U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

(Check One)

☐ **Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934**

or

☑ **Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2009 Commission file number: 333-101591

GERDAU AMERISTEEL CORPORATION

(Exact name of registrant as specified in its charter)

Canada	**3312**	**98-0429538**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number (if applicable))	(I.R.S. Employer Identification Number)

4221 West Boy Scout Boulevard, Suite 600
Tampa, Florida 33607
(813) 207-2300
(Address and Telephone Number of Registrant's Principal Executive Offices)

Robert E. Lewis
Vice President, General Counsel and Corporate Secretary
Gerdau Ameristeel Corporation
4221 West Boy Scout Boulevard, Suite 600
Tampa, Florida 33607
(813) 207-2322
(Name, Address (Including Zip Code) and Telephone Number
(Including Area Code) of Agent For Service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title Of Each Class	Name Of Exchange On Which Registered
Common Stock	**New York Stock Exchange**

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

For annual reports, indicate by check mark the information filed with this Form:

☑ Annual Information Form ☑ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 433,314,809

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes ☑ No ☐

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FORM 40-F

PRINCIPAL DOCUMENTS

The following documents have been filed as part of this Annual Report on Form 40-F, beginning on the following page:

(a) Annual Information Form dated March 29, 2010;

(b) Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2009; and

(c) Consolidated Financial Statements for the fiscal year ended December 31, 2009.

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GERDAU AMERISTEEL CORPORATION

ANNUAL INFORMATION FORM

MARCH 29, 2010

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As used in this document, unless the context otherwise requires, (i) "we", "us" and "our", the "Company" and "Gerdau Ameristeel" refer to Gerdau Ameristeel Corporation and its subsidiaries and 50% owned joint ventures and (ii) "Ameristeel" refers to Gerdau Ameristeel US Inc. (formerly AmeriSteel Corporation). Unless otherwise indicated, all information in this Annual Information Form is given as of March 29, 2010.

FORWARD-LOOKING STATEMENTS

Certain statements in this Annual Information Form, including, without limitation, statements in the sections entitled "Overview", "General Development of the Business", "Narrative Description of the Business", "Risk Factors" and "Environmental and Regulatory Matters", constitute forward-looking statements. Such statements describe the Company's assumptions, beliefs and expectations with respect to its operations, future financial results, business strategies and growth and expansion plans and strategies and can often be identified by the words "anticipates," "believes," "estimates," "expects," "intends," "plans," and other words and terms of similar meaning. These forward-looking statements include, among others, statements with respect to the Company's liquidity and capital resources, the Company's participation in the consolidation of the steel industry, the impact of compliance with environmental, health and safety laws, the impact of laws relating to greenhouse gases and air emissions, the impact of equipment failures, changes in capital markets, the Company's financial and operating objectives and strategies to achieve them, and other statements with respect to the Company's beliefs, outlooks, plans, expectations and intentions. As discussed in "Risk Factors" in this Annual Information Form, the Company cautions readers that forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those currently projected by the Company. In addition to those noted in the statements themselves, any number of factors could affect actual results, including, without limitation:

Excess global steel industry capacity and the availability of competitive substitute materials; the cyclical nature of the steel industry and the industries served by the Company and economic conditions in North America and worldwide; increases in the cost of steel scrap, energy and other raw materials; steel imports and trade regulations; a change in China's steelmaking capacity or slowdown in China's steel consumption; the Company's participation in consolidation of the steel industry; the substantial capital investment and similar expenditures required by the Company's business; unexpected equipment failures and plant interruptions or outages; the Company's level of indebtedness; the cost of compliance with environmental and occupational health and safety laws; the enactment of laws intended to reduce greenhouse gases and other air emissions; the Company's ability to fund its pension plans; the ability to renegotiate collective bargaining agreements and avoid labor disruptions; the Company's ability to successfully implement an enterprise resource planning system; currency exchange rate fluctuations; actions or potential actions taken by the Company's principal stockholder, Gerdau S.A.; the liquidity of the Company's long term investments, including investments in auction rate securities; and the Company's reliance on joint ventures that it does not control.

Any forward-looking statements in this Annual Information Form are based on current information as of the date of this Annual Information Form and the Company does not undertake any obligation to update any forward-looking statements to reflect new information or future developments or events, except as required by law.

REPORTING CURRENCY AND FINANCIAL INFORMATION

In this Annual Information Form, references to "dollars" and "$" are to U.S. dollars. For reporting purposes, the Company's financial results are presented in U.S. dollars and in accordance with United States generally accepted accounting principles ("U.S. GAAP"). The Company's financial statements are available on SEDAR at *www.sedar.com*.

OVERVIEW

Gerdau Ameristeel is the second largest mini-mill steel producer in North America with annual manufacturing capacity of approximately 12 million tons of mill finished steel products. Through its integrated network of 19 mini-mills (including one 50% owned mini-mill), 24 scrap recycling facilities and 56 downstream operations (including eight majority owned joint venture fabrication facilities), Gerdau Ameristeel primarily serves customers throughout the United States and Canada. The Company's products are generally sold to steel service centers, steel fabricators, or directly to original equipment manufacturers (or "OEMs") for use in a variety of

industries, including non-residential, infrastructure, commercial, industrial and residential construction, metal building, manufacturing, automotive, mining, cellular and electrical transmission, and equipment manufacturing.

The Company's operations are segmented into two operating divisions, mini-mill and downstream operations.

Mini-mills. Gerdau Ameristeel owns 15 mini-mills in the United States and three in Canada and also has a 50% interest in the Gallatin mini-mill located in Kentucky, a joint venture with ArcelorMittal Dofasco Inc. The Company manufactures and markets a wide range of steel products, including reinforcing steel bar (rebar), merchant bars, structural shapes, beams, special sections, coiled wire rod (rod), and, through our joint venture, flat rolled sheet. For the year ended December 31, 2009, third party shipments were approximately 4.2 million tons of mill finished steel products. Over 90% of the raw material feed for the mini-mill operations is recycled steel scrap, making Gerdau Ameristeel the second largest steel recycler in North America. Twelve of the mini-mills are provided with scrap by an internal network of 24 scrap recycling facilities. The Company believes the recycling operations provide a stable supply of these mini-mills' primary raw material.

Downstream operations. Gerdau Ameristeel has secondary value-added steel businesses referred to as downstream operations. These steel fabricating and product manufacturing operations process steel principally produced in our mini-mills. For the year ended December 31, 2009, our downstream shipments were approximately 1.1 million tons of processed steel products, representing approximately 20.2% of total finished steel shipments and generating approximately 24.2% of our net sales. Our downstream operations consist of rebar fabrication and epoxy coating, railroad spike operations, cold drawn products, super light beam processing and the production of elevator guide rails, grinding balls, wire mesh, and wire drawing.

CORPORATE STRUCTURE

Name and Incorporation

Gerdau Ameristeel Corporation (formerly Co-Steel Inc.) was incorporated under the laws of the Province of Ontario by letters patent dated September 10, 1970. The Company was continued under the *Canada Business Corporations Act* on May 25, 2006.

The Company is the result of a combination of the North American operations of Brazilian steelmaker Gerdau S.A. and Canadian steelmaker Co-Steel Inc. ("Co-Steel") on October 23, 2002. The registered office of the Company is located at 1801 Hopkins Street South, Whitby, Ontario, L1N 5T1, Canada. The executive office is located at 4221 West Boy Scout Blvd., Suite 600, Tampa, Florida, United States, 33607.

OPERATING STRUCTURE

Gerdau Ameristeel conducts its operations directly and indirectly through subsidiaries and joint ventures in Canada and the United States. Schedule A to this Annual Information Form lists the Company's subsidiaries that are owned 50% or more and their jurisdiction of incorporation. Unless otherwise indicated, all entities are 100%-owned and are owned directly or indirectly through an intermediate holding company.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Gerdau Ameristeel is an indirect subsidiary of, and controlled by, Brazilian steelmaker Gerdau S.A., a leading producer of long steel products in Brazil, Chile, Colombia, Uruguay, Argentina, Peru, Mexico, Spain, Guatemala, Venezuela, Dominican Republic, India, and, principally through Gerdau Ameristeel, Canada and the United States. Gerdau S.A's history spans over 100 years, during which it grew from having one nail manufacturing facility to being one of the top 15 steel companies in the world. The Gerdau group has global annual manufacturing capacity of more than 20 million short tons of crude steel products and total assets exceeding $25.6 billion. For the

year ended December 31, 2009, Gerdau S.A. had approximately $13.4 billion in consolidated net sales and a market capitalization of approximately $23.9 billion.

Over the last 20 years, Gerdau S.A. has increased its investments abroad, including its investments in North America. Gerdau S.A. made its initial investment in the North American steel market in 1989 by acquiring Courtice Steel Inc. (now part of Gerdau Ameristeel), which operated a mini-mill in Cambridge, Ontario, Canada. In 1995, Gerdau S.A. acquired MRM Steel Inc., which operated a mini-mill in Selkirk, Manitoba, Canada. In 1999, Gerdau S.A. acquired an indirect majority interest in AmeriSteel Corporation (now Gerdau Ameristeel US Inc.), which owned four mini-mills and operated rebar fabricating plants, epoxy coating plants and other downstream operations. In April 2001, AmeriSteel Bright Bar, Inc., then an 80%-owned subsidiary of Ameristeel, acquired the assets of American Bright Bar, a manufacturer of cold drawn steel bars in Orrville, Ohio. In December 2001, Ameristeel acquired the assets of the Cartersville mill in Georgia, expanding Ameristeel's structural bar size range and adding beams to its product line. In June 2002, Ameristeel acquired certain assets and assumed certain liabilities of a Republic Technologies' cold drawn plant in Cartersville, Georgia, a producer of cold drawn merchant bar products, to expand our cold drawn operations and complement the operations of AmeriSteel Bright Bar.

In October 2002, the majority shareholder of Gerdau S.A.'s North American operations, acquired Co-Steel. Co-Steel was a Canadian public company that owned and operated three mini-mills, participated in a 50/50 joint venture that ran a fourth mini-mill in Kentucky and was a major participant in the sourcing, trading and processing of scrap metal in the northeastern North American market. Through the combination, Co-Steel acquired all of the issued and outstanding shares of the companies included in Gerdau North America, in exchange for Co-Steel common shares representing approximately 74% of Co-Steel's total common shares and changed its name to Gerdau Ameristeel Corporation. Under reverse-take-over accounting, Gerdau North America was deemed to be the acquirer and was assumed to have purchased the assets and liabilities of Co-Steel.

In December 2002, Ameristeel was an 87%-owned subsidiary. In March 2003, the Company effected an exchange, referred to as the minority exchange, in which Gerdau Ameristeel acquired the shares of Ameristeel not previously owned by using newly-issued common shares, making Ameristeel a wholly-owned subsidiary. Following the transaction with Co-Steel and the acquisition of the shares of Ameristeel, Gerdau S.A. indirectly held approximately 69% of the Company's Common Shares.

From 2003 through 2006 the Company completed several acquisitions that increased the size and geographic scope of the Company's operations and broadened its product offerings. These acquisitions included: (i) four mini-mills from Cargill and two mini-mills Sheffield Steel mini-mills, (ii) the downstream operations of Potter Form & Tie, Gate City Steel and RJ Rebar and Callaway Building Products, four downstream operations from Cargill, and a controlling interest in Pacific Coast Steel ("PCS"), a joint venture that operated several rebar fabrication plants in California, and (iii) in the raw materials area, Fargo Iron & Metal and two recycling operations from Cargill.

On September 14, 2007, Gerdau Ameristeel acquired all of the outstanding shares of Chaparral Steel Company ("Chaparral") for $86 per share in cash, or an aggregate of $4.23 billion. To finance the acquisition of Chaparral, the Company borrowed, through a wholly-owned subsidiary, $2.75 billion under a term loan facility and $1.15 billion under a bridge loan facility.

On September 18, 2007, in connection with the acquisition of Chaparral, the Company completed the purchase of 99.96% of Chaparral's outstanding 10% Senior Notes due 2013 in a tender offer for aggregate cash consideration of $341.6 million. The purchase of the remaining amount of such Senior Notes outstanding was completed on October 2, 2007.

On October 1, 2007, Gerdau Ameristeel acquired Enco Materials, Inc. Enco operates in the commercial construction materials market and produces fabricated rebar, construction products, concrete forming and shoring material, as well as fabricated structural steel and architectural products. The acquisition included eight facilities located in Arkansas, Tennessee and Georgia.

On November 7, 2007, the Company completed an equity offering of 126.5 million Common Shares in the United States and Canada, including 16.5 million Common Shares issued upon the exercise of the overallotment

option. Of the 126.5 million shares issued, Gerdau S.A. purchased approximately 84.1 million of the common shares (including approximately 10.9 million common shares issued to Gerdau S.A. concurrently with the closing of the overallotment option). After giving effect to the offering, Gerdau S.A. owned approximately 66.5% of the Company's Common Shares. A portion of the proceeds of this offering of approximately $1.55 billion were used to repay the bridge loan facility in full and $150 million of the term loan facility.

On April 1, 2008, PCS acquired the assets of Century Steel ("CSI"), a reinforcing and structural steel contractor specializing in the fabrication and installation of structural steel and reinforcing steel products, for approximately $152 million. Concurrently with the acquisition of CSI, the Company paid approximately $68.0 million to increase its equity ownership in PCS to approximately 84%.

On June 27, 2008, the Company entered into an amendment to its senior secured credit facility that increased the commitments available under the facility from $650 million to $950 million. The other terms of the senior secured credit facility remained unchanged.

On July 14, 2008, the Company acquired substantially all of the assets of Hearon Steel, a rebar fabricating and epoxy coating business with three locations in Oklahoma. The acquisition of Hearon Steel increased the Company's rebar fabrication and epoxy coating capabilities.

On October 27, 2008, the Company acquired Metro Recycling, a scrap processor headquartered in Guelph, Ontario, with three locations, two in Guelph and the other in Mississauga. The acquisition of Metro Recycling increased the Company's scrap processing capabilities.

On October 29, 2008, the Company sold the operating assets and inventory of its fence post fabricating business.

On October 31, 2008, the Company acquired certain assets of Sand Springs Metal Processing Corp., a scrap processor located in Sand Springs, Oklahoma.

On December 31, 2008, the Company acquired the remaining 16% of the capital stock of Ameristeel Bright Bar, Inc. that it did not already own, resulting in it becoming a wholly-owned subsidiary of the Company.

In August, 2009, the Company redeemed its $405 million 10 3/8% Senior Notes due 2011 at a redemption price of $412.3 million.

In October, 2009 as a result of a number of factors including adverse market conditions caused by the economic recession, the Company stopped operations at its Perth Amboy rolling mill and its Sand Springs, Oklahoma mini-mill.

On November 23, 2009, a subsidiary of the Company entered into a loan agreement pursuant to which it borrowed $610.0 million from a subsidiary of Gerdau S.A. The loan is a senior, unsecured obligation of the Company's subsidiary and guaranteed by the Company's U.S. operating subsidiaries, bears interest at 7.95% per annum, has no scheduled principal payments prior to maturity, and matures in full on January 20, 2020. The Company used the net proceeds of the loan to prepay $610 million of debt outstanding pursuant to the Company's term loan facility.

On December 21, 2009 the Company entered into a new $650.0 million senior secured asset-based revolving credit facility. This facility replaced the previously existing $950.0 million facility which would have matured in October, 2010.

On December 30, 2009, the Company prepaid $300 million of its term loan facility with cash.

In 2010 the Company began work on a new enterprise resource planning system as part of the Company's ongoing efforts to improve and strengthen its operational and financial processes and its reporting systems.

Industry and Trends

The global steel industry is highly cyclical and competitive due to the large number of steel producers, the dependence upon cyclical end markets and the high volatility of raw material and energy prices. The North American steel industry is currently facing a variety of challenges, including volatile pricing, high fixed costs, low-priced imports, the diminution of the effect of U.S. tariffs and challenges to the industry's ability to attract new management talent. The future success of North American steel producers is dependent upon numerous factors, including general economic conditions, levels and prices of steel imports and the strength of the U.S. dollar.

Beginning in mid-2000 and continuing through 2002, the North American steel industry experienced a severe downward cycle due to excess global production capacity, high import levels at low prices, including prices that were below the combined costs of production and shipping, and weak general economic conditions. These forces resulted in lower domestic steel prices and significant domestic capacity closures. Prices for many steel products reached 10-year lows in late 2001. As a result of these conditions, over 20 U.S. steel companies sought protection under Chapter 11 of the United States Bankruptcy Code since the beginning of 2000.

In response to these conditions, in March 2002, President Bush imposed a series of tariffs and quotas on certain imported steel products under Section 201 of the Trade Act of 1974. These measures were intended to give the domestic steel industry an opportunity to strengthen its competitive position through restructuring and consolidation. On November 10, 2003, the World Trade Organization ("WTO") Appellate Body issued a ruling that upheld an initial WTO panel ruling that declared the Section 201 tariffs on steel imports to be in violation of WTO rules concerning safeguard measures. On December 4, 2003, President Bush signed a proclamation terminating the steel safeguard tariffs, and announced that the tariffs had achieved their purpose and changed economic circumstances indicated it was time to terminate them. International trade negotiations, such as the ongoing Organization for Economic Cooperation and Development steel subsidy agreement negotiations and the WTO Doha Round negotiations, may affect future international trade rules with respect to trade in steel products.

The North American steel industry has recently experienced a significant amount of consolidation. Bankrupt steel companies, once overburdened with underfunded pension, healthcare and other legacy costs, are being relieved of obligations and purchased by other steel producers. This consolidation, including the purchases of the assets of LTV Corporation, Bethlehem Steel Corporation, Trico Steel Co. LLC and National Steel Corporation, has created a lower operating cost structure for the resulting entities and a less fragmented industry. In the bar sector in 2002, the combination of Gerdau North America and Co-Steel in October 2002 and Nucor Corporation's acquisition of Birmingham Steel Corporation in February 2002 significantly consolidated the market. The Company's acquisition of the North Star Steel assets from Cargill, Incorporated in November 2004, Sheffield Steel Corporation in 2006 and Chaparral Steel Company in September 2007 have further contributed to this consolidation trend. Since the beginning of 2007, Tata Iron and Steel Co. Ltd. acquired Corus Group PLC, SSAB Svenskt Staal AB acquired Ipsco Inc., Essar Global Ltd. acquired Algoma Steel Inc., United States Steel Corporation acquired Stelco Inc., and ArcelorMittal Inc. acquired Bayou Steel Corporation. The Company believes continued consolidation in the North American steel industry will occur over the next several years, resulting in the creation of larger steel companies, the reduction of operating cost structures and further rationalization among steel producers.

The creation of larger and more efficient steel producers resulting from consolidation in the steel industry has strongly contributed to the stabilization of steel prices. As a result, the remaining steel producers have become better positioned to tailor production capacity to market demand and have benefited from scale efficiencies. Such factors have improved steel producers' ability to reduce costs, negotiate raw material contracts and better respond to the cyclical nature of the steel industry. In addition, the increase in domestic competition from imports observed in early 2000 has diminished, primarily in response to higher steel prices globally, higher transportation costs resulting from fuel price increases and a weaker U.S. dollar.

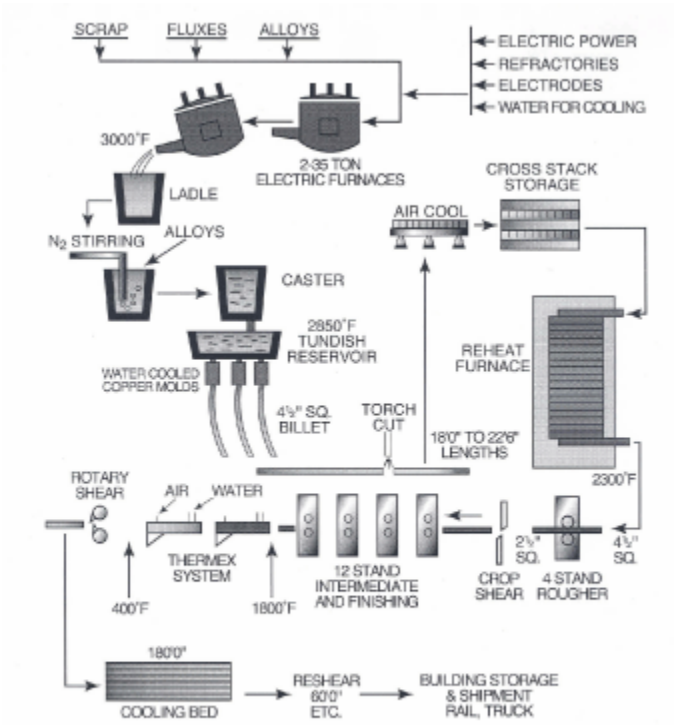
The steel industry demonstrated strong performance through the middle of 2008, resulting from the increased global demand for steel related products and a continuing consolidation trend among steel producers. Additionally, through the same time period, the domestic U.S. market experienced a rebound in non-residential construction mainly driven by industrial and infrastructure projects (including highway, energy-related construction and water treatment plants), warehouse space, schools, hospitals and a strong retail market. Beginning in the fall of 2008, the steel industry began feeling the negative effects of the severe economic downturn brought on by the credit

crisis. The economic downturn continued through 2009 and has resulted in a significant reduction in the production and shipment of steel products in North America, as well as reduced exports of steel products from the United States to other parts of the world.

NARRATIVE DESCRIPTION OF THE BUSINESS

Mini-mills

Gerdau Ameristeel operates mini-mills, which are steel mills that use electric arc furnaces to melt scrap metal by charging it with electricity. During melting of scrap metal, alloys and other ingredients (such as fluxes) are added in measured quantities to achieve desired metallurgical properties. The resulting molten steel is cast into long strands called billets in a continuous casting process. The billets are typically cooled and stored, and then transferred to a rolling mill where they are reheated, passed through roughing mills for size reduction, and then rolled into products such as rebar, merchant bars, structural shapes, rods or special sections. These products emerge from the rolling mill and are uniformly cooled on a cooling bed. Most merchant and structural products then pass through automated straightening and stacking equipment. Finished products are neatly bundled prior to shipment to customers, typically by rail or truck. In some cases, finished products are shipped by rail to a depot before delivery to customers. The following picture shows the typical steel production process in our mini-mills:



All of the mini-mills are located on Company-owned property, typically located with convenient access to raw materials, means of transportation (road, and in some cases, rail and water) and customers. In general, scrap is supplied by owned or third party scrap recycling operations located within 500 miles of the mini-mills. Twelve of the Company's mills are vertically integrated with 24 scrap recycling facilities that supply a portion of their scrap needs. Rebar finished product deliveries are generally concentrated within 350 miles of a mini-mill, and merchant bar deliveries are generally concentrated within 500 miles. Some products produced by several of our mini-mills are shipped greater distances, including overseas.

The table below presents information regarding the Company's mini-mills, including the estimated annual production capacity and actual production for the year ended December 31, 2009. Annual melting and rolling capacities are based on the best historical months of production annualized and assuming 18 days per year for maintenance shutdown. Actual capacity utilization may vary significantly from annual capacity due to changes in customer requirements; sizes, grades and types of products rolled; and production efficiencies. Capacity calculations may also change from year to year because of the above mentioned factors. Manufacturer's design capacity information is not presented because the Company does not consider it a relevant measure due to differences in the product mix and production efficiency assumptions.

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	Approx. Annual Melting Capacity	Year ended December 31, 2009 Melting Production	Capacity Utilization Percentage	Approx. Annual Rolling Capacity	Year ended December 31, 2009 Rolling Production	Capacity Utilization Percentage	Products
	(Thousands of tons)			(Thousands of tons)			
Beaumont, Texas	600	430	71.7%	500	388	77.6%	Industrial quality wire rod
Calvert City, Kentucky	—	—	0.0%	400	160	40.0%	Merchant bar, medium structural channel and beams
Cambridge, Ontario	400	72	18.0%	300	107	35.7%	Merchant bar, rebar and SBQ products
Cartersville, Georgia	1000	547	54.7%	700	339	48.4%	Merchant bar, structural shapes and beams
Charlotte, North Carolina	400	276	69.0%	400	246	61.5%	Merchant bar and rebar
Jackson, Tennessee	800	396	49.5%	600	333	55.5%	Merchant bar and rebar
Jacksonville, Florida	700	449	64.1%	700	401	57.3%	Rebar and rods
Joliet, Illinois	—	—	0.0%	100	27	27.0%	Merchant bar and SBQ products
Knoxville, Tennessee	600	462	77.0%	600	457	76.2%	Rebar
Midlothian, Texas	1700	903	53.1%	1,600	795	49.7%	Wide flange beams, standard beams, merchant bar quality rounds, special bar quality rounds, rebar, H-piling, flat sheet piling and channels
Perth Amboy, New Jersey(1)	—	—	0.0%	600	174	29.0%	Industrial quality wire rod
Petersburg, Virginia	1,000	425	42.5%	1,000	389	38.9%	Wide flange beams, sheet piling and H-piling
Sand Springs, Oklahoma(1)	700	182	26.0%	600	182	30.3%	Merchant bar, rebar and SBQ products
Sayreville, New Jersey	800	294	36.8%	600	239	39.8%	Rebar
Selkirk, Manitoba	500	228	45.6%	400	203	50.8%	Special sections, merchant bar and rebar
St. Paul, Minnesota	500	246	49.2%	500	237	47.4%	Merchant bar, rebar and SBQ products
Whitby, Ontario	800	345	43.1%	800	291	36.4%	Merchant bar, structural shapes and rebar
Wilton, Iowa	400	158	39.5%	300	141	47.0%	Merchant bar, rebar and SBQ products
Totals before Gallatin Joint Venture	10,900	5,413	49.7%	10,700	5,109	47.7%	
Gallatin, Kentucky (50%) (2)	900	594	66.0%	900	587	65.2%	Hot band flat rolled steel products
Totals including Gallatin Joint Venture	11,800	6,007	50.9%	11,600	5,696	49.1%	

(1) As a result of a number factors including adverse market conditions caused by the economic recession, the Company stopped production at its Perth Amboy and Sand Springs facilities during the third quarter of 2009.

(2) Includes 50% of the capacity and 50% of the production of the Gallatin, Kentucky mini-mill, which is a 50%-owned joint venture.

Depots

The Company leases depots in Chicago, Illinois, Bellaire, Ohio, and North Jackson, Ohio. Finished product is shipped by rail from several of the Company's mini-mills to Chicago, Bellaire and North Jackson depots, stored, then shipped to customers.

Downstream Operations

The Company has secondary value-added steel businesses, referred to as downstream operations. These steel fabricating and product manufacturing operations process steel principally produced in our mini-mills.

Rebar fabrication

Gerdau Ameristeel operates one of North America's largest rebar fabricating and epoxy coating groups, which has a 50-year history of quality workmanship and service. Our network consists of 47 rebar fabricating facilities, including five epoxy coating plants, and one ZBar

coating facility that also service the concrete construction industry throughout the United States. The fabricating facilities cut and bend rebar to meet customers' engineering, architectural and other end-product specifications. In addition to fabrication, many facilities also sell other concrete-related products. The fabricating plants purchase the majority of their rebar from our own mini-mills. We operate eight rebar fabrication facilities through PCS and engage in the rebar placement business in the western United States. The Company's rebar fabricating capacity is approximately 1.6 million tons per year. Rebar fabricating capacity at our plant locations ranges from 5,000 tons up to over 100,000 tons per year, with an average plant capacity of approximately 33,000 tons per year. Rebar fabricating capacity is management's best estimate of capacity and requires management's judgment with respect to many variables such as product mix, product demand and production efficiencies at each of the rebar fabricating facilities. Rebar fabricating capacity is also based, in part, on best historical months of production, annualized.

Short Line Railroad

Located in Sand Springs, Oklahoma, the Sand Springs Railway (the "Railway") operates a short line railway system consisting of 32 miles of track. Operating since 1911, the Railway transports between 8,000 to 12,000 revenue car loads per year between the Sand Springs area and connecting to the Burlington Northern, Santa Fe and Union Pacific railways at the Tulsa exchange. The Railway owns 10 acres of land located throughout the Sand Springs area, three locomotives, 28 gondola cars and four flat railcars. In addition, the Railway has a 45,000 square foot maintenance facility and a 68,722 square foot transload/warehouse facility. Besides freight transportation, the Railway can provide numerous functions including repackaging, cut-to-length and intermodal services.

Railroad Spike Operations

Gerdau Ameristeel owns three railroad spike facilities: a 52,000 square foot facility on 41 acres in Lancaster, South Carolina; a 23,000 square foot facility on 7.7 acres in Paragould, Arkansas; and 33,000 square foot facility in Sand Springs, Oklahoma. The railroad spike operations purchase steel square bars from the Company's mini-mills and forge the bars into rail track spikes. These track spikes are generally sold on an annual contract basis to the major railroad companies in North America. Gerdau Ameristeel is one of the leading rail spike producers and sells approximately 80,000 tons of track spikes per year.

Cold Drawn Operations

Gerdau Ameristeel has two cold drawn plants. The Orrville, Ohio plant is a 45,000 square foot greenfield facility built on 6.5 acres of land in 2000. The Orrville plant has capacity to produce 30,000 tons of cold drawn flats and squares per year. The Cartersville, Georgia cold drawn plant is a 90,000 square foot facility constructed in 1989. The Cartersville cold drawn plant expanded the Company's cold drawn product offering to include rounds and hexagons. The Cartersville plant has the capacity to produce 45,000 tons of cold drawn bars per year. Cold drawn bars are sold primarily to steel service centers. The Jackson, St. Paul, Cambridge and Cartersville mini-mills, along with third party mills, supply the Orrville and Cartersville cold drawn facilities.

Super Light Beam Processing and Elevator Guide Rails

Gerdau Ameristeel operates a super light beam processing facility in Memphis, Tennessee that fabricates and coats super light beams produced largely at the Selkirk mini-mill into cross members for the truck trailer industry. This facility is located on leased property, with the lease expiring on August 31, 2012. Bradley Steel Processors Inc., a 50%-owned joint venture with Buhler Industries Inc., also operates a super light beam processing facility. Bradley's facility is located on leased property in Winnipeg, Manitoba, near the Selkirk mini-mill, and processes beams produced by that mini-mill. Bradley's lease is on a month-to-month basis.

SSS/MRM Guide Rail Inc., a 50%-joint venture with Monteferro S.p.A., processes the Selkirk mini-mill's guide rail sections for elevator manufacturers. SSS/MRM does business under the name Monteferro North America and has facilities in Steinbach, Manitoba and in Birds Hill, Manitoba. The Birds Hill facility is located on property owned by SSS/MRM. The Steinbach facility is located on leased property, with the lease expiring on January 31, 2013. SSS/MRM Guide Rail also has a 50% interest in a guide rail processing facility in Brazil.

Grinding Ball Operations

The grinding ball facility began operations in 1977 and was acquired from Cargill, Incorporated in November 2004. The facility is located on 36.5 acre site in Duluth, Minnesota. The grinding ball facility has four production lines which produce approximately 100,000 tons per year of 1" through 3.5" diameter grinding balls using forging machines. The plant has automatic unscrambling, four induction heaters, four ball forgers, rounders and a quench tank. The raw material for this facility is supplied by the St. Paul mini-mill.

Wire Drawing

The Company operates two wire drawing facilities in this business located in Beaumont and Carrollton, Texas that produce industrial wire and reinforcing mesh.

Joint Venture

Gerdau Ameristeel has three 50%-owned joint ventures. The Gallatin mini-mill is a joint venture with ArcelorMittal Dofasco Inc. and produces hot rolled steel products. Bradley Steel Processors Inc. is a joint venture with Buhler Industries Inc. and processes super light beams. SSS/MRM Guide Rail is a joint venture with Monteferro S.p.A. and processes the Manitoba mill's guide rail sections for elevator manufacturers.

In 1994, Co-Steel and Dofasco Inc. established the Gallatin joint venture by investing $75.0 million each into Co-Steel Dofasco LLC. The initial investment was used to purchase $150.0 million of industrial revenue bonds from Gallatin County, Kentucky. The bonds bear interest at a rate of 10%, mature in 2024 and can be prepaid without penalty. Gallatin County used the proceeds from the industrial revenue bonds to construct the Gallatin steel mill, which is being leased from Gallatin County by Gallatin Steel. Gallatin Steel makes lease payments to Gallatin County, which in turn redeems bonds and makes interest payments on the bonds to Co-Steel Dofasco LLC. As of December 31, 2009, there were $17 million of bonds outstanding. All proceeds received by Co-Steel Dofasco LLC from Gallatin County are distributed equally to ArcelorMittal Dofasco and Gerdau Ameristeel.

Other Properties

In addition to owned and leased facilities used in operations, the Company owns two industrial properties in Florida. The Tampa, Florida industrial property is listed for sale. The Company has granted an option to purchase the Indiantown property that expires in May, 2011.

Location	Use	Acreage
Tampa, Florida	Industrial Property	40.0
Indiantown, Florida	Industrial Property	151.5

The Company has leased the executive office in Tampa, Florida since March 1, 2005. The lease expires on March 1, 2015.

Products

Merchant bars/special sections

Merchant bars/special sections refer to merchant bars, structural products, special sections and special bar quality products.

- *Merchant bars* consist of rounds, squares, flats, angles, and channels. Merchant bars are generally sold to steel service centers and to manufacturers who fabricate the steel to meet engineering or end-product specifications. Merchant bars are used to manufacture a wide variety of products, including gratings, transmission towers, floor and roof joists, safety walkways, ornamental furniture, stair railings and farm equipment. Merchant bars typically require more specialized processing and handling than rebar, including straightening, stacking, and specialized bundling. Due to their variety of shapes and sizes, merchant bars typically are produced in short production runs, necessitating frequent changeovers in rolling mill equipment.
- *Special sections* are bar products with singular applications, compared to merchant bar products that can be used in a variety of applications. Special sections include custom shapes for use in the earth moving, material handling and transportation industries. Our special sections products include grader blades for tractors, elevator guide rails, light rails for crane and mine applications, and super light-weight beams for truck trailer cross members.

- *Special bar quality products (SBQ)* are merchant bar shapes that have stringent chemical and dimensional tolerance requirements, and are often more costly to produce and command a higher price than smaller dimension bar products. SBQ are widely used in industries such as mining and automobile production and are generally sold to OEMs.

Structural products

Structural products include wide flange beams, piling products, channels and other shapes, as well as merchant bars three inches or larger in size. Structural products are used in construction and industrial production as well as in a wide variety of manufacturing applications, including such applications as structural support and columns for buildings and industrial sites, foundations and support for trailers and manufactured homes, and soil and water retention applications. Structural products are generally sold to service centers, fabricators and OEMs.

Stock rebar

Stock rebar refers to straight reinforcing steel bars, ranging from 20 to 60 feet in length and from 10 millimeters to 57 millimeters in diameter. Small diameters of stock rebar may also be sold in coils where the extended lengths provide improved yield performance for rebar fabricators. Stock rebar is sold to companies that either fabricate it themselves or warehouse it for sale to others who fabricate it for reinforced concrete construction. Rebar products are used primarily in two sectors of the construction industry: private commercial building projects, such as institutional buildings, retail sites, commercial offices, apartments, condominiums, hotels, manufacturing facilities and sports stadiums; and infrastructure projects, such as highways, bridges, utilities and water and waste treatment facilities.

Fabricated steel

Fabricated steel is any steel that is further processed after being rolled by a mill. As a result of the further processing, fabricated steel generally receives a higher price in the market than mill finished products. Stock rebar is fabricated by cutting it to size and bending it into various shapes, and is used in reinforced concrete constructions, such as bridges, roads and buildings. Fabricated steel also includes flats and squares processed at the cold drawn plants, and guide rails, super light-weight beams, wire mesh and industrial wire at other downstream facilities.

Rod

Rod refers to coiled wire rod. We produce industrial quality rod products that are sold to customers in the automotive, agricultural, industrial fastener, welding, appliance and construction industries. We sell rod to downstream manufacturers who further process it by cold drawing into various shapes, including twisted or welded configurations such as coat hangers, supermarket baskets and chain link fences. Other end uses of wire rod products include the manufacture of fences, fine wire, chain, welding wire, plating wire, fasteners and springs. Depending on market conditions and availability, some rod from our mini-mills may be sold to our downstream operations that manufacture wire mesh.

Flat rolled steel

Flat rolled steel is steel that is rolled flat and then packaged into coils. Gallatin Steel, our 50% owned joint venture with ArcelorMittal Dofasco Inc., is our only mini-mill that produces flat rolled sheet. Flat rolled sheet is used in the construction, automotive, appliance, machinery, equipment and packaging industries.

Billets

Billets are rectangular sections of steel that are formed in a casting process and cut to various lengths. Billets can be sold to other steel producers and finished into steel products. Our melt shops produce billets for conversion in the rolling mills into the finished products listed above, such as rebar, merchant bar, structural shapes and special sections. A small portion of billet production is sold in the open market to other steel producers for rolling into finished products.

Marketing

The Company's products are primarily sold to steel service centers, fabricators or directly to OEMs throughout the United States and Canada. The products we sell are used in a variety of industries, including construction, mining, automotive, commercial, cellular and electrical transmission, metal building manufacturing and equipment manufacturing. The Company also sells fabricated rebar to contractors performing work in both private (commercial) and public (road, bridge and other construction or infrastructure) projects.

In the Company's rebar fabrication business, the market areas covered are throughout the United States, with plants located in or near most major cities. The Company's strategy is to have production facilities located in close proximity (normally 200 miles) to customers' job-sites so that quick delivery times may be provided to satisfy their reinforcing steel needs.

In general, sales of mill finished products to U.S. customers are centrally managed by the Company's Tampa sales office and sales to Canadian customers are managed by the Company's Whitby sales office. The Company has a sales office in Selkirk, Manitoba, for managing sales of special sections and one in Texas for managing sales of structural products. Metallurgical service representatives at the mills provide technical support to the sales group. Sales of the cold drawn and super light beam products are managed by sales representatives located at their respective facilities. Fabricated rebar and elevator guide rails are generally sold through a bidding process in which employees at the Company's facilities work closely with customers to tailor product requirements, shipping schedules and prices.

The following table shows information on finished steel shipments to Gerdau Ameristeel's customers for the years ended December 31, 2008 and 2009:

	Percentage of Tons by Customer	
	2008	2009
Fabricators/OEM	49%	40%
Steel service centers	42	51
Wire drawing and wire rod	9	9
Total	100.0%	100.0%

For the year ended December 31, 2009, the Company sold products to over 1,850 customers and no one customer comprised 4.0% or greater of its finished steel shipments. The five largest customers comprised approximately 12.0% of finished steel shipments for the year ended December 31, 2009. The following table provides a percentage breakdown of finished steel shipments by customer location for the years ended December 31, 2008 and 2009:

	Percentage of Tons by Country	
	2008	2009
United States	82%	81%
Canada	14	15
Mexico	1	1
Other Countries	3	3
Total	100.0%	100.0%

Competition

Local Competition

The Company's geographic market encompasses primarily the United States and Canada. The Company experiences substantial competition in the sale of each of its products from numerous competitors in our markets. Rebar, merchant bars and structural shapes are commodity steel products for which pricing is the primary competitive factor. Due to the high cost of freight relative to the value of steel products, competition from non-regional producers is somewhat limited. Proximity of product inventories to customers, together with competitive freight costs and low-cost manufacturing processes, are key to maintaining margins on rebar and merchant bar products. Rebar deliveries are generally concentrated within a 350 mile radius of the mini-mills and merchant bar deliveries are generally concentrated within a 500 mile radius. Some products produced by several of our mini-mills are shipped greater distances, including overseas. Except in unusual circumstances, the customer's delivery expense is limited to freight charges from the nearest competitive mill, and the supplier absorbs any incremental freight charges.

The Company's principal competitors include Commercial Metals Company, Nucor Corporation, Steel Dynamics Inc., and ArcelorMittal Inc. Gallatin Steel competes with numerous other integrated and mini-mill steel producers.

Despite the commodity characteristics of the rebar, merchant bar and structural markets, Gerdau Ameristeel believes it distinguishes itself from many of its competitors due to the Company's large product range, product quality, consistent delivery performance, capacity to service large orders and ability to fill most orders quickly from inventory. The Company believes it produces one of the largest ranges of bar products and shapes. The Company's product diversity is an important competitive advantage in a market where many customers are looking to fulfill their requirements from a few key suppliers.

Foreign Competition

From time to time, all North American steel producers have experienced significant and, in some cases, unfair competition from foreign steel producers during the past several years. Due to unfavorable foreign economic conditions and global excess capacity, imports of rebar and wire rod products into the U.S. and Canadian markets reached historically high levels in recent years, with a corresponding negative impact on domestic prices.

On March 5, 2002, President Bush imposed a series of tariffs relating to some imported steel products that were intended to give the domestic steel industry an opportunity to strengthen its competitive position through restructuring and consolidation, and that were to progressively decline in the three years they were to be in effect. Many products and countries were not covered by these tariffs, and numerous foreign steel manufacturers received special product exemptions from these tariffs. According to the American Iron and Steel Institute ("AISI"), the number of exclusions granted is one reason the tariffs did not effectively reduce steel imports. The AISI does point to some early indications that the President's program worked, including improved operating performance, new stock offerings, increased consolidation activity and partial price restoration for some flat rolled steel products; however, some analysts attribute these developments to other factors such as diminished domestic supply, higher domestic demand, the lower value of the U.S. dollar and recent successful antidumping cases.

In November 2003, the WTO Appellate Body announced that the U.S. tariffs imposed to protect the U.S. steel industry from imports were illegal under trading rules. On December 4, 2003, President Bush signed a proclamation terminating the steel safeguard tariffs, and announced that the tariffs were being terminated as they had achieved their purpose and changed economic circumstances indicated it was time to terminate the tariffs. However, President Bush also announced that the steel import licensing and monitoring program will continue its work in order to be able to respond to future import surges that could unfairly damage the United States steel industry.

One of the Company's subsidiaries, Gerdau Ameristeel Perth Amboy Inc., and the Beaumont facility were parties to a U.S. wire rod antidumping and countervailing duty case against a number of countries and steel producers. In October 2002, the U.S. Department of Commerce made a determination of injury against wire rod

producers in seven foreign countries with respect to both antidumping and countervailing duties that range from 4% to 369%. The orders entered in this case underwent a statutorily required sunset review that began in September 2007 and were ultimately continued against six of the seven foreign countries. Although there have been increases in rod pricing following the imposition of these duties, a large amount of imported rod continues to enter U.S. markets, particularly from countries not subject to antidumping or countervailing duties such as China.

Gerdau Ameristeel US Inc. was a party to a U.S. antidumping investigation against steel producers in a number of countries, including China. On September 7, 2001, the Department of Commerce published an antidumping duty order against rebar producers in eight countries, including Belarus, China, Indonesia, Latvia, Moldova, Poland, South Korea, and the Ukraine. On July 10, 2007, the U.S. International Trade Commission announced its decision to continue these antidumping orders against rebar imported from China, Belarus, Indonesia, Latvia, Moldova, Poland and Ukraine, and to revoke antidumping orders against rebar imported from South Korea. In making its decision, the Commission concluded that revoking the existing antidumping duty orders on rebar from Belarus, China, Indonesia, Latvia, Moldova, Poland and Ukraine would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time, but that revoking the existing antidumping duty order on this product from South Korea would not. As a significant portion of the U.S. rebar market is serviced by imports, this decision seeks to protect the market from illegally dumped rebar from these countries. The amounts of the duties owed under the order are subject to annual administrative reviews. The current duties for each country are as follows: Belarus—114.53%, China—133%, Indonesia—60.46%-71.01%, Latvia—5.94%, Moldova—232.86%, Poland—47.13%-52.07%, and Ukraine—41.69%.

The Organization for Economic Cooperation and Development ("OECD") has initiated a process to address worldwide over-capacity in the steel industry. Although meetings have been held by the OECD Steel Committee to discuss methods to reduce this steel surplus, there is no certainty that such efforts will lead to a satisfactory resolution of this issue. Continuing over-capacity in the steel industry would adversely affect the Company's ability to compete and affect our sales levels.

In the beginning of 2004, the global steel supply-demand balance shifted from an apparent surplus to an apparent shortage. With China's economic growth fueling worldwide steel and raw material demand, steel industry conditions changed dramatically for the better in 2004. However, China's steel output has increased at double-digit rates, and the global steel industry has witnessed unprecedented escalation of scrap raw material costs and steel prices rose well past historic highs in 2004. These positive trends were further fueled by fluctuations in currency exchange rates and the upturn in the North American and other world economies.

Imports continued at high levels from 2005 to the second half of 2007, when imports decreased moderately. This enabled producers to maintain production schedules despite weaker demand and continued through the first half of 2008 due to a combination of the weak U.S. dollar and the high price for steel in other parts of the world. Beginning in the fall of 2008 and continuing through 2009, demand for steel and steel prices fell dramatically due to the effects of the recession brought on by the credit crisis, with import levels continuing to decline from historical highs, principally due to uncertainty over pricing and demand levels.

Competitive Strengths

Leading market position. The Company is the second largest mini-mill steel producer in North America. Through a network of 19 mini-mills (including one 50% owned mini-mill) and 56 downstream operations strategically located throughout the United States and Canada, the Company is able to efficiently service customers on a local basis over a broad geographical segment of the North American steel market. The Company's manufacturing capacity and wide range of shapes and sizes of structural and bar steel products enable it to meet a wide variety of customers' steel and fabricated product needs. The Company's broad geographic reach and product diversity, combined with its centralized order management system, makes it particularly well suited to serve larger steel service centers and other customers that are increasingly seeking to fulfill their steel supply requirements from a small number of suppliers.

Vertically integrated operations. The Company's mini-mills are integrated with 56 downstream steel fabricating facilities and 24 upstream scrap raw material recycling facilities. Downstream integration provides a captive market for a significant portion of the Company's mini-mills' production and valuable market information

on the end-use demand for steel products. The Company's downstream operations have historically produced a high return on investment, been less capital intensive and been subject to less import competition compared to mini-mill operations. The Company's downstream operations also balance some of the cyclicality and volatility of the base mini-mill business and enable the Company to capture additional value-added margins on the steel produced at its mini-mills. The Company's downstream businesses account for approximately 20.2% of the Company's total finished steel shipments. The Company's 24 upstream scrap recycling facilities provide approximately 36% of the Company's mini-mill scrap needs, thereby decreasing dependency on third-party scrap suppliers.

Conservative financial policy and strong cash flow profile. The Company believes that it has recently benefited from a combination of high operating margins and low capital expenditure requirements. The Company will continue to maintain a disciplined approach to its use of assets and will remain committed to pursuing a low leverage profile.

Scope for future operational improvement. The Company has achieved significant cost savings from the integration of the operations of its facilities through the sharing of best operating practices, freight optimization, mini-mill production scheduling efficiencies, consolidated procurement activities and efficiencies in administrative and management functions. The Company believes it may achieve additional cost savings over the mid- to long-term from these sources, as well as from operational improvements through the coordination of manufacturing technologies, knowledge-sharing and the fostering of an operating culture focused on continuous improvement.

Disciplined business system platform. The Company believes that its employees are its most valuable resource and are key to maintaining a competitive advantage. The Company's corporate culture is geared toward engaging all employees in a common, disciplined business system focused on continuous improvement. The Company has implemented a business system which identifies global industry benchmarks for key operational and safety measures. This system includes training and safety programs and performance-based incentives that are designed to improve performance and motivate employees.

Strong sponsorship. The Company has enjoyed access to the knowledge base of, and sponsorship from, its parent company, Gerdau S.A., one of the largest long steel producers in the world with a history of over 100 years in the steel industry. We expect to continue to benefit from Gerdau S.A.'s management experience and its expertise in manufacturing. With the talent depth, technical support and financial strength of Gerdau S.A., the Company believes it is strategically positioned to grow and succeed within the North American steel industry.

Experienced management team. The Company has a growth-oriented senior management team that has significant experience in the manufacturing industry. Management's extensive experience has been instrumental in the Company's historical growth and provides a solid base on which to expand its operations. For instance, the Company's management has a proven track record in successfully managing and integrating acquisitions.

RISKS AND UNCERTAINTIES

Excess global capacity in the steel industry and the availability of competitive substitute material has resulted in intense competition, which may exert downward pressure on the prices of the Company's products.

The Company competes with numerous foreign and domestic steel producers, largely mini-mill producers that produce steel by melting scrap in electric arc furnaces, but also integrated producers that produce steel from coke and iron ore. Competition is based on price, quality and the ability to meet customers' product specifications and delivery schedules. Global over-capacity in steel manufacturing has in the past had a negative impact on steel pricing and could adversely affect the Company's sales and profit margins in the future. The construction of new mills, expansion and improved production efficiencies of existing mills, restarting of currently idled facilities and the expansion of foreign steel production capacity all may contribute to an increase in global steel production capacity. Increases in global steel production capacity combined with high levels of steel imports into North America could exert downward pressure on the prices of the Company's products, which could materially adversely affect its sales and profit margins. In addition, in the case of certain product applications, the Company and other steel manufacturers compete with manufacturers of other materials, including plastic, wood, aluminum (particularly in the automotive industry), graphite, composites, ceramics, glass and concrete. Product substitution could also have a negative impact on demand for steel products and place downward pressure on prices.

The cyclical nature of the steel industry and the industries the Company serves and economic conditions in North America and worldwide may cause fluctuations in the Company's revenue and profitability.

The North American steel industry is cyclical in nature and may be affected by prevailing economic conditions in the major world economies. A recession in the United States, Canada or globally (or concerns that a recession is likely) could substantially decrease the demand for the Company's products and adversely affect the Company's financial condition, production, sales, margins, cash flows, and earnings. The Company is particularly sensitive to trends in cyclical industries such as the North American construction, appliance, machinery and equipment, and transportation industries, which are significant markets for the Company's products.

Market conditions for steel products in the U.S. and Canada have fluctuated over the years. Significant portions of the Company's products are also destined for the steel service center industry. The Company's markets are cyclical in nature, which affects the demand for its finished products. A disruption or downturn in any of these industries or markets could materially adversely impact the Company's financial condition, production, sales, margins, cash flows and earnings. The Company is also sensitive to trends and events that may impact these industries or markets, including strikes and labor unrest.

The Company's profitability can be adversely affected by increases in raw material and energy costs.

The Company's operating results are significantly affected by the cost of steel scrap and scrap substitutes, which are the primary raw materials for the Company's mini-mill operations. Prices for steel scrap are subject to market forces largely beyond the Company's control, including demand by U.S. and international steel producers, freight costs and speculation. The rate of worldwide steel scrap consumption, especially in China, can result in increased volatility in scrap prices. Metal spread, the difference between mill selling prices and scrap raw material cost, has been at a high level in recent years. The Company does not know how long these levels can be maintained and if scrap prices change without a commensurate change in finished steel selling prices, the Company's profit margins could be materially adversely affected. The Company may not be able to pass on higher scrap costs to its customers by increasing mill selling prices and prices of downstream products. Further increases in the prices paid for scrap and other inputs could also impair the Company's ability to compete with integrated mills and materially adversely affect sales and profit margins.

Energy costs represent a significant portion of the production costs for the Company's operations. Some of the Company's mini-mill operations have long-term electricity supply contracts with either major utilities or energy suppliers. The electricity supply contracts typically have two components: a firm portion and an interruptible portion. The firm portion supplies a base load for the rolling mill and auxiliary operations. The interruptible portion supplies the electric arc furnace power demand. This portion represents the majority of the total electric demand and, for the most part, is based on spot market prices of electricity. Therefore, the Company has significant exposure to the variances of the electricity market that could materially adversely affect operating margins and results of operations. Generally, the Company does not have long-term contracts for natural gas and therefore is subject to market supply variables and pricing that could materially adversely affect operating margins and results of operations.

Imports of steel into North America have adversely affected and may again adversely affect steel prices, and despite trade regulation efforts, the industry may not be successful in reducing steel imports.

While imports of steel into North America have recently moderated from historical highs, they have exerted in recent years, and may again in the future exert, downward pressure on steel prices, which adversely affects the Company's sales and profit margins. Competition from foreign steel producers is strong and may increase in the event of increases in foreign steel production capacity, the relative strengthening of the U.S. dollar compared to foreign currencies or the reduction of domestic steel demand in the economies of the foreign producers. These factors encourage higher levels of steel exports to North America at lower prices. In the past, protective actions taken by the U.S. government to regulate the steel trade, including import quotas and tariffs, have been temporary in nature and, in certain cases, have been found by the World Trade Organization to violate global trade rules. Protective actions may not be taken in the future and, despite trade regulation efforts, unfairly priced imports could enter into the North American markets resulting in price depression, which could materially adversely affect the Company's ability to compete and maintain sales levels and profit margins.

A change in China's steelmaking capacity or a slowdown in China's steel consumption could have a material adverse effect on domestic and global steel pricing and could result in increased steel imports into North America.

A significant factor in the worldwide strengthening of steel pricing over the past several years has been the significant growth in steel consumption in China, which at times has outpaced that country's manufacturing capacity to produce enough steel to satisfy its own needs. At times this has resulted in China being a net importer of steel products, as well as a net importer of raw materials and supplies required in the steel manufacturing process. A reduction in China's economic growth rate with a resulting reduction of steel consumption, coupled with China's expansion of steel-making capacity, could have the effect of a substantial weakening of both domestic and global steel demand and steel pricing. Moreover, many Asian and European steel producers that had previously shipped their output to China may ship their steel products to other markets in the world including the North American market, which could cause a material erosion of margins through a reduction in pricing.

The Company's participation in the consolidation of the steel industry could adversely affect the business.

The Company believes that there continues to be opportunity for future growth through selective acquisitions, given the pace of consolidation in the steel industry and the increasing trend of customers to focus on fewer key suppliers. As a result, the Company intends to continue to apply a selective and disciplined acquisition strategy. Future acquisitions, investments in joint ventures or strategic alliances may involve some or all of the following risks, which could materially adversely affect the Company's business, results of operations, cash flows or financial condition:

- the difficulty of integrating the acquired operations and personnel into the existing business;
- the potential disruption of ongoing business;
- the diversion of resources, including management's time and attention;
- incurrence of additional debt;
- the inability of management to maintain uniform standards, controls, procedures and policies;
- the difficulty of managing the growth of a larger company;
- the risk of entering markets in which the Company has little experience;
- the risk of becoming involved in labor, commercial or regulatory disputes or litigation related to the new enterprise;
- the risk of contractual or operational liability to venture participants or to third parties as a result of the Company's participation;
- the risk of environmental or other liabilities associated with the acquired business;
- the inability to work efficiently with joint venture or strategic alliance partners; and
- the difficulties of terminating joint ventures or strategic alliances.

Acquisition targets may require additional capital and operating expenditures to return them to, or sustain, profitability. Acquisition candidates may also be financially distressed steel companies that typically do not maintain their assets adequately. Such assets may need significant repairs and improvements. The Company may also have to buy sizeable amounts of raw materials, spare parts and other materials for these facilities before they can resume, or

sustain, profitable operation. Such financially distressed steel companies also may not have maintained appropriate environmental programs. These problems also may require significant expenditures by the Company or expose the Company to environmental liability.

There is also a risk that acquisition targets may have undisclosed or unknown liabilities and that the Company may not be indemnified for breaches of representations, warranties or covenants in the acquisition agreement. In addition, there is a risk that the Company may not successfully complete the integration of the business operations and product lines of an acquisition target with its own, or realize all of the anticipated benefits and synergies of the acquisition. If the benefits of an acquisition do not exceed the costs associated with the acquisition, the Company's results of operations, cash flows and financial condition could be materially adversely affected.

Following an acquisition, the Company may also be required to record impairment charges relating to goodwill, identifiable intangible assets or fixed assets. Goodwill, identifiable intangible assets and fixed assets represent nearly half of the Company's total assets. Economic, legal, regulatory, competitive, contractual and other factors, including changes in the manner of or use of the acquired assets, may affect the value of the Company's goodwill, identifiable intangible assets and fixed assets. If any of these factors impair the value of these assets, accounting rules would require that the Company reduce its carrying value and recognize an impairment charge, which would reduce the Company's reported assets and earnings in the year the impairment charge is recognized. In addition, an impairment charge may impact the Company's financial ratios under its debt arrangements and affect its ability to pay dividends to holders of the Company's common shares.

Future acquisitions may be required for the Company to remain competitive, and there can be no assurance that it can complete any such transactions on favorable terms or that it can obtain financing, if necessary, for such transactions on favorable terms. The Company also cannot assure you that future transactions will improve its competitive position and business prospects as anticipated; if they do not, the Company's results of operations may be materially adversely affected.

Steel manufacturing is capital intensive which may encourage producers to maintain production in periods of reduced demand which may in turn exert downward pressure on prices for the Company's products.

Steel manufacturing is very capital intensive, resulting in a large fixed-cost base. The high levels of fixed costs of operating a mini-mill encourage mill operators to maintain high levels of output, even during periods of reduced demand, which may exert additional downward pressure on selling prices and profit margins in those periods.

Unexpected equipment failures may lead to production curtailments or shutdowns.

The Company operates several steel plants in different sites. Nevertheless, interruptions in the production capabilities at the Company's principal sites would increase production costs and reduce sales and earnings for the affected period. In addition to periodic equipment failures, the Company's facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, explosions or violent weather conditions. The Company's manufacturing processes are dependent upon critical pieces of steelmaking equipment, such as its electric arc furnaces, continuous casters, gas-fired reheat furnaces, rolling mills and electrical equipment, including high-output transformers, and this equipment may, on occasion, incur downtime as a result of unanticipated failures. The Company has experienced and may in the future experience material plant shutdowns or periods of reduced production as a result of such equipment failures. Unexpected interruptions in production capabilities would adversely affect the Company's productivity and results of operations. Moreover, any interruption in production capability may require the Company to make additional capital expenditures to remedy the problem, which would reduce the amount of cash available for operations. The Company's insurance may not cover the losses. In addition, long-term business disruption could harm the Company's reputation and result in a loss of customers, which could materially adversely affect the business, results of operations, cash flows and financial condition.

The Company's level of indebtedness could adversely affect its ability to raise additional capital to fund operations, limit the ability to react to changes in the economy or the industry and prevent it from meeting its obligations under its debt agreements.

The Company had $1.7 billion of net indebtedness as of December 31, 2009. The Company's degree of leverage could have important consequences, including the following:

- it may limit the ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes;
- it may limit the ability to declare dividends on the common shares;
- a portion of the cash flows from operations must be dedicated to the payment of interest on existing indebtedness and is not available for other purposes, including operations, capital expenditures and future business opportunities;
- certain of the Company's borrowings, including borrowings under its term loan facility and senior secured credit facility, are at variable rates of interest and are subject to increases in interest rates;
- it may limit the ability to adjust to changing market conditions and place the Company at a competitive disadvantage compared to its competitors that have less debt;
- the Company may be vulnerable in a downturn in general economic conditions; and
- the Company may be required to adjust the level of funds available for capital expenditures.

Under the terms of its existing indebtedness, the Company is permitted to incur additional debt in certain circumstances; doing so could increase the risks described above.

The term loan facility entered into to finance the acquisition of Chaparral requires Gerdau S.A. and its subsidiaries, including the Company, on a consolidated basis to maintain certain debt to last-twelve-months trailing EBITDA and EBITDA to interest ratios, as of the last day of each fiscal quarter. In addition, the term loan facility requires that, for each six-month interest period, certain specified export receivables of Gerdau S.A. and certain of its Brazilian subsidiaries have a market value, as determined in accordance with the provisions of the term loan facility, of at least 125% of the principal and interest due on certain of the loans outstanding under the Term Loan Facility during such interest period. If this export receivable coverage ratio is not met for any two consecutive interest periods or three non-consecutive interest periods, the term loan facility would be secured by springing liens on the export receivables and related bank accounts. Any subsequent failure to meet the export receivable coverage ratio would constitute an event of default under the term loan facility. The term loan facility also contains customary covenants restricting the Company's ability, including the ability of two of the Company's subsidiaries, Gerdau Ameristeel US Inc. and GNA Partners, GP, to incur additional liens on the Company's assets, enter into certain transactions with affiliates and enter into certain merger transactions. A default under the term loan facility could trigger certain cross default provisions contained in the Company's other debt instruments with the result that substantially all of the Company's debt could become due and the Company's existing credit facilities could be terminated. In June 2009, the Company entered into an amendment which provides temporary flexibility with respect to the term loan facility's covenants through September 30, 2010. However, there is no assurance that future amendments will be granted by the lenders, if required.

The $610.0 million loan from a subsidiary of Gerdau S.A. (the "GHI Loan") is guaranteed by the Company's US operating subsidiaries and contains customary covenants that limit the ability of the borrower and the guarantors to incur additional liens on their respective assets or enter into sale leaseback transactions. A default under the GHI Loan would also trigger certain cross default provisions contained in the Company's other debt instruments with the result that substantially all of the Company's debt could become due and the Company's existing credit facilities could be terminated.

The senior secured credit facility also contains customary covenants that limit the ability of the Company and its subsidiaries to, among other things, incur additional secured debt, make acquisitions and other investments, issue redeemable stock and preferred stock, pay dividends on the Common Shares, modify or prepay other indebtedness, sell or otherwise dispose of certain assets and enter into mergers or consolidations. These covenants

may limit our flexibility in the operation of the business. A default under the senior secured credit facility could trigger certain cross default provisions contained in the Company's other debt instruments with the result that substantially all of the Company's debt could become due.

Environmental and occupational health and safety laws and regulations affect the Company and compliance may be costly and reduce profitability.

The Company is required to comply with an evolving body of environmental and occupational health and safety laws and regulations ("EHS Laws"), most of which are of general application but result in significant obligations in practice for the steel sector. These laws and regulations concern, among other things, air emissions, discharges to soil, surface water and ground water, noise control, the generation, handling, storage, transportation, and disposal of hazardous substances and wastes, the clean-up of contamination, indoor air quality and worker health and safety. These laws and regulations vary by location and can fall within federal, provincial, state or municipal jurisdictions. There is a risk that the Company has not been or, in the future, will not be in compliance with all such requirements. Violations could result in penalties or the curtailment or cessation of operations, any of which could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

For example, the Company is required to comply with a variety of EHS Laws that restrict emissions of air pollutants, such as lead, particulate matter and mercury. Because the Company's manufacturing facilities emit significant quantities of air emissions, compliance with these laws does require the Company to make investments in pollution control equipment and to report to the relevant government authority if any air emissions limits are exceeded. The government authorities typically monitor compliance with these limits and use a variety of tools to enforce them, including administrative orders to control, prevent or stop certain activities; administrative penalties for violating certain EHS Laws; and regulatory prosecutions, which can result in significant fines and (in relatively rare cases) imprisonment. The Company is also required to comply with a similar regime with respect to its wastewater or stormwater discharges. EHS Laws restrict the type and amount of pollutants that Company facilities can discharge into receiving bodies of waters, such as rivers, lakes and oceans, and into municipal sanitary and storm sewers. Government authorities can enforce these restrictions using the same variety of tools noted above. The Company has installed pollution control equipment at its manufacturing facilities to address emissions and discharge limits, and has an environmental management system in place designed to reduce the risk of non-compliance.

EHS Laws relating to health and safety may also result in significant obligations for the Company. The Company's manufacturing operations involve the use of large and complex machinery and equipment and the consequent exposure of workers to various potentially hazardous substances. As a consequence, there is an inherent risk to the health and safety of the Company's workers. From time to time, workplace illnesses and accidents, including serious injury and fatalities, do occur. Any serious occurrences of this nature may have a material adverse effect on the Company's results of operations, cash flows and financial condition.

Other EHS Laws regulate the generation, storage, transport and disposal of hazardous waste. The Company generates certain wastes, including electric arc furnace ("EAF") dust and other contaminants, some of which are classified as hazardous, that must be properly controlled and disposed of under applicable EHS Laws. Hazardous waste laws require that hazardous wastes be transported by an approved hauler and delivered to an approved recycler or waste disposal site and, in some cases, treated to render the waste non-hazardous prior to disposal. The Company has in place a system for properly handling, storing and arranging for the disposal of the wastes it produces, but non-compliance remains an inherent risk, and could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

Certain EHS Laws impose joint and several liability on certain classes of persons for the costs of investigation and clean-up of contaminated properties. Liability may attach regardless of fault or the legality of the original contaminating event (including off-site disposal). Some of the Company's present and former facilities have been in operation for many years and, over such time, have used substances and disposed of wastes that may require clean-up. The Company could be liable for the costs of such clean-ups. Clean-up costs for any contamination, whether known or not yet discovered, could be substantial and could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

The Company has estimated clean-up costs based on a review of the anticipated remediation activities to be undertaken at each of its known contaminated sites. Although the ultimate costs associated with such remediation are not precisely known, the Company has estimated the present value of the total remaining costs as of December 31, 2009 to be approximately $19.3 million, with these costs recorded as a liability in the Company's financial statements.

Changes to the regulatory regime, such as new laws or new enforcement policies or approaches could have a material adverse effect on the Company's business, cash flows, financial condition, or results of operations. Examples of these kinds of changes include recently enacted laws on the emissions of mercury, a currently proposed interpretation of existing rules applicable to the disposal of scrap metal shredder residue, current initiatives with respect to lead emissions, and the emerging legislative responses to climate change.

The Company is also required to obtain governmental permits and approvals pursuant to EHS Laws. Any of these permits or approvals may be subject to denial, revocation or modification under various circumstances, including at the time the Company applies for renewal of existing permits. Failure to obtain or comply with the conditions of permits and approvals may adversely affect the Company's results of operations, cash flows and financial condition and may subject the Company to significant penalties. In addition, the Company may be required to obtain additional operating permits or governmental approvals and incur additional costs.

The Company may not be able to meet all the applicable requirements of EHS Laws. Moreover, the Company may be subject to fines, penalties or other liabilities arising from actions imposed under EHS Laws. In addition, the Company's environmental and occupational health and safety capital expenditures could materially increase in the future.

Laws and regulations intended to reduce greenhouse gases and other air emissions may be enacted in the future and could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

The Company anticipates that its Canadian and U.S. operations will, in the future, be affected by federal, provincial, and state level climate change initiatives intended to address greenhouse gases and other air emissions. Canadian provincial governments are also implementing other legislative measures, some that have recently taken effect and others planned for the relatively near term. One of the effects of this growing body of legal requirements is likely to be an increase in the cost of energy. Certain state governments in the United States, including California, and growing coalitions of Western and Northeastern/mid-Atlantic states, are also taking active steps to achieve greenhouse gas emission reductions, and the federal government is moving in a similar direction. In particular, various pieces of federal legislation that would limit greenhouse gas emissions have been introduced in the U.S. Congress, some form of which could be enacted in the future. In addition, the U.S. Environmental Protection Agency (EPA) issued its finding that current and projected atmospheric concentrations of certain greenhouse gases thereafter the public health and welfare, which could form the basis for further EPA action. The Canadian federal government is monitoring these U.S. developments closely, and has indicated that it will consider partnering with the U.S. in future greenhouse gas reduction and renewable energy initiatives. While the details of this emerging legislative regime are still in a state of flux in Canada and the United States, the outcome could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

The Company's pension plans are currently underfunded.

The Company has several pension plans that are currently underfunded. Although the Company's pension plans are funded in accordance with statutory requirements, adverse market conditions could require the Company to make additional cash payments to fund the plans which could reduce cash available for other business needs. As of December 31, 2009, the aggregate value of plan assets of the Company's pension plans (including supplemental retirement plans of the former Co-Steel) was $534.2 million, while the aggregate projected benefit obligation was $754.8 million, resulting in an aggregate deficit of $220.6 million for which the Company is responsible. As of December 31, 2009 the Company also had an unfunded obligation of $133.8 million with respect to post-retirement medical benefits. The Company made cash payments of $75.5 million to its defined benefit pension plan for the year ended December 31, 2009. Funding requirements in future years may be higher, depending on market conditions, and may restrict the cash available for the business.

The Company may not be able to successfully renegotiate collective bargaining agreements when they expire and financial results may be adversely affected by labor disruptions.

As of December 31, 2009, approximately 27% of the Company's employees were represented by the United Steel Workers ("USW") and other unions under different collective bargaining agreements. The agreements have different expiration dates. Nine of the Company's mini-mill facilities are unionized, with the agreements for four of the facilities expiring in 2010, three of the facilities expiring in 2011, and two of the facilities expiring in 2012.

The Company may be unable to successfully negotiate new collective bargaining agreements at one or more facilities without any labor disruption when the existing agreements expire. A labor disruption could, depending on the operations affected and the length of the disruption, have a material adverse effect on the Company's operations. Labor organizing activities could occur at one or more of the Company's other facilities or at other companies upon which the Company is dependent for raw materials, transportation or other services. Such activities could result in a loss of production and revenue and have a material adverse effect on the Company's results of operations, cash flows and financial condition.

The Company may not be able to successfully implement a new Enterprise Resource Planning System.

The Company expects to implement a new enterprise resource planning ("ERP") system as part of the Company's ongoing efforts to improve and strengthen its operational and financial processes and its reporting systems. Any difficulties encountered in the implementation or operation of the new ERP system or any difficulties in the operation of the current system could cause the Company to fail to meet customer demand for its product or could delay its ability to meet its financial reporting obligations which, in turn, could materially adversely affect the Company's results of operations.

Currency fluctuations could adversely affect the Company's financial results or competitive position.

The Company reports results in U.S. dollars. A portion of net sales and operating costs are in Canadian dollars. As a result, fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may affect operating results. In addition, the Canadian operations compete with U.S. producers and are less competitive as the Canadian dollar strengthens relative to the U.S. dollar.

In addition, fluctuations in the value of the Canadian and U.S. dollar relative to foreign currencies may adversely affect the Company's business. A strong Canadian or U.S. dollar makes imported steel relatively less expensive, potentially resulting in more imports of steel products into Canada or the United States by foreign competitors. The Company's steel products that are made in Canada or the United States, as the case may be, may become relatively more expensive as compared to imported steel due to a strong Canadian or U.S. dollar, which could have a material negative impact on sales, revenues, margins and profitability.

Gerdau S.A. and its controlling shareholders control the Company, and are in a position to affect the Company's governance and operations.

Gerdau S.A., the main holding company of Gerdau Group, beneficially owned approximately 66.3% of the Company's outstanding common shares as of December 31, 2009. Gerdau S.A., in turn, is controlled by the Gerdau Johannpeter family.

Five of the directors are members or former members of the management of Gerdau S.A., and four of the directors are members of the Gerdau Johannpeter family. So long as Gerdau S.A. has a controlling interest, it will generally be able to approve any matter submitted to a vote of shareholders including, among other matters, the election of the board of directors and any amendment to the Company's articles or by-laws. In addition, Gerdau S.A. is able to significantly influence decisions relating to the Company's business and affairs, the selection of senior management, its access to capital markets, the payment of dividends and the outcome of any significant transaction (such as a merger, consolidation or sale of all or substantially all of the Company's assets). Gerdau Group has been supportive of the Company's strategy and business and the Company has benefited from its support

and resources, however the interest of Gerdau S.A. and the controlling family may be different from other shareholders and they may exercise their control over the Company in a manner inconsistent with other shareholders' interests.

Changes in the credit and capital markets may impair the liquidity of the Company's long-term investments, including investments in auction rate securities, which may adversely affect the Company's financial condition, cash flows and results of operations.

The Company has invested cash in long-term investments that are comprised of variable rate debt obligations ("auction rate securities"), which are asset-backed and categorized as available-for-sale. As of December 31, 2009, the fair value of these securities was $28.5 million. Despite the long-term nature of the securities' stated contractual maturities, the Company has historically been able to quickly liquidate these securities. Auctions for certain auction rate securities failed because sell orders exceeded buy orders. As a result of these failed auctions or future failed auctions, the Company may not be able to liquidate these securities until a future auction is successful, the issuer redeems the outstanding securities, or the securities mature. Although the Company intends to sell these investments when liquidity returns to the market for these securities, it may recognize additional losses in the future if uncertainties in these markets continue or the markets deteriorate further, which may have an adverse effect on the Company's results of operations, cash flows and financial condition.

The Company relies on its 50%-owned joint ventures for a portion of its income and cash flows, but does not control them or their distributions.

The Company has three 50%-owned joint ventures that contribute to its financial results but that it does not control. These joint ventures contributed a loss of $4.7 million to the Company's net loss for the year ended December 31, 2009. As the Company does not control the joint ventures, it cannot, without agreement from its partner, cause any joint venture to distribute its income from operations to the Company. In addition, Gallatin's existing financing agreement prohibits it from distributing cash to the Company unless specified financial covenants are satisfied. Additionally, since the Company does not control these joint ventures, they may not be operated in a manner that the Company believes would be in the joint ventures', or the Company's, best interests. Under terms of the partnership agreement governing the Gallatin joint venture, either partner has the right to compel the other partner to buy or sell its interest in the Gallatin joint venture, subject to certain procedures set out in the partnership agreement.

ENVIRONMENTAL AND REGULATORY MATTERS

The Company is required to comply with a complex and evolving body of EHS Laws concerning, among other things, air emissions, discharges to soil, surface water and groundwater, noise control, the generation, handling, storage, transportation and disposal of toxic and hazardous substances and waste, the clean-up of contamination, indoor air quality and worker health and safety. These EHS Laws vary by location and can fall within federal, provincial, state or municipal jurisdictions.

Most EHS Laws are of general application but result in significant obligations in practice for the steel sector. For example, the Company is required to comply with a variety of EHS Laws that restrict emissions of air pollutants, such as lead, particulate matter and mercury. Because the Company's manufacturing facilities emit significant quantities of air emissions, compliance with these laws does require the Company to make investments in pollution control equipment and to report to the relevant government authority if any air emissions limits are exceeded. The government authorities typically monitor compliance with these limits and use a variety of tools to enforce them, including administrative orders to control, prevent or stop a certain activity; administrative penalties for violating certain EHS Laws; and regulatory prosecutions, which can result in significant fines and (in rare cases) imprisonment. The Company is also required to comply with a similar regime with respect to its wastewater. EHS Laws restrict the type and amount of pollutants that Company facilities can discharge into receiving bodies of waters, such as rivers, lakes and oceans, and into municipal sanitary and storm sewers. Government authorities can enforce these restrictions using the same variety of tools noted above. The Company has installed pollution control equipment at its manufacturing facilities to address these emissions and discharge limits, and has an environmental management system in place designed to reduce the risk of non-compliance.

Other EHS Laws regulate the generation, storage, transport and disposal of hazardous waste. The Company generates certain wastes, including EAF dust and other contaminants, some of which are classified as hazardous, that must be properly controlled and disposed of under applicable EHS Laws. Hazardous waste laws require that hazardous wastes be transported by an approved hauler and delivered to an approved recycler or waste disposal site and, in some cases, treated to render non-hazardous prior to disposal. The Company has in place a system for properly handling, storing and arranging for the disposal of the wastes it produces but non-compliance remains an inherent risk, and could have a material adverse effect on our results of operations, cash flows and financial condition.

Certain EHS Laws impose joint and several liability on certain classes of persons for the costs of investigation and clean-up of contaminated properties, regardless of fault, the legality of the original contaminating event (including off-site disposal), or the ownership of the site. Some of the Company's present and former facilities have been in operation for many years and, over such time, the facilities have used substances and disposed of wastes (both on-site and off-site) that may require clean-up for which the Company could be liable. Reserves based on estimated costs have been made for the clean-up of sites of which the Company has knowledge of particular issues. However, there is no assurance that the costs of such clean-ups or the clean-up of any potential contamination not yet discovered will not materially adversely affect the Company.

EHS Laws relating to health and safety may also result in significant obligations for the Company. Our manufacturing operations involve the use of large and complex machinery and equipment and the exposure of workers to various potentially hazardous substances. As a consequence, there is an inherent risk to the health and safety of the Company's workers. From time to time, workplace illnesses and accidents, including serious injury and fatalities, do occur. Any serious occurrences of this nature may have a material adverse effect on our results of operation, cash flows and financial condition.

In December 2007, the United States Environmental Protection Agency promulgated the Area Source rule for EAF furnaces, pursuant to the Clean Air Act, that required material capital upgrades to pollution control systems at two of our mini-mills. These previously budgeted capital improvements are underway and are planned to be completed in 2010.

Some citizens living in the immediate vicinity of the Company's mini-mill in Sayreville, New Jersey have alleged that dust particles from the facility have been deposited on their homes and may be impacting their health and property. We are working closely with the community and elected officials to address these concerns. Based on present information, the Company does not anticipate material cost expenditures; however, there can be no assurance that will be the case.

As part of the process of updating and consolidating its air permits, and in anticipation of more stringent future regulation of air emissions, the Company's Whitby mini-mill filed an application for three new certificates of approval (air) which will consolidate all onsite air emissions into a site wide inventory. The application was submitted in April 2009 and is under review. The Company is planning to make incremental upgrades to the Whitby mini-mill's emission controls from 2010 through 2014 which are expected to cost approximately $30.0 million.

The potential presence of radioactive materials in the Company's scrap supply presents a significant economic exposure and may present a safety risk to workers. In addition to the risk to workers and the public, the cost to clean up the contaminated material and the loss of revenue resulting from the loss in production time can be material. Radioactive materials can be in the form of: sealed radioactive sources, typically installed in measurement gauges used in manufacturing operations or in hospital equipment; scrap from decommissioned nuclear power and U.S. Department of Energy facilities; and imported scrap. Past regulations for generally licensed devices did not provide for tracking of individual owners. This lack of accountability makes it easy for third parties to negligently or purposely discard sealed sources in scrap without consequences. In response, the Company has installed sophisticated radiation detection systems at its mini-mills to monitor all incoming shipments of scrap. If radioactive material is in the scrap received and is not detected, and is accidentally melted in an electric furnace, significant costs would be incurred to clean up the contamination of facilities and to dispose of the contaminated material. The Company's most recent experience in this regard was in Jacksonville, Florida in July 2001, and the total cost to the Company was approximately $14.0 million, $10.0 million of which was covered by insurance. While the Company

has redundant detection systems at its mini-mills, there is no assurance that radioactive materials will be detected. The Company also has insurance in place but it may not be sufficient to cover all our losses.

No assurance can be given that regulatory changes, such as new laws or new enforcement policies or approaches, including recently enacted laws relating to emissions of mercury and an interpretation of existing rules applicable to the disposal of scrap metal shredder residue, will not have a material adverse effect on the business, cash flows, financial condition or results of the Company's operations. The recent reduction by the federal government of the Ambient Air Quality Standard for Lead is a good example of the kind of regulatory development that the Company follows closely to assess its potential impact on our facilities. Although we do not expect any consequent air emission restrictions to materially affect any of our operations, some Company facilities are participating in state monitoring efforts and will be carefully following the progress on relevant state implementation plans to ensure future compliance.

Domestic legislative responses to global warming are now well advanced in some countries, particularly in Europe, and similar initiatives are gaining increasing momentum in Canada and the United States. Both the United States and Canada signed the Kyoto Protocol to the United Nations Framework Convention on Climate Change ("Kyoto Protocol"), which is aimed at reducing the human contribution to the atmospheric "greenhouse gases" that are widely believed to be responsible for global warming. Each of the so-called developed countries that signed the Protocol agreed to specific greenhouse gas reduction targets (relative to the base year of 1990) to be achieved over time. Canada ratified the Kyoto Protocol in December of 2002, while the United States has thus far declined to do so. The Kyoto Protocol came into force in February 2005, and is now binding on the countries and other entities that have ratified it (approximately 190 as of the end of 2009). The first compliance period during which targets must be met began in 2008 and ends in 2012.

The Company anticipates that its Canadian and U.S. operations will, in the future, be affected by federal, provincial, and state level initiatives intended to address greenhouse gas and other air emissions. For example, Canadian provincial governments are implementing climate change-related legislative measures, some that have taken effect and others planned for the relatively near term. The Province of Quebec, for example, became the first jurisdiction in North America to implement a carbon tax in October 2007, and British Columbia implemented its own carbon tax in July 2008. A growing number of provinces are also implementing cap-and-trade systems designed to reduce greenhouse gas emissions from large industrial emitters and certain other sources. For example, Alberta's emissions intensity cap-and-trade regime took effect in 2007. Other provinces plan to implement their own greenhouse gas emissions caps in the future. In particular, Ontario and Quebec signed a Memorandum of Understanding in 2008, committing the two provinces to develop a joint cap-and-trade system by as early as 2010. These two provinces, along with Manitoba and British Columbia and several U.S. states, are also part of the Western Climate Initiative, which aims to have implemented a regional cap-and-trade system by 2012. In addition, several provinces are taking related regulatory measures, such as legislation introduced by Ontario in 2009, to encourage renewable energy generation. One of the effects of this growing body of legal requirements is likely to be an increase in the cost of energy. Meanwhile, several state governments in the United States, including California, and growing coalitions of Western and Northeastern/mid-Atlantic states, are also taking active steps to achieve greenhouse gas emission reductions. The United States government is continuing to consider comprehensive climate and energy regulation in two areas: (i) legislation that would limit greenhouse gas emissions and change energy policy, and (ii) EPA regulation of greenhouse gas emissions through a Clean Air Act endangerment finding. A climate and energy bill was passed in the U.S. House of Representatives in 2009 and several bills are under consideration in the U.S. Senate. In 2009 the EPA issued endangerment and cause or contribute findings that greenhouse gas emissions threaten public health and welfare. The Canadian federal government is monitoring these U.S. developments closely, and has indicated that it will consider partnering with the U.S. in future greenhouse gas reduction and renewable energy initiatives. While the details of this emerging legislative regime are still in a state of flux in Canada and the United States, it is too early to determine its likely outcome or impact on the Company's results of operations, cash flows and financial condition.

The Company's operating segments are required to obtain numerous governmental permits and approvals pursuant to EHS Laws. Any of these permits or approvals may be subject to denial, revocation or modification under various circumstances. Failure to obtain or comply with the conditions of permits and approvals may adversely affect operations and may subject the Company to significant penalties. In addition, the Company may be required to obtain additional operating permits or governmental approvals and incur additional costs. There can be no

assurance that the Company will be able to meet all applicable regulatory requirements. There is no assurance that environmental capital expenditures will not materially increase in the future. Moreover, the Company may be subject to fines, penalties or other liabilities arising from actions imposed under environmental legislation or regulations.

To help manage environmental, health and safety risks, the Company maintains management systems. These systems, among other things, establish and monitor performance goals; outline responsibilities for EHS matters within the Company; involve various EHS training, awareness programs; and involve procedures for preventing and responding to spills, environmental emergencies and other EHS matters; and establish mechanisms to evaluate compliance. In particular, the Company has implemented programs designed to identify and appropriately manage potential risks to the environment and human health and safety associated with the Company's ongoing operations, including with respect to any anticipated operational changes. For example, the Company has systems to estimate anticipated remediation activities to be undertaken at each of its known contaminated sites and the associated clean-up costs. Although the ultimate costs associated with such remediation are not precisely known, the Company has estimated the present value of the total remaining costs as of December 31, 2009 to be approximately $19.3 million, with these costs recorded as a liability in our financial statements. The Company's EHS systems also help monitor its potential impacts on the environment, including on ambient air quality, soil and groundwater, so that it may make effective decisions to improve future environmental performance. In addition, the Company has in place policies and procedures relating to worker health and safety, which outline the safeguards taken and training provided by the Company to prevent workplace accidents and injuries. The Company has a corporate management team that oversees the implementation of these systems, and regularly reviews and audits the Company's operations in this regard. The team also monitors the Company's compliance with its external legal requirements and with the other standards that the Company uses to identify and manage Company activities that may have an impact on the natural environment. The Company uses internationally recognized standards such as ISO 14001 to assess the performance of its EHS management systems.

In meeting its environmental performance goals and government-imposed standards in 2009, the Company incurred operating costs of approximately $8.8 million and spent $12.5 million on environmental-related capital improvements. As part of the Company's ongoing environmental management activities, the Company plans for and budgets capital expenditures with respect to environmental matters. The Company's current budget for environmental capital expenditures for 2010 to 2012 is approximately $40 million.

EMPLOYEES

Gerdau Ameristeel believes it has been, and continues to be, proactive in establishing and fostering a climate of positive employee relations. The Company has an "open book" management system and provides opportunities for employees to participate in employee involvement teams. The Company believes high employee engagement is a key factor in the success of its operations. Gerdau Ameristeel strives to ensure that its compensation programs are designed to make employees' financial interests congruous with those of the Company's shareholders and competitive within the market place.

Safety is the most important corporate value and the Company makes every effort to put safety first in its operations. The Company also strives to involve employees in our safety programs and in improving operations. The Company has implemented the Gerdau Ameristeel business system, in which benchmarks are identified for key operational and safety measures and then processes are developed to improve performance relative to these benchmarks. Training and safety programs are currently embedded within this initiative.

As of December 31, 2009, Gerdau Ameristeel employed approximately 7,850 employees (excluding employees of the 50% owned joint ventures), of which approximately 4600 employees work in mini-mills, 2,685 work in downstream and recycling operations and 560 work in corporate and sales offices. Approximately 27% of our employees (excluding employees of the three 50% owned joint ventures) are represented by unions under a number of different collective bargaining agreements. The agreements have different expiration dates. Nine of the Company's mini-mill facilities are unionized, with the agreements for four of the facilities expiring in 2010, three of the facilities expiring in 2011, and two of the facilities expiring in 2012.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The section entitled "Management's Discussion and Analysis" in the Company's Annual Report for the year ended December 31, 2009 is incorporated by reference into this Annual Information Form.

MARKET FOR SECURITIES

The share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series. The holders of the Common Shares are entitled to receive dividends when declared by the Board, to receive notice of and attend shareholders' meetings, to vote one vote per Common Share at shareholders' meetings and, subject to the prior rights of the holders of any shares ranking senior to the Common Shares, in the event of the Company's dissolution or liquidation, to receive the Company's remaining property.

The preferred shares may be issued in one or more series and the Board may determine the rights, privileges, restrictions and conditions attaching to the preferred shares including dividends, rights of redemption and retraction, conversion rights, and dissolution or liquidation rights. In the event of the Company's liquidation or dissolution, the preferred shares of each series rank on a parity with the preferred shares of every other series and are entitled to preference over the Common Shares and over any other shares of the Company ranking junior to the preferred shares. The holders of the preferred shares are not entitled to receive notice of or to attend any shareholders' meetings unless the Company has failed to pay dividends of any one series for a period of two years. So long as any dividends on the preferred shares of any series remain in arrears, the holders of such preferred shares are entitled to receive notice of and to attend all shareholders' meetings and are entitled, voting separately and as a series, to elect one member of the Board.

As of December 31, 2009, the Company had outstanding 433,314,809 Common Shares and no preferred shares. The Company's Common Shares are listed on the Toronto Stock Exchange (the "TSX") and on the New York Stock Exchange (the "NYSE") under the symbol "GNA".

The following table sets forth the reported high price, low price and volume by month for the Company's common shares as reported by the TSX and NYSE from January through December 2009.

	TSX - $CDN			NYSE - $US		
Date	High	Low	Volume (millions)	High	Low	Volume (millions)
January	8.60	6.75	9.1	7.31	5.36	16.5
February	8.85	5.06	9.4	7.27	4.00	18.7
March	5.14	3.76	18.9	4.02	2.98	28.0
April	6.38	3.81	24.8	5.35	3.00	33.8
May	7.84	5.75	16.8	7.03	4.89	41.6
June	8.54	7.11	14.6	7.78	6.14	38.0
July	8.11	6.85	12.5	7.30	5.85	32.3
August	8.25	7.30	8.3	7.69	6.62	24.1
September	9.52	7.84	14.0	8.97	7.11	31.2
October	9.30	7.35	9.5	9.02	6.78	33.4
November	9.00	7.30	6.9	8.59	6.75	22.4
December	9.04	8.24	4.9	8.62	7.78	14.5

Source: Equicom

DIVIDENDS

No dividends were paid from January 2003 until January 2005 when the Board of Directors of Gerdau Ameristeel approved the initiation of a quarterly cash dividend of $0.02 cents per Common Share. Beginning in

January 2005 and continuing through 2008, dividends on the Common Shares were paid in March, June, September and December of each year. After the quarterly dividend paid in March, 2009, the Company did not pay additional dividends in 2009 in an effort to be prudent with the Company's financial resources in light of the challenging economic climate. The Company also paid a special dividend of $0.14 cents per Common Share in 2005, $0.22 cents per Common Share in 2006, $0.27 per common share in 2007 and $0.25 per Common Share in 2008.

The declaration of dividends on the Common Shares is at the discretion of the Company's Board of Directors. The declaration of dividends from time to time will depend on the Company's cash flow from operations and the other uses to which the cash can be deployed.

The following table summarizes the dividends paid per share for each of the three years ended December 31, 2007, 2008 and 2009, on the common shares:

Year	Regular Dividend	Special Dividend	Total
2007	$ 0.08	$ 0.27	$0.35
2008	$ 0.08	$ 0.25	$0.33
2009	$ 0.02	$ 0.00	$0.02

DIRECTORS AND OFFICERS

Gerdau Ameristeel's Board of Directors (the "Board of Directors" or the "Board") currently consists of eleven directors, each of whom will hold office until the next annual meeting of shareholders or until his successor is elected or appointed. The Company has an Audit Committee, a Corporate Governance Committee and a Human Resources Committee. The name, province or state and country of residence, position with the Company, and principal occupation of the directors and executive officers of the Company and Committee memberships are as shown below:

Name, Age and Province/State and Country of Residence	Major Positions with the Company and Significant Affiliates	Principal Occupation
Phillip E. Casey, 67 Florida, United States	Director since 2002, President until June 2005 and Chief Executive Officer until January 2006. Chairman of the Board since June 2005 Independent	Chairman of the Board of the Company
Joseph J. Heffernan, 63 Ontario, Canada	Director since 1996 Independent Member of: • the Human Resources Committee (Chair) • the Corporate Governance Committee	Chairman, Clairvest Group Inc.
Jorge Gerdau Johannpeter, 73 Rio Grande do Sul, Brazil	Director since 2002, Chairman of the Board of the Company from 2002 until December 2005 Member of: • the Corporate Governance Committee	Chairman of the Board of Directors of Gerdau S.A.
Frederico C. Gerdau Johannpeter, 67 Rio Grande do Sul, Brazil	Director since 2002 and Vice President of the Board of Directors of Gerdau S.A.	Director of Gerdau S.A.
André Gerdau Johannpeter, 47	Director since 2002, Chief Executive Officer of Gerdau S.A. since January 2007 and	Chief Executive Officer of

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Name, Age and Province/State and Country of Residence	Major Positions with the Company and Significant Affiliates	Principal Occupation
Rio Grande do Sul, Brazil	member of the Board of Directors of Gerdau S.A. since January 2008 Member of: • the Human Resources Committee	Gerdau S.A.
Claudio Johannpeter, 46 Rio Grande do Sul, Brazil	Director since 2007 and Chief Operating Officer of Gerdau S.A. since January 2007 and member of the Board of Directors of Gerdau S.A. since April 2008	Chief Operating Officer of Gerdau S.A.
J. Spencer Lanthier, 69 Ontario, Canada	Director since 2000 Independent Member of: • the Audit Committee (Chair) • the Human Resources Committee	Corporate Director
Robert E. Lewis, 49 Florida, United States	Vice President, General Counsel and Corporate Secretary of the Company	Vice President, General Counsel and Corporate Secretary of the Company
Mario Longhi, 55 Florida, United States	Director since 2007 President and Chief Executive Officer of the Company, Vice President of Gerdau S.A. and a member of the Executive Committee of Gerdau S.A.	President and Chief Executive Officer of the Company
J. Neal McCullohs, 53 Florida, United States	Vice President Downstream Operations Group of the Company	Vice President, Downstream Operations Group of the Company
Richard McCoy, 67 Ontario, Canada	Director since 2006 Independent Member of: • the Human Resources Committee	Corporate Director
Rick J. Mills, 62 Tennessee, United States	Director since 2008 Independent Member of: • the Audit Committee	Corporate Director
Arthur Scace, 71 Ontario, Canada	Director since 2003 Independent Member of: • the Corporate Governance Committee (Chair) • the Audit Committee	Corporate Director
Barbara R. Smith, 50 Florida, United States	Vice President, Finance, Chief Financial Officer and Assistant Secretary of the Company	Vice President, Finance, Chief Financial Officer and Assistant Secretary of the Company

Terry A. Sutter, 51 Florida, United States	Vice President, Chief Operating Officer of the Company	Vice President, Chief Operating Officer of the Company

Phillip E. Casey served as President of Gerdau Ameristeel from October 2002 until June 2005, as Chief Executive Officer of Gerdau Ameristeel from October 2002 until January 2006 and as director since October 2002. He has been Chairman of Gerdau Ameristeel since June 2005. Previously, he was Chief Executive Officer and a director of Ameristeel Corporation starting in June 1994 and President of Ameristeel Corporation starting in September 1999. Mr. Casey was Chairman of the Board of Ameristeel from June 1994 until September 1999. Mr. Casey is also a director of Astec Industries, Inc.

Joseph J. Heffernan[1] has been a director of Gerdau Ameristeel since 1996. He was non-executive Vice-Chairman of Gerdau Ameristeel (when it was Co-Steel) from 1999 until October 2002. Mr. Heffernan is a director of the following Canadian public company: Clairvest Group Inc. and serves as that company's Chairman.

Jorge Gerdau Johannpeter has been working for the Gerdau group since 1954. Mr. Jorge Johannpeter became an executive officer of Gerdau S.A. in 1971. He has served as Chairman of the Board of Directors of Gerdau S.A. since 1983 and he served as President of Gerdau S.A. from 1983 through 2006. Mr. Johannpeter served as Chairman of the Board for Gerdau Ameristeel from October 2002 until June 2005. He also served as President of Gerdau S.A.'s Executive Committee from 2002 through 2006. He holds a degree in Law from the Federal University of Rio Grande do Sul, Brazil. Mr. Johannpeter is also a director of Petrobras S.A. and Chairman of Board of Metalúrgica Gerdau S.A.,

Frederico C. Gerdau Johannpeter has worked for the Gerdau group since 1961 and has been a director of Gerdau Ameristeel since 2002. Mr. Johannpeter became an executive officer of Gerdau S.A. in 1971 and has been a director of Gerdau S.A. since 1973. He served as Senior Vice President of Gerdau S.A.'s Executive Committee from 2002 through 2006. He holds a degree in Business Administration from the Federal University of Rio Grande do Sul, Brazil and a Masters degree in Business, Finance, Costs and Investments from the University of Cologne, Germany. Mr. Johannpeter is also Vice Chairman of the Board of Metalúrgica Gerdau S.A.

André Gerdau Johannpeter has been a director of Gerdau Ameristeel since 2002 and served as Chief Operating Officer of Gerdau Ameristeel from August 2004 until March 2006 when he was named Executive Vice President of Gerdau S.A. He became Chief Executive Officer and President of Gerdau S.A.'s Executive Committee in January 2007 and a member of the Board of Directors of Gerdau S.A. in January 2008. He has also served as Chief Executive Officer of Metalúrgica Gerdau S.A. since 2007 and as Chief Executive Officer of Acos Villares S.A. since April 2009. He has been working for the Gerdau companies since 1980. Mr. Johannpeter originally became an Executive Officer of Gerdau S.A. in 1989. In 1998, Mr. Johannpeter was appointed Director of Information Systems of Gerdau S.A. and in 1999 he became Director of New Business Development of Gerdau S.A. In 2002, he was appointed Vice President, North American Operations of Gerdau S.A. Mr. Johannpeter became a director and was appointed Vice-President, Chief Operating Officer of Gerdau Ameristeel, Canadian Operations in October 2002 and was appointed Vice President, Business Development of Gerdau Ameristeel in November 2003. He received a degree in Business Management from the Catholic Pontiff University of Rio Grande do Sul, Brazil. Mr. Johannpeter is also a director of Metalurgica Gerdau S.A.

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[1] Prior to July 18, 2008, Mr. Heffernan was a director of Integral Orthopedics Inc. ("Integral"). In response to a proceeding instituted by a creditor of Integral in July 2008, an interim receiver was appointed. The court-appointed interim receiver brought a motion seeking approval of the sale of Integral's assets and, on September 11, 2008, such order was made by the Ontario Superior Court of Justice.

Claudio Johannpeter has worked for the Gerdau Group since 1982 and has been a director of Gerdau Ameristeel since 2007. From 1992 to 2000 he was in charge of Gerdau Piratini Specialty Steels and from 2000 to 2002 he served as the Executive Director of the Gerdau S.A. Industrial Units in Brazil. From 2002 through 2006 he served as an Executive Vice President of Gerdau S.A. and oversaw the group's Specialty Steel and Acominas operations. He has served as a member of the Board of Directors of Corporación Sidenor in Spain since January 2006, as Chief Operating Officer of Gerdau S.A. since January 2007 and became a member of the Board of Directors of Gerdau S.A. in April 2008. He has also served as Chief Operating Officer of Metalúrgica Gerdau S.A. since 2007 and as Chief Operating Officer of Acos Villares S.A. since April 2009. He holds a degree in Metallurgy Engineering from the Federal University of Rio Grande do Sul. Mr. Johannpeter is also a director of Metalúrgica Gerdau S.A.

J. Spencer Lanthier has been a director of Gerdau Ameristeel since 2000. Mr. Lanthier is also a director of the following Canadian public companies: Biovail Corporation, RONA Inc., TMX Group Inc. and Zarlink Semiconductor Inc. Mr. Lanthier is a retired partner of KPMG Canada and acted as Chairman and Chief Executive of KPMG Canada from 1993 until his retirement in 1999.

Robert E. Lewis has been our Vice President, General Counsel and Corporate Secretary since January 2005. Mr. Lewis was Senior Vice President, General Counsel and Secretary of Eckerd Corporation from August 1994 through January 2005. Prior to August 1994 he was an attorney and shareholder with the Tampa law firm Shackleford, Farrior, Stallings, & Evans, P.A.

Mario Longhi was appointed as President in June 2005 and as Chief Executive Officer of Gerdau Ameristeel in January 2006, replacing Mr. Casey. Mario Longhi joined Gerdau Ameristeel as President following a 23-year international career with the executive team of Alcoa Inc. Prior to his appointment at Gerdau Ameristeel, Mr. Longhi held various positions with Alcoa and served most recently as Executive Vice President, President of the Extrusions and End Products Group. Mr. Longhi received Bachelor and Masters degrees in Metallurgical Engineering from the University of Technology Maua, Brazil.

Rick J. Mills has been a director of the Company since 2008. Mr. Mills joined Cummins, Inc., the world's leader in the manufacture of large diesel engines, in 1970 and served in various senior executive positions, most recently as a Corporate Vice President from 1996 until his retirement in May of 2008. He also serves on the Board of Directors of Flowserve, Inc.

J. Neal McCullohs served as Vice President Commercial and Downstream Operations Group from September 12, 2006 until 2008 when he was appointed Vice President, Downstream Operations Group. Previously he was appointed Vice President, Downstream Fabrication Group effective January 20, 2005, Vice President, Steel Business Ventures effective May 6, 2004, and Vice President, Fabricated Reinforcing Steel Products effective October 23, 2002. Mr. McCullohs has over 30 years of steel industry experience.

Richard McCoy has been a director of Gerdau Ameristeel since 2006. He was in the investment banking business for over 35 years. Prior to retiring in October 2003, Mr. McCoy was Vice Chairman, Investment Banking at TD Securities Inc. Prior to joining TD Securities Inc. in May 1997, Mr. McCoy was Deputy Chairman of CIBC Wood Gundy Securities. Mr. McCoy serves as a director and/or trustee of the following Canadian public entities: Aberdeen Asia — Pacific Income Investment Company, Ltd., Jazz Air Income Fund, Pizza Pizza Royalty Income Fund and Uranium Participation Corporation. Mr. McCoy holds a Masters of Business Administration from Richard Ivey School of Business Administration, University of Western Ontario.

Arthur Scace has been a director of Gerdau Ameristeel since 2003. Mr. Scace previously acted as counsel to McCarthy Tétrault LLP, a Canadian law firm, and is the former national chairman and managing partner of the firm. He is a director and/or trustee of the following Canadian public entities: Sceptre Investment Counsel Limited and West Jet Airlines Ltd. Mr. Scace is a Rhodes Scholar with degrees from the University of Toronto, Harvard University and Oxford University.

Barbara R. Smith became Vice President, Finance and Chief Financial Officer effective July 31, 2007. Ms. Smith has more than 25 years of experience in international and North American business activities and substantial financial experience gained at Alcoa Inc., where she served various financial roles including Group Chief

Financial Officer for Aerospace, Automotive and Commercial Transportation Group, Chief Financial Officer for Alcoa Fujikura Ltd, and Director of Internal Audit. Prior to joining Gerdau Ameristeel, she served as Senior Vice President and Chief Financial Officer for FARO Technologies Inc. Ms. Smith earned a Bachelor of Science in Accounting from Purdue University in West Lafayette, Ind. She also earned the title of a certified public accountant from the State of Tennessee.

Terry A. Sutter became Vice President, Chief Operating Officer effective June 11, 2007. Mr. Sutter has more than 23 years of experience in international and North American business activities and substantial profit and loss experience gained at Allied Signal, Inc./Honeywell International, Inc., Cytec Industries, Inc. and Tyco International, Ltd. Most recently, he served as President of Plastics and Adhesives for Tyco International, Ltd. and was named President and Chief Executive Officer after its divestiture to Apollo Management, a private equity firm. Mr. Sutter has a Masters of Business Administration from the University of Chicago Graduate School of Business and a Masters of Science degree in Chemical Engineering from Texas A&M University.

Messrs. Jorge and Frederico Johannpeter are brothers. André Gerdau Johannpeter is the son of Jorge Johannpeter. Andre Gerdau Johannpeter and Claudio Gerdau Johannpeter are first cousins. None of the other directors are related to one another.

Share Ownership

As a group, the directors and executive officers of Gerdau Ameristeel beneficially own, directly or indirectly, or exercise control or direction over 292,971,916 Common Shares, representing approximately 67.6% of our total outstanding Common Shares as of February 26, 2010.

PRESIDING DIRECTOR AT MEETINGS

Generally following each regularly scheduled Board meeting, the independent directors meet separately in an executive session. The Chairman of the Board of Directors has the responsibility to preside over the independent director executive sessions. The independent directors may also meet at such other times as determined by the Chairman or at the request of any independent director.

COMMUNICATION WITH NON-MANAGEMENT DIRECTORS

Shareholders may send communications to the Company's non-management directors by writing to:

The Chairman of the Board of Directors
c/o Robert E. Lewis
Vice President, General Counsel and Corporate Secretary
Gerdau Ameristeel Corporation
P.O. Box 31328
Tampa, Florida
United States, 33631-3328

CORPORATE GOVERNANCE

The Corporate Governance Committee develops the Company's approach to corporate governance and recommends to the Board corporate governance principles to be followed by the Company. The Board has adopted corporate governance guidelines (the "Corporate Governance Guidelines"), which set out the functions of the Board and details regarding the composition of the Board (including director independence), Board and Committee meetings, the Committees of the Board, director access to management and independent advisors, director compensation, director orientation and continuing education, the appointment, supervision, succession and development of senior management and a performance assessment of the Board and its Committees.

The Board maintains the Company's corporate integrity by ensuring that the Chief Executive Officer and the senior management create a culture of integrity throughout the organization.

The Corporate Governance Committee and the directors have reviewed and approved this summary of governance practices with reference to the "Corporate Governance Guidelines" set forth in National Policy 58-201 and those of the NYSE. For additional information regarding the Company's corporate governance practices, please see the "Summary of Corporate Governance Practices" section of the management proxy circular for the annual general meeting of shareholders to be held on May 12, 2010.

The Company's Corporate Governance Guidelines are posted on the Company's website at *www.gerdauameristeel.com*. They are also available in print to any shareholder who requests them. Requests for copies of these documents may be made by contacting:

Robert E. Lewis
Vice President, General Counsel and Corporate Secretary
Gerdau Ameristeel Corporation
P.O. Box 31328
Tampa, Florida
United States, 33631-3328

BOARD COMMITTEE MANDATES

The directors have established three Committees of the Board: a Corporate Governance Committee, an Audit Committee and a Human Resources Committee. The directors and each of the Committees on which they serve are listed above under "Directors and Officers".

The charters for each of the Committees are posted on the Company's website at *www.gerdauameristeel.com*. They are also available in print to any shareholder who requests them. Requests for copies of these documents should be made by contacting:

Robert E. Lewis
Vice President, General Counsel and Corporate Secretary
Gerdau Ameristeel Corporation
P.O. Box 31328
Tampa, Florida
United States, 33631-3328

LEGAL PROCEEDINGS

The Company is occasionally named as a party in various claims and legal proceedings which arise during the normal course of its business. Although there can be no assurance that any particular claim will be resolved in the Company's favor, the Company does not believe that the outcome of any claims or potential claims of which it is currently aware will have a material adverse effect on the Company.

In September, 2008 the Company and most other major North American steel producers were named as defendants in a series of lawsuits filed in federal court in the Northern District of Illinois. The lawsuits allege that the defendants conspired to fix, raise, maintain and stabilize the price at which steel products were sold in the United States by artificially restricting the supply of such steel products. The lawsuits, which purport to be brought on behalf of a class consisting of all direct and indirect purchasers of steel products from the defendants between January 1, 2005 and the present, seek treble damages and costs, including reasonable attorney fees and pre- and post-judgment interest. Although the Company believes that the lawsuits are entirely without merit and plans to aggressively defend them, the Company cannot at this time predict the outcome of this litigation or determine the Company's potential exposure, but if determined adversely to the Company, they could have a material adverse effect on the Company's assets.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the directors and officers of the Company, the only persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, securities of the Company carrying more than 10% of the voting rights attached to any class of outstanding voting securities having a material interest, direct or indirect, in any material transