note.

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(2) At any meeting of Holders, the presence of Persons holding or representing Debt Securities in an aggregate principal amount sufficient under the appropriate provision of this Indenture to take action upon the business for the transaction of which such meeting was called will constitute a quorum. Any meeting of Holders duly called pursuant to Section 9.03 may be adjourned from time to time by vote of the Holders (or proxies for the Holders) of a majority of the Debt Securities represented at the meeting and entitled to vote, whether or not a quorum is present; and the meeting may be held as so adjourned without further notice. No action at a meeting of Holders will be effective unless approved by Persons holding or representing Debt Securities of the applicable Series in the aggregate principal amount required by the provision of this Indenture pursuant to which such action is being taken.

(3) At any meeting of Holders, each Holder or proxy will be entitled to one vote for each \$1,000 aggregate principal amount of outstanding Debt Securities of the applicable Series held or represented.

#### **9.06 Revocation of Consent by Holders at Meetings**

At any time prior to (but not after) the evidencing to the Trustee of the taking of any action at a meeting of Holders by the Holders of the percentage in aggregate principal amount of the Debt Securities specified in this Indenture in connection with such action, any Holder of a Debt Security the serial number of which is included in the Debt Securities the Holders of which have consented to such action may, by filing written notice with the Trustee and upon proof of holding as provided herein, revoke such consent so far as concerns such Debt Security. Except as aforesaid, any such consent given by the Holder of any Debt Security will be conclusive and binding upon such Holder and upon all future Holders and owners of such Debt Security and of any Debt Security issued in exchange therefor, in lieu thereof or upon transfer thereof, irrespective of whether or not any notation in regard thereto is made upon such Debt Security. Any action taken by the Holders of the percentage in aggregate principal amount of the Debt Securities specified in this Indenture in connection with such action will be conclusively binding upon the Corporation, the Trustee and the Holders.

### **ARTICLE 10 – SUPPLEMENTAL INDENTURES**

#### **10.01 Without Consent of Holders**

From time to time, without notice to or the consent of any Holders, the Corporation (when authorized by a resolution of its Board of Directors) and the Trustee may, subject to the provisions of these presents, and the Trustee must, upon the receipt of a Request of the Corporation or when so directed by these presents, execute and deliver by their proper officers, indentures or other instruments supplemental hereto (each such indenture or instrument a “**Supplemental Indenture**”), which thereafter will form part hereof, for any one or more of the following purposes:

- (a) establishing the Principal Terms of a Series that the Corporation wishes to be able to issue under this Indenture;
  - (b) evidencing the succession of Successor Corporations to the Corporation and the covenants of and obligations of the Corporation under this Indenture assumed by
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such Successor Corporations in accordance with the provisions of Article 8;

- (c) adding to the covenants of the Corporation contained in this Indenture for the benefit of the Holders of all or any Series (and, if such covenants are to be for the benefit of less than all Series, stating that such covenants are expressly being included solely for the benefit of such Series) or surrendering any right or power herein conferred upon the Corporation;
  - (d) adding to or altering the provisions hereof in respect of the registration and transfer of Debt Securities of any Series, making provision for the issue of Debt Securities of any Series in forms or denominations other than those herein provided for and for the exchange of Debt Securities of any Series of different forms and denominations or making any modification in the forms of the Debt Securities of any Series that does not affect the substance thereof;
  - (e) making any additions to, deletions from or alterations of the provisions of this Indenture or the Debt Securities of any Series that, in the opinion of Counsel, are necessary or advisable in order to incorporate, reflect or comply with any Applicable Law or any requirement of any Governmental Authority, the provisions of which apply to the Corporation, the Trustee or this Indenture;
  - (f) making such provisions, not substantially inconsistent with this Indenture, as may be necessary or desirable with respect to matters arising under this Indenture that, in the opinion of the Trustee relying on the advice of counsel, are expedient to make; provided that such provisions do not individually or in the aggregate materially adversely affect the interests of the Holders of any Series or the Trustee;
  - (g) adding to or modifying, amending or eliminating any of the terms of this Indenture or a Supplemental Indenture, provided however that:
    - (i) no such addition, modification, amendment or elimination will be effective with respect to any Debt Securities that are outstanding at the time of such addition, modification, amendment or elimination; and
    - (ii) the Trustee may decline to enter into any Supplemental Indenture that would adversely affect its own rights, duties or immunities under this Indenture or otherwise;
  - (h) evidencing and providing for the acceptance of appointment hereunder by a successor trustee with respect to the Debt Securities of one or more Series, and adding to or changing any of the provisions of this Indenture as may be necessary to provide for or facilitate the administration of the trusts hereunder by two Trustees; and
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- (i) the correction or rectification of any ambiguity, defective provision, error or omission herein, provided that the rights of the Trustee and of the Holders of Debt Securities of any Series are not materially prejudiced thereby.

#### 10.02 **With Consent of Holders**

- (1) Except as provided in Section 10.02(2) below and in Sections 6.03 and 6.04 and without prejudice to Section 10.01:

the Corporation, when authorized by a resolution of its Board of Directors, and the Trustee may, with the written consent of the

- (a) Holders of at least a majority in aggregate principal amount of the Debt Securities of each Series then outstanding affected thereby amend this Indenture and the Debt Securities of such Series, and

any existing default or compliance by the Corporation with any provision of this Indenture affecting the Debt Securities of a Series

- (b) may be waived with the written consent of the Holders of at least a majority in aggregate principal amount of the Debt Securities of such Series then outstanding.

(2) Without the consent of each Holder affected thereby, no amendment, supplement or waiver, including a waiver pursuant to Section 6.03 and an amendment, modification or supplement pursuant to Section 10.01, may (with respect to any Debt Securities held by a non-consenting Holder):

- (a) reduce the principal amount of Debt Securities whose Holders must consent to an amendment, supplement or waiver;
  - (b) reduce the principal of or change the Stated Maturity of any Debt Security or alter the provisions, or waive any payment, with respect to the redemption of any Debt Security;
  - (c) reduce the rate of or change the time for payment of interest on any Debt Security;
  - (d) waive an Event of Default in the payment of principal of, or interest, or premium, if any, on, the Debt Securities of a Series (except a rescission of acceleration of such Debt Securities by the Holders in accordance with Section 6.03);
  - (e) make any change in the provisions of this Indenture relating to waivers of past defaults or the rights of Holders of Debt Securities to receive payments of principal of, or interest or premium, if any, on, the Debt Securities;
  - (f) impair the right to institute suit for the enforcement of any payment on or with respect to any Debt Securities;
  - (g) except as otherwise permitted herein, consent to the assignment or transfer by the Corporation of any of its rights or obligations under this Indenture;
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- (h) amend or modify any of the provisions of this Indenture or the related definitions affecting the ranking of the Debt Securities of any Series in any manner adverse to the Holders of the Debt Securities of such Series; or
- (i) make any change in the amendment and waiver provisions of this Section 10.02.

The consent of the Holders is not necessary to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

#### **10.03 Compliance with Trust Indenture Legislation**

Every amendment, modification or supplement to this Indenture or the Debt Securities of any Series will be set forth in a supplemental indenture that complies with the applicable Trust Indenture Legislation as then in effect.

#### **10.04 Authorization of Trustee**

In executing, or accepting the additional trusts created by, any Supplemental Indenture permitted by this Article 10 or the modifications thereby of the trusts created by this Indenture, the Trustee will be entitled to receive, and subject to Section 7.01, will be fully protected in acting and relying upon, an Opinion of Counsel stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture, is a valid and binding obligation of the Corporation, enforceable in accordance with its terms, subject to bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally and general principles of equity and in connection with a Supplemental Indenture executed pursuant to Section 10.01 that the Trustee is authorized to execute and deliver such Supplemental Indenture without the consent of the Holders. The Trustee may, but will not be obligated to, enter into any such Supplemental Indenture that affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

#### **10.05 Effect of Supplemental Indentures**

(1) Upon the execution of any Supplemental Indenture under this Article 10, this Indenture will be modified in accordance therewith, and such Supplemental Indenture will form a part of this Indenture for all purposes, unless otherwise so specified, and every Holder of Debt Securities theretofore or thereafter certified and delivered under this Indenture will be bound by the Supplemental Indenture.

(2) A Supplemental Indenture that changes or eliminates any covenant or other provisions of this Indenture that has expressly been included solely for the benefit of one or more particular Series of Debt Securities, or that modifies the rights of the Holders of Debt Securities of such Series with respect to such covenant or other provision, will be deemed not to affect the rights under this Indenture for the Holders of Debt Securities of any other Series.

#### **10.06 Reference in Debt Securities to Supplemental Indentures**

Debt Securities of any Series certified and delivered after the execution of any Supplemental Indenture pursuant to this Article 10 may, and will if required by the Trustee, bear a notation in form approved by the Trustee as to any matter provided for in such Supplemental Indenture. If the Corporation so determines, new Debt Securities of any Series so modified as to conform, in the opinion of the Trustee and the Board of Directors, to any such Supplemental Indenture may be prepared and executed by the Corporation and certified and delivered by the Trustee in exchange for outstanding Debt Securities of such Series.

### **ARTICLE 11 – DEFEASANCE; SATISFACTION AND DISCHARGE**

#### **11.01 Corporation’s Option to Effect Defeasance or Covenant Defeasance**

The Corporation may, at its option by a resolution of the Board of Directors, at any time, with respect to the Debt Securities of a particular Series, elect to have either Section 11.02 or Section 11.03 be applied to all outstanding Debt Securities of such Series upon compliance with the conditions set forth below in this Article 11.

#### **11.02 Defeasance and Discharge**

Upon the Corporation’s exercise under Section 11.01 of the option applicable to this Section 11.02, the Corporation will be deemed to have been discharged from its obligations with respect to the Debt Securities of a particular Series on the date the conditions set forth in Section 11.04 are satisfied (hereinafter, “**Legal Defeasance**”). For this purpose, such Legal Defeasance means that the Corporation will be deemed to have paid and discharged the entire indebtedness represented by the Debt Securities of such Series and to have satisfied all its other obligations under the Debt Securities of such Series (and the Trustee, at the expense of the Corporation will execute proper instruments acknowledging the same), except for the following which will survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of Debt Securities of such Series to receive, solely from the trust fund described in Section 11.07 and as more fully set forth in such Section, payments in respect of the principal of (and premium, if any), and interest on such Debt Securities when such payments are due; (b) the provisions set forth in Section 11.05 below; (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder, and the Corporation’s obligations in connection therewith; and (d) this Article 11. Subject to compliance with this Article 11, the Corporation may exercise its option under this Section 11.02 notwithstanding the prior exercise of its option under Section 11.03 below with respect to the Debt Securities of such Series. If the Corporation exercises its Legal Defeasance option, payment of the Debt Securities of such Series may not be accelerated because of an Event of Default.

#### **11.03 Covenant Defeasance**

Upon the Corporation’s exercise under Section 11.01 of the option applicable to this Section 11.03 with respect to the Debt Securities of a particular Series, the Corporation will be released from its obligations under any covenant contained in Section 5.04 or Sections indicated for such release contained in a Supplemental Indenture (other than the covenant to comply with TIA Section 314(a) to the extent that such obligations thereunder cannot be terminated) with

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respect to the outstanding Debt Securities of such Series on and after the date the conditions set forth in Section 11.04 below are satisfied (hereinafter, “**Covenant Defeasance**”), and the Debt Securities of such Series will thereafter be deemed not “outstanding” for the purposes of any direction, waiver, consent or declaration or Act of Holders (and the consequences of any thereof) in connection with such covenants, but will continue to be deemed “outstanding” for all other purposes hereunder, (it being understood that such Debt Securities will not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Debt Securities of such Series, the Corporation may omit to comply with and will have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply will not constitute an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Debt Securities will be unaffected thereby. In addition, upon the Corporation’s exercise under Section 11.01 hereof of the option applicable to this Section 11.03 hereof, subject to the satisfaction of the conditions set forth in Section 11.04 hereof, Sections 6.01(d), 6.01(e) or 6.01(h) hereof will not constitute an Event of Default.

#### 11.04 **Conditions to Defeasance**

In order to exercise the Legal Defeasance option or the Covenant Defeasance option:

- (a) the Corporation must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Debt Securities of a particular Series, money in the currency in which such Debt Securities are payable, non-callable Government Securities in such currency, or a combination thereof, in such amounts as will be sufficient, in the opinion of an independent accounting or investment banking firm of national standing in Canada or the United States, to pay the principal of, and interest and premium, if any, on the outstanding Debt Securities of such Series on their Stated Maturity or on the applicable redemption date, as the case may be, and the Corporation must specify whether the Debt Securities are being defeased to maturity or to a particular Redemption Date;
  - (b) in the case of Legal Defeasance, the Corporation will have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (i) the Corporation has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (ii) there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel will confirm that, the Holders and beneficial owners of the outstanding Debt Securities of such Series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
  - (c) in the case of Covenant Defeasance, the Corporation will have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming
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that the Holders and beneficial owners of the outstanding Debt Securities of such Series will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

in the case of Legal Defeasance or Covenant Defeasance, the Corporation must deliver to the Trustee an Opinion of Counsel in Canada reasonably acceptable to the Trustee confirming that the Holders and beneficial owners of the outstanding Debt Securities of such Series will not recognize income, gain or loss for Canadian federal, provincial or territorial income tax or other tax purposes as a result of such Legal Defeasance or Covenant Defeasance, as applicable, and will be subject to Canadian federal, provincial or territorial income tax and other tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance or Covenant Defeasance, as applicable, had not occurred;

- (d)
- (e) no Event of Default will have occurred and is continuing either: (i) on the date of such deposit; or (ii) insofar as Events of Default specified in Sections 6.01(f) or 6.01(g) concerned, at any time in the period ending on the 91st day after the date of deposit;
- (f) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument to which the Corporation, or any of its subsidiaries, is a party or by which the Corporation, or any of its subsidiaries, is bound;
- (g) the Corporation must deliver to the Trustee a Certificate of the Corporation stating that the deposit was not made by the Corporation with the intent of preferring the Holders over the other creditors of the Corporation or with the intent of defeating, hindering, delaying or defrauding creditors of the Corporation or others;
- (h) if the Debt Securities are to be redeemed prior to their Stated Maturity, the Corporation must deliver to the Trustee irrevocable instructions to redeem all of the Debt Securities of such Series on the specified redemption date; and
- (i) the Corporation must deliver to the Trustee a Certificate of the Corporation and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

#### 11.05 **Survival of Certain Obligations**

Notwithstanding Sections 11.02, 11.03 and 11.09, any obligations of the Corporation in Sections 2.08 through 2.12, 5.01, 5.02, 5.03, 6.09, 7.07, 7.08 and 11.06 through 11.10 will survive until the Notes have been paid in full. Thereafter, any obligations of the Corporation in Sections 7.07, 11.06, 11.07 and 11.09 will survive such satisfaction and discharge. Nothing contained in this Article 11 will abrogate any of the obligations or duties of the Trustee under this Indenture.

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**11.06 Acknowledgment of Discharge by Trustee**

After the conditions of Section 11.02, 11.03 or 11.11 have been satisfied, the Trustee upon written request will acknowledge in writing the discharge of all of the Corporation's obligations under this Indenture except for those surviving obligations specified in this Article 11.

**11.07 Application of Trust Money**

All money deposited with the Trustee pursuant to Section 11.04 will be held in trust and applied by it, in accordance with the provisions of the Debt Securities and this Indenture and any applicable direction of the Corporation, to the payment, either directly or through any Paying Agent (including the Corporation acting as its own Paying Agent), as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee.

**11.08 Repayment to the Corporation**

(1) The Trustee and any Paying Agent will promptly pay to the Corporation upon request of the Corporation any money or Government Securities not required for the payment of the principal of (and premium, if any) and interest on Debt Securities of any Series for which money or Government Securities have been deposited pursuant to Section 11.04 held by them at any time.

(2) Subject to Applicable Law, the Trustee and any Paying Agent will pay to the Corporation upon request any money held by them for the payment of principal (and premium, if any) and interest that remains unclaimed for two years after the Maturity of the Debt Securities for which a deposit has been made pursuant to Section 11.11. After such payment to the Corporation, the Holders of Debt Securities of such Series will thereafter be unsecured general creditors and look only to the Corporation for payment thereof.

**11.09 Indemnity for Government Securities**

The Corporation will pay and must indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited Government Securities or the principal and interest, if any, received on such Government Securities.

**11.10 Reinstatement**

If the Trustee or Paying Agent is unable to apply cash or Government Securities in accordance with this Article 11 by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Corporation's obligations under this Indenture and the Debt Securities of the applicable Series will be revived and reinstated as though no deposit had occurred pursuant to this Article 11 until such time as the Trustee or any such Paying Agent is permitted to apply all such cash and Government Securities in accordance with this Article 11; provided, however, that, if the Corporation has made any payment of principal of, (and premium, if any) and interest, if any, on any Debt Securities of a particular Series because of the reinstatement of its

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obligations, the Corporation will be subrogated to the rights of the Holders of such Debt Securities to receive such payment from the cash or Government Securities held by the Trustee or Paying Agent.

#### 11.11 **Satisfaction and Discharge**

(1) This Indenture will, upon request of the Corporation, cease to be of further effect (except as to any surviving rights of registration of transfer or exchange of Debt Securities provided for herein, rights to receive payments of principal of (and premium, if any) and interest thereon and as to any indemnification of the Trustee by the Corporation), and the Trustee will execute proper instruments acknowledging satisfaction and discharge of this Indenture, when:

(a) either

- (i) all Debt Securities theretofore certified and delivered, other than: (A) Debt Securities that have been destroyed, lost or stolen and that have been replaced or paid as provided in Section 2.12; and (B) Debt Securities for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Corporation and thereafter repaid to the Corporation or discharged from such trust, as provided in Section 5.03) have been delivered to the Trustee for cancellation; or
- (ii) all such Debt Securities not theretofore delivered to the Trustee for cancellation:
  - (A) have become due and payable;
  - (B) will become due and payable at their Stated Maturity within one year; or
  - (C) are to be called for redemption within one year under arrangements satisfactory to the Trustee for the giving of notice by the Trustee in the name, and at the expense, of the Corporation;

and the Corporation, in the case of Sections 11.11(1)(a)(ii)(A), (B) or (C) above, has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust an amount sufficient to pay and discharge the entire indebtedness on such Debt Securities for principal (and premium, if any) and interest to the date of such deposit (in the case of Debt Securities that have become due and payable) or to the Stated Maturity or Redemption Date, as the case may be;

(b) the Corporation has paid or caused to be paid all other sums payable hereunder by the Corporation; and

(c) the Corporation has delivered to the Trustee a Certificate of the Corporation and an Opinion of Counsel stating that all conditions precedent herein provided

related to the satisfaction and discharge of this Indenture have been complied with.

(2) Notwithstanding the satisfaction and discharge of this Indenture, the obligations of the Corporation to the Trustee under Section 7.07 and, if money will have been deposited with the Trustee pursuant to Section 11.11(1)(a)(ii), the obligations of the Trustee under Section 11.11(3) and Sections 5.03(4) and (5), will survive.

(3) Subject to the provisions of Section 5.03(4), all money deposited with the Trustee pursuant to Section 11.11(1) will be held in trust and applied by it, in accordance with the provisions of the Debt Securities and this Indenture, to the payment, either directly or through any Paying Agent (including the Corporation acting as its own Paying Agent) as the Trustee may determine, to the Persons entitled thereto, of the principal (and premium, if any) and interest for whose payment such money has been deposited with the Trustee.

#### 11.12 **Investment of Trust Money**

(1) Upon receipt of a written direction from the Corporation, the Trustee will invest funds received from the Corporation in its name in accordance with such direction. Any direction from the Corporation to the Trustee will be in writing and will be provided to the Trustee no later than 9:00 a.m. on the day on which the investment is to be made. Any such direction received by the Trustee after 9:00 a.m. or received on a non-Business Day, will be deemed to have been given prior to 9:00 a.m. on the next Business Day. For the purposes of this Section, “**Business Day**” means any day on which Canadian chartered banks are open generally for business in Toronto, Ontario. For the purpose of this Section, “**Authorized Investments**” means short-term interest-bearing or discount debt obligations issued or guaranteed by the Government of Canada, the Government of a province of Canada or a Canadian chartered bank (which may include an Affiliate or related party of the Trustee) provided that such obligation is rated at least R-1 (middle) by Dominion Bond Rating Service Limited or has an equivalent rating from another widely recognized rating service.

(2) In the absence of any written direction to invest such funds in an Authorized Investment, the Trustee may hold cash balances constituting part or all of such funds and may, but need not, invest same in its deposit department or the deposit department of one of its Affiliates; but the Trustee and its Affiliates will not be liable to account for any profit to the Corporation or to any other Person or entity other than at a rate, if any, established from time to time by the Trustee or one of its Affiliates.

(3) For the purpose of this Section, “Affiliate” includes affiliated companies within the meaning of the *Business Corporations Act* (Ontario), as amended; and includes Canadian Imperial Bank of Commerce, CIBC Mellon Global Securities Services Company and Mellon Bank, N.A. and each of their affiliates within the meaning of the *Business Corporations Act* (Ontario), as amended.

(4) The Trustee will not be held liable for any losses incurred in the investment of any such funds in Authorized Investments.

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## **ARTICLE 12 – NOTICES**

### **12.01 Notice to Trustee**

Any notice, request or other communication to the Trustee under any provision of this Indenture will be valid and effective if in writing, if delivered to the Trustee or if sent by registered mail, postage prepaid, or by facsimile transmission (with receipt confirmed) addressed to the Canadian Trustee at its office at 320 Bay Street, P.O. Box 1, Toronto, Ontario, M5H 4A6, (facsimile no. (416) 643-5570) Attention: Manager, Corporate Trust and to the U.S. Trustee at its office at 101 Barclay Street, 21 W, New York, NY, 10286, (Attention: Global Finance Unit), (facsimile no. (212) 815-5802). Any notice given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the second Business Day following the deposit thereof in the mail and, if given by facsimile transmission, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day. The Trustee may from time to time notify the Corporation in writing of a change in address which thereafter, until changed by like notice, will be the address of the Trustee for all purposes of this Indenture.

### **12.02 Notice to Corporation**

Any notice to the Corporation under any provision of this Indenture will be valid and effective if delivered to an officer of the Corporation or if sent by registered mail, postage prepaid, or by facsimile transmission (with receipt confirmed) addressed to the Corporation at 386 Wilcox Street, Hamilton, Ontario, L8L 8K5, (facsimile no. (905) 308-7002) Attention: Chief Financial Officer. Any notice given by personal delivery will be conclusively deemed to have been given on the day of actual delivery thereof and, if given by registered mail, on the second Business Day following the deposit thereof in the mail and, if given by facsimile transmission, on the day of transmittal thereof if given during the normal business hours of the recipient and on the Business Day during which such normal business hours next occur if not given during such hours on any day. The Corporation may from time to time notify the Trustee in writing of a change in address which thereafter, until changed by like notice, will be the address of the Corporation for all purposes of this Indenture.

### **12.03 Notice to Holders**

(1) Any Notice to Holders of Debt Securities of a Series may be effectively given if delivered or if sent to a destination within Canada by first class mail or to a destination outside Canada by airmail, postage prepaid, in each case addressed to the applicable Holder at its post office address appearing in the relevant register for such Series, or, with the consent of a Holder, by means of internet-based or other electronic communication or in any other manner from time to time permitted by Applicable Securities Laws, and will be deemed to have been given, if delivered, on the date of delivery or, if mailed, on the fifth Business Day following mailing, or, if sent by internet-based or other electronic communication, as specified in the consent, or by any other means, as specified in Applicable Securities Laws, as the case may be.

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(2) If the regular mail service is suspended or for any other reason it will be impracticable to give Notice to Holders of Debt Securities by mail, then such notification to Holders of Debt Securities, as will be made with the approval of the Trustee, will constitute sufficient Notice to such Holders for every purpose hereunder.

(3) A defect in any notice will not affect the sufficiency of any Notice given to Holders of Debt Securities as provided above. Any Notice sent to the Holders of Debt Securities as provided above will be effective notwithstanding that any such Notice has accidentally or inadvertently not been delivered or mailed to one or more such Holders.

#### **12.04 Mail Service Interruption**

If by reason of any interruption of mail service, actual or threatened, any notice to be given to the Trustee or to the Corporation would reasonably be unlikely to reach its destination by the time notice by mail would have been deemed to have been given pursuant to Section 12.01 or 12.02, such notice will be valid and effective only if delivered to an officer of the party to which it is addressed or if sent to such party, at the appropriate address in accordance with Section 12.01 or 12.02, as the case may be, by telecopier or other means of prepaid transmitted or recorded communication.

#### **12.05 Certificate and Opinion as to Conditions Precedent**

Upon any request or application by the Corporation to the Trustee to take or refrain from taking any action under this Indenture, the Corporation will furnish upon request to the Trustee:

- (a) Certificate of the Corporation in form reasonably satisfactory to the Trustee stating that, in the opinion of the signer, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with; and
- (b) an Opinion of Counsel in form reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with.

Certificate of the Corporation may be based, insofar as it relates to legal matters, upon an Opinion of Counsel, unless the officer signing such certificate knows, or in the exercise of reasonable care should know, that such Opinion of Counsel with respect to the matters upon which such Officers' Certificate is based are erroneous. Any Opinion of Counsel may be based and may state that it is so based, insofar as it relates to factual matters, upon an Officers' Certificate stating that the information with respect to such factual matters is in the possession of the Corporation, unless the counsel signing such Opinion of Counsel knows, or in the exercise of reasonable care should know, that the Certificate of the Corporation with respect to the matters upon which such Opinion of Counsel is based are erroneous.

#### **12.06 Statements Required in Certificate or Opinion**

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture will include:

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- (a) a statement that each individual signing such certificate or opinion has read such covenant or condition and the definitions herein relating thereto;
  - (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;
  - (c) a statement that, in the opinion of each such individual, he/she has made such examination or investigation as is necessary to enable him/her to express an informed opinion as to whether or not such covenant or condition has been complied with; and
  - (d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.
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**ARTICLE 13 – EXECUTION**

**13.01 Counterparts and Formal Date**

This Indenture may be executed in several counterparts, each of which so executed will be deemed to be an original, and such counterparts together will constitute one and the same instrument and notwithstanding their date of execution will be deemed to bear date as of , 2006.

IN WITNESS WHEREOF each of the parties has executed this Indenture.

**STELCO INC.**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

**CIBC MELLON TRUST COMPANY, as  
Canadian Trustee**

By: \_\_\_\_\_

Name:

Title:

By: \_\_\_\_\_

Name:

Title:

**THE BANK OF NEW YORK, as U.S. Trustee**

By: \_\_\_\_\_

Name:

Title:



**STELCO INC.**  
**AND**  
**CIBC MELLON TRUST COMPANY**  
**as**  
**Canadian Trustee**  
**AND**  
**THE BANK OF NEW YORK**  
**as**  
**U.S. Trustee**  
**FIRST SUPPLEMENTAL INDENTURE**  
**Dated as of , 2006**  
**McCarthy Tétrault LLP**

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Supplementing the Trust Indenture dated as of · , 2006 between Stelco Inc., CIBC Mellon Trust Company, as Canadian trustee, and The Bank of New York, as U.S. trustee, and providing for the issue of 5% Convertible Unsecured Debentures due 2011

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**THIS FIRST SUPPLEMENTAL INDENTURE** is made as of , 2006

**BETWEEN**

**STELCO INC.**, a corporation existing under the laws of Canada (the “**Corporation**”)

-and-

**CIBC MELLON TRUST COMPANY**, a trust company existing under the laws of Canada, (the “**Canadian Trustee**”) and **THE BANK OF NEW YORK**, a New York banking corporation, (the “**U.S. Trustee**” and, together with the Canadian Trustee, the “**Trustee**”)

**WHEREAS:**

- A. by a trust indenture (the “**Principal Indenture**”) dated as of , 2006 between the Corporation and the Trustee, provision was made for the issuance of Debt Securities (as defined in the Principal Indenture) limited to, among other things, the principal amount of Debt Securities issuable in connection with the Plan (as defined in the Principal Indenture) and in respect of interest on Debt Securities issuable in connection with the Plan (the “**Debt Securities**”), issuable in series;
  - B. the Corporation desires to provide for the creation and issue of a series of Debt Securities with the designation of “5% Convertible Unsecured Debentures due 2011” (the “**Debentures**”), all upon the terms and conditions set forth in this First Supplemental Indenture (the “**First Supplemental Indenture**”);
  - C. the Corporation is not in default under the Principal Indenture;
  - D. all necessary acts and proceedings have been done and taken and all necessary resolutions have been passed to authorize the execution and delivery of this First Supplemental Indenture, to make the same effective and binding upon the Corporation, and to make the Debentures, when certified by the Trustee and issued as provided in the Principal Indenture and this First Supplemental Indenture, valid, binding and legal obligations of the Corporation with the benefit and subject to the terms of the Principal Indenture and this First Supplemental Indenture;
  - E. all necessary acts and proceedings have been done and taken and all necessary resolutions have been passed to authorize the issuance of the Common Shares (as defined below) that may be issued upon conversion, redemption, repurchase or maturity of the Debentures or in order to raise funds for the cash payment of interest payable thereon and to authorize the issuance of the additional Debentures that may be issued in respect of interest payable thereon in lieu of the cash payment subject to receiving all applicable regulatory approvals; and
  - F. the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Trustee;
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**NOW, THEREFORE, THIS FIRST SUPPLEMENTAL INDENTURE WITNESSES**, and it is hereby agreed and declared, as follows:

**ARTICLE 1 – INTERPRETATION**

**1.01 To be Read with Principal Indenture; Governing Law.**

This First Supplemental Indenture is supplemental to the Principal Indenture. The Principal Indenture and this First Supplemental Indenture will hereafter be read together and will have effect, so far as practicable, with respect to the Debentures as if all the provisions of the Principal Indenture and this First Supplemental Indenture were contained in one instrument, which instrument will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and will be treated in all respects as Ontario contracts and each of the Corporation, the Trustee and, by their acceptance of the Debentures and the benefits of this First Supplemental Indenture, the Holders from time to time, attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario, except (a) that the exercise, performance or discharge by the U.S. Trustee of any of its rights, powers, duties or responsibilities hereunder will be construed in accordance with the laws of the State of New York and the federal laws of the United States of America applicable thereto and (b) except that if any provision of this First Supplemental Indenture or any Debenture issued hereunder limits, qualifies or conflicts with any duties imposed by section 318(c) of the TIA, the imposed duties will control. The parties hereto expressly request and require that this document be drawn up in English. Les parties aux présentes conviennent et exigent que cette entente et tous les documents qui s' y rattachent soient rédigés en anglais.

**1.02 Definitions.**

In this First Supplemental Indenture and the Debentures, unless there is something in the subject matter or context inconsistent therewith:

“**Book-Entry Only Debentures**” means Debentures issued pursuant to the Book-Based System of the Depository.

“**Canadian Government Obligations**” means securities that are (i) direct obligations of Canada for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of Canada, the payment of which is unconditionally guaranteed as a full faith and credit obligation by Canada, and also includes a depository receipt issued by a bank or trust corporation, including, CIBC and Mellon Bank, N.A., as custodian with respect to any such Canadian Government Obligation or a specific payment of interest on or principal of any such Canadian Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by Applicable Law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount removed by the custodian in respect of the Canadian Government Obligation or the specific payment of interest on or principal of the Canadian Government Obligation evidenced by such depository receipt.

“**Capital Reorganization**” has the meaning set out in Section 5.01(5).

“**Change of Control**” means the acquisition of voting control or direction over 66 2/3% or more of the outstanding Common Shares; provided that a Change of Control will be deemed not to occur if the acquiring Person is a corporation with outstanding debt securities having a maturity at original issuance of at least one year and if such debt securities are rated Investment Grade for a period of at least 30 consecutive days, beginning on the date of such event, or if the Person is a corporation that is not and does not have any outstanding debt securities that are rated at any time during a period of 30 consecutive days beginning on the date of such event, such corporation has Total Common Equity as of the date of the event and as of the Trading Day immediately following such event of at least \$ million.

“**Closing Date**” means the date on which the Debentures are first issued under this First Supplemental Indenture.

“**Common Shares**” means the Common Shares of the Corporation.

“**Common Share Bid Request**” means a request for bids to purchase Common Shares (to be issued by the Corporation on the Common Share Delivery Date) made by the Trustee in accordance with the Share Interest Payment Election Notice.

“**Common Share Delivery Date**” means a date, not more than 90 days and not less than three Business Days prior to the applicable Interest Payment Date, upon which Common Shares are issued by the Corporation and delivered to the Trustee for sale pursuant to Common Share Purchase Agreements.

“**Common Share Proceeds Investment**” has the meaning set out in Section 9.01(8).

“**Common Share Purchase Agreement**” means an agreement in customary form between the Corporation, the Trustee and the Persons making acceptable bids pursuant to a Common Share Bid Request, that complies with all Applicable Laws and the rules and regulations of any stock exchange on which the Common Shares are then listed.

“**Conversion Notice**” has the meaning set out in Section 4.01(2).

“**Conversion Number**” is 61.868.

“**Conversion Price**” as of the applicable date of conversion, means the dollar value per Common Share obtained when (i) 1,000 is divided by (ii) the Conversion Number, subject to adjustment from time to time pursuant to Article 5.

“**Conversion Value**” as at any date, means the amount equal to the Conversion Number multiplied by the Current Market Price of Common Shares as at such date.

“**Current Market Price**” means, in respect of the Common Shares on any particular date, except as otherwise provided herein, the VWAP of such shares on the TSX for the 20 consecutive Trading Days ending on the fifth Trading Day prior to such date or if the Common Shares are not listed thereon, on such stock exchange on which the Common Shares are listed as may be selected for such purpose by the Board of Directors or, if the Common Shares are not listed on any stock exchange, then on the over-the-counter market.

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“**Debentureholder(s)**” or “**Holder(s)**” means the registered holder(s) of Debentures for the time being.

“**Debentures**” has the meaning set out in Recital B.

“**Debenture Interest Payment Election**” means an election by the Corporation to satisfy all or a part of an Interest Obligation in the manner described in the Debenture Interest Payment Election Notice.

“**Debenture Interest Payment Election Notice**” means a written notice made by the Corporation to the Trustee and the Holders specifying:

- (a) the Interest Obligation to which the election relates, and
- (b) the aggregate principal amount of Debentures the Corporation proposes to deliver in lieu of the interest amount not paid in cash on the Interest Payment Date.

“**Depository**”, in respect of the Book-Entry Only Debentures, means CDS and includes any successor corporation or any other depository subsequently appointed by the Corporation as the depository in respect of Book-Entry Only Debentures.

“**Dividends Paid in the Ordinary Course**” means dividends paid on the Common Shares in any financial year of the Corporation, whether in (i) cash, (ii) shares of the Corporation, or (iii) rights, options or warrants to purchase any shares, property or other assets of the Corporation (but excluding rights, options or warrants referred to in Section 5.01(3) or 5.01(4)), in each case to the extent that the amount or value of such dividends in the aggregate does not exceed the greater of:

- (a) 150% of the aggregate amount or value of dividends paid by the Corporation on the Common Shares in its immediately preceding financial year, and
- (b) 100% of the consolidated net income of the Corporation (before extraordinary items but after dividends payable on all shares ranking prior to or on a parity with the Common Shares with respect to the payment of dividends) for its immediately preceding financial year, determined in accordance with generally accepted accounting principles,

and for the purpose of the foregoing where any dividend is paid, otherwise than in cash, any securities so distributed by way of dividend will be valued at the Fair Market Value of such securities.

“**Fair Market Value**”, as at any date, means:

- (a) with respect to a security listed and posted on a stock exchange, the VWAP of such security for the 20 Trading Days immediately preceding such date on the stock exchange on which the greatest volume of trading in the security occurred during such 20 Trading Day period;

- (b) with respect to a security not listed and posted on a stock exchange but traded in an over-the-counter market, the VWAP of such security on such over-the-counter market for the 20 Trading Days immediately preceding such date; or
- (c) for any other security or property, the fair market value thereof at such date as determined by an Independent Member of the Investment Dealers Association of Canada selected from time to time by the Board of Directors for such purpose.

“**First Supplemental Indenture**”, “**hereto**”, “**herein**”, “**hereof**”, “**hereby**”, “**hereunder**” and similar expressions refer to this First Supplemental Indenture dated as of · , 2006 and not to any particular Article, Section or other portion hereof, and include any and every instrument supplemental or ancillary hereto or in implementation hereof, and the expression “**Article**” or “**Section**” followed by a number means and refers to the specified Article or Section of this First Supplemental Indenture unless otherwise expressly stated.

“**Freely Tradeable**” means, in respect of shares of any class in the capital of any corporation, shares that:

- (a) are issuable by a corporation without the necessity of filing a prospectus or any other similar offering document (other than such prospectus or similar offering document that has already been filed) under Applicable Securities Laws and such issue does not constitute a distribution (other than a distribution already qualified by prospectus or similar offering document) or constitutes an exempt distribution under Applicable Securities Laws;
- (b) can be traded by the holder thereof without any restriction under Applicable Securities Laws, such as hold periods, except in the case of a trade that is a control distribution; and
- (c) are traded when no unusual effort is made to prepare the market or to create a demand for the shares, no extraordinary commission or consideration is paid to a Person in respect of the trade and if the selling shareholder is an insider or officer of the issuer, the selling shareholder has no reasonable grounds to believe that the issuer is in default of Applicable Securities Law.

“**Global Debenture**” means one or more fully registered global Debentures as described in Section 2.07.

“**Indenture**” (when not qualified by the word “**Principal**” or the words “**First Supplemental**”) means or refers to the Principal Indenture as amended or supplemented by any indenture, deed or instrument supplemental or ancillary thereto, including this First Supplemental Indenture.

“**Independent Member of the Investment Dealers Association of Canada**” means a member firm of the Investment Dealers Association of Canada that, in the determination of the Board of Directors acting reasonably, is independent of the Corporation and the issuer of any securities that are the subject matter of the engagement having regard to, among other things, the considerations set out in Rule 61-501 of the Ontario Securities Commission or any successor instrument in force in the Province of Ontario.

“**Inter-Creditor Agreement**” means an inter-creditor agreement between, among others, Tricap, the lenders under the New ABL Facility, the Canadian Trustee, the U.S. Trustee, the Province and the Corporation setting out among other things the relative rights and priorities of the obligations and security under the New ABL Facility, the Secured Revolving Term Loan, the New Province Note, the Debenture and the New Convertible 9.5% Notes, on a basis consistent with the terms of the Plan.

“**Interest Obligation**” means the obligation of the Corporation to pay interest on the Debentures, as and when the same becomes due.

“**Interest Payment Date**” means and in each year, the first Interest Payment Date being , 2006 and the last Interest Payment Date being , 2011.

“**Investment Grade**” means a rating equal to or higher than BBB- by Standard & Poor’ s Ratings Group, a division of The McGraw-Hill Companies, Inc., or BBB (low) or higher by Dominion Bond Rating Service Limited (or the equivalent rating by any of their respective successor rating agency businesses).

“**Maturity Date**” means , 2011 or such other date on which the Debentures become due and payable, whether by declaration of acceleration, call for redemption or otherwise.

“**Maturity Notice**” has the meaning set out in Section 4.02(1).

“**New ABL Facility**” means the asset-based loan facility, secured by a first priority security interest in the inventory and accounts receivable of the Corporation, between the Corporation, General Electric Capital Canada Inc. and CIT Business Credit Canada Inc. in an aggregate principal amount of \$600 million.

“**New Collective Bargaining Agreements**” means, collectively, the Renewal 1005 Collective Bargaining Agreement and the Renewal 8782 Collective Bargaining Agreement.

“**New Convertible 9.5% Notes**” means the secured convertible 9.5% notes issued by Stelco pursuant to the second supplemental indenture to the Principal Indenture.

“**New Province Note**” means the \$100 million advanced by the Province to the Corporation as evidenced by the promissory note to be issued by the Corporation.

“**Offer to Purchase**” means an offer to purchase Debentures made by the Corporation to the Holders in accordance with Section 3.08.

“**Payment Date**” has the meaning set out in Section 3.08(1).

“**Physical Debentures**” means Debentures in the form of individual certificates in definitive fully registered form issued pursuant to Section 2.02 and substantially in the form of Schedule A.

“**Property Account**” means a segregated trust account with a Qualified Institution.

“**Province**” means Her Majesty the Queen in Right of the Province of Ontario.

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“**Qualified Institution**” means a Canadian chartered bank or trust company.

“**Recognized Stock Exchange**” means the TSX or any other stock exchange on which the Common Shares are then listed.

“**Redemption Amount**” has the meaning set out in Section 3.03.

“**Redemption Date**” has the meaning set out in Section 3.01(1).

“**Redemption Notice**” has the meaning set out in Section 3.03.

“**Renewal 1005 Collective Bargaining Agreement**” means the renewal Collective Bargaining Agreement between the Corporation and Local 1005 of the USW for the Stelco Hamilton operations that will be in effect after the current Collective Bargaining Agreement (August 1, 2002 – July 31, 2006).

“**Renewal 8782 Collective Bargaining Agreement**” means the renewal Collective Bargaining Agreement between the Corporation and Local 8782 of the USW for the Stelco Lake Erie operations that will be in effect after the current Collective Bargaining Agreement (August 1, 2000 – July 31, 2004).

“**Rights Period**” and “**Rights Offering**” have the meanings set out in Section 5.01(3).

“**Rights Offering Price**” has the meaning set out in Section 5.01(6).

“**Secured Revolving Term Loan**” means the \$350 million secured revolving term loan provided by Tricap to the Corporation.

“**Senior Debt**” means the principal of, the premium (if any) and interest on: (i) indebtedness, including indebtedness represented by the Debentures, for money borrowed by the Corporation or for money borrowed by others for the payment of which the Corporation is liable; (ii) indebtedness incurred, assumed or guaranteed by the Corporation in connection with the acquisition by it or by others of any business, property, services or other assets excluding indebtedness incurred in relation to any such acquisitions made in the ordinary course of business; and (iii) renewals, extensions and refundings of any such indebtedness, unless, in any of the cases specified above, it is provided by the terms of the instrument creating or evidencing such indebtedness that such indebtedness is subordinated in right of payment to any other indebtedness.

“**Share Interest Payment Election**” means an election by the Corporation to raise funds in order to satisfy all or a part of an Interest Obligation in the manner described in the Share Interest Payment Election Notice.

“**Share Interest Payment Election Amount**” means the aggregate proceeds resulting from the sale of Common Shares on the Common Share Delivery Date pursuant to acceptable bids obtained pursuant to the Common Share Bid Requests.

“**Share Interest Payment Election Notice**” means a written notice made by the Corporation to the Trustee specifying:

- (a) the Interest Obligation to which the election relates;
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(b) the amount of proceeds that the Corporation wishes to raise;

the investment banks, brokers or dealers through which the Trustee will seek bids to purchase the Common Shares and the conditions

(c) of such bids, that may include the minimum number of Common Shares, minimum price per Common Share, timing for closing for bids and such other matters as the Corporation may specify; and

that the Trustee will solicit and accept through the investment banks, brokers or dealers selected by the Corporation only those bids which comply with such notice.

“**Share Redemption Right**” has the meaning set out in Section 3.01(1).

“**Share Repayment Right**” has the meaning set out in Section 4.02(1).

“**Special Distribution**” has the meaning set out in Section 5.01(4).

“**Taxes**” has the meaning set out in Section 2.12(1).

“**Total Common Equity**” of any Person means, as of any day of determination, the product of (i) the aggregate number of outstanding common shares of such Person on such day (which will not include any options or warrants on, or securities convertible or exchangeable into, common shares of such Person) and (ii) the VWAP of such common shares over the 20 consecutive Trading Days immediately preceding such day.

“**Trading Day**” means, with respect to any Recognized Stock Exchange or any other market for securities, any day on which such exchange or market is open for trading or quotation.

“**Tricap**” means Tricap Management Limited.

“**TSX**” means the Toronto Stock Exchange.

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

“**Voting Shares**” means, with respect to any Person, shares of any class or kind ordinarily having the power to vote for the election of voting members of the governing body of such Person.

“**VWAP**” means, in respect of a security, the volume weighted average trading price of such security on the TSX for a specified period, calculated including only trades made on the TSX during normal trading hours (prior to 4 p.m.) and excluding internal trades and special TSX markers to the extent identifiable through TSX reports issued in the ordinary course.

“**Wholly-Owned Subsidiary**” means any corporation of which the Corporation beneficially owns, directly or indirectly, all the Voting Shares and equity shares and a corporation will be deemed to beneficially own Voting Shares and equity shares beneficially owned by a Wholly-Owned Subsidiary and so on indefinitely.

“**Written Order**” or “**Written Request**” means a written order or request, respectively, signed in the name of the Corporation by an authorized officer of the Corporation.

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Except as otherwise defined in this Section 1.02, other expressions defined in the Principal Indenture have the same meanings in this First Supplemental Indenture as so defined in the Principal Indenture; and unless otherwise expressly provided in this First Supplemental Indenture, words importing only the singular number include the plural and vice versa and words importing any gender include all genders.

### **1.03 Schedules.**

The following Schedules form part of this First Supplemental Indenture:

Schedule A	–	Form of Debenture
Schedule B	–	Form of Redemption Notice
Schedule C-1	–	Form of Maturity Notice
Schedule C-2	–	Form of Conversion Notice
Schedule D	–	Principal Amount Grid

### **1.04 Benefits of Indenture.**

For greater certainty, this First Supplemental Indenture is being entered into by the Corporation with the Trustee for the benefit of the Holders and, in certain circumstances, the Corporation and the Trustee declares that it holds all rights, benefits and interests of this First Supplemental Indenture on behalf of, and as agent for, the Holders and each such Person who becomes a Holder of the Debentures from time to time and, in certain circumstances, the Corporation.

## **ARTICLE 2 – THE DEBENTURES**

### **2.01 Limit of Issue and Designation of Debentures.**

The Debentures authorized to be issued hereunder consist of, and are limited to \$300,000,000 aggregate principal amount in lawful money of Canada and the additional aggregate principal amount in lawful money of Canada of Debentures issued in respect of interest accruing on the Debentures. The Debentures are designated as “5% Convertible Unsecured Debentures due 2011.”

### **2.02 Form and Terms of Debentures.**

The Debentures will bear interest from and including , 2006 at the rate of 5% per annum (after as well as before maturity, default and judgment, with interest on overdue interest at the said rate), except that interest will accrue on any additional Debentures issued by the Corporation in payment of interest on the additional Debentures as provided for herein from and including the date of the issue of such additional Debentures, payable in equal semi-annual instalments in arrears on each Interest Payment Date, and will mature on the Maturity Date.

Subject to early redemption, repurchase or conversion pursuant to the terms hereof and Section 4.02, the principal of the Debentures will be payable on the Maturity Date in lawful money of Canada against surrender thereof by the Holder at any of the places at which a register is

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maintained pursuant to Section 2.10 or at such place or places as may be designated by the Corporation for that purpose.

The Debentures will be issued as fully registered Debentures, without coupons, in denominations of \$1,000 and integral multiples of \$1,000 (except with respect to additional Debentures issued in lieu of cash payments of interest, which additional Debentures may be issued in any denomination), will be redeemable as provided for in Article 3 and will be convertible as provided for in Article 4.

The Debentures will be issuable as one or more global debentures (the “**Global Debentures**”) held by, or on behalf of, CDS, as depository, for its Participants and registered in the name of CDS or its nominee. The Debentures will be substantially in the form set out in Schedule A hereto with changes as may be reasonably required by CDS and which are not prejudicial to the holders of the Debentures, and any other changes as may be approved or permitted by the Corporation, with such approval in each case to be conclusively deemed to have been given by the officers of the Corporation executing the same and will have appended thereto a principal amount grid in the form of Schedule D which will be appropriately adjusted at such times as Debentures are issued, converted, redeemed or repurchased in accordance with the terms hereof.

### **2.03 Interest.**

Each Debenture issued hereunder, whether issued originally or in exchange for another Debenture, will bear interest daily from and including , 2006 or from and including the last Interest Payment Date on which interest was paid or made available for payment on the Debentures then outstanding, whichever is the later (provided, however, that interest will accrue on any additional Debentures issued by the Corporation in payment of interest on the additional Debentures as provided for herein from and including the date of the issue of such additional Debentures or from and including the last Interest Payment Date on which interest was paid or made available for payment on the such additional Debenture then outstanding, which ever is later), to but excluding the earlier of:

- (a) if called for redemption, the Redemption Date;
- (b) if repurchased in accordance with Section 3.08, the Payment Date;
- (c) if converted in accordance with Section 4.01, the date on which the conversion occurs; and
- (d) the Maturity Date;

upon due presentation and surrender thereof for payment on or after the appropriate date and prior to the setting aside of the appropriate amount pursuant to Article 8. Interest on the Debentures will be computed on the basis of a 365-day year (or 366 days in case of a leap year) based on the actual number of days elapsed and will accrue from day to day) for the purposes of the *Interest Act* (Canada).

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#### **2.04 Prescription.**

The right of the Debentureholders to exercise their rights under this Indenture will become void unless the Debentures are presented for payment within a period of two years from the Maturity Date, after which payment thereof will be governed by the provisions of Article 8. The Corporation will have satisfied its obligations under the Debentures upon remittance to the Trustee for the account of the Debentureholders, upon redemption, repurchase, conversion or at the Maturity Date, of any and all consideration due hereunder in money or by the delivery of Common Shares, subject to and in accordance with the provisions of this First Supplemental Indenture, and such remittance will for all purposes be deemed a payment to the Debentureholders, and to that extent such Debentures will thereafter not be considered as outstanding and the Debentureholders will have no right, except to receive payment out of the money so paid and deposited or Common Shares deposited upon surrender of its Debentures.

#### **2.05 Issue of Debentures.**

Debentures in such aggregate principal amounts as the Board of Directors will determine and in lawful money of Canada will be executed by the Corporation from time to time and, forthwith after such execution, will be delivered to the Trustee and will be certified or authenticated by the Trustee and delivered to or to the order of the Corporation in accordance with the terms of Section 2.06 of the Principal Indenture. The Trustee will receive no consideration for the certification of Debentures.

#### **2.06 Payment of Interest.**

Subject to early redemption, repurchase or conversion pursuant to the terms hereof, as the interest on the Debentures becomes payable (except interest payable at maturity, repurchase or on redemption that may, at the option of the Corporation, be paid upon presentation and surrender of such Debentures for payment and, in the event of conversion pursuant to Article 4, interest will be paid immediately prior to completion of a conversion in accordance with Section 4.03(3)), the Corporation will make such payment in accordance with the terms of Section 4.02 of the Principal Indenture and may, at the option of the Corporation subject to receipt of all necessary regulatory approvals, be paid in additional Debentures in the manner set forth in Section 9.02 (except that notwithstanding the Corporation's election to pay such interest in additional Debentures, the Corporation may, at its option, make any interest payment not exceeding \$1,000 to any Holder in money).

#### **2.07 Book-Based System.**

(1) Debentures will be issued as Book-Entry Only Debentures and will be represented by the Global Debentures together with the legend provided for in Section 2.07(2). The Global Debentures will be held by, or on behalf of, the Depository as depository of the Participants in the Book-Based System and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee for the purposes of the Book-Based System).

(2) The Global Debentures will bear a legend in substantially the following form subject to modification as required by the Depository:

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“UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED (“CDS”) TO THE CORPORATION OR THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS AN INTEREST HEREIN. THIS CERTIFICATE IS SUBJECT TO A MASTER LETTER OF REPRESENTATION OF THE CORPORATION TO CDS, AS SUCH LETTER MAY BE REPLACED OR AMENDED FROM TIME TO TIME.”

(3) Subject to the terms of any agreement between the Corporation and CDS or other Depository, beneficial holders of the Debenture will have no right to receive definitive Debentures.

**2.08 Payments of Principal and Interest During Book-Based System.**

(1) Subject to Sections 3.06, 3.08, 4.02 and Article 9, as payments in respect of principal and interest on the Debentures represented by the Global Debentures become due, the Corporation will (except in cases of payments on maturity or on redemption, repurchase or conversion that may, at the option of the Corporation, be made only upon presentation and surrender of the Global Debentures), no later than on the applicable Interest Payment Date or on the Maturity Date, as the case may be, at the option of the Corporation:

- deliver or cause to be delivered to the Trustee c/o the Canadian Trustee at its principal office in the City of Toronto, at or before 10:00 a.m. at least two Business Days before such Interest Payment Date or Maturity Date, a cheque for the amount of such payment (less any Taxes required to be deducted) payable on such Interest Payment Date or Maturity Date, as the case may be, to the order of the Canadian Trustee and negotiable at par; or
- (a)
- deliver or cause to be delivered to the principal office of the Depository in the City of Toronto, at or before 11:00 a.m. at least one Business Day before such Interest Payment Date or Maturity Date, a cheque for the amount of such payment (less any Taxes required to be deducted) payable on such Interest Payment Date or Maturity Date, as the case may be, to the order of the Depository and negotiable at par; or
- (b)
- provide to the Depository such payment (less any Taxes required to be deducted) by electronic funds transfer to an account designated by the Depository, at or before 10:00 a.m. on such Interest Payment Date or Maturity Date, as the case may be.
- (c)

(2) For so long as the Depository is the registered Holder of the Global Debentures, the Trustee will, upon receipt of any payment from the Corporation pursuant to Section 2.08(1):

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deliver to the Depository, as the registered Holder of the Global Debentures at or before 11:00 a.m. at least one Business Day before (a) the applicable Interest Payment Date or the Maturity Date, a cheque payable on such Interest Payment Date or Maturity Date, as the case may be; or

provide payment to the Depository, as the registered Holder of the Global Debentures, by electronic funds transfer to an account designated by the Depository, at or before 10:00 a.m. on the applicable Interest Payment Date or Maturity Date, as the case may be, (b) provided that the Corporation has provided to the Trustee such payment (less any Taxes required to be deducted) by electronic funds transfer to an account designated by the Trustee, at or before 10:00 a.m. on at least two Business Days before such Interest Payment Date or Maturity Date, as the case may be;

for all amounts due in respect of such principal and interest on the Debentures represented by the Global Debentures for credit by the Depository to Participants' accounts, provided that the Trustee and the Depository may agree to an alternate method of payment (including payment through the facilities of the Depository).

#### **2.09 Rank.**

The Debentures certified and issued under this Indenture rank *pari passu* with one another, in accordance with their tenor without discrimination, preference or priority. The payment of the principal of and interest on the Debentures ranks *pari passu* with the Senior Debt, as provided in Article 6.

#### **2.10 Register.**

The Corporation will cause to be kept by the Trustee, at the principal office of the Canadian Trustee in the City of Toronto, a central register, and in such other place or places by the Trustee or by such other registrar or registrars, if any, as the Corporation with the approval of the Trustee may designate, branch registers, in which will be entered the names and latest known addresses of the Holders of Debentures and the other particulars prescribed by law of the Debentures held by them respectively and all transfers of Debentures. Such registration will be noted on the Debentures by the Trustee or other registrar. No transfer of a Debenture will be effective as against the Corporation unless made on one of the appropriate registers by the registered Holder or its executors or administrators or other legal representatives or its or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee, upon compliance with Applicable Law, upon compliance with such requirements as the Trustee or other Registrar or both may prescribe, and unless such transfer has been duly noted on such Debenture by the Trustee or other Registrar.

#### **2.11 Restrictions on Transfer.**

No transfer of a Debenture will be registered during the period beginning 15 Business Days before the day of the mailing of (a) a notice of redemption of the Debentures, or (b) an offer to purchase the Debentures pursuant to Section 3.08, and ending at the close of business on the day of such mailing or during the periods commencing on any Regular Interest Record Date or Special Interest Record Date and ending on the next following Interest Payment Date.

**2.12 Withholding.**

(1) Any payments made by or on behalf of the Corporation under or with respect to the Debentures will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or of any province or territory of Canada or by any authority or agency thereof or therein having power to tax (collectively, “**Taxes**”), unless the Corporation or any other payor is required to withhold or deduct Taxes by Applicable Law or by the interpretation or administration thereof by the relevant Governmental Authority. If the Corporation is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Debentures, the Corporation will make such withholding or deduction and will remit the full amount withheld or deducted to the relevant Governmental Authority as and when required by Applicable Law.

(2) Within 30 days after the date the payment of any Taxes is due pursuant to Applicable Law, the Corporation will furnish to the Holders certified copies of tax receipts evidencing such payment by the Corporation.

**2.13 Inter-Creditor Agreement.**

The Trustee is authorized and directed to enter into the Inter-Creditor Agreement in respect of the Debentures.

**2.14 Payment in Event of Redemption, Repurchase, Repayment or Conversion**

In the event of any payment to be made for redemption, repurchase, repayment or conversion hereunder, under no circumstances will interest accrue or be paid by the Corporation, Paying Agent or Trustee to persons having deposited Debentures for any such redemption, repurchase, repayment or conversion, regardless of any delay in making such payment.

The Paying Agent or Trustee, as the case may be, will act as the agent of the persons depositing Debentures for any redemption, repurchase, repayment or conversion for the purpose of receiving payment from the Corporation and transmitting payment from the Corporation and transmitting payment to such persons, and receipt of payment by the Paying Agent or Trustee, as the case may be, will be deemed to constitute receipt of payment by persons depositing Debentures for any redemption, repurchase, repayment or conversion.

Settlement with persons who deposit Debentures will be effected by the Paying Agent or Trustee, as the case may be, forwarding certificates for Common Shares and cheques, if applicable, payable in Canadian funds by first class mail, postage prepaid.

**ARTICLE 3 - REDEMPTION, PURCHASE AND CANCELLATION OF DEBENTURES**

**3.01 Optional Redemption of Debentures.**

(1) The Corporation will have the right at its option and subject to receiving all applicable regulatory approvals to redeem all, but not less than all, of the Debentures (the “**Share Redemption Right**”), at any time after the earlier of:

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(a) the first date that both New Collective Bargaining Agreements are in effect; and

(b) the first date that the VWAP for the 20 Trading Days immediately preceding such date is at least \$15.00,

upon not less than 30 days' prior notice at a redemption price equal to the principal amount of the Debentures to be redeemed, plus accrued and unpaid interest, if any, to but not including the date selected for redemption (the "**Redemption Date**").

(2) Concurrently with providing the notice contemplated in Section 3.03, the Corporation will provide the Trustee with a Certificate of the Corporation setting forth the details of any redemption contemplated by this Section 3.01 (including eligibility and interest calculations, if necessary) that the Trustee may rely upon without any independent obligation to verify the accuracy of information set out therein.

### **3.02 Places of Payment.**

The Redemption Amount will be payable upon presentation and surrender of the Debentures called for redemption at any of the places where the register is maintained pursuant to Section 2.10 or at any other places specified in the Redemption Notice.

### **3.03 Notice of Redemption.**

Notice of redemption of the Debentures (the "**Redemption Notice**") must be given by the Corporation to the Trustee and Holders in the form set forth in Schedule B hereof and in the manner provided in Sections 12.01 and 12.03 of the Principal Indenture. Every such notice will specify the aggregate principal amount of Debentures called for redemption (which together with accrued and unpaid interest on the Debentures, if any, to but not including the Redemption Date, being redeemed will constitute the redemption amount (the "**Redemption Amount**")), the Redemption Date, the places of payment, and the right of the Holders to convert such Debentures as provided in Article 4 and must state that interest upon the principal amount of Debentures called for redemption will cease to be payable from and after the Redemption Date.

### **3.04 Debentures Due on Redemption Date.**

Upon a Redemption Notice being given in accordance with Section 3.03, the Redemption Amount will be due and payable on the Redemption Date specified in such notice and with the same effect as if it were the Maturity Date of such Debentures, the provisions hereof or of any such Debentures notwithstanding, and, from and after such Redemption Date, interest will cease, unless payment of the Redemption Amount is not made on presentation for surrender of such Debentures at any of the places specified in Section 3.02, on or after the Redemption Date and prior to the setting aside of the Redemption Amount pursuant to Article 8.

### **3.05 Deposit of Redemption Monies.**

Upon Debentures being called for redemption as provided for in Section 3.03, but subject to Section 3.06, the Corporation will deposit with the Trustee or any Paying Agent to the order of the Trustee or for the account of the Trustee, on or prior to the Redemption Date specified in the Redemption Notice, such certificates and sums as are sufficient to pay the Redemption Amount of

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the Debentures (less any Taxes required to be deducted). From the certificates and sums so deposited, the Trustee will pay or cause to be delivered or paid to the Holders, upon surrender of the Debentures, the Redemption Amount thereof.

**3.06 Principal Portion of Redemption Amount to be Paid in Common Shares.**

(1) The Corporation will satisfy its obligation to pay the principal portion of the Redemption Amount by issuing and delivering to Holders on the Redemption Date for each \$1,000 principal amount of Debentures that number of Common Shares equal to the Conversion Number.

(2) The Corporation covenants that, in order to facilitate the exercise of the option to redeem the Debenture by the Corporation, the Corporation will prior to completion of the redemption pursuant to Section 3.01:

arrange and provide for the issue of the Common Shares to be issued on redemption by the Corporation from the treasury of the

(a) Corporation and such that the said Common Shares will be Freely Tradeable in each province and territory of Canada and fully paid and non-assessable;

(b) obtain and maintain the listing or quoting of such additional Common Shares on a Recognized Stock Exchange;

be a reporting issuer or equivalent in good standing or equivalent under Applicable Securities Laws in the Province of Ontario and the

(c) other jurisdictions in Canada in which the beneficial Holders of the Debentures that are being converted, if reasonably ascertainable, are resident (unless not in Canada);

(d) ensure that no Event of Default will have occurred and be continuing;

deliver to the Trustee a Certificate of the Corporation stating that covenants (a), (b), and (c) above have been carried out, performed or

(e) observed and setting forth the number of Common Shares to be delivered for each \$1,000 principal amount of Debentures and the calculation of the Conversion Number; and

deliver or cause to be delivered to the Trustee an Opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this First Supplemental Indenture in payment of the Conversion Value of the

(f) Debentures outstanding, will be validly issued as fully paid and non-assessable, that covenants (a) and (b) above have been carried out or performed and that, relying exclusively on certificates of good standing or no default issued by the relevant securities regulatory authorities, covenant (c) above is carried out or observed, except that the opinion in respect of covenant (c) need not be expressed with respect to those jurisdictions where such certificates are not issued.

If the foregoing covenants are not carried out, performed or observed prior to the completion of the redemption pursuant to Section 3.01(1) such failure or neglect on the part of the

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Corporation will be an event that is subject to the provisions of Section 6.01(c) of the Principal Indenture.

(3) In the event that the Corporation exercises its Share Redemption Right, the Corporation will on the Redemption Date deliver to the Trustee for delivery to and on account of the Holders, certificates representing the Common Shares to which such Holders are entitled and a cheque or electronic funds transfer representing accrued and unpaid interest. Upon presentation and surrender of the Debentures by a Holder at any place where the register is maintained or any other place specified in the Redemption Notice, the Trustee will deliver the certificates representing such Common Shares and any such interest payment to the Holder.

(4) No fractional Common Shares will be delivered upon the exercise of the Share Redemption Right but, in lieu thereof, the Corporation will pay to the Trustee for the account of the Holders, at the time contemplated in Section 3.01(1), the cash equivalent thereof determined on the basis of the Current Market Price of the Common Shares on the Redemption Date (less any Taxes required to be deducted).

(5) A Holder will be treated as the shareholder of record of the Common Shares issued on due exercise by the Corporation of its Share Redemption Right effective immediately after the opening of business on the Redemption Date, and will be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including stock dividends and dividends or distributions in kind) thereon and arising thereafter, and in the event that the Trustee receives the same, it will hold the same in trust for the benefit of such Holder.

(6) The Corporation will at all times reserve and keep available out of its authorized Common Shares (if the number thereof becomes limited) solely for the purpose of issue and delivery upon the exercise of the Share Redemption Right as provided herein, and will issue to Debentureholders to whom Common Shares will be issued pursuant to exercise of the Share Redemption Right, such number of Common Shares as will be issuable in such event.

(7) The Corporation will comply with all Applicable Securities Laws regulating the issue and delivery of Common Shares upon exercise of the Share Redemption Right.

(8) The Corporation will from time to time promptly pay, or make provision satisfactory to the Trustee for the payment of all Taxes and charges that may be imposed by the laws of Canada or any province thereof (except income tax or withholding tax, if any) and which will be payable with respect to the issuance or delivery of Common Shares to Holders upon exercise of the Share Redemption Right pursuant to the terms of the Debentures and this First Supplemental Indenture.

(9) If the principal portion of the Redemption Amount (or any portion thereof) to which a Holder is entitled is subject to withholding taxes and the Holder does not, upon request, provide cash to the Trustee sufficient to satisfy such withholding tax liability, the Trustee, on the direction of the Corporation but for the account of the Holder, will sell, through the investment banks, brokers or dealers selected by the Corporation, out of the Common Shares issued by the Corporation for this purpose, such number of Common Shares that is sufficient to yield net proceeds (after payment of all costs) to cover the amount of Taxes required to be withheld, and will remit same on behalf of the Corporation to the proper tax authorities within the period of time prescribed for this purpose under Applicable Laws.

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### **3.07 Failure to Surrender Debentures Called for Redemption.**

If the Holder of any Debentures called for redemption in accordance with Section 3.03 should, within 30 days after the Redemption Date, fail to surrender any of such Debentures or fail within such time to (a) accept payment of the Redemption Amount payable in respect thereof, including the accepting the delivery of the Common Shares issued and delivered pursuant to the provisions hereof, or (b) give such receipt therefor, if any, as the Trustee may require, such Redemption Amount, including such Common Shares, will be set aside in trust for such Holder, in accordance with Article 8, and such setting aside will for all purposes be deemed a payment to the Debentureholder of the sum and Common Shares so set aside, and to that extent, such Debentures will thereafter not be considered as outstanding hereunder and the Debentureholder will have no right, as of the Redemption Date, except to receive payment out of the money so paid and deposited and Common Shares so deposited, upon surrender of its Debentures, without interest thereon.

### **3.08 Repurchase of Debentures upon a Change of Control.**

(1) The Corporation must commence, within 45 days of the occurrence of a Change of Control, and consummate an Offer to Purchase for all Debentures then outstanding, at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest (if any) to but not including the date of purchase (the "**Payment Date**"). Prior to the mailing of the notice to Holders commencing such Offer to Purchase, but in any event within 45 days following any Change of Control, the Corporation must (i) repay in full all indebtedness of the Corporation that would prohibit the repurchase of the Debentures pursuant to such Offer to Purchase, or (ii) obtain any requisite consents under instruments governing any such indebtedness of the Corporation to permit the repurchase of the Debentures. The Corporation must first comply with the provisions of the immediately preceding sentence before it is required to repurchase Debentures pursuant to this Section 3.08.

(2) An Offer to Purchase will be commenced by mailing a notice to the Trustee and each Holder stating: (a) the covenant contained herein pursuant to which the offer is being made and that all Debentures validly tendered will be accepted for payment; (b) the purchase price and the Payment Date; (c) that any Debenture not tendered will continue to accrue interest pursuant to its terms; (d) that, unless the Corporation defaults in the payment of the purchase price, any Debenture accepted for payment pursuant to the Offer to Purchase will cease to accrue interest on and after the Payment Date; (e) that Holders electing to have a Debenture purchased pursuant to the Offer to Purchase will be required to surrender the Debenture to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Payment Date; (f) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Debentures delivered for purchase and a statement that such Holder is withdrawing its election to have such Debentures purchased; and (g) that Holders whose Debentures are being purchased only in part will be issued replacement Debentures equal in principal amount to and as evidence of the same underlying indebtedness as was evidenced by the unpurchased portion of the Debentures surrendered; provided that each Debenture purchased and each replacement Debenture issued will be in a principal amount of \$1,000 or integral multiples thereof, except if interest has been paid in additional Debentures so as to result in Debentures

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being outstanding in denomination of other than \$1,000 or integral multiples thereof in which case Debenture may be purchased and replaced in any denominations.

(3) On the Payment Date, the Corporation will (a) accept for payment Debentures or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent money sufficient to pay the purchase price of all Debentures or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Trustee all Debentures or portions thereof so accepted together with a Certificate of the Corporation specifying the Debentures accepted for payment by the Corporation.

(4) The Paying Agent will as soon as practicable mail to the Holders of Debentures who have so accepted payment in an amount equal to the purchase price, and the Trustee will promptly authenticate and mail to such Holders a replacement Debenture equal in principal amount to any unpurchased portion of the Debenture surrendered; provided that each Debenture purchased and each replacement Debenture issued will be in a principal amount of \$1,000 or integral multiples thereof, except if interest has been paid in additional Debentures so as to result in Debentures being outstanding in denomination of other than \$1,000 or integral multiples thereof in which case Debenture may be purchased and replaced in any denomination.

(5) The Corporation will publicly announce the results of an Offer to Purchase as soon as practicable after the Payment Date.

(6) The Trustee will act as the Paying Agent for an Offer to Purchase provided that it has been funded and indemnified to its reasonable satisfaction by the Corporation.

(7) The Corporation will comply with all Applicable Securities Laws in the event that the Corporation is required to repurchase Debentures pursuant to an Offer to Purchase in connection with a Change of Control.

### **3.09 Cancellation of Purchased Debentures.**

All Debentures redeemed or purchased in whole or in part pursuant to this Article 3 will be forthwith delivered to and cancelled by the Trustee and may not be reissued or resold and no Debentures will be issued in substitution therefor.

## **ARTICLE 4 – CONVERSION**

### **4.01 Conversion Right.**

(1) Each Holder will have the right at any time prior to the close of business on the Business Day immediately preceding the Maturity Date or, if called for redemption under Section 3.03, the Business Day immediately preceding the Redemption Date, at its option to convert each \$1,000 principal amount of its Debentures into that number of Common Shares equal to the Conversion Number, all on the terms and subject to compliance with the provisions of this Article 4, provided that the only shares issuable on conversion of the Debentures will be “prescribed securities” as defined in Regulation 6208 to the *Income Tax Act* (Canada).

(2) In order to exercise its option to convert provided pursuant to Section 4.01(1), a Holder will be required to deliver to the Trustee at any of the places at which a register is

maintained pursuant to Section 2.10 or any other place specified in the Maturity Notice or the Redemption Notice, as the case may be, on or prior to the Business Day immediately preceding the Maturity Date or the Redemption Date, as the case may be, a conversion notice in the form set forth in Schedule C-2 (the “**Conversion Notice**”) duly completed and executed by the Holder or its executors or administrators or other legal representatives or its or their attorney duly appointed by instrument in form and execution satisfactory to the Trustee, together with the related Debentures.

(3) The Corporation covenants that, in order to facilitate the exercise of an option to convert by a Holder, the Corporation will, not later than following receipt of a Conversion Notice from the Holder and prior to completion of the conversion pursuant to Section 4.03:

arrange and provide for the issue of the Common Shares to be issued on conversion by the Holder from the treasury of the Corporation

(a) and such that the said Common Shares will be Freely Tradeable in each province and territory of Canada and fully paid and non-assessable;

(b) obtain and maintain the listing or quoting of such additional Common Shares on a Recognized Stock Exchange; and

be a reporting issuer or equivalent in good standing or equivalent under Applicable Securities Laws in the Province of Ontario and the

(c) other jurisdictions in Canada in which the beneficial Holders of the Debentures that are being converted, if reasonably ascertainable, are resident (unless not in Canada).

If the foregoing covenants are not carried out, performed or observed prior to the completion of the conversion pursuant to Section 4.03 such failure or neglect on the part of the Corporation will be an event that is subject to the provisions of Section 6.01(c) of the Principal Indenture.

(4) The Holder of a Debenture surrendered for conversion will be entitled to receive accrued and unpaid interest in respect thereof for the period from the date of the latest Interest Payment Date up to but not including the date of conversion provided that instalments of interest on the Debenture, where the date of conversion is subsequent to a Regular Interest Record Date but prior to the related Interest Payment Date, will be payable to the Holders thereof registered as such on the applicable Regular Interest Record Dates for such instalments.

#### **4.02 Right to Repay Principal Amount in Common Shares on Maturity.**

(1) The Corporation may, at its option and subject to receiving all applicable regulatory approvals, elect to satisfy its obligation to repay on the Maturity Date the principal amount of all, but not less than all, of the Debentures by delivering to the Holders, not less than 40 days and not more than 60 days prior to the Maturity Date, a maturity notice in the form of Schedule C-1 (the “**Maturity Notice**”) and on the Maturity Date, for each \$1,000 principal amount of Debentures, issuing and delivering to Holders that number of fully paid and non-assessable Common Shares equal to the Conversion Number (the “**Share Repayment Right**”).

(2) The Corporation will be required to provide the Maturity Notice only if it determines to exercise the Share Repayment Right.

(3) The Corporation's right to exercise the Share Repayment Right will be conditional upon the following conditions being met on the Business Day preceding the Maturity Date:

- (a) the Common Shares to be issued on exercise of the Share Repayment Right will be issued from treasury of the Corporation and will be Freely Tradeable in each provinces and territory of Canada and fully paid and non-assessable;
- (b) the listing or quoting of such additional Common Shares on a Recognized Stock Exchange;  
the Corporation being a reporting issuer or equivalent in good standing or equivalent under Applicable Securities Laws in the Province
- (c) of Ontario and the other jurisdictions in which the beneficial Holders of the Debentures that are being repaid on maturity, if reasonably ascertainable, are resident (unless not in Canada);
- (d) no Event of Default will have occurred and be continuing;  
the receipt by the Trustee of a Certificate of the Corporation stating that conditions (a), (b), (c) and (d) above have been satisfied and
- (e) setting forth the number of Common Shares to be delivered for each \$1,000 principal amount of Debentures and the Current Market Price of Common Shares on the Maturity Date; and  
the receipt by the Trustee of an Opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this First Supplemental Indenture in payment of the principal amount of the Debentures outstanding, will be validly issued as fully paid and non-assessable, that conditions (a) and (b) above have been satisfied and that,
- (f) relying exclusively on certificates of good standing issued by the relevant securities regulatory authorities, condition (c) above is satisfied, except that the opinion in respect of condition (c) need not be expressed with respect to those provinces where such certificates are not issued.

If the foregoing conditions are not satisfied by the close of business on the Business Day preceding the Maturity Date, the Corporation will pay in cash 100% of the principal amount of the Debentures that would otherwise have been satisfied in Common Shares, unless the Debentureholder waives the conditions that are not satisfied.

(4) In the event that the Corporation exercises its Share Repayment Right, upon presentation and surrender of the Debentures for payment at maturity at any place where a register is maintained or any other place specified in the Maturity Notice, the Corporation will pay or cause to be paid in money or by cheque to the Holder all accrued and unpaid interest to the Maturity Date and the cash equivalent contemplated for fractional shares in Section 4.04, if any, in both cases less any Taxes required to be deducted, if any, and the Corporation will, on the Maturity Date, send to the Trustee on account of the Holder certificates representing the Common Shares to which such Holder is entitled.

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#### **4.03 Completion of Conversion.**

(1) Subject to Sections 4.01, at least five Business Days before the date of conversion set forth in a Notice of Conversion, the Corporation will deliver to the Trustee on account of the Holder for delivery to each Holder whose Debentures are to be converted pursuant to Section 4.01, for each \$1,000 principal amount of Debentures to be converted: (a) certificates for the Common Shares to which the Holder is entitled; and (b) if the Holder has elected to convert a principal amount of Debentures (the “**exercised amount**”) which is less than the principal amount of all Debentures of which such Person is the Holder immediately prior to such exercise (the “**registered amount**”), Debentures registered in the name of such Holder in an aggregate principal amount equal to the amount by which the registered amount exceeds the exercised amount, less in all cases any Taxes required to be deducted.

(2) At least four Business Days before the date of conversion set forth in a Notice of Conversion and prior to the delivery of certificates for Common Shares pursuant to Section 4.03(1), the Corporation will deliver to the Trustee on account of each such Holder a certified cheque, bank draft or electronic funds transfer for the amount of all accrued and unpaid interest on such Debentures and the amount in respect of any fractional Common Shares to be paid in accordance with Section 4.04, if any, less any Taxes required to be deducted.

(3) All Debentures converted in whole or in part will be delivered to and cancelled by the Trustee in accordance with Article 8 and the Trustee will amend the register maintained by it accordingly.

#### **4.04 Fractional Shares.**

No fractional Common Shares will be delivered upon the conversion of Debentures or exercise of the Share Repayment Right but, in lieu thereof, the Corporation will pay to the Holders, or to the Trustee on account of the Holders if necessary, at the time contemplated in Section 4.02(4) or 4.03(2), as the case may be, the cash equivalent thereof determined on the basis of the Current Market Price of Common Shares as at the date of maturity or conversion, as applicable, less any Taxes required to be deducted.

#### **4.05 Relating to the Issue of Common Shares.**

(1) A Holder will be treated as the shareholder of record of the Common Shares issued on due conversion of its Debentures or due exercise by the Corporation of its Share Repayment Right, and the issuance of Common Shares will be deemed to have occurred for all purposes, effective immediately after the close of business on the date of conversion, in the case of Section 4.01 or the close of business on the Maturity Date, in the case of Section 4.02 and such Holder will be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including stock dividends and dividends or distributions in kind) thereon and arising thereafter and before such Common Shares are delivered or sent and in the event that the Trustee receives the same, it will hold the same in trust for the benefit of such Holder.

(2) The Corporation will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited) solely for the purpose of issue and delivery upon the conversion of Debentures or the exercise of the Share Repayment Right as

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provided herein, and will issue to Debentureholders who may exercise their conversion rights hereunder or to whom Common Shares will be issued pursuant to exercise of the Share Repayment Right, such number of Common Shares as will be issuable in such events.

(3) The Corporation will comply with all Applicable Securities Laws regulating the issue and delivery of Common Shares upon conversion of Debentures or exercise of the Share Repayment Right.

#### **4.06 Taxes and Charges on the Issue of Common Shares.**

The Corporation will from time to time promptly pay, or make provision satisfactory to the Trustee for the payment of, all Taxes and charges that may be imposed by the laws of Canada or any province thereof and that will be payable with respect to the issuance or delivery of Common Shares to Holders upon the conversion of Debentures or exercise of the Share Repayment Right pursuant to the terms of the Debentures and this First Supplemental Indenture. The Trustee will have no obligation to determine when such Taxes and charges are payable or to verify the calculation thereof.

#### **4.07 Alternate Election and Exchange**

(1) Notwithstanding any other provision in this Article 4, in the event that section 51 of the *Income Tax Act* (Canada) does not apply to a proposed conversion of Debentures pursuant to this Article 4, the Corporation will, upon written request by a Holder, execute a joint tax election under subsection 85(1) or 85(2) of the *Income Tax Act* (Canada), and the corresponding provisions of any applicable provincial tax legislation, delivered to it by the Holder in order to permit the conversion of the Debentures to be undertaken on a tax-deferred basis. Compliance with the requirements to ensure the validity of a joint tax election on a timely basis will be the sole responsibility of the Holder making the election and the Corporation assumes no responsibility or liability for the failure to properly prepare, execute and file a valid election or for the late filing of an election.

(2) In the event that section 51 of the *Income Tax Act* (Canada) does not apply to a proposed conversion of Debentures pursuant to this Article 4, the Holder will have the right at its option, in lieu of the right to convert its Debentures pursuant to Section 4.01(1), to require the Corporation to purchase each \$1,000 principal amount of its Debentures in exchange for that number of Common Shares equal to the Conversion Number, and in all other respects the terms of this Indenture respecting the conversion of such Debentures will apply *mutatis mutandis*.

### **ARTICLE 5 – ADJUSTMENTS**

#### **5.01 Adjustment of Conversion Price.**

(1) The Conversion Price in effect at any date will be subject to adjustment from time to time in the events and in the manner provided in this Article 5.

(2) If and whenever at any time after the date hereof and prior to the Maturity Date, the Corporation:

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- (a) issues Common Shares or securities convertible into or exchangeable for Common Shares to the holders of all or substantially all of the outstanding Common Shares as a stock dividend or otherwise;

makes a distribution on its outstanding Common Shares to the holders of all or substantially all of the outstanding Common Shares

- (b) payable in Common Shares or securities convertible into or exchangeable for Common Shares (other than an issue of Common Shares to holders of Common Shares pursuant to a right granted to such holders to receive such Common Shares in lieu of Dividends Paid in the Ordinary Course);

- (c) subdivides its outstanding Common Shares into a greater number of Common Shares; or

- (d) reduces, combines or consolidates its outstanding Common Shares into a smaller number of Common Shares,

(any of such events in subsections (a), (b), (c) and (d) being called a “**Common Share Reorganization**”), then the Conversion Price then in effect will be adjusted effective immediately on the effective date or record date for the happening of a Common Share Reorganization, as the case may be, at which the holders of Common Shares are determined for the purpose of the Common Share Reorganization, so that it will equal the price determined by multiplying the Conversion Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which will be the total number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization and the denominator of which will be the total number of Common Shares outstanding immediately after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had all such securities been exchanged for or converted into Common Shares on such effective date or record date).

(3) If and whenever at any time after the date hereof and prior to the Maturity Date, the Corporation fixes a record date for the issue of rights, options or warrants to the holders of all or substantially all of the outstanding Common Shares under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or at an exchange price or conversion price per share during the Rights Period to the holder in the case of securities exchangeable for or convertible into Common Shares) which is less than 95% of the Current Market Price for the Common Shares on such record date (any of such events being called a “**Rights Offering**”), then the Conversion Price will be adjusted effective immediately after the end of the Rights Period so that it will equal the price determined by multiplying the Conversion Price in effect immediately prior to the end of the Rights Period by a fraction:

- (a) the numerator of which will be the aggregate of:

- (i) the total number of Common Shares outstanding as of the record date for the commencement of the Rights Offering, and
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(ii) a number determined by dividing (I) either (x) the product of the number of Common Shares issued or subscribed for during the Rights Period upon the exercise of the rights, warrants or options under the Rights Offering and the price at which such Common Shares are offered for such issue or subscription, or, as the case may be, (y) the product of the exchange price or conversion price of such securities exchangeable for or convertible into Common Shares and the number of Common Shares for or into which the securities so offered pursuant to the Rights Offering could have been exchanged or converted during the Rights Period, by (II) the Current Market Price of the Common Shares as of the record date for the commencement of the Rights Offering, and

(b) the denominator of which will be the number of Common Shares outstanding, or the number of Common Shares which would be outstanding if all the exchangeable or convertible securities were exchanged for or converted into Common Shares during the Rights Period, after giving effect to the Rights Offering and including the number of Common Shares actually issued or subscribed for during the Rights Period upon exercise of the rights, warrants or options under the Rights Offering.

Any Debentureholder who has exercised the right to convert to Common Shares in accordance with Article 4 during the period beginning immediately after the record date for a Rights Offering and ending on the last day of the Rights Period for the Rights Offering will, in addition to the Common Shares to which that holder would otherwise be entitled upon such conversion, be entitled to that number of additional Common Shares equal to the result obtained when the difference, if any, between the Conversion Price in effect immediately prior to the end of such Rights Offering and the Conversion Price as adjusted for such Rights Offering pursuant to this Section 5.01(3) is multiplied by the number of Common Shares received upon the conversion of the Debentures held by such Holder during such period, and the resulting product is divided by the Conversion Price as adjusted for such Rights Offering pursuant to this Section 5.01(3); provided that the provisions of Section 4.03 will be applicable to any fractional interest in a Common Share to which such Holder might otherwise be entitled under the foregoing provisions of this Section 5.01(3). Such additional Common Shares will be deemed to have been issued to the Debentureholder immediately following the end of the Rights Period and a certificate for such additional Common Shares will be delivered to such Holder within 15 Business Days following the end of the Rights Period. To the extent that any such rights, options or warrants are not so exercised on or before the expiry thereof, the Conversion Price will be readjusted to the Conversion Price which would then be in effect based on the number of Common Shares (or the securities convertible into or exchangeable for Common Shares) actually delivered on the exercise of such rights, options or warrants.

(4) If and whenever at any time after the date hereof and prior to the Maturity Date, the Corporation fixes a record date for the issue or the distribution to the holders of all or substantially all of the outstanding Common Shares of (i) securities of the Corporation, including rights, options or warrants to acquire securities of the Corporation or any of its property or assets and including cash and evidences of indebtedness; or (ii) any property or other assets, including cash and evidences of indebtedness, and if such issuance or distribution does not constitute a Dividend Paid in the Ordinary Course, a Common Share Reorganization, a Rights Offering or a distribution contemplated by Section 5.01(3) (any of such non-excluded events being called a “**Special**

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**Distribution**”), then the Conversion Price will be adjusted effective immediately after such record date so that it will equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction:

- (a) the numerator of which will be:
  - (i) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date; less  
the fair market value, as determined by action by the Board of Directors (whose determination, subject to the consent of a Recognized Stock Exchange, will be conclusive), to the holders of Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and
  - (ii) Recognized Stock Exchange, will be conclusive), to the holders of Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and
- (b) the denominator of which will be the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date.

To the extent that any Special Distribution is not so made, the Conversion Price will be readjusted effective immediately to the Conversion Price which would then be in effect based upon such securities or property or other assets as actually distributed.

(5) If and whenever at any time after the date hereof and prior to the Maturity Date, there is a reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares or into other securities or other capital reorganization (other than a Common Share Reorganization), or a consolidation, amalgamation or merger of the Corporation with or into any other corporation or other entity (other than a vertical short-form amalgamation with one or more of its Wholly-Owned Subsidiaries pursuant to the *Canada Business Corporations Act*), or a transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity in which the holders of Common Shares are entitled to receive shares, other securities or other property (any of such events being called a “**Capital Reorganization**”), any Holder of Debentures who exercises the right to convert Debentures into Common Shares pursuant to Debentures then held after the effective date of such Capital Reorganization will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Common Shares to which such Holder was previously entitled upon such conversion, the aggregate number of shares, other securities or other property that such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the holder had been the registered holder of the number of Common Shares to which such holder was previously entitled upon conversion subject, however, to any requirements necessary to ensure that the interest payable on the Debentures will be and will remain exempt from Canadian withholding tax including the requirement in effect on the date hereof for so long as such requirement is in effect that a Holder of Debentures will not be entitled to receive shares, other securities or property other than securities that are “**prescribed securities**” as defined in Regulation 6208 to the *Income Tax Act* (Canada) on or prior to five years after the date of issue of the Debentures. Subject to the preceding sentence, the Corporation will take all steps necessary to ensure that, on a Capital Reorganization, the Holders of Debentures will

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receive the aggregate number of shares, other securities or other property to which they are entitled as a result of the Capital Reorganization. Appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Article 5 with respect to the rights and interests thereafter of Holders of Debentures to the end that the provisions set forth in this Article 5 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the conversion of any Debenture. Prior to or concurrent with effecting a Capital Reorganization, the Corporation will enter into an indenture supplemental hereto approved by action of the Board of Directors and by the Trustee, relying on advice of counsel, that will set forth an appropriate adjustment to give effect to this Section 5.01(5), in which event such adjustment will for all purposes be conclusively deemed to be an appropriate adjustment, subject to any required prior consent of a Recognized Stock Exchange.

(6) If the purchase price provided for in any rights, options or warrants (the “**Rights Offering Price**”) referred to in Sections 5.01(3) or (4) is decreased, the Conversion Price will forthwith be changed so as to decrease the Conversion Price to the Conversion Price that would have been obtained if the adjustment to the Conversion Price made under Section 5.01(3) or (4), as the case may be, with respect to such rights, options or warrants had been made on the basis of the Rights Offering Price as so decreased, provided that the terms of this Section 5.01(6) will not apply to any decrease in the Rights Offering Price resulting from terms in any such rights, options or warrants designed to prevent dilution except to the extent that the resulting decrease in the Conversion Price under this Section 5.01(6) would be greater than the decrease, if any, in the Conversion Price to be made under the terms of this Section 5.01(6) by virtue of the occurrence of the event giving rise to such decrease in the Rights Offering Price.

(7) In any case in which this Section 5.01 requires that an adjustment will become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder of any Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event, provided, however, that the Corporation will deliver to such Holder evidence of such Holder’s right to receive such additional Common Shares upon the occurrence of such event and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the date of conversion or such later date on which such Holder would, but for the provisions of this Section 5.01(7), have become the holder of record of such additional Common Shares.

#### **5.02 Other Adjustment of Conversion Price.**

If the Corporation takes any action affecting the Common Shares, other than an action described in Section 5.01(2), (3), (4) or (6) but including an action under Section 5.01(5), that results in a Holder of Debentures being unable, for any period of time, to exercise conversion privileges that it would otherwise be permitted to exercise due to requirements necessary to ensure that the Debentures will be and will remain exempt from Canadian withholding tax, the Conversion Price may be adjusted in such manner and at such time, or such other adjustment to the conversion privilege may be made, as the Board of Directors determine to be equitable in the circumstances, subject to any required prior consent of a Recognized Stock Exchange and subject, however, to any requirements necessary to ensure that the interest payable on the Debentures will

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be and will remain exempt from Canadian withholding tax. Failure of the Board of Directors to take any such action will be conclusive evidence that the Board of Directors has determined that it is equitable to make no adjustment in the circumstances.

**5.03 Rules Regarding Calculation of Adjustment of Conversion Price.**

For the purposes of Sections 5.01 and 5.02:

- (a) The adjustments provided for in Sections 5.01 and 5.02 are cumulative and will be computed to the nearest one-tenth of one cent and will be made successively whenever an event referred to therein occurs, subject to the following provisions of this Section 5.03.

No adjustment in the Conversion Price will be required unless the cumulative effect of such adjustment would result in a change of at least 1% in the prevailing Conversion Price; provided, however, that any adjustments that, except for the provisions of this Section 5.03 would otherwise have been required to be made, will be carried forward and taken into account in any subsequent adjustment.

No adjustment in the Conversion Price will be required upon the issuance from time to time of Common Shares pursuant to the Corporation's stock option plans or share purchase plan, or any dividend reinvestment plan, as such plans may be replaced, supplemented or further amended from time to time, or in respect of the New Rights Offering (as defined in the Plan).

No adjustment in the Conversion Price will be made in respect of any of the events referred to in Sections 5.01(2)(a) and (b), Section 5.01(3) or Section 5.01(4), if Debentureholders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if they had converted their Debentures prior to or on the effective date or record date of such event. Any such participation will be subject to any required prior consent of a Recognized Stock Exchange.

If at any time a dispute arises with respect to adjustments provided for in Section 5.01, such dispute will be conclusively determined, subject to the consent of a Recognized Stock Exchange, by the Corporation's auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by action of the Board of Directors and any such determination will be binding upon the Corporation, the Trustee, the Debentureholders and shareholders of the Corporation; such auditors or accountants will be given access to all necessary records of the Corporation. If any such determination is made, the Corporation will deliver a Certificate of the Corporation to the Trustee describing such determination, and the Trustee will be entitled to act and rely upon such Certificate of the Corporation.

If the Corporation sets a record date to determine the holders of Common Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other

action, legally abandons its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment in the Conversion Price will be made.

In the absence of a resolution of the Board of Directors fixing a record date for a Special Distribution or Rights Offering, the (g) Corporation will be deemed to have fixed as the record date therefor the date on which the Special Distribution or Rights Offering is effected.

For greater certainty, Debentureholders will have no right to convert Debentures into any security other than Common Shares unless an appropriate adjustment is made by and set forth in an indenture supplemental hereto.

#### **5.04 Certificate as to Adjustment.**

The Corporation will from time to time, immediately after the occurrence of any event that requires an adjustment or readjustment as provided in Section 5.01 or 5.02, deliver a Certificate of the Corporation to the Trustee specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, and the Trustee will be entitled to act and rely upon such Certificate of the Corporation. Such Certificate of the Corporation and the amount of the adjustment specified therein will be conclusive and binding on all parties in interest. Until such Certificate of the Corporation is received by the Trustee, the Trustee may act and be protected in acting on the presumption that no adjustment has been made or is required. Except in respect of any subdivision, reduction, combination or consolidation of the Common Shares contemplated by Section 5.01(2)(a), the Corporation will forthwith give notice to the Debentureholders specifying the event requiring such adjustment or readjustment and the amount thereof, including the resulting Conversion Price; provided that if the Corporation has given notice under Section 5.05 covering all the relevant facts in respect of such event, no such notice need be given under this Section 5.04.

#### **5.05 Notice of Special Matters.**

The Corporation covenants that, so long as any Debentures remain outstanding, it will give notice to the Trustee and to the Debentureholders of its intention to fix a record date for any event referred to in Section 5.01(2), (3), (4) or (5) (other than the subdivision, reduction, combination or consolidation of Common Shares contemplated by Section 5.01(2)(a)) or a cash dividend (other than a Dividend Paid in the Ordinary Course) that may give rise to an adjustment in the Conversion Price, or other adjustment, and such notice must specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation will only be required to specify in such notice such particulars of such event as have been fixed and determined on the date on which such notice is given. Such notice must be given not less than 14 days prior to the applicable record date in the case of an event referred to in Section 5.01(2), (3) or (4) and 30 days prior to the applicable record date in the case of an event referred to in Section 5.01(5).

#### **5.06 Notice of Expiry of Conversion Right.**

The Corporation covenants that, so long as any Debentures remain outstanding, it will give notice to the Trustee and the Debentureholders in the manner provided in the Principal Indenture,

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not less than 21 days prior to the Maturity Date, of the expiry of the right of the Holders of the Debentures to convert their Debentures.

**5.07 Protection of Trustee.**

The Trustee (even if it were to act as conversion agent hereunder) will not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist that may require any adjustment in the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same; and will not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any shares or other securities or other property that may at any time be issued or delivered upon the conversion of any Debenture; will not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver Common Shares or share certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article 5.

**ARTICLE 6 – RANKING OF DEBENTURES**

**6.01 Ranking.**

The Corporation covenants and agrees, and each Debentureholder, by its acceptance thereof, likewise agrees, that the payment of the principal of and of any interest on the Debentures ranks *pari passu* with all Senior Debt whether outstanding on the date of this First Supplemental Indenture or thereafter incurred.

**ARTICLE 7 - ADDITIONAL COVENANTS OF THE CORPORATION WITH RESPECT TO THE DEBENTURES**

**7.01 Additional Covenants.**

(1) The Corporation covenants and agrees with the Trustee for the benefit of the Holders that:

it will take all reasonable steps and actions and do all such acts and things as may be required to: (i) as long as it meets the minimum listing requirements of such institutions, maintain the listing and posting for trading of the Debentures and the Common Shares on a  
(a) Recognized Stock Exchange, and (ii) maintain its status as a reporting issuer, or the equivalent thereof, not in default of the requirements of Applicable Securities Laws of Canada; and

it will, at the relevant times and upon exercise of the relevant rights or elections, comply and take all measures necessary to comply at  
(b) all times with Sections 3.06(2), 4.01(3) and 4.02(3) including, make application for any order, ruling, registration or filing or give any notice required under Applicable Securities Laws.

(2) The Trustee will have no obligation to verify information relating to the Corporation's compliance with this Section 7.01 and may act and rely upon all information provided by the Corporation with respect to such compliance, without independent inquiry.

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## **ARTICLE 8 – SATISFACTION AND DISCHARGE**

### **8.01 Cancellation and Destruction.**

All matured Debentures will forthwith after payment thereof be delivered to the Trustee or to a Person appointed by it or by the Corporation with the approval of the Trustee and cancelled. All Debentures cancelled or required to be cancelled under this or any other provision of this Indenture, in the Trustee's sole discretion, may be destroyed by or under the direction of the Trustee by cremation or otherwise (in the presence of a representative of the Corporation, if the Corporation so requires) and the Trustee will prepare and retain upon request a certificate of such destruction and deliver a duplicate thereof to the Corporation.

### **8.02 Non-Presentation of Debentures.**

If the Holder of any Debenture fails to present the same for payment within 30 days of the date on which the principal thereon or represented thereby becomes payable at maturity or otherwise or fails within such 30 day period to accept payment on account thereof, accept Common Shares issued and delivered pursuant to the provisions hereof or give such receipt therefor, if any, as the Trustee may require:

- (a) the Corporation will be entitled to pay or issue and deliver, as the case may be, to the Trustee and direct the Trustee to set aside; or
- (b) in respect of money in the hands of the Trustee that may or should be applied to the payment of the Debentures, the Corporation will be entitled to direct the Trustee to set aside,

the principal and interest, or the Common Shares, as the case may be, in trust to be paid or delivered, as the case may be, without interest to the Holder of such Debenture, upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal and interest payable on or represented by each Debenture in respect whereof such money or Common Shares have been set aside will be deemed to have been paid and the Holder thereof will thereafter have no right in respect thereof, except that of receiving payment of the money or the Common Shares so set aside by the Trustee upon due presentation and surrender by the Holders of such Debenture, subject always to the provisions of Section 8.03.

### **8.03 Repayment of Unclaimed Money or Common Shares to Corporation.**

Any money or Common Shares in the hands of the Trustee and set aside under Section 8.02 and not claimed by and paid or delivered as provided in Section 8.02, to Holders of Debentures within two years after the date of such setting aside must be repaid or delivered to the Corporation by the Trustee on demand, and thereupon the Trustee will be released from all further liability with respect to such money and Common Shares and thereafter the Holders of the Debentures in respect of which such money and Common Shares were so repaid or delivered to the Corporation will have no rights in respect thereof, except to obtain payment of the money or delivery of the Common Shares due thereon from the Corporation upon due presentation and surrender by the Holder of such Debentures without interest.

#### **8.04 Release from Covenants.**

Upon Written Request and proof being given to the reasonable satisfaction of the Trustee that the principal of all the Debentures and interest thereon and other money payable hereunder have been paid or satisfied or that all the Debentures then outstanding having matured and, such payment having been duly and effectually provided for by payment to the Trustee or otherwise, and upon payment of all costs, charges and expenses properly incurred by the Trustee in relation to these presents and all interest thereon and the remuneration of the Trustee, or upon provision satisfactory to the Trustee being made therefor, the Trustee will, at the request and at the expense of the Corporation, execute and deliver to the Corporation such deeds or other instruments as are requisite to release the Corporation from the terms of the First Supplemental Indenture and the terms of the Principal Indenture relating to the Debentures, except those relating to the indemnification of the Trustee and issue and delivery of Common Shares in connection with the exercise of rights of conversion pursuant to Article 4.

### **ARTICLE 9 - COMMON SHARE INTEREST PAYMENT ELECTION**

#### **9.01 Interest Payment Election by Delivery of Common Shares to be Liquidated.**

(1) Provided that no Event of Default has occurred and is continuing under this Indenture and that all applicable regulatory approvals have been obtained (including any required approval of any stock exchange on which the Common Shares are then listed and any other required regulatory approval to permit the Trustee to carry out its obligations under this Section 9.01), the Corporation will have the revocable right, from time to time, to make a Share Interest Payment Election in respect of all or any part of any Interest Obligation by delivering a Share Interest Payment Election Notice to the Trustee by no later than the earlier of: (i) the date required by Applicable Law or the rules of any stock exchange on which the Common Shares are then listed, or (ii) the day that is 15 Business Days prior to the Interest Payment Date to which the Share Interest Payment Election relates.

(2) Upon receipt of a Share Interest Payment Election Notice, the Trustee will, in accordance with this Article 9 and such Share Interest Payment Election Notice, deliver Common Share Bid Requests to the investment banks, brokers or dealers identified by the Corporation, in its absolute discretion, in the Share Interest Payment Election Notice. In connection with the Share Interest Payment Election, the Trustee will have the power, on behalf of the Corporation, to: (i) accept delivery of the Common Shares from the Corporation and process the Common Shares in accordance with the Share Interest Payment Election Notice, (ii) accept bids with respect to, and consummate sales of, such Common Shares, each as the Corporation will direct in its absolute discretion, through the investment banks, brokers or dealers identified by the Corporation in the Share Interest Payment Election Notice, (iii) invest the proceeds of such sales on the direction of the Corporation in Canadian Government Obligations that mature at least three Business Days prior to an applicable Interest Payment Date or use such proceeds to pay all or part of the Interest Obligation in respect of which the Share Interest Payment Election was made or both and (iv) perform any other action necessarily incidental thereto.

(3) The Share Interest Payment Election Notice must provide for, and all bids must be subject to, the right of the Corporation, by delivering written notice to the Trustee at any time prior to the consummation of such delivery and sale of the Common Shares on the Common Share

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Delivery Date, to withdraw the Share Interest Payment Election (which will have the effect of withdrawing each related Common Share Bid Request), whereupon the Corporation will be obliged to pay in cash the Interest Obligation in respect of which the Share Interest Payment Election Notice has been delivered. The Trustee will be fully indemnified by the Corporation in respect of any withdrawal of a Share Interest Payment Election or any termination of bids or contracts for the issuance or sales of Common Shares entered into by the Trustee on behalf of the Corporation.

(4) Any sale of Common Shares pursuant to this Article 9 may be made to one or more Persons whose bids are solicited, but all such sales with respect to a particular Share Interest Payment Election will take place concurrently on the Common Share Delivery Date.

(5) The amount received by a Holder of a Debenture in respect of the Interest Obligation will not be affected by whether or not the Corporation elects to satisfy the Interest Obligation pursuant to a Share Interest Payment Election.

(6) The Trustee must inform the Corporation promptly following receipt of any bid or bids for Common Shares solicited pursuant to the Common Share Bid Requests. The Trustee will accept such bid or bids as the Corporation (in its absolute discretion) directs by Written Order. In connection with any bids so accepted, the Corporation, the Trustee (if required by the Corporation in its absolute discretion) and the applicable bidders must, not later than the Common Share Delivery Date, enter into Common Share Purchase Agreements and will comply with all Applicable Securities Laws, including the securities rules and regulations of any stock exchange on which the Common Shares are then listed. The Corporation will, if so requested by the Trustee, deliver to the Trustee an Opinion of Counsel that such Common Share Purchase Agreements so comply with such Applicable Securities Laws or regulations of any stock exchange on which the Common Shares are then listed. The Corporation will pay all fees and expenses in connection with the Common Share Purchase Agreements including the fees and commissions charged by the investment banks, brokers and dealers and the standard fees of the Trustee generally charged for this service.

(7) Provided that (i) all conditions specified in each Common Share Purchase Agreement to the closing of all sales thereunder have been satisfied, other than the delivery of the Common Shares to be sold thereunder against payment of the purchase price thereof, and (ii) the purchasers under each Common Share Purchase Agreement must be ready, willing and able to perform thereunder, in each case on the Common Share Delivery Date, the Corporation will, on the Common Share Delivery Date, deliver to the Trustee the Common Shares to be sold on such date, an amount in cash equal to the difference between the applicable Interest Obligation and the anticipated net proceeds of the Common Shares to be sold and a Certificate of the Corporation, upon which the Trustee may act and rely absolutely without any further enquiry, to the effect that all conditions precedent to such sales, including those set forth in this Indenture and in each Common Share Purchase Agreement, have been satisfied. Upon such deliveries, the Trustee will consummate such sales on such Common Share Delivery Date by the delivery of the Common Shares to such purchasers against payment to the Trustee in immediately available funds of the purchase price therefor.

(8) The Trustee will, on the Common Share Delivery Date, use the sale proceeds of the Common Shares (together with any cash received from the Corporation) to purchase, on behalf of

and for the account of the Corporation and on the direction of the Corporation in writing, Canadian Government Obligations that mature at least three Business Days prior to the applicable Interest Payment Date and that the Trustee is required to hold until maturity (the “Common Share Proceeds Investment”) and will, on such date, deposit the balance, if any, of such sale proceeds in the Property Account for such Debentures. At least one Business Day prior to the Interest Payment Date, the Trustee will deposit amounts from the proceeds of the Common Share Proceeds Investment in the Property Account to bring the balance of the Property Account to the Share Interest Payment Election Amount. On the Interest Payment Date, the Trustee will pay the funds held in the Property Account to the Holders of record of the Debentures on the Interest Payment Date (less such amount of Taxes as determined by the Corporation as required to be deducted, if any) and, provided that there is no Event of Default, will remit amounts, if any, in respect of income earned on the Common Share Proceeds Investment or otherwise in excess of the Share Interest Payment Election Amount to the Corporation.

(9) Neither the making of a Share Interest Payment Election nor the consummation of sales of Common Shares on a Common Share Delivery Date will (i) result in the Holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the Interest Obligation payable on such date, or (ii) entitle such Holders to receive any Common Shares in satisfaction of such Interest Obligation.

#### **9.02 Interest Payment Election by Delivery of Debenture**

(1) Provided that all applicable regulatory approvals have been obtained (including any required approval of any stock exchange on which the Debentures are then listed), the Corporation may, at its option, pay all, or any part, of any Interest Obligation by delivering to the Holders, Debentures in lieu of cash payments of interest pursuant to Section 2.06 and the terms of the Debentures (the “**Debenture Interest Payment Election**”) by giving notice (the “**Debenture Interest Payment Election Notice**”) to the Trustee by no later than the earlier of: (i) the date required by Applicable Law or the rules of any stock exchange on which the Debentures and Common Shares are then listed, or (ii) the day that is 15 Business Days prior to the record date for the Interest Payment Date to which the applicable interest payment relates.

(2) The Corporation will, not less than three Business Days prior to the applicable Interest Payment Date, deliver to Holders that number of Debentures in an aggregate principal amount equal to the interest amount not paid in cash on the Interest Payment Date; provided that the Corporation may at its option make any interest payment not exceeding \$1,000 to any Holder in money.

(3) The Corporation will be required to provide the Debenture Interest Payment Election Notice only if it determines to exercise the Debenture Interest Payment Election.

(4) The Corporation’s right to exercise the Debenture Interest Payment Election will be conditional upon the following conditions being met on the date that is three Business Days preceding the applicable Interest Payment Date:

- (a) all applicable regulatory approvals have been obtained (including any required approval of any stock exchange on which the Debentures are then listed);

- (b) the Debentures to be issued on exercise of the Debenture Interest Payment Election will be issued from treasury of the Corporation and will be Freely Tradeable in each province and territory of Canada;
- (c) the listing or quoting of such additional Debentures on a Recognized Stock Exchange;  
the Corporation being a reporting issuer or equivalent in good standing or equivalent under Applicable Securities Laws in the Province
- (d) of Ontario and the other jurisdictions in which the beneficial Holders of the Debentures that are being paid on interest, if reasonably ascertainable, are resident (unless not in Canada);
- (e) no Event of Default will have occurred and be continuing;
- (f) the receipt by the Trustee of a Certificate of the Corporation stating that conditions (a), (b), (c) and (d) above have been satisfied and setting forth the number of Debentures to be delivered; and  
the receipt by the Trustee of an Opinion of Counsel to the effect that such Debenture have been duly authorized and, when issued and delivered pursuant to the terms of this First Supplemental Indenture in payment of the interest amount on the Debentures outstanding,
- (g) will be validly issued, that conditions (b) and (c) above have been satisfied and that, relying exclusively on certificates of good standing issued by the relevant securities regulatory authorities, condition (d) above is satisfied, except that the opinion in respect of condition (d) need not be expressed with respect to those provinces where such certificates are not issued.

#### **ARTICLE 10 – MISCELLANEOUS PROVISIONS**

##### **10.01 Confirmation of Principal Indenture**

The Principal Indenture, as amended and supplemented by this First Supplemental Indenture, is in all respects confirmed.

##### **10.02 Acceptance of Trusts**

The Trustee hereby accepts the trusts in this First Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions and subject to the provisions set forth in the Indenture.

##### **10.03 Protection of Trustee**

The Trustee will not be obligated under any circumstances whatsoever in the fulfilment of any the circumstances and obligations hereunder, to expend or risk its funds, nor does the Trustee make any representation as to the validity or sufficiency of the First Supplemental Indenture, including but not limited to the recitals hereof.

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**10.04 Counterparts and Formal Date**

This First Supplemental Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all of which will together constitute one and the same instrument and notwithstanding their date of execution will be deemed to bear a date as of , 2006.

**10.05 Joint Trustees**

Notwithstanding anything to the contrary contained in this First Supplemental Indenture, it is hereby agreed and understood as between the U.S. Trustee and the Canadian Trustee that: (i) the U.S. Trustee is appointed hereunder solely for the purpose of satisfying Section 310(a) of the TIA, and such other sections of the TIA that expressly require a U.S. Trustee to act; (ii) the U.S. Trustee will not be subject to Canadian law; and (iii) the U.S. Trustee will have no obligation whatsoever in any capacity whatsoever (including, but not limited to the capacity of Paying Agent, Registrar, or Transfer Agent) under this First Supplemental Indenture or to administer this First Supplemental Indenture or the Debt Securities issued hereunder or under any Supplemental Indentures, except as set forth in clause (i), and the Canadian Trustee will be responsible for (a) the matters set forth in this clause (iii) and (b) to enforce this First Supplemental Indenture and exercise all rights and remedies on behalf of Holders hereunder; provided, however, that upon an Event of Default, the U.S. Trustee will exercise rights and remedies solely under U.S. law on behalf of U.S. Holders.

**IN WITNESS WHEREOF**, the parties hereto have caused this First Supplemental Indenture to be duly executed, and attested by their duly authorized officers, as of the day and year first above written.

**STELCO INC.**

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

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

**CIBC MELLON TRUST COMPANY, as Canadian Trustee**

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

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

**THE BANK OF NEW YORK, as U.S. Trustee**

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

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SCHEDULE A

FORM OF DEBENTURE

[INSERT LOGO]

STELCO INC.

No.

A corporation incorporated under the *Canada Business Corporations Act*

CUSIP

**5% CONVERTIBLE UNSECURED DEBENTURES DUE 2011**

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED (“CDS”) TO THE CORPORATION OR THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS AN INTEREST HEREIN. THIS CERTIFICATE IS SUBJECT TO A MASTER LETTER OF REPRESENTATION OF THE CORPORATION TO CDS, AS SUCH LETTER MAY BE REPLACED OR AMENDED FROM TIME TO TIME.

STELCO INC. (the “**Corporation**”), for value received, hereby acknowledges itself indebted and promises to pay to the order of CDS & Co. as nominee for CDS on , 2011 (the “**Maturity Date**”), or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture hereinafter mentioned, the principal sum of

DOLLARS (\$ )

in lawful money of Canada as set out in the principal amount grid attached hereto, on presentation and surrender of this Debenture at the principal office of CIBC Mellon Trust Company in the City of Toronto, and to pay interest on the principal amount hereof at the rate of 5% per annum from , 2006 or from the most recent Interest Payment Date to which interest has been paid or made available for payment on the Debentures then outstanding, whichever is later, in like money in equal semi-annual instalments in arrears on and in each year (each such date an “**Interest Payment Date**”), commencing , 2006, with overdue interest, if any, at the same rate after as well as before maturity and after as well as before default in payment of principal or interest.

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Subject to hereinafter provided, as interest on this Debenture becomes due, the Corporation (except in the case of payment of interest at maturity or on redemption or repurchase, at which time payment of interest, if any, will be made upon surrender of this Debenture and in the event of conversion, payment of interest, if any, will be made immediately prior to completion of such conversion less in all cases any Taxes required by Applicable Law to be deducted or withheld) will forward or cause to be forwarded by courier or ordinary post to the registered address of the registered Holder of the Debenture for the time being, or in the case of joint Holders to the registered address of one of such joint Holders, or in accordance with the procedures established by CDS if this is a Book-Entry Only Debenture, a cheque or electronic funds transfer for such interest, less any Taxes required by law to be deducted or withheld, payable to the order of such Holder or Holders and negotiable at par. The forwarding of such cheque or electronic funds transfer will satisfy and discharge the liability for interest on this Debenture to the extent of the sum represented thereby (plus the amount of any Taxes deducted or withheld as aforesaid), unless such cheque, if any, is not paid on presentation. The Corporation may, at its option, subject to receipt of all necessary regulatory approvals, pay interest in additional Debentures in lieu of cash payments of interest (the “**Debenture Interest Payment Election**”). The amount received by a Holder in respect of the Interest Obligation will not be affected by whether or not the Corporation elects to satisfy the Interest Obligation pursuant to a Debenture Interest Payment Election.

This Debenture is one of the 5% Convertible Unsecured Debentures due 2011 (the “**Debentures**”) in the aggregate principal amount of up to \$300 million dollars (\$300,000,000) in lawful money of Canada plus an additional aggregate principal amount in lawful money of Canada of Debentures issued in respect of interest accruing on the Debentures issued under a Trust Indenture (the “**Principal Indenture**”) dated as of , 2006, as supplemented by a First Supplemental Indenture dated as of , 2006, providing for the creation of the Debentures (the “**Supplemental Indenture**” and, together with the Principal Indenture, the “**Indenture**”), the Indenture being made between the Corporation and CIBC Mellon Trust Company, as Canadian trustee (the “**Canadian Trustee**”) and The Bank of New York, as U.S. Trustee (together with the Canadian Trustee, the “**Trustee**”). Reference is hereby made to the Indenture for a description of the rights of the Holders of the Debentures, the Corporation and the Trustee and of the terms and conditions upon which the Debentures are issued and held, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which provisions the Holder of this Debenture, by acceptance hereof, agrees. **To the extent that the terms and conditions stated in this Debenture conflict with the terms and conditions of the Indenture, the latter prevails.** All capitalized terms used herein have the meaning ascribed thereto in the Indenture unless otherwise indicated.

The Debentures are issuable as fully registered Debentures in denominations of \$1,000 and integral multiples of \$1,000 except with respect to additional Debentures issued in lieu of cash payments of interest, which additional Debentures may be issued in any denomination. The Debentures of any authorized denomination may be exchanged, as provided in the Indenture, for Debentures in equal aggregate principal amount.

This Debenture and all other Debentures certified and issued under the Indenture rank pari passu with one another and all Senior Debt, in accordance to their tenor without discrimination, preference or priority. The Indenture does not contain any financial covenants or

restrictions on the Corporation's ability to pay dividends, incur additional Senior Debt or issue or repurchase securities.

The Corporation may, at its option but subject to regulatory approval, upon not less than 40 days and not more than 60 days prior notice, elect to satisfy its obligation to repay the principal amount of the outstanding Debentures at maturity by delivery of, for each \$1,000 principal amount of the Debentures, that number of fully paid and non-assessable Common Shares equal to the Conversion Number. No fractional Common Shares will be delivered to the holders of Debentures upon such share repayment, but in lieu thereof, the Corporation will make an equivalent cash payment.

Each \$1,000 principal amount of Debentures is convertible at any time and from time to time prior to the close of business on the Business Day immediately preceding maturity, or, if called for redemption or repurchase, the Business Day immediately preceding the date specified for redemption or repurchase of the Debentures, at the option of the Holder, into that number of Common Shares equal to the Conversion Number, subject to adjustment upon the occurrence of certain events specified in the Indenture. The Holder of a Debenture surrendered for conversion will be entitled to receive accrued and unpaid interest in respect thereof for the period up to but not including the date of conversion from the date of the latest Interest Payment Date. No fractional Common Shares will be delivered to the holders of Debentures upon conversion, but in lieu thereof, the Corporation will make an equivalent payment.

At any time after the earlier of (a) the first date that both New Collective Bargaining Agreements are in effect; and (b) the first date that the VWAP for the 20 Trading Days immediately preceding such date on the stock exchange on which the greatest volume of trading in the security occurred during such 20 Trading Day period is at least \$15.00, the Corporation may, at its option and subject to receiving all applicable regulatory approvals, elect to redeem all, but not less than all, of the Debentures upon not less than 30 days' prior notice, at a redemption price equal to the principal amount of the Debentures to be redeemed, plus accrued and unpaid interest, if any, (the "**Redemption Amount**") to but not including the date selected for redemption (the "**Redemption Date**"). Subject to regulatory approval, the Corporation will satisfy its obligation to pay the principal portion of the Redemption Amount by issuing and delivering to Holders on the Redemption Date for each \$1,000 principal amount of Debentures that number of Common Shares equal to the Conversion Number. The Holder of a Debenture so converted will be entitled to receive accrued and unpaid interest in respect thereof for the period up to but not including the Redemption Date from the date of the latest Interest Payment Date. No fractional Common Shares will be delivered to the holders of Debentures upon conversion, but in lieu thereof, the Corporation will make an equivalent cash payment.

Upon the giving of notice by the Trustee of the occurrence of an Event of Default in accordance with the Indenture, the Debentures will become immediately due and payable.

The Corporation must commence, within 45 days of the occurrence of a Change of Control, and consummate an Offer to Purchase for all Debentures then outstanding, at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest (if any) to but not including the Payment Date. Prior to the mailing of the notice to Holders commencing such Offer to Purchase, but in any event within 45 days following any Change of Control, the



Corporation will (i) repay in full all indebtedness of the Corporation that would prohibit the repurchase of the Debentures pursuant to such Offer to Purchase, or (ii) obtain any requisite consents under instruments governing any such indebtedness of the Corporation to permit the repurchase of the Debentures. The Corporation will first comply with the provisions of the immediately preceding sentence before it will be required to repurchase Debentures upon the occurrence of a Change of Control.

The Corporation may purchase Debentures in the market or by tender or private contract at any price that is agreed upon between the Corporation and the applicable Holders. Debentures purchased or redeemed by the Corporation will be cancelled and will not be reissued.

In all cases, if Taxes are required to be deducted or withheld from a payment in cash payable to a Holder or from Debentures to be delivered to a Holder (including, without limitation, Common Shares issued as a result of the conversion of a Debenture at the option of the Holder, as a result of the redemption of a Debenture before maturity at the option of the Corporation or as a result of a repurchase of a Debenture following a Change of Control), such Holder will receive such payment less all such applicable Taxes.

Any payments made by or on behalf of the Corporation under or with respect to the Debentures will be made free and clear of and without withholding or deduction for or on account of any Taxes, unless the Corporation or any other payor is required to withhold or deduct Taxes by Applicable Law or by the interpretation or administration thereof by the relevant Governmental Authority. If the Corporation is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Debentures, the Corporation will make such withholding or deduction and will remit the full amount withheld or deducted to the relevant Governmental Authority as and when required by Applicable Law.

Subject to receiving applicable regulatory approvals, the Corporation will have the right to elect, from time to time, to issue and deliver Common Shares to the Trustee to raise funds in order to satisfy its Interest Obligation. Unless an Event of Default has occurred and is continuing, upon such election by the Corporation, the Trustee will have the power, on behalf of the Corporation, to (i) accept delivery of Common Shares from the Corporation, (ii) accept bids with respect to, and consummate sales of, such Common Shares, each as the Corporation directs in its absolute discretion, (iii) invest the proceeds of such sales on behalf of and for the account of the Corporation in short-term Canadian Government Obligations that mature prior to an applicable Interest Payment Date or use such proceeds to satisfy the Interest Obligation in whole or in part in respect of which the Share Interest Payment Election was made or both and (iv) perform any other action necessarily incidental thereto. The amount received by a Holder in respect of the Interest Obligation will not be affected by whether or not the Corporation elects to satisfy the Interest Obligation pursuant to a Share Interest Payment Election.

The Indenture contains provisions for the holding of meetings of Debentureholders and rendering certain resolutions passed at such meetings by, or by instruments in writing signed by, the holders of the majority in aggregate principal amount of the Debentures outstanding binding upon all Debentureholders, subject to the provisions of the Indenture.

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This Debenture may only be transferred upon compliance with the conditions precedent in the Indenture on the register kept at the above-mentioned principal office of the Trustee and at such other place or places, if any, or by such other registrar or registrars, if any, or both, as the Corporation with the approval of the Trustee may designate, and may be exchanged at any such place, by the Holder hereof or its executors or administrators or other legal representatives or its or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee or registrar or both may prescribe, and such transfer will be duly noted thereon by the Trustee or other registrar. No transfer of any Debentures will be registered during the 15 Business Days preceding the day of the mailing of a notice of redemption of the Debentures or an offer to repurchase the Debentures upon a Change of Control and ending at the close of business on the day of such mailing or during the periods commencing on any Regular Interest Record Date or Special Interest Record Date and ending on the next following Interest Payment Date.

This Debenture will not become obligatory for any purpose until it has been certified by the Trustee for the time being under the Indenture.

The Holder of this Debenture, by receiving and holding same, hereby accepts and agrees to be bound by the terms, and to be entitled to the benefits of this Debenture and of the Indenture and confirms the appointment of the Trustee, the whole in accordance with and subject to the respective provisions thereof.

IN WITNESS WHEREOF STELCO INC. has caused this Debenture to be signed by its President and Chief Executive Officer and by its Executive Vice President and Chief Financial Officer.

DATED as of the    day of    , 2006.

**STELCO INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

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**TRUSTEE' S CERTIFICATE**

This Debenture is one of the 5% Convertible Unsecured Debentures due 2011 referred to in the within-mentioned Indenture.

**CIBC MELLON TRUST COMPANY,**  
as Canadian Trustee

By: \_\_\_\_\_  
Authorized Signing Officer

Date of Certification \_\_\_\_\_

**THE BANK OF NEW YORK,**  
as U.S. Trustee

By: \_\_\_\_\_  
Authorized Signing Officer

Date of Authentication: \_\_\_\_\_

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**FORM OF ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_, whose address and social insurance number, if applicable, are set forth below, this Debenture (or \$ \_\_\_\_ principal amount hereof\*) of STELCO INC. standing in the name(s) of the undersigned in the register maintained by the Trustee with respect to such Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Debenture in such register, with full power of substitution in the premises.

Dated:

Address of Transferee: \_\_\_\_\_  
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: \_\_\_\_\_

\*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided above the principal amount (which must be \$1,000 or an integral multiple thereof) to be transferred.

The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by an authorized officer of a Canadian chartered bank or of a major Canadian trust company or by a medallion signature guarantee from a member of a recognized medallion signature guarantee program. Notarized or witnessed signatures are not acceptable as guaranteed signatures.

The registered Holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Signature of transferring registered Holder

\_\_\_\_\_  
Name of Institution

**SCHEDULE B**

**FORM OF REDEMPTION NOTICE**

**STELCO INC.**

**5% CONVERTIBLE UNSECURED DEBENTURES DUE 2011**

**REDEMPTION NOTICE**

To: Holders of 5% Convertible Unsecured Debentures due 2011 (the “**Debentures**”) of Stelco Inc. (the “**Corporation**”)

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 3.03 of the First Supplemental Indenture dated as of , 2006 to a Trust Indenture dated as of , 2006 (collectively, the “**Indenture**”) both made between the Corporation, CIBC Mellon Trust Company, as Canadian trustee (the “**Canadian Trustee**”) and The Bank of New York, as U.S. trustee (together with the Canadian Trustee, the “**Trustee**”), that \$ principal amount of Debentures outstanding will be redeemed as of (the “**Redemption Date**”), upon payment of a redemption amount of Common Shares for each \$1,000 principal amount of Debentures plus all accrued and unpaid interest thereon to but excluding the Redemption Date (collectively, the “**Redemption Amount**”).

The Redemption Amount will be payable upon presentation and surrender of the Debentures called for redemption at the following office of the Trustee:

199 Bay Street  
Commerce Court West  
Securities Level  
Toronto, Ontario  
M5L 1G9

The interest upon the principal amount of Debentures called for redemption will cease to be payable from and after the Redemption Date, unless payment of the Redemption Amount will not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Amount pursuant to the Indenture.

No fractional Common Shares will be delivered but, in lieu thereof, the Corporation will pay the equivalent thereof in cash.

In this connection, upon presentation and surrender of the Debentures for payment on the Redemption Date, the Corporation will, on the Redemption Date, make the delivery to the

Trustee, at the above-mentioned corporate trust office, for delivery to and on account of the Holders, of certificates representing the Common Shares to which Holders are entitled together with the equivalent amount payable in lieu of fractional Common Shares.

DATED:

STELCO INC.

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(Authorized Officer)

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**SCHEDULE C-1**  
**FORM OF MATURITY NOTICE**  
**STELCO INC.**

**5% CONVERTIBLE UNSECURED DEBENTURES DUE 2011**  
**MATURITY NOTICE**

To: Holders of 5% Convertible Unsecured Debentures Due 2011 (the “**Debentures**”) of Stelco Inc. (the “**Corporation**”)

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.02 of the First Supplemental Indenture dated as of \_\_\_\_\_, to the Trust Indenture dated as of \_\_\_\_\_, (collectively, the “**Indenture**”) both made between the Corporation, CIBC Mellon Trust Company, as Canadian trustee (the “**Canadian Trustee**”) and The Bank of New York, as U.S. trustee (together with the Canadian Trustee, the “**Trustee**”), that the Debentures will become due and payable as of \_\_\_\_\_, 2011 (the “**Maturity Date**”) and that each \$1,000 principal amount of Debentures remains convertible, at the option of the holder thereof, into Common Shares at the Conversion Price then in effect.

Pursuant to Section 4.02 of the First Supplemental Indenture, the Corporation hereby advises the Holders of Debentures that it will deliver to Holders of Debentures who have not elected to convert their Debentures into Common Shares prior to the Maturity Date that number of Common Shares equal to the Conversion Number for each \$1,000 principal amount of Debentures. Upon presentation and surrender of the Debentures, the Corporation will pay or cause to be paid in cash to the Holder all accrued and unpaid interest to the Maturity Date, together with the equivalent representing fractional Common Shares, and will, on the Maturity Date, send to the Trustee certificates representing the Common Shares to which the Holder is entitled.

DATED:

STELCO INC.

\_\_\_\_\_  
(Authorized Officer)

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**SCHEDULE C-2**  
**FORM OF CONVERSION NOTICE**  
**CONVERSION NOTICE**

TO: STELCO INC.

AND TO: CIBE MELLON TRUST COMPANY

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.01 of the First Supplemental Indenture dated as of \_\_\_\_\_, to the Trust Indenture dated as of \_\_\_\_\_, (collectively, the "**Indenture**") both made between Stelco Inc. (the "**Corporation**"), CIBC Mellon Trust Company, as Canadian trustee (the "**Canadian Trustee**") and The Bank of New York, as U.S. trustee (together with the Canadian Trustee, the "**Trustee**") that the undersigned registered holder of 5% Convertible Unsecured Debentures Due 2011 bearing Certificate No. \_\_\_\_\_ irrevocably elects to convert such Debentures\* to Common Shares on the date of conversion specified below, it being understood that the accrued and unpaid interest, if any, will be paid in cash, in accordance with the terms of the Indenture referred to in such Debenture and tenders herewith the Debenture, and directs that the Common Shares of the Corporation issuable and deliverable upon such conversion be issued and delivered to the Person indicated below. (If Common Shares are to be issued in the name of a Person other than the Holder, all requisite transfer taxes must be tendered by the undersigned.)

Dated: \_\_\_\_\_  
(Signature of Registered Holder)

Date of conversion: \_\_\_\_\_ (which date will not be earlier than the date of delivery of this Conversion Notice to the Corporation and will not be later than the close of business on the Business Day immediately preceding the Maturity Date or the Redemption Date, as the case may be)

\* If less than the full principal amount of the Debenture, indicate in the space provided below the principal amount (which must be \$1,000 or integral multiples thereof) to be converted.

Principal amount to be converted \$ \_\_\_\_\_ (must be \$1,000 or integral multiples thereof)

(Print name in which Common Shares are to be issued, delivered and registered)

Name \_\_\_\_\_

\_\_\_\_\_  
(Address) (City, Province and Postal Code)

Name of guarantor: \_\_\_\_\_



Authorized signature: \_\_\_\_\_

Note: If Common Shares are to be issued in the name of a Person other than the Holder, the signature must be guaranteed by an authorized officer of a Canadian chartered bank or of a major Canadian trust company or by a medallion signature guarantee from a member of a recognized medallion signature guarantee program.

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**SCHEDULE D**

**STELCO INC.**

**CUSIP**

**5% CONVERTIBLE UNSECURED DEBENTURES DUE 2011**

**PRINCIPAL AMOUNT GRID**

The following grid reflects the principal amount outstanding on the attached 5% Convertible Unsecured Debentures Due 2011 (the “**Debentures**”) and will be adjusted at such time as the Debentures are issued, converted, redeemed or repurchased in accordance with the terms thereof. In no event will the outstanding principal amount hereunder exceed \$ .

DATE	AMOUNT INCREASED/ REDUCED	PRINCIPAL AMOUNT OUTSTANDING	AUTHORIZED SIGNATORY
	-		



**STELCO INC.**  
**AND**  
**CIBC MELLON TRUST COMPANY**

**as**

**Canadian Trustee**

**AND**

**THE BANK OF NEW YORK**

**as**

**U.S. Trustee**

**SECOND SUPPLEMENTAL INDENTURE**

**Dated as of, 2006**

**McCarthy Tétrault LLP**

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Supplementing the Trust Indenture dated as of, 2006 between Stelco Inc., CIBC Mellon Trust Company, as Canadian trustee, and The Bank of New York, as U.S. trustee, and providing for the issue of 9.5% Convertible Secured Debentures due 2016

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**THIS SECOND SUPPLEMENTAL INDENTURE** is made as of , 2006

**BETWEEN:**

**STELCO INC.**, a corporation existing under the laws of Canada, (the “**Corporation**”)

- and -

**CIBC MELLON TRUST COMPANY**, a trust company existing under the laws of Canada (the “**Canadian Trustee**”) and **THE BANK OF NEW YORK**, a New York banking corporation (the “**U.S. Trustee**” and together with the Canadian Trustee, the “**Trustee**”)

**WHEREAS:**

A. by a trust indenture (the “**Principal Indenture**”) dated as of , 2006 between the Corporation and the Trustee, provision was made for the issuance of Debt Securities (as defined in the Principal Indenture) limited to the principal amount of Debt Securities issuable under the Plan (as defined in the Principal Indenture) and as or in respect of interest on Debt Securities issuable under the Plan (the “**Debt Securities**”), issuable in series;

B. the Corporation desires to provide for the creation and issue of a series of Debt Securities with the designation of “9.5% Convertible Secured Debentures due 2016” (the “**Debentures**”), all upon the terms and conditions set forth in this Second Supplemental Indenture (the “**Second Supplemental Indenture**”);

C. the Corporation is not in default under the Principal Indenture;

D. all necessary acts and proceedings have been done and taken and all necessary resolutions have been passed to authorize the execution and delivery of this Second Supplemental Indenture, to make the same effective and binding upon the Corporation, and to make the Debentures, when certified by the Trustee and issued as provided in the Principal Indenture and this Second Supplemental Indenture, valid, binding and legal obligations of the Corporation with the benefit and subject to the terms of the Principal Indenture and this Second Supplemental Indenture;

E. all necessary acts and proceedings have been done and taken and all necessary resolutions have been passed to authorize the issuance of the Common Shares (as defined below) that may be issued upon conversion, redemption, repurchase or maturity of the Debentures or in order to raise funds for the cash payment of interest payable thereon and to authorize the issuance of the Common Shares that may be issued in respect of interest payable thereon in lieu of the cash payment subject to receiving all applicable regulatory approvals; and

F. the foregoing recitals are made as representations and statements of fact by the Corporation and not by the Trustee;



NOW, THEREFORE, THIS SECOND SUPPLEMENTAL INDENTURE WITNESSES, and it is hereby agreed and declared, as follows:

## ARTICLE 1 – INTERPRETATION

### **1.01 To be Read with Principal Indenture; Governing Law.**

This Second Supplemental Indenture is supplemental to the Principal Indenture. The Principal Indenture and this Second Supplemental Indenture will hereafter be read together and will have effect, so far as practicable, with respect to the Debentures as if all the provisions of the Principal Indenture and this Second Supplemental Indenture were contained in one instrument, which instrument will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and will be treated in all respects as Ontario contracts and each of the Corporation, the Trustee and, by their acceptance of the Debentures and the benefits of this Second Supplemental Indenture, the Holders from time to time, attorn to the non-exclusive jurisdiction of the courts of the Province of Ontario, except (a) that the exercise, performance or discharge by the U.S. Trustee of any of its rights, powers, duties or responsibilities hereunder will be construed in accordance with the laws of the State of New York and the federal laws of the United States of America applicable thereto and (b) except that if any provision of this Second Supplemental Indenture or any Debenture issued hereunder limits, qualifies or conflicts with any duties imposed by section 318(c) of the TIA, the imposed duties will control. The parties hereto expressly request and require that this document be drawn up in English. Les parties aux présentes conviennent et exigent que cette entente et tous les documents qui s'y rattachent soient rédigés en anglais.

### **1.02 Definitions.**

In this Second Supplemental Indenture and the Debentures, unless there is something in the subject matter or context inconsistent therewith:

“**Additional Security Documents**” has the meaning set forth in Section 10.01(2).

“**Book-Entry Only Debentures**” means Debentures issued pursuant to the Book-Based System of the Depository.

“**Cash Equivalents**” means (i) investments in obligations issued by the governments of Canada or the United States of America, or an instrumentality or agency of either such country, maturing within 360 days of the date of acquisition of such obligation, and guaranteed fully as to principal, premium, if any, and interest by the government of Canada or the United States of America; (ii) investments in certificates of deposit issued or acceptances accepted by or guaranteed by any bank to which the *Bank Act* (Canada) applies or by any company licensed to carry on the business of a trust company in one or more provinces of Canada or by any bank or trust company organized under the laws of the United States or any state thereof or the District of Columbia, in each case having combined capital and surplus of not less than \$500 million, maturing within 360 days of the date of purchase; (iii) investments in commercial paper rated A-1 or higher by Standard & Poor's Ratings Group, a division of the McGraw-Hill Companies and R-1 or higher by Dominion Bond Rating Service Limited (or the equivalent rating by any of their respective successor rating agency businesses), or given equivalent ratings by two established national credit rating agencies in Canada, and maturing not more than 180 days from the date of acquisition thereof; and (iv)

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repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (i), (ii) or (iii) that were entered into with a bank meeting the qualifications in clause (ii).

“**Canadian Government Obligations**” means securities that are (i) direct obligations of Canada for the payment of which its full faith and credit is pledged or (ii) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of Canada, the payment of which is unconditionally guaranteed as a full faith and credit obligation by Canada, and also includes a depository receipt issued by a bank or trust corporation, including CIBC and Mellon Bank, N.A., as custodian with respect to any such Canadian Government Obligation or a specific payment of interest on or principal of any such Canadian Government Obligation held by such custodian for the account of the holder of a depository receipt, provided that (except as required by Applicable Law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount removed by the custodian in respect of the Canadian Government Obligation or the specific payment of interest on or principal of the Canadian Government Obligation evidenced by such depository receipt.

“**Capital Reorganization**” has the meaning set out in Section 5.01(5).

“**Capital Stock**” means (i) with respect to any Person that is a corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Shares and Preferred Stock of such Person, and (ii) with respect to any Person that is not a corporation, any and all partnership or other equity interests of such Person.

“**Change of Control**” means the acquisition of voting control or direction over 66 2/3% or more of the outstanding Common Shares; provided that a Change of Control will be deemed not to occur if the acquiring Person is a corporation with outstanding debt securities having a maturity at original issuance of at least one year and if such debt securities are rated Investment Grade for a period of at least 30 consecutive days, beginning on the date of such event, or if the Person is a corporation that is not and does not have any outstanding debt securities that are rated at any time during a period of 30 consecutive days beginning on the date of such event, such corporation has Total Common Equity as of the date of the event and as of the Trading Day immediately following such event of at least \$ million.

“**Closing Date**” means the date on which the Debentures are first issued under this Second Supplemental Indenture.

“**Collateral**” has the meaning set out in the Security Agreement.

“**Common Shares**” means the Common Shares of the Corporation.

“**Common Share Bid Request**” means a request for bids to purchase Common Shares (to be issued by the Corporation on the Common Share Delivery Date) made by the Trustee in accordance with the Common Share Interest Payment Election Notice.

“**Common Share Delivery Date**” means a date, not more than 90 days and not less than three Business Days prior to the applicable Interest Payment Date, upon which Common Shares are

issued by the Corporation and delivered to the Trustee for sale pursuant to Common Share Purchase Agreements.

“**Common Share Interest Payment Election**” means an election by the Corporation to raise funds in order to satisfy all or a part of an Interest Obligation in the manner described in the Common Share Interest Payment Election Notice.

“**Common Share Interest Payment Election Notice**” means a written notice made by the Corporation to the Trustee and the Holders specifying:

- (a) the Interest Obligation to which the election relates, and
- (b) the aggregate number of Common Shares the Corporation proposes to deliver in lieu of the interest amount not paid in cash on the Interest Payment Date.

“**Common Share Proceeds Investment**” has the meaning set out in Section 9.01(8).

“**Common Share Purchase Agreement**” means an agreement in customary form between the Corporation, the Trustee and the Persons making acceptable bids pursuant to a Common Share Bid Request, that complies with all Applicable Laws and the rules and regulations of any stock exchange on which the Common Shares are then listed.

“**Contaminants**” means any substance, liquid or other material deemed to be toxic, hazardous, a pollutant or a contaminant under applicable Environmental Laws.

“**Conversion Notice**” has the meaning set out in Section 4.01(2).

“**Conversion Number**”, as of the applicable date of conversion, means the number obtained when (i) 1,000 is divided by (ii) the Conversion Price.

“**Conversion Price**” means \$13.50 per Common Share, subject to adjustment from time to time pursuant to Article 5.

“**Conversion Value**” as at any date, means the amount equal to the Conversion Number multiplied by the Current Market Price of Common Shares as at such date.

“**Current Market Price**” means, in respect of the Common Shares on any particular date, except as otherwise provided herein, the VWAP of such shares on the TSX for the 20 consecutive Trading Days ending on the fifth Trading Day prior to such date or if the Common Shares are not listed thereon, on such stock exchange on which the Common Shares are listed as may be selected for such purpose by the Board of Directors or, if the Common Shares are not listed on any stock exchange, then on the over-the-counter market.

“**Debentureholder(s)**” or “**Holder(s)**” means the registered holder(s) of Debentures for the time being.

“**Debentures**” has the meaning set out in Recital B.

“**Depository**”, in respect of the Book-Entry Only Debentures, means CDS and includes any successor corporation or any other depository subsequently appointed by the Corporation as the depository in respect of Book-Entry Only Debentures.

“**Dividends Paid in the Ordinary Course**” means dividends paid on the Common Shares in any financial year of the Corporation, whether in (i) cash, (ii) shares of the Corporation, or (iii) rights, options or warrants to purchase any shares, property or other assets of the Corporation (but excluding rights, options or warrants referred to in Section 5.01(3) or 5.01(4), in each case to the extent that the amount or value of such dividends in the aggregate does not exceed the greater of:

- (a) 150% of the aggregate amount or value of dividends paid by the Corporation on the Common Shares in its immediately preceding financial year, and
- (b) 100% of the consolidated net income of the Corporation (before extraordinary items but after dividends payable on all shares ranking prior to or on a parity with the Common Shares with respect to the payment of dividends) for its immediately preceding financial year, determined in accordance with generally accepted accounting principles,

and for the purpose of the foregoing where any dividend is paid, otherwise than in cash, any securities so distributed by way of dividend will be valued at the Fair Market Value of such securities.

“**Environmental Laws**” means the *Canadian Environmental Protection Act*, the *Transportation of Dangerous Goods Act (Canada)*, the *Hazardous Materials Information Review Act (Canada)*, the *Environmental Protection Act (Ontario)*, the *Ontario Water Resources Act*, the *Gasoline Handling Act (Ontario)*, the *Dangerous Goods Transportation Act (Ontario)* and any other applicable federal, provincial, municipal or local laws and regulations relating to the protection of the environment or the manufacture, discharge, release, storage, disposal and other handling of any Contaminants.

“**Fair Market Value**”, as at any date, means:

- (a) with respect to a security listed and posted on a stock exchange, the VWAP of such security for the 20 Trading Days immediately preceding such date on the stock exchange on which the greatest volume of trading in the security occurred during such 20 Trading Day period.
- (b) with respect to a security not listed and posted on a stock exchange but traded in an over-the-counter market, the VWAP of such security on such over-the-counter market for the 20 Trading Days immediately preceding such date. or
- (c) for any other security or property, the price which could be negotiated in an arm’ s-length transaction, for cash, between an informed and willing seller and an informed and willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction provided that the Fair Market Value for such purpose will be determined by the Board of Directors of the Company acting reasonably and in good faith and will be evidenced by a Board Resolution delivered to the Trustee.

“**Fixed Asset Collateral**” has the meaning set out in the Security Agreement.

“**Freely Tradeable**” means, in respect of shares of any class in the capital of any corporation, shares that:

- (a) are issuable by a corporation without the necessity of filing a prospectus or any other similar offering document (other than such prospectus or similar offering document that has already been filed) under Applicable Securities Laws and such issue does not constitute a distribution (other than a distribution already qualified by prospectus or similar offering document) or constitutes an exempt distribution under Applicable Securities Laws;
- (b) can be traded by the holder thereof without any restriction under Applicable Securities Laws, such as hold periods, except in the case of a trade that is a control distribution; and
- (c) are traded when no unusual effort is made to prepare the market or to create a demand for the shares, no extraordinary commission or consideration is paid to a Person in respect of the trade and if the selling shareholder is an insider or officer of the issuer, the selling share holder has no reasonable grounds to believe that the issuer is in default of Applicable Securities Law.

“**Global Debenture**” means one or more fully registered global Debentures as described in Section 2.07.

“**Indenture**” (when not qualified by the word “**Principal**” or the words “**Second Supplemental**”) means or refers to the Principal Indenture as amended or supplemented by any indenture, deed or instrument supplemental or ancillary thereto, including this Second Supplemental Indenture.

“**Independent Member of the Investment Dealers Association of Canada**” means a member firm of the Investment Dealers Association of Canada that, in the determination of the Board of Directors acting reasonably, is independent of the Corporation and the issuer of any securities that are the subject matter of the engagement having regard to, among other things, the considerations set out in Rule 61-501 of the Ontario Securities Commission or any successor instrument in force in the Province of Ontario.

“**Inter-Creditor Agreement**” means an inter-creditor agreement between, among others, Tricap, the lenders under the New ABL Facility, the Canadian Trustee, the U.S. Trustee, the Province and the Corporation setting out among other things the relative rights and priorities of the obligations and security under the New ABL Facility, the Secured Revolving Term Loan, the New Province Note, the Debenture and the New Convertible 5% Notes, on a basis consistent with the terms of the Plan.

“**Interest Obligation**” means the obligation of the Corporation to pay interest on the Debentures, as and when the same becomes due.

“**Interest Payment Date**” means , , and in each year, the first Interest Payment Date being , 2006 and the last Interest Payment Date being , 2016.

**“Interest Payment Election”** means an election by the Corporation to raise funds in order to satisfy all or a part of an Interest Obligation in the manner described in the Interest Payment Election Notice.

**“Interest Payment Election Amount”** means the aggregate proceeds resulting from the sale of Common Shares on the Common Share Delivery Date pursuant to acceptable bids obtained pursuant to the Common Share Bid Requests.

**“Interest Payment Election Notice”** means a written notice made by the Corporation to the Trustee specifying:

- (a) the Interest Obligation to which the election relates;
- (b) the amount of proceeds that the Corporation wishes to raise;
- (c) the investment banks, brokers or dealers through which the Trustee will seek bids to purchase the Common Shares and the conditions of such bids, that may include the minimum number of Common Shares, minimum price per Common Share, timing for closing for bids and such other matters as the Corporation may specify; and
- (d) that the Trustee will solicit and accept through the investment banks, brokers or dealers selected by the Corporation only those bids which comply with such notice.

**“Investment Grade”** means a rating equal to or higher than BBB- by Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc., or BBB (low) or higher by Dominion Bond Rating Service Limited (or the equivalent rating by any of their respective successor rating agency businesses).

**“Maturity Date”** means , 2016 or such other date on which the Debentures become due and payable, whether by declaration of acceleration, call for redemption or otherwise.

**“Maturity Notice”** has the meaning set out in Section 4.02(1).

**“New ABL Facility”** means the asset-based loan facility, secured by a first priority security interest in the inventory and accounts receivable of the Corporation, between the Corporation, General Electric Capital Canada Inc. and CIT Business Credit Canada Inc. in an aggregate principal amount of \$600 million.

**“New Collective Bargaining Agreements”** means, collectively, the Renewal 1005 Collective Bargaining Agreement and the Renewal 8782 Collective Bargaining Agreement.

**“New Convertible 5% Notes”** means the unsecured convertible 5.0% notes issued by Stelco pursuant to the first supplemental indenture to the Principal Indenture.

**“New Province Note”** means the \$100 million advanced by the Province to the Corporation as evidenced by the promissory note to be issued by the Corporation.

“**Non-Core Assets**” means, collectively, AltaSteel Ltd., Norambar Inc., Stelfil Ltée, Stelwire Ltd., Stelpipe Ltd., Welland Pipe Ltd., CHT Steel Company Inc. and Stelcam Holdings Inc.’s 40% interest in Camrose Pipe Company.

“**Non-Core Asset Sales**” means, collectively, the sale (whether by one or more transactions) outside the ordinary course of business of the Corporation’s ownership interest in or claims against or both, each of the Non-Core Assets.

“**Offer to Purchase**” means an offer to purchase Debentures made by the Corporation to the Holders in accordance with Section 3.07.

“**PPSA**” means the Personal Property Security Act (Ontario) as in effect from time to time.

“**Payment Date**” has the meaning set out in Section 3.07(1).

“**Permitted Liens**” has the meaning as set out in the Security Agreement.

“**Physical Debentures**” means Debentures in the form of individual certificates in definitive fully registered form issued pursuant to Section 2.02 and substantially in the form of Schedule A.

“**Preferred Stock**” of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

“**Property**” means, with respect to any Person, any interest of such Person in any kind of property or asset, whether real or immovable, personal or moveable or mixed, or tangible or corporeal, or intangible or incorporeal, including, without limitation, Capital Stock in any other Person.

“**Property Account**” means a segregated trust account with a Qualified Institution.

“**Province**” means Her Majesty the Queen in Right of the Province of Ontario.

“**Qualified Institution**” means a Canadian chartered bank or trust company.

“**Recognized Stock Exchange**” means the TSX or any other stock exchange on which the Common Shares are then listed.

“**Redemption Amount**” has the meaning set out in Section 3.03.

“**Redemption Date**” has the meaning set out in Section 3.01(1).

“**Redemption Notice**” has the meaning set out in Section 3.03.

“**Renewal 1005 Collective Bargaining Agreement**” means the renewal Collective Bargaining Agreement between the Corporation and Local 1005 of the USW for the Stelco Hamilton operations that will be in effect after the current Collective Bargaining Agreement (August 1, 2002 – July 31, 2006).

“**Renewal 8782 Collective Bargaining Agreement**” means the renewal Collective Bargaining Agreement between the Corporation and Local 8782 of the USW for the Stelco Lake Erie

operations that will be in effect after the current Collective Bargaining Agreement (August 1, 2000 - July 31, 2004).

“**Rights Period**” and “**Rights Offering**” have the meanings attributable thereto in Section 5.01(3).

“**Rights Offering Price**” has the meaning attributable thereto in Section 5.01(6).

“**Second Supplemental Indenture**”, “**hereto**”, “**herein**”, “**hereof**”, “**hereby**”, “**hereunder**” and similar expressions refer to this Second Supplemental Indenture dated as of , 2006 and not to any particular Article, Section or other portion hereof, and include any and every instrument supplemental or ancillary hereto or in implementation hereof, and the expression “**Article**” or “**Section**” followed by a number means and refers to the specified Article or Section of this Second Supplemental Indenture unless otherwise expressly stated.

“**Secured Revolving Term Loan**” means the \$350 million secured revolving term loan provided by Tricap to the Corporation.

“**Security Agreement**” means a general security agreement dated as of the date hereof by and between the Corporation and the Canadian Trustee and the U.S. Trustee, in a form reasonably acceptable to the Trustee, relying on the advice of counsel, as the same may be amended, supplemented, or modified in accordance with the terms thereof.

“**Security Documents**” means the Security Agreement, the Debenture, the Additional Security Documents and any other instruments evidencing or creating Liens in favour of the Trustee in all or any portion of the Collateral, and the Inter-Creditor Agreement.

“**Senior Debt**” means the principal of, the premium (if any) and interest on: (i) indebtedness, including indebtedness represented by the Debentures, for money borrowed by the Corporation or for money borrowed by others for the payment of which the Corporation is liable; (ii) indebtedness incurred, assumed or guaranteed by the Corporation in connection with the acquisition by it or by others of any business, property, services or other assets excluding indebtedness incurred in relation to any such acquisitions made in the ordinary course of business; and (iii) renewals, extensions and refundings of any such indebtedness, unless, in any of the cases specified above, it is provided by the terms of the instrument creating or evidencing such indebtedness that such indebtedness is subordinated in right of payment to any other indebtedness.

“**Share Repayment Right**” has the meaning set out in Section 4.02(1).

“**Special Distribution**” has the meaning set out in Section 5.01(4).

“**Subsidiary**”, with respect to any Person, means (i) any corporation of which the outstanding Capital Stock having at least a majority of the votes entitled to be cast in the election of directors under ordinary circumstances will at the time be owned, directly or indirectly, by such Person or (ii) any other Person of which at least a majority of the voting interest under ordinary circumstances is at the time, directly or indirectly, owned by such Person.

“**Taxes**” has the meaning set out in Section 2.12(1).

“**Tricap**” means Tricap Management Limited.



“**Total Common Equity**” of any Person means, as of any day of determination, the product of (i) the aggregate number of outstanding common shares of such Person on such day (which will not include any options or warrants on, or securities convertible or exchangeable into, common shares of such Person) and (ii) the VWAP of such common shares over the 20 consecutive Trading Days immediately preceding such day.

“**Trading Day**” means, with respect to any Recognized Stock Exchange or any other market for securities, any day on which such exchange or market is open for trading or quotation.

“**TSX**” means the Toronto Stock Exchange.

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

“**Voting Shares**” means, with respect to any Person, shares of any class or kind ordinarily having the power to vote for the election of voting members of the governing body of such Person.

“**VWAP**” means, in respect of a security, the volume weighted average trading price of such security on the TSX for a specified period, calculated including only trades made on the TSX during normal trading hours (prior to 4 p.m.) and excluding internal trades and special TSX markers to the extent identifiable through TSX reports issued in the ordinary course.

“**Wholly-Owned Subsidiary**” means any corporation of which the Corporation beneficially owns, directly or indirectly, all the Voting Shares and equity shares and a corporation will be deemed to beneficially own Voting Shares and equity shares beneficially owned by a Wholly-Owned Subsidiary and so on indefinitely.

“**Written Order**” or “**Written Request**” means a written order or request, respectively, signed in the name of the Corporation by an authorized officer of the Corporation.

Except as otherwise defined in this Section 1.02, other expressions defined in the Principal Indenture have the same meanings in this Second Supplemental Indenture as so defined in the Principal Indenture; and unless otherwise expressly provided in this Second Supplemental Indenture, words importing only the singular number include the plural and vice versa and words importing any gender include all genders.

### **1.03 Schedules.**

The following Schedules form part of this Second Supplemental Indenture:

Schedule A	-	Form of Debenture
Schedule B	-	Form of Redemption Notice
Schedule C-1	-	Form of Maturity Notice
Schedule C-2	-	Form of Conversion Notice
Schedule D	-	Principal Amount Grid

#### **1.04 Benefits of Indenture.**

For greater certainty, this Second Supplemental Indenture is being entered into by the Corporation with the Trustee for the benefit of the Holders and, in certain circumstances, the Corporation and the Trustee declares that it holds all rights, benefits and interests of this Second Supplemental Indenture on behalf of, and as agent for, the Holders and each such Person who becomes a Holder of the Debentures from time to time and, in certain circumstances, the Corporation.

### **ARTICLE 2 – THE DEBENTURES**

#### **2.01 Limit of Issue and Designation of Debentures.**

The Debentures authorized to be issued hereunder consist of, and are limited to, \$225 million principal amount plus up to \$10.75 million principal amount for payment of commitment fees in kind to Tricap plus the aggregate principal amount of Debentures issued pursuant to the New Rights Offering (as defined in the Plan). The Debentures are designated as “9.5% Convertible Secured Debentures due 2016.”

#### **2.02 Form and Terms of Debentures.**

The Debentures will be dated as of , 2006 regardless of the date of issue, will bear interest from and including , 2006 at the rate of 9.5% per annum (after as well as before maturity, default and judgment, with interest on overdue interest at the said rate), payable in equal quarterly instalments in arrears on each Interest Payment Date, and will mature on the Maturity Date.

Subject to early redemption, repurchase or conversion pursuant to the terms hereof and Section 4.02, the principal of the Debentures will be payable on the Maturity Date in lawful money of Canada against surrender thereof by the Holder at any of the places at which a register is maintained pursuant to Section 2.10 or at such place or places as may be designated by the Corporation for that purpose.

The Debentures will be issued as fully registered Debentures, without coupons, in denominations of \$1,000 and integral multiples of \$1,000, will be redeemable as provided for in Article 3 and will be convertible as provided for in Article 4.

The Debentures will be issuable as one or more global debentures (the “**Global Debentures**”) held by, or on behalf of, CDS, as depository, for its Participants and registered in the name of CDS or its nominee. The Debentures will be substantially in the form set out in Schedule A hereto with changes as may be reasonably required by CDS and which are not prejudicial to the holders of the Debentures, and any other changes as may be approved or permitted by the Corporation, with such approval in each case to be conclusively deemed to have been given by the officers of the Corporation executing the same and will have appended thereto a principal amount grid in the form of Schedule D which will be appropriately adjusted at such times as Debentures are converted, redeemed or repurchased in accordance with the terms hereof.

### **2.03 Interest.**

Each Debenture issued hereunder, whether issued originally or in exchange for another Debenture, will bear interest daily from and including , 2006 or from and including the last Interest Payment Date on which interest was paid or made available for payment on the Debentures then outstanding, whichever is the later, to but excluding the earlier of:

- (a) if called for redemption, the Redemption Date;
- (b) if repurchased in accordance with Section 3.07, the Payment Date;
- (c) if converted in accordance with Section 4.01, the date on which the conversion occurs; and
- (d) the Maturity Date;

upon due presentation and surrender thereof for payment on or after the appropriate date and prior to the setting aside of the appropriate amount pursuant to Article 8. Interest on the Debentures will be computed on the basis of a 365-day year (or 366 days in case of a leap year) based on the actual number of days elapsed and will accrue from day to day for the purposes of the *Interest Act* (Canada).

### **2.04 Prescription.**

The right of the Debentureholders to exercise their rights under this Indenture will become void unless the Debentures are presented for payment within a period of two years from the Maturity Date, after which payment thereof will be governed by the provisions of Article 8. The Corporation will have satisfied its obligations under the Debentures upon remittance to the Trustee for the account of the Debentureholders, upon redemption, repurchase, conversion or at the Maturity Date, of any and all consideration due hereunder in money or by the delivery of Common Shares, subject to and in accordance with the provisions of this Second Supplemental Indenture, and such remittance will for all purposes be deemed a payment to the Debentureholders, and to that extent such Debentures will thereafter not be considered as outstanding and the Debentureholders will have no right, except to receive payment out of the money so paid and deposited or Common Shares deposited upon surrender of its Debentures.

### **2.05 Issue of Debentures.**

Debentures in such aggregate principal amounts as the Board of Directors will determine and in lawful money of Canada will be executed by the Corporation from time to time and, forthwith after such execution, will be delivered to the Trustee and will be certified or authenticated by the Trustee and delivered to or to the order of the Corporation in accordance with the terms of Section 2.06 of the Principal Indenture. The Trustee will receive no consideration for the certification of Debentures.

### **2.06 Payment of Interest.**

Subject to early redemption, repurchase or conversion pursuant to the terms hereof, as the interest on the Debentures becomes payable (except interest payable at maturity, repurchase or on

redemption that may, at the option of the Corporation, be paid upon presentation and surrender of such Debentures for payment and, in the event of conversion pursuant to Article 4, interest will be paid immediately prior to completion of a conversion in accordance with Section 4.03(3)), the Corporation will make such payment in accordance with the terms of Section 4.02 of the Principal Indenture and may, at the option of the Corporation subject to receipt of all necessary regulatory approvals, be paid in Common Shares in the manner set forth in Section 9.02 (except that notwithstanding the Corporation's election to pay such interest in Common Shares the Corporation may, at its option, make any interest payment not exceeding \$1,000 to any Holder in money.

### **2.07 Book-Based System.**

(1) Debentures will be issued as Book-Entry Only Debentures and will be represented by the Global Debentures together with the legend provided for in Section 2.07(2). The Global Debentures will be held by, or on behalf of, the Depository as depository of the Participants in the Book-Based System and will be registered in the name of "CDS & Co." (or such other name as the Depository may use from time to time as its nominee for the purposes of the Book-Based System).

(2) The Global Debentures will bear a legend in substantially the following form subject to modification as required by the Depository:

"UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED ("CDS") TO THE CORPORATION OR THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS AN INTEREST HEREIN. THIS CERTIFICATE IS SUBJECT TO A MASTER LETTER OF REPRESENTATION OF THE CORPORATION TO CDS, AS SUCH LETTER MAY BE REPLACED OR AMENDED FROM TIME TO TIME."

(3) Subject to the terms of any agreement between the Corporation and CDS or other Depository, beneficial holders of the Debenture will have no right to receive definitive Debentures.

### **2.08 Payments of Principal and Interest During Book-Based System.**

(1) Subject to Sections 3.07, 4.02 and Article 9, as payments in respect of principal and interest on the Debentures represented by the Global Debentures become due, the Corporation will (except in cases of payments on maturity or on redemption, repurchase or conversion that may, at the option of the Corporation, be made only upon presentation and surrender of the Global Debentures), no later than on the applicable Interest Payment Date or on the Maturity Date, as the case may be, at the option of the Corporation:

- deliver or cause to be delivered to the Trustee c/o the Canadian Trustee at its principal office in the City of Toronto, at or before 10:00 a.m. at least two Business Day before such Interest Payment Date or Maturity Date, a cheque for the amount of such payment (less any Taxes required to be deducted) payable on such Interest Payment Date or Maturity Date, as the case may be, to the order of the Canadian Trustee and negotiable at par;
- (a)
- deliver or cause to be delivered to the principal office of the Depository in the City of Toronto, at or before 11:00 a.m. at least one Business Day before such Interest Payment Date or Maturity Date, a cheque for the amount of such payment (less any Taxes required to be deducted) payable on such Interest Payment Date or Maturity Date, as the case may be, to the order of the Depository and negotiable at par; or
- (b)
- provide to the Depository such payment (less any Taxes required to be deducted) by electronic funds transfer to an account designated by the Depository, at or before 10:00 a.m. on such Interest Payment Date or Maturity Date, as the case may be.
- (c)

(2) For so long as the Depository is the registered Holder of the Global Debentures, the Trustee will, upon receipt of any payment from the Corporation pursuant to Section 2.08(1):

- deliver to the Depository, as the registered Holder of the Global Debentures at or before 11:00 a.m. at least one Business Day before the applicable Interest Payment Date or the Maturity Date, a cheque payable on such Interest Payment Date or Maturity Date, as the case may be; or
- (a)
- provide payment to the Depository, as the registered Holder of the Global Debentures, by electronic funds transfer to an account designated by the Depository, at or before 10:00 a.m. on the applicable Interest Payment Date or Maturity Date, as the case may be,
- (b)
- provided that the Corporation has provided to the Trustee such payment (less any Taxes required to be deducted, if any) by electronic funds transfer to an account designated by the Trustee, at or before 10:00 a.m. on at least two Business Days before such Interest Payment Date or Maturity Date, as the case may be;

for all amounts due in respect of such principal and interest on the Debentures represented by the Global Debentures for credit by the Depository to Participants' accounts, provided that the Trustee and the Depository may agree to an alternate method of payment (including payment through the facilities of the Depository).

## **2.09 Rank.**

The Debentures certified and issued under this Indenture rank *pari passu* with one another, in accordance with their tenor without discrimination, preference or priority. The payment of the principal of and interest on the Debentures ranks *pari passu* with the Senior Debt, as provided in Article 6.

## **2.10 Register.**

The Corporation will cause to be kept by the Trustee, at the principal office of the Canadian Trustee in the City of Toronto, a central register, and in such other place or places by the Trustee or by such other registrar or registrars, if any, as the Corporation with the approval of the Trustee may designate, branch registers, in which will be entered the names and latest known addresses of the Holders of Debentures and the other particulars prescribed by law of the Debentures held by them respectively and all transfers of Debentures. Such registration will be noted on the Debentures by the Trustee or other registrar. No transfer of a Debenture will be effective as against the Corporation unless made on one of the appropriate registers by the registered Holder or its executors or administrators or other legal representatives or its or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee, upon compliance with Applicable Law, upon compliance with such requirements as the Trustee or other Registrar or both may prescribe, and unless such transfer has been duly noted on such Debenture by the Trustee or other Registrar.

## **2.11 Restrictions on Transfer.**

No transfer of a Debenture will be registered during the period beginning 15 Business Days before the day of the mailing of (a) a notice of redemption of the Debentures, or (b) an offer to purchase the Debentures pursuant to Section 3.07, and ending at the close of business on the day of such mailing or during the periods commencing on any Regular Interest Record Date or Special Interest Record Date and ending on the next following Interest Payment Date.

## **2.12 Withholding.**

(1) Any payments made by or on behalf of the Corporation under or with respect to the Debentures will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government of Canada or of any province or territory of Canada or by any authority or agency thereof or therein having power to tax (collectively, “**Taxes**”), unless the Corporation or any other payor is required to withhold or deduct Taxes by Applicable Law or by the interpretation or administration thereof by the relevant Governmental Authority. If the Corporation is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Debentures, the Corporation will make such withholding or deduction and will remit the full amount withheld or deducted to the relevant Governmental Authority as and when required by Applicable Law.

(2) Within 30 days after the date the payment of any Taxes is due pursuant to Applicable Law, the Corporation will furnish to the Holders certified copies of tax receipts evidencing such payment by the Corporation.

## **2.13 Payment in Event of Redemption, Repurchase, Repayment or Conversion**

In the event of any payment to be made for redemption, repurchase, repayment or conversion hereunder, under no circumstances will interest accrue or be paid by the Corporation, Paying Agent or Trustee to persons having deposited Debentures for any such redemption, repurchase, repayment or conversion, regardless of any delay in making such payment.

The Paying Agent or Trustee, as the case may be, will act as the agent of the persons depositing Debentures for any redemption, repurchase, repayment or conversion for the purpose of receiving payment from the Corporation and transmitting payment from the Corporation and transmitting payment to such persons, and receipt of payment by the Paying Agent or Trustee, as the case may be, will be deemed to constitute receipt of payment by persons depositing Debentures for any redemption, repurchase, repayment or conversion.

Settlement with persons who deposit Debentures will be effected by the Paying Agent or Trustee, as the case may be, forwarding certificates for Common Shares and cheques, if applicable, payable in Canadian funds by first class mail, postage prepaid.

### **ARTICLE 3 – REDEMPTION, PURCHASE AND CANCELLATION OF DEBENTURES**

#### **3.01 Optional Redemption of Debentures.**

(1) The Corporation will have the right at its option to redeem the Debentures, in whole at any time or in part from time to time, on or after , 2011 and prior to , 2013, upon not less than 30 days' prior notice at a redemption price equal to the principal amount of the Debentures to be redeemed, plus accrued and unpaid interest, if any, to but not including the date selected for redemption (the "**Redemption Date**"), provided that the VWAP of the Common Shares on a Recognized Stock Exchange for at least 20 Trading Days in any consecutive 30 day period ending five Trading Days prior to the date on which notice of redemption is given exceeds 125% of the Conversion Price.

(2) On or after , 2013, the Corporation will have the right at its option to redeem the Debentures, at any time in whole or from time to time in part, upon not less than 30 days' prior notice at a redemption price equal to the principal amount of the Debentures to be redeemed, plus accrued and unpaid interest, if any, to but not including the Redemption Date.

(3) Concurrently with providing the notice contemplated in Section 3.03, the Corporation will provide the Trustee with a Certificate of the Corporation setting forth the details of any redemption contemplated by this Section 3.01 (including eligibility and interest calculations, if necessary) that the Trustee may rely upon without any independent obligation to verify the accuracy of information set out therein.

#### **3.02 Places of Payment.**

The Redemption Amount will be payable upon presentation and surrender of the Debentures called for redemption at any of the places where the register is maintained pursuant to Section 2.10 or at any other places specified in the Redemption Notice.

#### **3.03 Notice of Redemption.**

Notice of redemption of the Debentures (the "**Redemption Notice**") must be given by the Corporation to the Trustee and Holders in the form set forth in Schedule B hereof and in the manner provided in Sections 12.01 and 12.03 of the Principal Indenture. Every such notice will specify the aggregate principal amount of Debentures called for redemption (which together with accrued and unpaid interest, if any, to but not including the Redemption Date, on the Debentures being redeemed will constitute the redemption amount (the "**Redemption Amount**"), the

Redemption Date, the places of payment, and the right of the Holders to convert such Debentures as provided in Article 4 and must state that interest upon the principal amount of Debentures called for redemption will cease to be payable from and after the Redemption Date.

**3.04 Debentures Due on Redemption Date.**

Upon a Redemption Notice being given in accordance with Section 3.03, the Redemption Amount will be due and payable on the Redemption Date specified in such notice and with the same effect as if it were the Maturity Date of such Debentures, the provisions hereof or of any such Debentures notwithstanding, and, from and after such Redemption Date, interest will cease, unless payment of the Redemption Amount is not made on presentation for surrender of such Debentures at any of the places specified in Section 3.02 on or after the Redemption Date and prior to the setting aside of the Redemption Amount pursuant to Article 8.

**3.05 Deposit of Redemption Monies.**

Upon Debentures being called for redemption as provided for in Section 3.03, the Corporation will deposit with the Trustee or any Paying Agent to the order of the Trustee or for the account of the Trustee, on or prior to the Redemption Date specified in the Redemption Notice, such sums as are sufficient to pay the Redemption Amount of the Debentures (less any Taxes required to be deducted). From the sums so deposited, the Trustee will pay or cause to be paid to the Holders, upon surrender of the Debentures, the Redemption Amount thereof.

**3.06 Failure to Surrender Debentures Called for Redemption.**

If the Holder of any Debentures called for redemption in accordance with Section 3.03 should, within 30 days after the Redemption Date, fail to surrender any of such Debentures or fail within such time to (a) accept payment of the Redemption Amount payable in respect thereof, or (b) give such receipt therefor, if any, as the Trustee may require, such Redemption Amount, as the case may be, will be set aside in trust for such Holder, in accordance with Article 8, and such setting aside will for all purposes be deemed a payment to the Debentureholder of the sum so set aside, and to that extent, such Debentures will thereafter not be considered as outstanding hereunder and the Debentureholder will have no right, as of the Redemption Date, except to receive payment out of the money so paid and deposited, upon surrender of its Debentures, without interest thereon.

**3.07 Repurchase of Debentures upon a Change of Control.**

(1) The Corporation must commence, within 45 days of the occurrence of a Change of Control, and consummate an Offer to Purchase for all Debentures then outstanding, at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest (if any) to but not including the date of purchase (the "**Payment Date**"). Prior to the mailing of the notice to Holders commencing such Offer to Purchase, but in any event within 45 days following any Change of Control, the Corporation must (i) repay in full all indebtedness of the Corporation that would prohibit the repurchase of the Debentures pursuant to such Offer to Purchase, or (ii) obtain any requisite consents under instruments governing any such indebtedness of the Corporation to permit the repurchase of the Debentures. The Corporation must first comply with the provisions of the immediately preceding sentence before it is required to repurchase Debentures pursuant to this Section 3.07.



(2) An Offer to Purchase will be commenced by mailing a notice to the Trustee and each Holder stating: (a) the covenant contained herein pursuant to which the offer is being made and that all Debentures validly tendered will be accepted for payment; (b) the purchase price and the Payment Date; (c) that any Debenture not tendered will continue to accrue interest pursuant to its terms; (d) that, unless the Corporation defaults in the payment of the purchase price, any Debenture accepted for payment pursuant to the Offer to Purchase will cease to accrue interest on and after the Payment Date; (e) that Holders electing to have a Debenture purchased pursuant to the Offer to Purchase will be required to surrender the Debenture to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Payment Date; (f) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Debentures delivered for purchase and a statement that such Holder is withdrawing its election to have such Debentures purchased; and (g) that Holders whose Debentures are being purchased only in part will be issued replacement Debentures equal in principal amount to and as evidence of the same underlying indebtedness as was evidenced by the unpurchased portion of the Debentures surrendered; provided that each Debenture purchased and each replacement Debenture issued will be in a principal amount of \$1,000 or integral multiples thereof.

(3) On the Payment Date, the Corporation will (a) accept for payment Debentures or portions thereof tendered pursuant to an Offer to Purchase; (b) deposit with the Paying Agent money or Common Shares sufficient to pay the purchase price of all Debentures or portions thereof so accepted; and (c) deliver, or cause to be delivered, to the Trustee all Debentures or portions thereof so accepted together with a Certificate of the Corporation specifying the Debentures or portions thereof accepted for payment by the Corporation.

(4) The Paying Agent will as soon as practicable mail to the Holders of Debentures who have so accepted payment in an amount equal to the purchase price, and the Trustee will promptly authenticate and mail to such Holders a replacement Debenture equal in principal amount to any unpurchased portion of the Debenture surrendered; provided that each Debenture purchased and each replacement Debenture issued will be in a principal amount of \$1,000 or integral multiples thereof.

(5) The Corporation will publicly announce the results of an Offer to Purchase as soon as practicable after the Payment Date.

(6) The Trustee will act as the Paying Agent for an Offer to Purchase provided that it has been funded and indemnified to its reasonable satisfaction by the Corporation.

(7) The Corporation will comply with all Applicable Securities Laws in the event that the Corporation is required to repurchase Debentures pursuant to an Offer to Purchase in connection with a Change of Control.

### **3.08 Cancellation of Purchased Debentures.**

All Debentures redeemed or purchased in whole or in part pursuant to this Article 3 will be forthwith delivered to and cancelled by the Trustee and may not be reissued or resold and no Debentures will be issued in substitution therefor.

## **ARTICLE 4 – CONVERSION**

### **4.01 Conversion Right.**

(1) Each Holder will have the right at any time prior to the close of business on the Business Day immediately preceding the Maturity Date or, if called for redemption under Section 3.03, the Business Day immediately preceding the Redemption Date, at its option to convert each \$1,000 principal amount of its Debentures into that number of Common Shares equal to the Conversion Number, all on the terms and subject to compliance with the provisions of this Article 4, provided that the only shares issuable on conversion of the Debentures will be “prescribed securities” as defined in Regulation 6208 to the *Income Tax Act* (Canada).

(2) In order to exercise its option to convert provided pursuant to Section 4.01(1), a Holder will be required to deliver to the Trustee at any of the places at which a register is maintained pursuant to Section 2.10 or any other place specified in the Maturity Notice or the Redemption Notice, as the case may be, on or prior to the Business Day immediately preceding the Maturity Date or the Redemption Date, as the case may be, a conversion notice in the form set forth in Schedule C-2 (the “**Conversion Notice**”) duly completed and executed by the Holder or its executors or administrators or other legal representatives or its or their attorney duly appointed by instrument in form and execution satisfactory to the Trustee, together with the related Debentures.

(3) The Corporation covenants that, in order to facilitate the exercise of an option to convert by a Holder, the Corporation will, not later than following receipt of a Conversion Notice from the Holder and prior to completion of the conversion pursuant to Section 4.03:

- arrange and provide for the issue of the Common Shares to be issued on conversion by the Holder from the treasury of the
- (a) Corporation and such that the said Common Shares will be Freely Tradeable in each province and territory of Canada and fully paid and non-assessable;
- (b) obtain and maintain the listing or quoting of such additional Common Shares on a Recognized Stock Exchange; and
- be a reporting issuer or equivalent in good standing or equivalent under Applicable Securities Laws in the Province of Ontario and the
- (c) other jurisdictions in Canada in which the beneficial Holders of the Debentures that are being converted, if reasonably ascertainable, are resident (unless not in Canada).

If the foregoing covenants are not carried out, performed or observed prior to the completion of the conversion pursuant to Section 4.03 such failure or neglect on the part of the Corporation will be an event that is subject to the provisions of Section 6.01(c) of the Principal Indenture.

(1) The Holder of a Debenture surrendered for conversion will be entitled to receive accrued and unpaid interest in respect thereof for the period from the date of the latest Interest Payment Date up to but not including the date of conversion provided that instalments of interest on the Debenture, where the date of conversion is subsequent to a Regular Interest Record Date but prior to the related Interest Payment Date, will be payable to the Holders thereof registered as such on the applicable Regular Interest Record Dates for such instalments.

#### **4.02 Right to Repay Principal Amount in Common Shares on Maturity.**

(1) The Corporation may, at its option and subject to receiving all applicable regulatory approvals, elect to satisfy its obligation to repay on the Maturity Date the principal amount of all, but not less than all, of the Debentures by delivering to the Holders, not less than 40 days and not more than 60 days prior to the Maturity Date, a maturity notice in the form of Schedule C-1 (the “**Maturity Notice**”) and on the Maturity Date, for each \$1,000 principal amount of Debentures, issuing and delivering to Holders that number of fully paid and non-assessable Common Shares obtained by dividing each \$1,000 principal amount of the Debentures by 95% of the Current Market Price of the Common Shares on the Maturity Date (the “**Share Repayment Right**”).

(2) The Corporation will be required to provide the Maturity Notice only if it determines to exercise the Share Repayment Right.

(3) The Corporation’s right to exercise the Share Repayment Right will be conditional upon the following conditions being met on the Business Day preceding the Maturity Date:

- (a) the Common Shares to be issued on exercise of the Share Repayment Right will be issued from treasury of the Corporation and will be Freely Tradeable in each province and territory of Canada and fully paid and non-assessable;
- (b) the listing or quoting of such additional Common Shares on a Recognized Stock Exchange;
- (c) the Corporation being a reporting issuer or equivalent in good standing or equivalent under Applicable Securities Laws in the Province of Ontario and the other jurisdictions in which the beneficial Holders of the Debentures that are being repaid on maturity, if reasonably ascertainable, are resident (unless not in Canada);
- (d) no Event of Default will have occurred and be continuing;
- (e) the receipt by the Trustee of a Certificate of the Corporation stating that conditions (a), (b), (c) and (d) above have been satisfied and setting forth the number of Common Shares to be delivered for each \$1,000 principal amount of Debentures and the Current Market Price of Common Shares on the Maturity Date; and
- (f) the receipt by the Trustee of an Opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Second Supplemental Indenture in payment of the principal amount of the Debentures outstanding, will be validly issued as fully paid and non-assessable, that conditions (a) and (b) above have been satisfied and that, relying exclusively on certificates of good standing issued by the relevant securities regulatory authorities, condition (c) above is satisfied, except that the opinion in respect of condition (c) need not be expressed with respect to those provinces where such certificates are not issued.

If the foregoing conditions are not satisfied by the close of business on the Business Day preceding the Maturity Date, the Corporation will pay in money 100% of the principal amount of

the Debentures that would otherwise have been satisfied in Common Shares, unless the Debentureholder waives the conditions that are not satisfied.

(4) In the event that the Corporation exercises its Share Repayment Right, upon presentation and surrender of the Debentures for payment at maturity at any place where a register is maintained or any other place specified in the Maturity Notice, the Corporation will pay or cause to be paid in money or by cheque to the Holder all accrued and unpaid interest to the Maturity Date and the cash equivalent contemplated for fractional shares in Section 4.04, if any, in both cases less any Taxes required to be deducted, if any, and the Corporation will, on the Maturity Date, send to the Trustee on account of the Holder certificates representing the Common Shares to which such Holder is entitled.

#### **4.03 Completion of Conversion.**

(1) Subject to Section 4.01, within five (5) Business Days of the date of conversion set forth in a Notice of Conversion, the Corporation will deliver to the Trustee on account of the Holder for delivery to each Holder whose Debentures are to be converted pursuant to Section 4.01, for each \$1,000 principal amount of Debentures to be converted: (a) certificates for the Common Shares to which the Holder is entitled; and (b) if the Holder has elected to convert a principal amount of Debentures (the “**exercised amount**”) which is less than the principal amount of all Debentures of which such Person is the Holder immediately prior to such exercise (the “**registered amount**”), Debentures registered in the name of such Holder in an aggregate principal amount equal to the amount by which the registered amount exceeds the exercised amount, less in all cases any Taxes required to be deducted.

(2) Within four (4) Business Days of the date of conversion set forth in a Notice of Conversion and prior to the delivery of certificates for Common Shares pursuant to Section 4.03(1), the Corporation will deliver to the Trustee on account of each such Holder a certified cheque, bank draft or electronic funds transfer for the amount of all accrued and unpaid interest on such Debentures and the amount in respect of any fractional Common Shares to be paid in accordance with Section 4.04, if any, less any Taxes required to be deducted.

(3) All Debentures converted in whole or in part will be delivered to and cancelled by the Trustee in accordance with Article 8 and the Trustee will amend the register maintained by it accordingly.

#### **4.04 Fractional Shares.**

No fractional Common Shares will be delivered upon the conversion of Debentures or exercise of the Share Repayment Right but, in lieu thereof, the Corporation will pay to the Holders, or to the Trustee on account of the Holders if necessary, at the time contemplated in Sections 4.02(4), or 4.03(2), as the case may be, the cash equivalent thereof determined on the basis of the Current Market Price of Common Shares as at the date of maturity or conversion, as applicable, less any Taxes required to be deducted.

#### **4.05 Relating to the Issue of Common Shares.**

(1) A Holder will be treated as the shareholder of record of the Common Shares issued on due conversion of its Debentures or due exercise by the Corporation of its Share Repayment

Right and the issuance of Common Shares will be deemed to have occurred for all purposes, effective immediately after the opening of business on the date of conversion, in the case of Section 4.01 or the opening of business on the Maturity Date, in the case of Section 4.02, and such Holder will be entitled to all substitutions therefor, all income earned thereon or accretions thereto and all dividends or distributions (including stock dividends and dividends or distributions in kind) thereon and arising thereafter and before such Common Shares are delivered or sent and in the event that the Trustee receives the same, it will hold the same in trust for the benefit of such Holder.

(2) The Corporation will at all times reserve and keep available out of its authorized Common Shares (if the number thereof is or becomes limited) solely for the purpose of issue and delivery upon the conversion of Debentures or the exercise of the Share Repayment Right as provided herein, and will issue to Debentureholders who may exercise their conversion rights hereunder or to whom Common Shares will be issued pursuant to exercise of the Share Repayment Right, such number of Common Shares as will be issuable in such events.

(3) The Corporation will comply with all Applicable Securities Laws regulating the issue and delivery of Common Shares upon conversion of Debentures or exercise of the Share Repayment Right.

#### **4.06 Taxes and Charges on the Issue of Common Shares.**

The Corporation will from time to time promptly pay, or make provision satisfactory to the Trustee for the payment of, all Taxes and charges that may be imposed by the laws of Canada or any province thereof and that will be payable with respect to the issuance or delivery of Common Shares to Holders upon the conversion of Debentures or exercise of the Share Repayment Right pursuant to the terms of the Debentures and this Second Supplemental Indenture. The Trustee will have no obligation to determine when such Taxes and charges are payable or to verify the calculation thereof.

#### **4.07 Alternate Election and Exchange**

(1) Notwithstanding any other provision in this Article 4, in the event that section 51 of the *Income Tax Act* (Canada) does not apply to a proposed conversion of Debentures pursuant to this Article 4, the Corporation will, upon written request by a Holder, execute a joint tax election under subsection 85(1) or 85(2) of the *Income Tax Act* (Canada), and the corresponding provisions of any applicable provincial tax legislation, delivered to it by the Holder in order to permit the conversion of the Debentures to be undertaken on a tax-deferred basis. Compliance with the requirements to ensure the validity of a joint tax election on a timely basis will be the sole responsibility of the Holder making the election and the Corporation assumes no responsibility or liability for the failure to properly prepare, execute and file a valid election or for the late filing of an election.

(2) In the event that section 51 of the *Income Tax Act* (Canada) does not apply to a proposed conversion of Debentures pursuant to this Article 4, the Holder will have the right at its option, in lieu of the right to convert its Debentures pursuant to Section 4.01(1), to require the Corporation to purchase each \$1,000 principal amount of its Debentures in exchange for that number of Common Shares equal to the Conversion Number, and in all other respects the terms of this Indenture respecting the conversion of such Debentures will apply *mutatis mutandis*.

## ARTICLE 5 – ADJUSTMENTS

### **5.01 Adjustment of Conversion Price.**

(1) The Conversion Price in effect at any date will be subject to adjustment from time to time in the events and in the manner provided in this Article 5.

(2) If and whenever at any time after the date hereof and prior to the Maturity Date, the Corporation:

- (a) issues Common Shares or securities convertible into or exchangeable for Common Shares to the holders of all or substantially all of the outstanding Common Shares as a stock dividend or otherwise;  
makes a distribution on its outstanding Common Shares to the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities convertible into or exchangeable for Common Shares (other than an issue of Common Shares to holders of Common Shares pursuant to a right granted to such holders to receive such Common Shares in lieu of Dividends Paid in the Ordinary Course);
- (b) subdivides its outstanding Common Shares into a greater number of Common Shares; or
- (c) reduces, combines or consolidates its outstanding Common Shares into a smaller number of Common Shares,

(any of such events in subsections (a), (b), (c) and (d) being called a “**Common Share Reorganization**”), then the Conversion Price then in effect will be adjusted effective immediately on the effective date or record date for the happening of a Common Share Reorganization, as the case may be, at which the holders of Common Shares are determined for the purpose of the Common Share Reorganization, so that it will equal the price determined by multiplying the Conversion Price in effect immediately prior to such effective date or record date by a fraction, the numerator of which will be the total number of Common Shares outstanding on such effective date or record date before giving effect to such Common Share Reorganization and the denominator of which will be the total number of Common Shares outstanding immediately after giving effect to such Common Share Reorganization (including, in the case where securities exchangeable for or convertible into Common Shares are distributed, the number of Common Shares that would have been outstanding had all such securities been exchanged for or converted into Common Shares on such effective date or record date).

(3) If and whenever at any time after the date hereof and prior to the Maturity Date, the Corporation fixes a record date for the issue of rights, options or warrants to the holders of all or substantially all of the outstanding Common Shares under which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or at an exchange price or conversion price per share during the Rights Period to the holder in the case of securities exchangeable for or convertible into Common Shares) which is less than 95% of the Current Market Price for the

Common Shares on such record date (any of such events being called a “**Rights Offering**”), then the Conversion Price will be adjusted effective immediately after the end of the Rights Period so that it will equal the price determined by multiplying the Conversion Price in effect immediately prior to the end of the Rights Period by a fraction:

- (a) the numerator of which will be the aggregate of:
- (i) the total number of Common Shares outstanding as of the record date for the commencement of the Rights Offering, and a number determined by dividing (I) either (x) the product of the number of Common Shares issued or subscribed for during the Rights Period upon the exercise of the rights, warrants or options under the Rights Offering and the price at which such Common Shares are offered for such issue or subscription, or, as the case may be, (y) the product of the exchange price or conversion price of such securities exchangeable for or convertible into Common Shares and the number of Common Shares for or into which the securities so offered pursuant to the Rights Offering could have been exchanged or converted during the Rights Period, by (II) the Current Market Price of the Common Shares as of the record date for the commencement of the Rights Offering, and
  - (ii) the denominator of which will be the number of Common Shares outstanding, or the number of Common Shares which would be outstanding if all the exchangeable or convertible securities were exchanged for or converted into Common Shares during the Rights Period, after giving effect to the Rights Offering and including the number of Common Shares actually issued or subscribed for during the Rights Period upon exercise of the rights, warrants or options under the Rights Offering.

Any Debentureholder who has exercised the right to convert to Common Shares in accordance with Article 4 during the period beginning immediately after the record date for a Rights Offering and ending on the last day of the Rights Period for the Rights Offering will, in addition to the Common Shares to which that holder would otherwise be entitled upon such conversion, be entitled to that number of additional Common Shares equal to the result obtained when the difference, if any, between the Conversion Price in effect immediately prior to the end of such Rights Offering and the Conversion Price as adjusted for such Rights Offering pursuant to this Section 5.01(3) is multiplied by the number of Common Shares received upon the conversion of the Debentures held by such Holder during such period, and the resulting product is divided by the Conversion Price as adjusted for such Rights Offering pursuant to this Section 5.01(3); provided that the provisions of Section 4.03 will be applicable to any fractional interest in a Common Share to which such Holder might otherwise be entitled under the foregoing provisions of this subsection. Such additional Common Shares will be deemed to have been issued to the Debentureholder immediately following the end of the Rights Period and a certificate for such additional Common Shares will be delivered to such Holder within 15 Business Days following the end of the Rights Period. To the extent that any such rights, options or warrants are not so exercised on or before the expiry thereof, the Conversion Price will be readjusted to the Conversion Price which would then be in effect based on the number of Common Shares (or the

securities convertible into or exchangeable for Common Shares) actually delivered on the exercise of such rights, options or warrants.

(4) If and whenever at any time after the date hereof and prior to the Maturity Date, the Corporation fixes a record date for the issue or the distribution to the holders of all or substantially all of the outstanding Common Shares of (i) securities of the Corporation, including rights, options or warrants to acquire securities of the Corporation or any of its property or assets and including cash and evidences of indebtedness; or (ii) any property or other assets, including cash and evidences of indebtedness, and if such issuance or distribution does not constitute a Dividend Paid in the Ordinary Course, a Common Share Reorganization, a Rights Offering or a distribution contemplated by Section 5.01(3) (any of such non-excluded events being called a “**Special Distribution**”), then the Conversion Price will be adjusted effective immediately after such record date so that it will equal the price determined by multiplying the Conversion Price in effect on such record date by a fraction:

(a) the numerator of which will be:

(i) the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date; less

the fair market value, as determined by action by the Board of Directors (whose determination, subject to the consent of a (ii) Recognized Stock Exchange, will be conclusive), to the holders of Common Shares of such securities or property or other assets so issued or distributed in the Special Distribution; and

(b) the denominator of which will be the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date.

To the extent that any Special Distribution is not so made, the Conversion Price will be readjusted effective immediately to the Conversion Price which would then be in effect based upon such securities or property or other assets as actually distributed.

(5) If and whenever at any time after the date hereof and prior to the Maturity Date, there is a reclassification of the Common Shares at any time outstanding or change of the Common Shares into other shares or into other securities or other capital reorganization (other than a Common Share Reorganization), or a consolidation, amalgamation or merger of the Corporation with or into any other corporation or other entity (other than a vertical short-form amalgamation with one or more of its Wholly-Owned Subsidiaries pursuant to the *Canada Business Corporations Act*), or a transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or other entity in which the holders of Common Shares are entitled to receive shares, other securities or other property (any of such events being called a “**Capital Reorganization**”), any Holder of Debentures who exercises the right to convert Debentures into Common Shares pursuant to Debentures then held after the effective date of such Capital Reorganization will be entitled to receive, and will accept for the same aggregate consideration in lieu of the number of Common Shares to which such Holder was previously entitled upon such conversion, the aggregate number of shares, other securities or other



property that such holder would have been entitled to receive as a result of such Capital Reorganization if, on the effective date thereof, the holder had been the registered holder of the number of Common Shares to which such holder was previously entitled upon conversion subject, however, to any requirements necessary to ensure that the interest payable on the Debentures will be and will remain exempt from Canadian withholding tax including the requirement in effect on the date hereof for so long as such requirement is in effect that a Holder of Debentures will not be entitled to receive shares, other securities or property other than securities that are “**prescribed securities**” as defined in Regulation 6208 to the *Income Tax Act* (Canada) on or prior to five years after the date of issue of the Debentures. Subject to the preceding sentence, the Corporation will take all steps necessary to ensure that, on a Capital Reorganization, the Holders of Debentures will receive the aggregate number of shares, other securities or other property to which they are entitled as a result of the Capital Reorganization. Appropriate adjustments will be made as a result of any such Capital Reorganization in the application of the provisions set forth in this Article 5 with respect to the rights and interests thereafter of Holders of Debentures to the end that the provisions set forth in this Article 5 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any shares, other securities or other property thereafter deliverable upon the conversion of any Debenture. Prior to or concurrent with effecting a Capital Reorganization, the Corporation will enter into an indenture supplemental hereto approved by action of the Board of Directors and by the Trustee, relying on advice of counsel, that will set forth an appropriate adjustment to give effect to this Section 5.01(5), in which event such adjustment will for all purposes be conclusively deemed to be an appropriate adjustment, subject to any required prior consent of a Recognized Stock Exchange.

(6) If the purchase price provided for in any rights, options or warrants (the “**Rights Offering Price**”) referred to in Sections 5.01(3) or (4) is decreased, the Conversion Price will forthwith be changed so as to decrease the Conversion Price to the Conversion Price that would have been obtained if the adjustment to the Conversion Price made under Section 5.01(3) or (4), as the case may be, with respect to such rights, options or warrants had been made on the basis of the Rights Offering Price as so decreased, provided that the terms of this Section 5.01(6) will not apply to any decrease in the Rights Offering Price resulting from terms in any such rights, options or warrants designed to prevent dilution except to the extent that the resulting decrease in the Conversion Price under this Section 5.01(6) would be greater than the decrease, if any, in the Conversion Price to be made under the terms of this Section 5.01(6) by virtue of the occurrence of the event giving rise to such decrease in the Rights Offering Price.

(7) In any case in which this Section 5.01 requires that an adjustment will become effective immediately after a record date for an event referred to herein, the Corporation may defer, until the occurrence of such event, issuing to the Holder of any Debenture converted after such record date and before the occurrence of such event the additional Common Shares issuable upon such conversion by reason of the adjustment required by such event, provided, however, that the Corporation will deliver to such Holder evidence of such Holder’s right to receive such additional Common Shares upon the occurrence of such event and the right to receive any distributions made on such additional Common Shares declared in favour of holders of record of Common Shares on and after the date of conversion or such later date on which such Holder would, but for the provisions of this Section 5.01(7), have become the holder of record of such additional Common Shares.

### **5.02 Other Adjustment of Conversion Price.**

If the Corporation will take any action affecting the Common Shares, other than an action described in Sections 5.01(2), (3), (4) or (6) but including an action under Section 5.01(5), that results in a Holder of Debentures being unable, for any period of time, to exercise conversion privileges that it would otherwise be permitted to exercise due to requirements necessary to ensure that the Debentures will be and will remain exempt from Canadian withholding tax, the Conversion Price may be adjusted in such manner and at such time, or such other adjustment to the conversion privilege may be made, as the Board of Directors determine to be equitable in the circumstances, subject to any required prior consent of a Recognized Stock Exchange and subject, however, to any requirements necessary to ensure that the interest payable on the Debentures will be and will remain exempt from Canadian withholding tax. Failure of the Board of Directors to take any such action will be conclusive evidence that the Board of Directors has determined that it is equitable to make no adjustment in the circumstances.

### **5.03 Rules Regarding Calculation of Adjustment of Conversion Price.**

For the purposes of Sections 5.01 and 5.02:

(1) The adjustments provided for in Sections 5.01 and 5.02 are cumulative and will be computed to the nearest one-tenth of one cent and will be made successively whenever an event referred to therein occurs, subject to the following provisions of this Section 5.03.

(2) No adjustment in the Conversion Price will be required unless the cumulative effect of such adjustment would result in a change of at least 1% in the prevailing Conversion Price; provided, however, that any adjustments that, except for the provisions of this Section 5.03 would otherwise have been required to be made, will be carried forward and taken into account in any subsequent adjustment.

(3) No adjustment in the Conversion Price will be required upon the issuance from time to time of Common Shares pursuant to the Corporation's stock option plans or share purchase plan, or any dividend reinvestment plan, as such plans may be replaced, supplemented or further amended from time to time, or in respect of the New Rights Offering (as defined in the Plan).

(4) No adjustment in the Conversion Price will be made in respect of any of the events referred to in Section 5.01(2)(a) and (b), Section 5.01(3), or Section 5.01(4), if Debentureholders are entitled to participate in such event on the same terms, *mutatis mutandis*, as if they had converted their Debentures prior to or on the effective date or record date of such event. Any such participation will be subject to any required prior consent of a Recognized Stock Exchange.

(5) If at any time a dispute arises with respect to adjustments provided for in Section 5.01, such dispute will be conclusively determined, subject to the consent of a Recognized Stock Exchange, by the Corporation's auditors, or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by action of the Board of Directors and any such determination will be binding upon the Corporation, the Trustee, the Debentureholders and shareholders of the Corporation; such auditors or accountants will be given access to all necessary records of the Corporation. If any such determination is made, the Corporation will deliver a Certificate of the Corporation to the Trustee describing such

determination, and the Trustee will be entitled to act and rely upon such Certificate of the Corporation.

(6) If the Corporation sets a record date to determine the holders of Common Shares for the purpose of entitling them to receive any dividend or distribution or sets a record date to take any other action and thereafter and before the distribution to such shareholders of any such dividend or distribution or the taking of any other action, legally abandons its plan to pay or deliver such dividend or distribution or take such other action, then no adjustment in the Conversion Price will be made.

(7) In the absence of a resolution of the Board of Directors fixing a record date for a Special Distribution or Rights Offering, the Corporation will be deemed to have fixed as the record date therefor the date on which the Special Distribution or Rights Offering is effected.

For greater certainty, Debentureholders will have no right to convert Debentures into any security other than Common Shares unless an appropriate adjustment is made by and set forth in an indenture supplemental hereto.

#### **5.04 Certificate as to Adjustment.**

The Corporation will from time to time, immediately after the occurrence of any event that requires an adjustment or readjustment as provided in Section 5.01 or 5.02, deliver a Certificate of the Corporation to the Trustee specifying the nature of the event requiring the same and the amount of the adjustment or readjustment necessitated thereby and setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based, and the Trustee will be entitled to act and rely upon such Certificate of the Corporation. Such Certificate of the Corporation and the amount of the adjustment specified therein will be conclusive and binding on all parties in interest. Until such Certificate of the Corporation is received by the Trustee, the Trustee may act and be protected in acting on the presumption that no adjustment has been made or is required. Except in respect of any subdivision, reduction, combination or consolidation of the Common Shares contemplated by Section 5.01(2)(a), the Corporation will forthwith give notice to the Debentureholders specifying the event requiring such adjustment or readjustment and the amount thereof, including the resulting Conversion Price; provided that if the Corporation has given notice under Section 5.05 covering all the relevant facts in respect of such event, no such notice need be given under this Section 5.04.

#### **5.05 Notice of Special Matters.**

The Corporation covenants that, so long as any Debentures remain outstanding, it will give notice to the Trustee and to the Debentureholders of its intention to fix a record date for any event referred to in Section 5.01(2), (3), (4) or (5) (other than the subdivision, reduction, combination or consolidation of Common Shares contemplated by Section 5.01(2)(a)) or a cash dividend (other than a Dividend Paid in the Ordinary Course) that may give rise to an adjustment in the Conversion Price, or other adjustment, and such notice must specify the particulars of such event and the record date and the effective date for such event; provided that the Corporation will only be required to specify in such notice such particulars of such event as have been fixed and determined on the date on which such notice is given. Such notice must be given not less than 14 days prior to the applicable record date in the case of an event referred to in Sections 5.01(2), (3)

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or (4) and 30 days prior to the applicable record date in the case of an event referred to in Section 5.01(5).

#### **5.06 Notice of Expiry of Conversion Right.**

The Corporation covenants that, so long as any Debentures remain outstanding, it will give notice to the Trustee and the Debentureholders in the manner provided in the Principal Indenture, not less than 21 days prior to the Maturity Date, of the expiry of the right of the Holders of the Debentures to convert their Debentures.

#### **5.07 Protection of Trustee.**

The Trustee, even if it were to act as conversion agent, will not at any time be under any duty or responsibility to any Debentureholder to determine whether any facts exist that may require any adjustment in the Conversion Price, or with respect to the nature or extent of any such adjustment when made, or with respect to the method employed in making the same; and will not be accountable with respect to the validity or value (or the kind or amount) of any Common Shares or of any shares or other securities or other property that may at any time be issued or delivered upon the conversion of any Debenture; and the Trustee will not be responsible for any failure of the Corporation to make any cash payment or to issue, transfer or deliver Common Shares or share certificates upon the surrender of any Debenture for the purpose of conversion, or to comply with any of the covenants contained in this Article 5.

### **ARTICLE 6 – RANKING OF DEBENTURES**

#### **6.01 Ranking.**

The Corporation covenants and agrees, and each Debentureholder, by its acceptance thereof, likewise agrees, that the payment of the principal of and of any interest on the Debentures ranks *pari passu* with all Senior Debt whether outstanding on the date of this Second Supplemental Indenture or thereafter incurred.

### **ARTICLE 7 – ADDITIONAL COVENANTS OF THE CORPORATION WITH RESPECT TO THE DEBENTURES**

#### **7.01 Additional Covenants.**

(1) The Corporation covenants and agrees with the Trustee for the benefit of the Holders that:

- it will take all reasonable steps and actions and do all such acts and things as may be required to: (i) as long as it meets the minimum listing requirements of such institutions, maintain the listing and posting for trading of the Debentures and the Common Shares on a
- (a) Recognized Stock Exchange, and (ii) maintain its status as a reporting issuer, or the equivalent thereof, not in default of the requirements of Applicable Securities Laws of Canada; and
  - (b) it will, at the relevant times and upon exercise of the relevant rights or elections, comply and take all measures necessary to comply at all times with Sections
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4.01(3) and 4.02(3) including, make application for any order, ruling, registration or filing or give any notice required under Applicable Securities Laws.

(2) The Trustee will have no obligation to verify information relating to the Corporation's compliance with this Section 7.01 and may act and rely upon all information provided by the Corporation with respect to such compliance, without independent inquiry.

## **ARTICLE 8 – SATISFACTION AND DISCHARGE**

### **8.01 Cancellation and Destruction.**

All matured Debentures will forthwith after payment thereof be delivered to the Trustee or to a Person appointed by it or by the Corporation with the approval of the Trustee and cancelled. All Debentures cancelled or required to be cancelled under this or any other provision of this Indenture, in the Trustee's sole discretion, may be destroyed by or under the direction of the Trustee by cremation or otherwise (in the presence of a representative of the Corporation, if the Corporation so requires) and the Trustee will prepare and retain upon request a certificate of such destruction and deliver a duplicate thereof to the Corporation.

### **8.02 Non-Presentation of Debentures.**

If the Holder of any Debenture fails to present the same for payment within 30 days of the date on which the principal thereon or represented thereby becomes payable at maturity or otherwise or fails within such 30 day period to accept payment on account thereof, accept Common Shares issued and delivered pursuant to the provisions hereof or give such receipt therefor, if any, as the Trustee may require:

- (a) the Corporation will be entitled to pay or issue and deliver, as the case may be, to the Trustee and direct the Trustee to set aside; or
- (b) in respect of money in the hands of the Trustee that may or should be applied to the payment of the Debentures, the Corporation will be entitled to direct the Trustee to set aside,

the principal and interest, or the Common Shares, as the case may be, in trust to be paid or delivered, as the case may be, without interest to the Holder of such Debenture, upon due presentation or surrender thereof in accordance with the provisions of this Indenture; and thereupon the principal and interest payable on or represented by each Debenture in respect whereof such money or Common Shares have been set aside will be deemed to have been paid and the Holder thereof will thereafter have no right in respect thereof, except that of receiving payment of the money or the Common Shares so set aside by the Trustee upon due presentation and surrender by the Holders of such Debenture, subject always to the provisions of Section 8.03.

### **8.03 Repayment of Unclaimed Money or Common Shares to Corporation.**

Any money or Common Shares in the hands of the Trustee and set aside under Section 8.02 and not claimed by and paid or delivered as provided in Section 8.02, to Holders of Debentures within two years after the date of such setting aside must be repaid or delivered to the Corporation by the Trustee on demand, and thereupon the Trustee will be released from all further

liability with respect to such money and Common Shares and thereafter the Holders of the Debentures in respect of which such money and Common Shares were so repaid or delivered to the Corporation will have no rights in respect thereof, except to obtain payment of the money or delivery of the Common Shares due thereon from the Corporation upon due presentation and surrender by the Holder of such Debentures without interest.

#### **8.04 Release from Covenants.**

Upon Written Request and proof being given to the reasonable satisfaction of the Trustee that the principal of all the Debentures and interest thereon and other money payable hereunder have been paid or satisfied or that all the Debentures then outstanding having matured and, such payment having been duly and effectually provided for by payment to the Trustee or otherwise, and upon payment of all costs, charges and expenses properly incurred by the Trustee in relation to these presents and all interest thereon and the remuneration of the Trustee, or upon provision satisfactory to the Trustee being made therefor, the Trustee will, at the request and at the expense of the Corporation, execute and deliver to the Corporation such deeds or other instruments as are requisite to release the Corporation from the terms of the Second Supplemental Indenture and the terms of the Principal Indenture relating to the Debentures, except those relating to the indemnification of the Trustee and issue and delivery of Common Shares in connection with the exercise of rights of conversion pursuant to Article 4.

### **ARTICLE 9 – COMMON SHARE INTEREST PAYMENT ELECTION**

#### **9.01 Interest Payment Election by Delivery of Common Shares to be Liquidated.**

(1) Provided that no Event of Default has occurred and is continuing under this Indenture and that all applicable regulatory approvals have been obtained (including any required approval of any stock exchange on which the Common Shares are then listed and any required regulatory approval to permit the Trustee to carry out its obligations under this Section 9.01), the Corporation will have the revocable right, from time to time, to make an Interest Payment Election in respect of all or any part of any Interest Obligation by delivering an Interest Payment Election Notice to the Trustee by no later than the earlier of: (i) the date required by Applicable Law or the rules of any stock exchange on which the Common Shares are then listed, or (ii) the day that is 15 Business Days prior to the Interest Payment Date to which the Interest Payment Election relates.

(2) Upon receipt of an Interest Payment Election Notice, the Trustee will, in accordance with this Article 9 and such Interest Payment Election Notice, deliver Common Share Bid Requests to the investment banks, brokers or dealers identified by the Corporation, in its absolute discretion, in the Interest Payment Election Notice. In connection with the Interest Payment Election, the Trustee will have the power, on behalf of the Corporation, to: (i) accept delivery of the Common Shares from the Corporation and process the Common Shares in accordance with the Interest Payment Election Notice, (ii) accept bids with respect to, and consummate sales of, such Common Shares, each as the Corporation will direct in its absolute discretion, through the investment banks, brokers or dealers identified by the Corporation in the Interest Payment Election Notice, (iii) invest the proceeds of such sales on the direction of the Corporation in Canadian Government Obligations that mature at least three Business Days prior to an applicable Interest Payment Date or use such proceeds to pay all or part of the Interest

Obligation in respect of which the Interest Payment Election was made or both and (iv) perform any other action necessarily incidental thereto.

(3) The Interest Payment Election Notice must provide for, and all bids must be subject to, the right of the Corporation, by delivering written notice to the Trustee at any time prior to the consummation of such delivery and sale of the Common Shares on the Common Share Delivery Date, to withdraw the Interest Payment Election (which will have the effect of withdrawing each related Common Share Bid Request), whereupon the Corporation will be obliged to pay in cash the Interest Obligation in respect of which the Interest Payment Election Notice has been delivered. The Trustee will be fully indemnified by the Corporation in respect of any withdrawal of an Interest Payment Election or any termination of bids or contracts for the issuance or sales of Common Shares entered into by the Trustee on behalf of the Corporation.

(4) Any sale of Common Shares pursuant to this Article 9 may be made to one or more Persons whose bids are solicited, but all such sales with respect to a particular Interest Payment Election will take place concurrently on the Common Share Delivery Date.

(5) The amount received by a Holder of a Debenture in respect of the Interest Obligation will not be affected by whether or not the Corporation elects to satisfy the Interest Obligation pursuant to an Interest Payment Election.

(6) The Trustee must inform the Corporation promptly following receipt of any bid or bids for Common Shares solicited pursuant to the Common Share Bid Requests. The Trustee will accept such bid or bids as the Corporation (in its absolute discretion) directs by Written Order. In connection with any bids so accepted, the Corporation, the Trustee (if required by the Corporation in its absolute discretion) and the applicable bidders must, not later than the Common Share Delivery Date, enter into Common Share Purchase Agreements and will comply with all Applicable Securities Laws, including the securities rules and regulations of any stock exchange on which the Common Shares are then listed. The Corporation will, if so requested by the Trustee, deliver to the Trustee an Opinion of Counsel that such Common Share Purchase Agreements so comply with such Applicable Securities Laws or regulations of any stock exchange on which the Common Shares are then listed. The Corporation will pay all fees and expenses in connection with the Common Share Purchase Agreements including the fees and commissions charged by the investment banks, brokers and dealers and the standard fees of the Trustee generally charged for this service.

(7) Provided that (i) all conditions specified in each Common Share Purchase Agreement to the closing of all sales thereunder have been satisfied, other than the delivery of the Common Shares to be sold thereunder against payment of the purchase price thereof, and (ii) the purchasers under each Common Share Purchase Agreement must be ready, willing and able to perform thereunder, in each case on the Common Share Delivery Date, the Corporation will, on the Common Share Delivery Date, deliver to the Trustee the Common Shares to be sold on such date, an amount in cash equal to the difference between the applicable Interest Obligation and the anticipated net proceeds of the Common Shares to be sold and a Certificate of the Corporation, upon which the Trustee may act and rely absolutely without any further enquiry, to the effect that all conditions precedent to such sales, including those set forth in this Indenture and in each Common Share Purchase Agreement, have been satisfied. Upon such deliveries, the Trustee will consummate such sales on such Common Share Delivery Date by the delivery of the Common

Shares to such purchasers against payment to the Trustee in immediately available funds of the purchase price therefor.

(8) The Trustee will, on the Common Share Delivery Date, use the sale proceeds of the Common Shares (together with any cash received from the Corporation) to purchase, on behalf of and for the account of the Corporation and on the direction of the Corporation in writing, Canadian Government Obligations that mature at least three Business Days prior to the applicable Interest Payment Date and that the Trustee is required to hold until maturity (the "Common Share Proceeds Investment") and will, on such date, deposit the balance, if any, of such sale proceeds in the Property Account for such Debentures. At least one Business Day prior to the Interest Payment Date, the Trustee will deposit amounts from the proceeds of the Common Share Proceeds Investment in the Property Account to bring the balance of the Property Account to the Interest Payment Election Amount. On the Interest Payment Date, the Trustee will pay the funds held in the Property Account to the Holders of record of the Debentures on the Interest Payment Date (less such amount of Taxes as determined by the Corporation as required to be deducted, if any) and, provided that there is no Event of Default, will remit amounts, if any, in respect of income earned on the Common Share Proceeds Investment or otherwise in excess of the Interest Payment Election Amount to the Corporation.

(9) Neither the making of an Interest Payment Election nor the consummation of sales of Common Shares on a Common Share Delivery Date will (i) result in the Holders of the Debentures not being entitled to receive on the applicable Interest Payment Date cash in an aggregate amount equal to the Interest Obligation payable on such date, or (ii) entitle such Holders to receive any Common Shares in satisfaction of such Interest Obligation.

#### **9.02 Interest Payment Election by Delivery of Common Shares**

(1) Provided that all applicable regulatory approvals have been obtained (including any required approval of any stock exchange on which the Debentures are then listed), the Corporation may, at its option, pay all, or any part, of any Interest Obligation by delivering to the Holders, Common Shares in lieu of cash payments of interest pursuant to Section 2.08 and the terms of the Debentures (the "**Common Share Interest Payment Election**") by giving notice (the "**Common Share Interest Payment Election Notice**") to the Trustee by no later than the earlier of: (i) the date required by Applicable Law or the rules of any stock exchange on which the Debentures and Common Shares are then listed, or (ii) the day that is 15 Business Days prior to the record date for the Interest Payment Date to which the applicable interest payment relates.

(2) The Corporation will, not less than three Business Days prior to the applicable Interest Payment Date, deliver to Holders that number of fully paid and non-assessable Common Shares obtained by dividing the interest amount not paid in cash by 90% of the VWAP of the Common Shares on the TSX for the 20 consecutive Trading Days ending on the fifth Trading Day prior to the applicable Interest Payment Date; provided that the Corporation may at its option make any interest payment not exceeding \$1,000 to any Holder in money.

(3) The Corporation will be required to provide the Common Share Interest Payment Election Notice only if it determines to exercise the Common Share Interest Payment Election.



(4) The Corporation's right to exercise the Common Share Interest Payment Election will be conditional upon the following conditions being met on the date that is three Business Days preceding the applicable Interest Payment Maturity Date:

- (a) all applicable regulatory approvals have been obtained (including any required approval of any stock exchange on which the Debentures are then listed);
- (b) the Common Shares to be issued on exercise of the Common Share Interest Payment Election will be issued from treasury of the Corporation and will be Freely Tradeable in each province and territory of Canada and fully paid and non-assessable;
- (c) the listing or quoting of such additional Common Shares on a Recognized Stock Exchange;  
the Corporation being a reporting issuer or equivalent in good standing or equivalent under Applicable Securities Laws in the Province
- (d) of Ontario and the other jurisdictions in which the beneficial Holders of the Debentures that are being paid on interest, if reasonably ascertainable, are resident (unless not in Canada);
- (e) no Event of Default will have occurred and be continuing;
- (f) the receipt by the Trustee of a Certificate of the Corporation stating that conditions (a), (b), (c), (d) and (e) above have been satisfied and setting forth the number of Common Shares to be delivered; and  
the receipt by the Trustee of an Opinion of Counsel to the effect that such Common Shares have been duly authorized and, when issued and delivered pursuant to the terms of this Second Supplemental Indenture in payment of the interest amount on the Debentures outstanding, will be validly issued as fully paid and non-assessable, that conditions (b) and (c) above have been satisfied and that,
- (g) relying exclusively on certificates of good standing issued by the relevant securities regulatory authorities, condition (d) above is satisfied, except that the opinion in respect of condition (d) need not be expressed with respect to those provinces where such certificates are not issued.

## **ARTICLE 10 - COLLATERAL AND SECURITY**

### **10.01 Collateral and Security Documents; Additional Collateral.**

(1) In order to secure the due and punctual payment of the principal of and interest on the Debenture when and as the same will be due and payable, whether on an Interest Payment Date, at maturity, by acceleration, purchase, repurchase, redemption or otherwise, and interest on the overdue principal of and interest (to the extent permitted by law), if any, on the Debentures and the performance of all other obligations of the Corporation to the Holders or the Trustee under this Indenture, the Debentures and any other documents contemplated hereby, the Corporation and the Trustee have simultaneously with the execution of this Indenture entered into the Security Documents. The Trustee and the Corporation hereby agree that the Trustee holds its interest in the

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Collateral in trust for the benefit of the Debentureholders pursuant to the terms of the Security Documents. The Trustee is also authorized and directed to enter into the Security Documents.

(2) Promptly upon the acquisition by the Corporation of assets that would constitute Collateral pursuant to the Security Documents (including any property acquired after the date of the Indenture that constitutes Collateral) (“**After-Acquired Property**”),

the Corporation and the Trustee will enter into such amendments or supplements to the Security Documents, or additional Security Documents, in each case in recordable or registrable form and in a form reasonably acceptable to the Trustee, and to the extent the After-

(a) Acquired Property consists of securities, a securities pledge agreement in a form reasonably acceptable to the Trustee relying on advice of counsel, with such changes thereto as are necessitated by local law or other changes in circumstances (the “**Additional Security Documents**”), as are necessary in order to grant to the Trustee for the benefit of the Debentureholders a Lien on and security interest in such After-Acquired Property, subject to Permitted Liens;

(b) the Corporation will also deliver to the Trustee the following:

to the extent the After-Acquired Property consists of real property, an Opinion of Counsel confirming that the Lien of this Indenture and the Security Documents constitutes a valid and perfected Lien on such real property, subject to Permitted Liens in respect of the

(i) relevant item of Collateral, together with an Officers’ Certificate stating that any Liens on such real property are Liens expressly permitted by the applicable Security Document or are Permitted Liens and containing assurances of the type included in the Opinion of Counsel delivered to the Trustee on the date hereof with respect to the Collateral, and

evidence of payment of all filing fees, recording and registration charges, transfer taxes and other costs and expenses, including

(ii) reasonable legal fees and disbursements of counsel for the Trustee (and any local counsel), that may be incurred to validly and effectively subject the After-Acquired Property to the Lien of any applicable Security Document and perfect such Lien.

(3) Each Debentureholder, by accepting a Debenture, agrees to all the terms and provisions of the Security Documents, including the Additional Security Documents, as the same may be amended from time to time pursuant to the provisions of the Security Documents, the Additional Security Documents and this Indenture.

#### **10.02 Recording, Registration and Opinions.**

(1) The Corporation will take or cause to be taken all action required to perfect, maintain, preserve and protect the Lien on and security interest in the Collateral granted by the Security Documents, including without limitation, the filing of financing statements, continuation statements and any instruments of further assurance, in such manner and in such places as may be required by law fully to preserve and protect the rights of the Holders and the Trustee under this

Indenture, the Security Documents and the Additional Security Documents to all property comprising the Collateral. The Corporation will from time to time promptly pay all financing and continuation statement recording, registration or filing fees or both, charges and taxes relating to this Indenture and the Security Documents, any amendments thereto and any other instruments of further assurance required pursuant to the Security Documents. The Trustee will not be responsible for any failure to so register, file or record.

(2) The Corporation will furnish to the Trustee, at the time of execution and delivery of this Indenture, Opinion(s) of Counsel either (a) substantially to the effect that, in the opinion of such counsel, subject to customary qualifications, this Indenture and the grant of a security interest in the Collateral intended to be made by the Security Documents and all other instruments of further assurance, including, without limitation, financing statements, have been properly recorded and filed to the extent necessary to perfect the security interests in the Collateral created by the Security Documents and reciting the details of such action, and stating that as to the security interests created pursuant to the Security Documents, such recordings, registrations and filings are the only recordings, registrations and filings necessary to give notice thereof and that no re-recordings, re-registrations or refilings are necessary to maintain such notice (other than as stated in such opinion) or (b) to the effect that, in the opinion of such counsel, no such action is necessary to perfect such security interests. The Corporation will furnish to the Trustee, at the time of execution and delivery of any Additional Security Document(s), Opinion(s) of Counsel either substantially to the effect set forth in clause (a) of the immediately preceding sentence (but relating only to such Additional Security Documents and the related After-Acquired Property) or to the effect set forth in clause (b) thereof.

(3) The Corporation will furnish to the Trustee within 60 days after January 1 in each year, beginning with January 1, 2007, an Opinion of Counsel, dated as of such date, either (i)(A) stating that, in the opinion of such counsel, action has been taken with respect to the recording, registration, filing, re-recording, re-registration and refiling of all supplemental indentures, financing statements, continuation statements and other documents as is necessary to maintain the Lien of the Security Documents and reciting with respect to the security interests in the Collateral the details of such action or referring to prior Opinions of Counsel in which such details are given, and (B) stating that, based on relevant laws as in effect on the date of such Opinion of Counsel, all financing statements, continuation statements and other documents have been executed and filed that are necessary as of such date and during the succeeding 24 months fully to maintain the security interest of the Debentureholders and the Trustee hereunder and under the Security Documents with respect to the Collateral, or (ii) stating that, in the opinion of such counsel, no such action is necessary to maintain such Lien.

### **10.03 Release of Collateral.**

(1) The Trustee will not at any time release Collateral from the security interest created by this Indenture and the Security Documents unless such release is in accordance with the provisions of this Indenture and the Security Documents, including any requirements to obtain an Opinion of Counsel.

(2) The release of any Collateral from the terms of the Security Documents will not be deemed to impair the security under this Indenture in contravention of the provisions hereof if and to the extent the Collateral is released pursuant to this Indenture and the Security Documents.

#### **10.04 Possession and Use of Collateral.**

Subject to and in accordance with the provisions of this Indenture and the Security Documents, so long as no Event of Default has occurred and be continuing, the Corporation will have the right to remain in possession and retain exclusive control of the Collateral, to sell or otherwise dispose of inventory in the ordinary course of business, to collect, sell or otherwise dispose of accounts receivable in the ordinary course of business, to operate, manage, develop, lease, use, consume and enjoy the Collateral, to alter or repair any Collateral consisting of machinery or equipment so long as such alterations and repairs do not diminish the value thereof or impair the Lien of the Security Documents thereon and to collect, receive, use, invest and dispose of the reversions, remainders, interest, rents, lease payments, issues, profits, revenues, proceeds and other income thereof.

#### **10.05 Specified Releases of Collateral.**

(1) Satisfaction and Discharge; Defeasance. The Corporation will be entitled to obtain a full release of all of the Collateral from the Liens of this Indenture and of the Security Documents upon compliance with the conditions precedent for a release under Section 8.04 of this Second Supplemental Indenture or upon compliance with the conditions precedent set forth in Article 11 of the Principal Indenture for satisfaction and discharge of the Principal Indenture or for defeasance of the Debentures pursuant to Section 11.02 or 11.03 of the Principal Indenture. Upon delivery by the Corporation to the Trustee of an Officers' Certificate and an Opinion of Counsel, each to the effect that such conditions precedent have been complied with (and which may be the same Officers' Certificate and Opinion of Counsel otherwise required), the Trustee will forthwith take all necessary action (at the request of and the expense of the Corporation) to release and reconvey to the Corporation all of the Collateral, and will deliver such Collateral in its possession to the Corporation including, without limitation, the execution and delivery of releases and satisfactions wherever required.

(2) Dispositions of Non-Core Assets. The Corporation will be entitled to obtain a release of, and the Trustee will release, items of Collateral (the "Released Interests") subject to a Non-Core Asset Sale upon compliance with the conditions precedent that the Corporation will have delivered to the Trustee the following:

- (a) Written Order. A Written Order requesting release of Released Interests, such Written Order (A) specifically describing the proposed Released Interests and (B) certifying that the Released Interests consist only of Non-Core Assets;
- (b) Officers' Certificate. An Officers' Certificate certifying that all conditions precedent to such release have been complied with; and
- (c) Opinion of Counsel. An Opinion of Counsel to the effect that all conditions precedent have been complied with.

Upon compliance by the Corporation with, to the extent applicable, the conditions precedent set forth above, the Trustee will cause to be released and reconveyed to the Corporation the Released Interests, and any proceeds generated on a Non-Core Asset Sale may be used by the Corporation without restriction.

(3) Eminent Domain, Expropriation and Other Governmental Takings. The Corporation will be entitled to obtain a release of, and the Trustee will release, items of Collateral taken by eminent domain or expropriation or sold pursuant to the exercise by Canada, the United States of America or any State, municipality, province or other governmental authority thereof of any right which it may then have to purchase, or to designate a purchaser or to order a sale of, all or any part of the Collateral, upon compliance with the conditions precedent that the Corporation will have delivered to the Trustee the following:

(a) Officer's Certificate. An Officers' Certificate certifying that (A) such Collateral has been taken by eminent domain or expropriation and the amount of the award therefor, or that such property has been sold pursuant to a right vested in Canada, the United States of America, or a State, municipality, province or other governmental authority thereof to purchase, or to designate a purchaser, or order a sale of such Collateral and the amount of the proceeds of such sale, and (B) all conditions precedent to such release have been complied with; and

(b) Opinion of Counsel. An Opinion of Counsel to the effect that all conditions precedent have been complied with.

Upon compliance by the Corporation with the condition precedent set forth above, the Trustee will cause to be released and reconveyed to the Corporation, the aforementioned items of Collateral. Cash equal to the amount of the award for such property or the proceeds of such sale will be held or used in accordance with the Security Documents.

#### **10.06 Disposition of Collateral Without Release.**

So long as no Event of Default has occurred and be continuing or would result, the Corporation may, without any prior release or consent by the Trustee, (a) conduct ordinary course activities in respect of the Collateral which do not individually or in the aggregate adversely affect the value of the Collateral, including: selling or otherwise disposing of Cash Equivalents; selling or otherwise disposing of inventory in the ordinary course of business; collecting, selling or otherwise disposing of accounts receivable in the ordinary course of business; selling or otherwise disposing of any Property subject to the Lien of the Indenture and the Security Documents which has become worn out or obsolete in any single transaction or series of related transactions which have a Fair Market Value of \$1,000,000 or less or through the replacement by Property of substantially equivalent or greater value; abandoning, terminating, cancelling, releasing or making alterations in or substitutions of any leases or contracts subject to the Lien of this Indenture or any of the Security Documents; surrendering or modifying any franchise, license or permit subject to the Lien of this Indenture or any of the Security Documents which it may own or under which it may be operating; altering, repairing, replacing, changing the location or position of and adding to its structures, machinery, systems, equipment, fixtures and appurtenances; demolishing, dismantling, tearing down or scrapping any Fixed Asset Collateral or abandoning any thereof; granting a nonexclusive license of any intellectual property; abandoning intellectual property which has become obsolete and not used in the business; and (b) sell or otherwise dispose of any Collateral provided such sale or disposition is in accordance with the terms of the Security Documents.

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**10.07 Form and Sufficiency of Release.**

In the event that the Corporation has sold, exchanged, or otherwise disposed of or proposes to sell, exchange or otherwise dispose of any portion of the Collateral that under the provisions of Section 10.04, 10.05 or 10.06 may be sold, exchanged or otherwise disposed of by the Corporation, and the Corporation requests the Trustee to furnish a written disclaimer, release or quitclaim of any interest in such property under this Indenture and the Security Documents, upon being satisfied that the Corporation is selling, exchanging or otherwise disposing of the Collateral in compliance with Section 10.04, 10.05 or 10.06, the Trustee will execute, acknowledge and deliver to the Corporation (in proper and recordable or registrable form) such an instrument promptly after satisfaction of the conditions set forth herein for delivery of any such release. Notwithstanding the preceding sentence, all purchasers and grantees of any property or rights purporting to be released herefrom will be entitled to rely upon any release executed by the Trustee hereunder as sufficient for the purpose of this Indenture and as constituting a good and valid release of the property therein described from the Lien of this Indenture or of the Security Documents.

**10.08 Purchaser Protected.**

No purchaser or grantee of any property or rights purporting to be released herefrom will be bound to ascertain the authority of the Trustee to execute the release or to inquire as to the existence of any conditions herein prescribed for the exercise of such authority.

**10.09 Authorization of Actions to be Taken by the Trustee Under the Security Documents.**

Subject to the provisions of the Security Documents, (a) the Trustee may but is not obligated to, in its sole discretion and without the consent of the Debentureholders, take all actions as it deems necessary or appropriate in order to (i) enforce any of the terms of the Security Documents and (ii) collect and receive any and all amounts payable in respect of the obligations of the Corporation hereunder and (b) the Trustee will have power to institute and to maintain such suits and Proceedings as it may deem expedient to prevent any impairment of the Collateral by any act that may be unlawful or in violation of the Security Documents or this Indenture, and such suits and proceedings as the Trustee may deem expedient to preserve or protect its interests and the interests of the Debentureholders in the Collateral (including the power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the security interest thereunder or be prejudicial to the interests of the Debentureholders or of the Trustee). No duty beyond that of a reasonably prudent corporate trustee will rest upon the Trustee in taking any such action or instituting and maintaining any such suits or proceedings pursuant to this Section 10.09.

**10.10 Authorization of Receipt of Funds by the Trustee Under the Security Documents.**

The Trustee is authorized to receive any funds for the benefit of Debentureholders distributed under the Security Documents, and to make further distributions of such funds to the Holders in accordance with the provisions of the Indenture.

**10.11 True Copy.**

The Corporation will, within three Business Days of receipt of a written request by the Trustee, furnish the Trustee with a true copy of the Indenture.

**10.12 Environmental Matters.**

(1) The Corporation will (i) operate the Collateral at all times in compliance in all material respects with all applicable Environmental Laws and (ii) take appropriate steps such that any contamination caused by a release, discharge or emission of any Contaminant which is prohibited or, to the extent it is controlled or regulated by Environmental Laws, is beyond permissible limits, is remediated in all material respects as required by applicable Environmental Laws;

(2) The Corporation will notify the Trustee promptly upon receipt of notice or knowledge of (i) any proceeding involving a breach or alleged breach of any Environmental Laws by the Corporation involving any Collateral, (ii) any administrative or judicial complaint or order filed against the Corporation involving a violation of any Environmental Law with respect to the Collateral, (iii) any release, discharge or emission of Contaminants involving the Collateral that is in material non-compliance with any applicable Environmental Law for which the Corporation is responsible unless such release, discharge or emission (x) is not the subject of any matter referred to in (i) or (ii) above, (y) has been remediated within ten Business Days of occurrence or (z) would not result in cleanup costs under applicable Environmental Laws in excess of Cdn. \$500,000;

(3) The Corporation will provide the Trustee with a copy of any environmental audits or site assessments (“**Environmental Audits**”) it conducts or has conducted by a third party with respect to the Collateral. In addition, upon the occurrence of any circumstance requiring notice to the Trustee in (b) above or any change in any Environmental Law that materially and adversely affects the business and operations of the Corporation, the Trustee may, acting reasonably, request the Corporation to prepare, or cause to be prepared by qualified engineers or environmental consultants, and delivered to the Trustee, Environmental Audits covering any portion of the Collateral affected by such occurrence or change in any Environmental Law. If the Corporation fails to begin to prepare any such Environmental Audit within ten days of the Trustee’s request the Trustee may, at the Corporation’s expense, cause such report to be prepared by a qualified engineer or environmental consultant. The Corporation will grant full access to any such engineers or environmental consultants;

(4) Upon the occurrence of any Event of Default, the Trustee may, but will not be obligated to, enter onto the Collateral and take such actions as may be required to ensure that the Collateral is operated or remediated in accordance with this Section 10.12 in the event that the Corporation is failing to do so, including the preparation of any Environmental Audit. Until foreclosure of the Collateral, the Trustee will have no responsibility to supervise or have control over the conduct of the Corporation’s environmental practices. No inaction or action by the Trustee will be construed as exercising ownership, possession, care, control or management over the Collateral; and

(5) The Trustee will be reimbursed for its costs and expenses (including, without limitation, reasonable fees and expenses of attorneys, engineers and environmental consultants)

under this Section 10.12 which claim will, in accordance with Section 7.07 of the Principal Indenture, be senior and prior to the Debenture.

### **10.13 Certain TIA Requirements**

(1) To the extent applicable, and in addition to any other requirements of this Indenture, the Corporation will cause Section 314(d)(1) of the TIA relating to the release of property or securities from the Lien hereof and of the Security Documents to be complied with.

(2) The Corporation will not be required to comply with subsection (1) of this Section 10.13 in respect of transactions undertaken pursuant to clause (a) of Section 10.06, provided that the Corporation will deliver to the Trustee on or before August 29, 2006 and within 60 days following each December 31 and June 30 thereafter a certificate (signed by two Officers) to the effect that all of the transactions undertaken by the Corporation pursuant to clause (a) of Section 10.06 during the preceding semi-annual period were in the ordinary course of the Corporation's business and that the proceeds therefrom were used by the Corporation as permitted by this Indenture and the Security Documents.

(3) The fair value of Collateral released from the Liens of this Indenture and the Security Documents pursuant to clause (a) of Section 10.06 hereof will not be considered in determining whether the aggregate fair value of Collateral released from the Liens of this Indenture and the Security Documents in any calendar year exceeds the 10% threshold specified in Section 314(d)(1) of the TIA; provided that the Corporation's right to rely on this sentence at any time is conditioned upon the Corporation having furnished to the Trustee the certificates described in subsection (2) of this Section that were required to be furnished to the Trustee at or prior to such time. It is expressly understood that subsection (2) of this Section and this subsection (3) relate only to the Corporation's obligations under the TIA and will not restrict or otherwise affect the Corporation's and its Subsidiaries' rights or abilities to release Collateral pursuant to the terms of this Indenture and the Security Documents or as otherwise permitted by the Trustee under this Indenture and the Security Documents.

(4) Notwithstanding anything to the contrary in this Section 10.13, the Corporation will not be required to comply with all or any portion of Section 314(d) of the TIA if the Corporation determines, in good faith based on advice of counsel, that, under the terms of (a) Section 314(d) of the TIA or (b) any interpretation or guidance, or both, as to the meaning thereof of the U.S. Securities and Exchange or its staff, including publicly available "no action" letters or exemption orders, all or any portion of Section 314(d) of the TIA is inapplicable to all or any part of the Collateral or the release, deposit or substitution thereof.

## **ARTICLE 11 – MISCELLANEOUS PROVISIONS**

### **11.01 Confirmation of Principal Indenture**

The Principal Indenture, as amended and supplemented by this Second Supplemental Indenture, is in all respects confirmed.

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### **11.02 Acceptance of Trusts**

The Trustee hereby accepts the trusts in this Second Supplemental Indenture declared and provided for and agrees to perform the same upon the terms and conditions and subject to the provisions set forth in the Indenture.

### **11.03 Protection of Trustee**

The Trustee will not be obligated under any circumstances whatsoever in the fulfilment of any the circumstances and obligations hereunder, to expend or risk its funds, nor does the Trustee make any representation as to the validity or sufficiency of the First Supplemental Indenture, including but not limited to the recitals hereof..

### **11.04 Counterparts and Formal Date**

This Second Supplemental Indenture may be executed in any number of counterparts, each of which so executed will be deemed to be an original, but all of which will together constitute one and the same instrument and notwithstanding their date of execution will be deemed to bear a date as of , 2006.

### **11.05 Joint Trustees**

Notwithstanding anything to the contrary contained in this Indenture, it is hereby agreed and understood as between the U.S. Trustee and the Canadian Trustee that: (i) the U.S. Trustee is appointed hereunder solely for the purpose of satisfying Section 310(a) of the TIA, and such other sections of the TIA that expressly require a U.S. Trustee to act; (ii) the U.S. Trustee will not be subject to Canadian law; and (iii) the U.S. Trustee will have no obligation whatsoever in any capacity whatsoever (including, but not limited to the capacity of Paying Agent, Registrar, or Transfer Agent) under this Second Supplemental Indenture or to administer this Second Supplemental Indenture or the Debt Securities issued hereunder or under any Supplemental Indentures, except as set forth in clause (i), and the Canadian Trustee will be responsible for (a) the matters set forth in this clause (iii) and (b) to enforce this Second Supplemental Indenture and exercise all rights and remedies on behalf of Holders hereunder; provided, however, that upon an Event of Default, the U.S. Trustee will exercise rights and remedies solely under U.S. law on behalf of U.S. Holders.

**IN WITNESS WHEREOF**, the parties hereto have caused this Second Supplemental Indenture to be duly executed and attested by their duly authorized officers, as of the day and year first above written.

**STELCO INC.**

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

Name:

Title:

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

Name:

Title:

**CIBC MELLON TRUST COMPANY, as  
Canadian Trustee**

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

Name:

Title:

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

Name:

Title:

**THE BANK OF NEW YORK, as U.S. Trustee**

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

Name:

Title:

SCHEDULE A  
FORM OF DEBENTURE  
[INSERT LOGO]  
STELCO INC.

No.

A corporation incorporated under the *Canada Business Corporations Act*

CUSIP

**9.5% CONVERTIBLE SECURED DEBENTURES DUE 2016**

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE CANADIAN DEPOSITORY FOR SECURITIES LIMITED (“CDS”) TO THE CORPORATION OR THE TRUSTEE FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT AND ANY CERTIFICATE ISSUED IN RESPECT THEREOF IS REGISTERED IN THE NAME OF CDS & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS (AND ANY PAYMENT IS MADE TO CDS & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF CDS), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, SINCE THE REGISTERED HOLDER HEREOF, CDS & CO., HAS AN INTEREST HEREIN. THIS CERTIFICATE IS SUBJECT TO A MASTER LETTER OF REPRESENTATION OF THE CORPORATION TO CDS, AS SUCH LETTER MAY BE REPLACED OR AMENDED FROM TIME TO TIME.

STELCO INC. (the “**Corporation**”), for value received, hereby acknowledges itself indebted and promises to pay to the order of CDS & Co. as nominee for CDS on , 2016 (the “**Maturity Date**”), or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Indenture hereinafter mentioned, the principal sum of

DOLLARS (\$ )

in lawful money of Canada, on presentation and surrender of this Debenture at the principal office of CIBC Mellon Trust Company in the City of Toronto, and to pay interest on the principal amount hereof at the rate of 9.5% per annum from , 2006 or from the most recent Interest Payment Date to which interest has been paid or made available for payment on the Debentures then outstanding, whichever is later, in like money in equal quarterly instalments in arrears on , , and in each year (each such date an “**Interest Payment Date**”), commencing , 2006, with overdue interest, if any, at the same rate after as well as before maturity and after as well as before default in payment of principal or interest.

As interest on this Debenture becomes due, the Corporation (except in the case of payment of interest at maturity or on redemption or repurchase, at which time payment of

interest, if any, will be made upon surrender of this Debenture and in the event of conversion, payment of interest, if any, will be made immediately prior to completion of such conversion less in all cases any Taxes required by Applicable Law to be deducted or withheld) will forward or cause to be forwarded by courier or ordinary post to the registered address of the registered Holder of the Debenture for the time being, or in the case of joint Holders to the registered address of one of such joint Holders, or in accordance with the procedures established by CDS if this is a Book-Entry Only Debenture, a cheque or electronic funds transfer for such interest, less any Taxes required by law to be deducted or withheld, payable to the order of such Holder or Holders and negotiable at par. The forwarding of such cheque or electronic funds transfer will satisfy and discharge the liability for interest on this Debenture to the extent of the sum represented thereby (plus the amount of any Taxes deducted or withheld as aforesaid), unless such cheque, if any, is not paid on presentation. The Corporation may, at its option, subject to receipt of all necessary regulatory approvals, pay interest in additional Common Shares in lieu of cash payments of interest and provided that no Event of Default has occurred and is continuing (the “**Common Share Interest Payment Election**”). The amount received by a Holder in respect of the Interest Obligation will not be affected by whether or not the Corporation elects to satisfy the Interest Obligation pursuant to a Common Share Interest Payment Election.

This Debenture is one of the 9.5% Convertible Secured Debentures due 2016 (the “**Debentures**”) in the aggregate principal amount of up to \$225 million dollars (\$225,000,000) in lawful Canadian money plus up to \$10.75 million dollars (\$10,750,000) in lawful Canadian money plus the aggregate principal amount of Debentures in lawful Canadian money issued pursuant to the New Rights Offering (as defined in the Plan) issued under a Trust Indenture (the “**Principal Indenture**”) dated as of , 2006, as supplemented by a Second Supplemental Indenture dated as of , 2006, providing for the creation of the Debentures (the “**Supplemental Indenture**” and, together with the Principal Indenture, the “**Indenture**”), the Indenture being made between the Corporation and CIBC Mellon Trust Company, as Canadian trustee (the “**Canadian Trustee**”) and The Bank of New York, as U.S. Trustee (together with the Canadian Trustee, the “**Trustee**”). Reference is hereby made to the Indenture for a description of the rights of the Holders of the Debentures, the Corporation and the Trustee and of the terms and conditions upon which the Debentures are issued and held, all to the same effect as if the provisions of the Indenture were herein set forth, to all of which provisions the Holder of this Debenture, by acceptance hereof, agrees. **To the extent that the terms and conditions stated in this Debenture conflict with the terms and conditions of the Indenture, the latter prevails.** All capitalized terms used herein have the meaning ascribed thereto in the Indenture unless otherwise indicated.

The Debentures are issuable as fully registered Debentures in denominations of \$1,000 and integral multiples of \$1,000. The Debentures of any authorized denomination may be exchanged, as provided in the Indenture, for Debentures in equal aggregate principal amount.

This Debenture and all other Debentures certified and issued under the Indenture rank pari passu with one another and all Senior Debt, in accordance to their tenor without discrimination, preference or priority. The Indenture does not contain any financial covenants or restrictions on the Corporation’s ability to pay dividends, incur additional Senior Debt or issue or repurchase securities.

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The Corporation may, at its option but subject to regulatory approval, upon not less than 40 days and not more than 60 days prior notice, elect to satisfy its obligation to repay the principal amount of the outstanding Debentures at maturity or upon redemption or upon repurchase in the event of a Change of Control by delivery of, for each \$1,000 principal amount of the Debentures, that number of Common Shares equal to the number obtained by dividing such principal amount of the Debentures by 95% of the Current Market Price of the Common Shares on the Maturity Date or the Redemption Date, provided that no Event of Default has occurred and is continuing. No fractional Common Shares will be delivered to the holders of Debentures upon such share repayment, but in lieu thereof, the Corporation will make an equivalent payment.

Each \$1,000 principal amount of Debentures is convertible at any time and from time to time prior to the close of business on the Business Day immediately preceding maturity, or, if called for redemption or repurchase, the Business Day immediately preceding the date specified for redemption or repurchase of the Debentures, at the option of the Holder, into that number of Common Shares obtained by dividing \$1,000 by the conversion price of \$13.50 per share, subject to adjustment upon the occurrence of certain events specified in the Indenture. The Holder of a Debenture surrendered for conversion will be entitled to receive accrued and unpaid interest in respect thereof for the period up to but not including the date of conversion from the date of the latest Interest Payment Date. No fractional Common Shares will be delivered to the holders of Debentures upon conversion, but in lieu thereof, the Corporation will make an equivalent payment.

Upon the giving of notice by the Trustee of the occurrence of an Event of Default in accordance with the Indenture, the Debentures will become immediately due and payable.

At any time on and after , 2011 and prior to , 2013, upon at least 30 days' prior notice, the Corporation has the right to redeem the Debentures in whole at any time or in part from time to time, for cash, at a price equal to the principal amount of the Debentures to be redeemed plus accrued and unpaid interest, if any, to but not including the date of redemption (the "**Redemption Amount**") provided that the VWAP of the Common Shares on a Recognized Stock Exchange for at least 20 Trading Days in any consecutive 30 day period ending five Trading Days prior to the date on which the notice of redemption is given exceeds 125% of the Conversion Price. On and after , 2013, the Debentures will be redeemable by the Corporation, in whole or from time to time in part, at a price equal to the principal amount of the Debentures to be redeemed plus accrued and unpaid interest, if any, to but not including the date of redemption.

The Corporation must commence, within 45 days of the occurrence of a Change of Control, and consummate an Offer to Purchase for all Debentures then outstanding, at a purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest (if any) to but not including the Payment Date. Prior to the mailing of the notice to Holders commencing such Offer to Purchase, but in any event within 45 days following any Change of Control, the Corporation will (i) repay in full all indebtedness of the Corporation that would prohibit the repurchase of the Debentures pursuant to such Offer to Purchase, or (ii) obtain any requisite consents under instruments governing any such indebtedness of the Corporation to permit the repurchase of the Debentures. The Corporation will first comply with the provisions of the

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immediately preceding sentence before it will be required to repurchase Debentures upon the occurrence of a Change of Control.

The Corporation may purchase Debentures in the open market or by tender or private contract at any price, that is agreed upon between the Corporation and the applicable Holders. Debentures purchased or redeemed by the Corporation will be cancelled and will not be reissued.

In all cases, if Taxes are required to be deducted or withheld from a payment in cash payable to a Holder or from Common Shares to be delivered to a Holder (including, without limitation, Common Shares issued as a result of the conversion of a Debenture at the option of the Holder, as a result of the redemption of a Debenture before maturity at the option of the Corporation or as a result of a repurchase of a Debenture following a Change of Control), such Holder will receive such payment less all such applicable Taxes.

Any payments made by or on behalf of the Corporation under or with respect to the Debentures will be made free and clear of and without withholding or deduction for or on account of any Taxes, unless the Corporation or any other payor is required to withhold or deduct Taxes by Applicable Law or by the interpretation or administration thereof by the relevant Governmental Authority. If the Corporation is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Debentures, the Corporation will make such withholding or deduction and will remit the full amount withheld or deducted to the relevant Governmental Authority as and when required by Applicable Law.

Subject to receiving applicable regulatory approvals, the Corporation will have the right to elect, from time to time, to issue and deliver Common Shares to the Trustee to raise funds in order to satisfy its Interest Obligation. Unless an Event of Default has occurred and is continuing, upon such election by the Corporation, the Trustee will have the power, on behalf of the Corporation, to (i) accept delivery of Common Shares from the Corporation, (ii) accept bids with respect to, and consummate sales of, such Common Shares, each as the Corporation directs in its absolute discretion, (iii) invest the proceeds of such sales on behalf of and for the account of the Corporation in short-term Canadian Government Obligations that mature prior to an applicable Interest Payment Date or use such proceeds to satisfy the Interest Obligation in whole or in part in respect of which the Common Share Interest Payment Election was made or both and (iv) perform any other action necessarily incidental thereto. The amount received by a Holder in respect of the Interest Obligation will not be affected by whether or not the Corporation elects to satisfy the Interest Obligation pursuant to a Common Share Interest Payment Election.

The Indenture contains provisions for the holding of meetings of Debentureholders and rendering certain resolutions passed at such meetings by, or by instruments in writing signed by, the holders of the majority in aggregate principal amount of the Debentures outstanding binding upon all Debentureholders, subject to the provisions of the Indenture.

This Debenture may only be transferred upon compliance with the conditions precedent in the Indenture on the register kept at the above-mentioned principal office of the Trustee and at such other place or places, if any, or by such other registrar or registrars, if any, as the

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Corporation with the approval of the Trustee may designate, or both and may be exchanged at any such place, by the Holder hereof or its executors or administrators or other legal representatives or its or their attorney duly appointed by an instrument in writing in form and execution satisfactory to the Trustee, and upon compliance with such reasonable requirements as the Trustee or registrar or both may prescribe, and such transfer will be duly noted thereon by the Trustee or other registrar. No transfer of any Debentures will be registered during the 15 Business Days preceding the day of the mailing of a notice of redemption of the Debentures or an offer to repurchase the Debentures upon a Change of Control and ending at the close of business on the day of such mailing or during the periods commencing on any Regular Interest Record Date or Special Interest Record Date and ending on the next following Interest Payment Date.

This Debenture will not become obligatory for any purpose until it has been certified by the Trustee for the time being under the Indenture.

The Holder of this Debenture, by receiving and holding same, hereby accepts and agrees to be bound by the terms, and to be entitled to the benefits of this Debenture and of the Indenture and confirms the appointment of the Trustee, the whole in accordance with and subject to the respective provisions thereof.

IN WITNESS WHEREOF STELCO INC. has caused this Debenture to be signed by its President and Chief Executive Officer and by its Executive Vice President and Chief Financial Officer.

DATED as of the    day of    , 2006.

**STELCO INC.**

By: \_\_\_\_\_

By: \_\_\_\_\_

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**TRUSTEE' S CERTIFICATE**

This Debenture is one of the 9.5% Convertible Secured Debentures due 2016 referred to in the within-mentioned Indenture.

**CIBC MELLON TRUST COMPANY,**  
as Canadian Trustee

By: \_\_\_\_\_  
Authorized Signing Officer

Date of  
Certification: \_\_\_\_\_

**THE BANK OF NEW YORK,**  
as U.S. Trustee

By: \_\_\_\_\_  
Authorized Signing Officer

Date of Authentication: \_\_\_\_\_

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**FORM OF ASSIGNMENT**

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto \_\_\_\_\_, whose address and social insurance number, if applicable, are set forth below, this Debenture (or \$ \_\_\_\_\_ principal amount hereof\*) of STELCO INC. standing in the name(s) of the undersigned in the register maintained by the Trustee with respect to such Debenture and does hereby irrevocably authorize and direct the Trustee to transfer such Debenture in such register, with full power of substitution in the premises.

Dated:

Address of Transferee: \_\_\_\_\_  
(Street Address, City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: \_\_\_\_\_

\*If less than the full principal amount of the within Debenture is to be transferred, indicate in the space provided above the principal amount (which must be \$1,000 or an integral multiple thereof) to be transferred.

2. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Debenture in every particular without alteration or any change whatsoever. The signature(s) must be guaranteed by an authorized officer of a Canadian chartered bank or of a major Canadian trust company or by a medallion signature guarantee from a member of a recognized medallion signature guarantee program. Notarized or witnessed signatures are not acceptable as guaranteed signatures.

The registered Holder of this Debenture is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Debenture.

Signature of Guarantor:

\_\_\_\_\_  
Authorized Officer

\_\_\_\_\_  
Signature of transferring registered Holder

\_\_\_\_\_  
Name of Institution

**SCHEDULE B**  
**FORM OF REDEMPTION NOTICE**  
**STELCO INC.**

**9.5% CONVERTIBLE SECURED DEBENTURES DUE 2016**

**REDEMPTION NOTICE**

To: Holders of 9.5% Convertible Secured Debentures due 2016 (the “**Debentures**”) of Stelco Inc. (the “**Corporation**”)

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 3.03 of the Second Supplemental Indenture dated as of , 2006 to a Trust Indenture dated as of , 2006 (collectively, the “**Indenture**”) both made between the Corporation, CIBC Mellon Trust Company, as Canadian trustee (the “**Canadian Trustee**”) and The Bank of New York, as U.S. trustee (together with the Canadian Trustee, the “**Trustee**”), that \$ principal amount of Debentures outstanding will be redeemed as of (the “**Redemption Date**”), upon payment of a redemption amount of \$ for each \$1,000 principal amount of Debentures, being equal to the aggregate of (i) \$1,000, and (ii) all accrued and unpaid interest thereon to but excluding the Redemption Date (collectively, the “**Redemption Amount**”).

The Redemption Amount will be payable upon presentation and surrender of the Debentures called for redemption at the following office of the Trustee:

199 Bay Street  
Commerce Court West  
Securities Level  
Toronto, Ontario  
M5L 1G9

The interest upon the principal amount of Debentures called for redemption will cease to be payable from and after the Redemption Date, unless payment of the Redemption Amount will not be made on presentation for surrender of such Debentures at the above-mentioned corporate trust office on or after the Redemption Date or prior to the setting aside of the Redemption Amount pursuant to the Indenture.

DATED:

STELCO INC.

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(Authorized Officer)

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**SCHEDULE C-1**  
**FORM OF MATURITY NOTICE**  
**STELCO INC.**

**9.5% CONVERTIBLE SECURED DEBENTURES DUE 2016**

**MATURITY NOTICE**

To: Holders of 9.5% Convertible Secured Debentures due 2016 (the “**Debentures**”) of Stelco Inc. (the “**Corporation**”)

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.02 of the Second Supplemental Indenture dated as of , to the Trust Indenture dated as of , (collectively, the “**Indenture**”) both made between the Corporation, CIBC Mellon Trust Company, as Canadian trustee (the “**Canadian Trustee**”) and The Bank of New York, as U.S. trustee (together with the Canadian Trustee, the “**Trustee**”), that the Debentures will become due and payable as of , 2016 (the “**Maturity Date**”) and that each \$1,000 principal amount of Debentures remains convertible, at the option of the holder thereof, into Common Shares at the Conversion Price then in effect.

Pursuant to Section 4.02 of the Second Supplemental Indenture, the Corporation hereby advises the Holders of Debentures that it will deliver to Holders of Debentures who have not elected to convert their Debentures into Common Shares prior to the Maturity Date that number of Common Shares equal to the number obtained by dividing the principal amount of such Debentures by 95% of the Current Market Price of the Common Shares on the Maturity Date. The Current Market Price as at the Maturity Date will be the VWAP of the Common Shares on a Recognized Stock Exchange for the 20 Trading Days ending five Trading Days prior to such date. Upon presentation and surrender of the Debentures, the Corporation will pay or cause to be paid in cash to the Holder all accrued and unpaid interest to the Maturity Date, together with the equivalent representing fractional Common Shares, and will, on the Maturity Date, send to the Trustee certificates representing the Common Shares to which the Holder is entitled.

DATED:

STELCO INC.

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(Authorized Officer)

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**SCHEDULE C-2**  
**FORM OF CONVERSION NOTICE**  
**CONVERSION NOTICE**

TO: STELCO INC.

AND TO: CIBC MELLON TRUST COMPANY

Note: All capitalized terms used herein have the meaning ascribed thereto in the Indenture mentioned below, unless otherwise indicated.

Notice is hereby given pursuant to Section 4.01 of the Second Supplemental Indenture dated as of \_\_\_\_\_, to the Trust Indenture dated as of \_\_\_\_\_, (collectively, the "**Indenture**") both made between Stelco Inc. (the "**Corporation**"), CIBC Mellon Trust Company, as Canadian trustee (the "**Canadian Trustee**") and The Bank of New York, as U.S. trustee (together with the Canadian Trustee, the "**Trustee**") that the undersigned registered holder of 9.5% Convertible Secured Debentures due 2016 bearing Certificate No. \_\_\_\_\_ irrevocably elects to convert such Debentures\* to Common Shares on the date of conversion specified below, it being understood that the accrued and unpaid interest, if any, will be paid in cash, in accordance with the terms of the Indenture referred to in such Debenture and tenders herewith the Debenture, and directs that the Common Shares of the Corporation issuable and deliverable upon such conversion be issued and delivered to the Person indicated below. (If Common Shares are to be issued in the name of a Person other than the Holder, all requisite transfer taxes must be tendered by the undersigned.)

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Registered Holder)

Date of conversion: \_\_\_\_\_ (which date will not be earlier than the date of delivery of this Conversion Notice to the Corporation and will not be later than the close of business on the Business Day immediately preceding the Maturity Date or the Redemption Date, as the case may be)

\* If less than the full principal amount of the Debenture, indicate in the space provided below the principal amount (which must be \$1,000 or integral multiples thereof) to be converted.

Principal amount to be converted \$ \_\_\_\_\_ (must be \$1,000 or integral multiples thereof)

(Print name in which Common Shares are to be issued, delivered and registered)

Name \_\_\_\_\_

\_\_\_\_\_  
(Address)

\_\_\_\_\_  
(City, Province and Postal Code)

Name of guarantor: \_\_\_\_\_

Authorized signature: \_\_\_\_\_

Note: If Common Shares are to be issued in the name of a Person other than the Holder, the signature must be guaranteed by an authorized officer of a Canadian chartered bank or of a major Canadian trust company or by a medallion signature guarantee from a member of a recognized medallion signature guarantee program.

