



The Steel Company of Canada

STELCO HOLDINGS INC. CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

FUNCTION AND PURPOSE

The function and purpose of the Compensation Committee (the “**Committee**”) shall be to assist the Board of Directors (the “**Board**”) of Stelco Holdings Inc. (the “**Company**”) in fulfilling its responsibilities with respect to: (i) recruitment, development and retention of senior executives of the Company, including reviewing and approving corporate goals and objectives relevant to the Chief Executive Officer of the Company (“**CEO**”) compensation and evaluating the CEO’s performance in light of those goals; (ii) talent management and succession planning systems and processes relating to senior executives of the Company; (iii) compensation structure for senior executives of the Company, including salaries, annual and long-term incentive plans including plans involving equity issuances and other equity based awards; (iv) reviewing and making recommendations to the Board concerning the level and nature of the compensation payable to directors; (v) the establishment of policies and procedures designed to identify and mitigate risks associated with the Company’s compensation policies and practices; (vi) administering the Company’s incentive plans; and (vii) reviewing executive compensation disclosure before the Company publicly discloses this information.

COMPOSITION AND ORGANIZATION

Membership and Qualifications

Composition: The Committee shall at all times consist of at least three directors, including a Chair, all appointed by the Board, with the Chair and the other member to serve until his or her successor is duly appointed, or until his or her earlier death, resignation or removal by the Board. No member of the Committee will be one of the Company’s officers. Given its substantial equity investment in the Company, the Board believes that it is appropriate for Lindsay Goldberg LLC to have a representative on the committee and believes that its interests as a shareholder are aligned with those of all other shareholders.

Independence: A majority of the members of the Committee shall be independent, as determined in accordance with the rules of applicable stock exchanges and securities regulatory authorities. Members must have suitable experience and must be familiar with compensation practices of public entities.

Meetings

Frequency: The Committee shall meet as frequently as the Chair of the Committee deems appropriate.

Agendas and Notice: The Chair of the Committee shall establish the meeting dates and the meeting agenda. The Chair of the Committee or the Company Secretary shall send proper notice of each

Committee meeting and information concerning the business to be conducted at the meeting, to the extent practical, to each member prior to each meeting. The Chair or a majority of the members of the Committee may call a special meeting of the Committee at any time.

Holding and Recording Meetings: Committee meetings may be held in person or telephonically, or action may be taken by written consent in accordance with the relevant corporate law. The Committee may act by a majority vote at a meeting of the Committee or by a writing or writings signed by all of its members without a meeting. The Committee shall keep written minutes of its meetings and submit such minutes to the Board. The Committee may request that members of management be present at Committee meetings as needed in order to execute the Committee's primary responsibilities. The Committee shall report to the Board with respect to its meetings, and all actions taken or authorized by the Committee shall be reported to the Board at its next meeting following such action(s) by the Committee.

Quorum: A majority of the members of the Committee shall constitute a quorum for meetings of the Committee.

Compensation of the Committee: The compensation of Committee members shall be determined by the Board.

Chairperson: If the Chair of the Committee is not present at any meeting of the Committee, an acting Chair for the meeting shall be chosen by majority vote of the Committee from among the members present. In the case of a deadlock on any matter or vote, the Committee shall refer the matter to the Board.

AUTHORITY AND RESPONSIBILITIES

a) Compensation of the Directors, the CEO and Senior Executives

Director Compensation: The Committee shall periodically evaluate and make recommendations to the Board with respect to appropriate forms and amounts of compensation for directors of the Company. In doing so, the Committee will consider: (i) the time commitment associated with being a director of the Company, including, as applicable, committee (and committee Chair) work and Board Chair work; (ii) the responsibilities and risks associated with being such a director; (iii) compensation paid to directors of reporting issuers and their subsidiaries similar to the Company; and (iv) any other factors the Committee deems relevant.

Chief Executive Officer Performance and Compensation: The Committee shall annually review and report to the Board the corporate goals and objectives set for the CEO, and its evaluation of the CEO's performance thereon. The Committee shall annually review and recommend to the Board appropriate compensation of the CEO in light of his or her performance on pre-established goals and objectives, including, but not limited to: (i) salary; (ii) bonus and incentive compensation levels; (iii) deferred compensation; (iv) executive perquisites; (v) equity based compensation; (vi) severance arrangements; and (vii) change-in-control benefits. The CEO shall not be present during the Committee's deliberations on the compensation of the CEO. The Committee will present its recommendations to the Board for its review and approval.

Annual Talent Review and Succession Planning: At least once during each fiscal year, management will present for review and approval to the Committee an assessment of the Company's performance management process and results, as well as an assessment of top talent at the Company and a succession plan for the CEO, her/his direct reports and all other key executive positions at the Company.

Employment or Removal of Executive Officers: The hiring or termination of employment of any executive officer of the Company is subject to review and approval by the Committee.

b) Equity and Incentive Based Plans

Compensation Plans: The Committee shall be responsible for the oversight, approval and adoption, amendment, administration or termination of all compensation, welfare, benefit, pension and other plans related to compensation of current and former employees of the Company or its subsidiaries. The Committee shall oversee the rights, authority and functions under such plans, including interpreting the terms thereof. This will include, but not be limited to: annual compensation planning and performance management systems, processes and guidelines; equity or equivalent plans, individual grants and any final awards under any such plans; long-term incentive plans, individual grants and any final awards under any such plans; annual merit increase guidelines; perquisites; retirement plans; severance and change of control agreements and plans; annual bonus guidelines, amounts, criteria and payouts for executive officers and bonus-eligible units; annual financial targets to be used for incentive plans; and evaluation and approval of payouts to be made on any incentive plan. Notwithstanding the foregoing, authority to approve, adopt, amend, administer and terminate sales incentive plans is delegated to management; provided that management will report regularly to the Committee (which shall continue to be responsible for the oversight of such plans) on the terms, conditions and payouts under any such plans. The Committee may delegate authority over other plans to management as the Committee deems appropriate from time to time. The Committee shall regularly report to the Board on actions taken by the Committee relating to such compensation plans.

Equity Compensation: Any transaction involving the shares of the Company which relates to compensation for directors, employees or agents, including but not limited to issuances of shares, options, stock appreciation rights, restricted shares, restricted share units, deferred share units, repurchases or termination of any such shares or rights in connection with the termination of employment, or any creation or amendment of any plan or agreement in respect thereof, shall be reviewed and approved by the Committee.

All other transactions involving the shares of the Company, including any issuance, redemption, acquisition, purchase, sale or disposition, reclassification, or repurchase by the Company of any securities including, without limitation, any non-compensatory issuance of shares or options, any payment or declaration of any dividend or distribution in respect thereof, or any creation or amendment of any plan or agreement in respect thereof, must be approved by the Board.

c) Other Authority and Responsibilities

Access to Records and Personnel: The Committee shall have full access to any relevant records of the Company that it deems necessary to carry out its responsibilities. The Committee may request that any officer or other employee of the Company or any advisor to the Company meet with members of the Committee or its advisors, as it deems necessary to carry out its responsibilities.

Independent Advisors: The Committee shall have the authority to engage, terminate and determine funding for such independent legal counsel, accounting advisors, compensation consultants and other advisors as it deems necessary to carry out its responsibilities and to cause the Company or any of its subsidiaries to pay the compensation of such advisors.

Reports to Board of Directors: The Committee shall report regularly to the Board of the Company regarding the meetings of the Committee with such recommendations to the Board as the Committee deems appropriate.

Periodic Review of this Charter: The Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

Delegation: Subject to applicable law, the Committee may delegate any or all of its functions to any of its members or any sub-set thereof, or other persons, from time to time as it sees fit.

Other Responsibilities: The Committee shall take such other action with respect to compensation matters as may be delegated from time to time by the Board. The Committee shall discharge its responsibilities, and shall assess the information provided to the Committee, in accordance with its business judgment. The Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate.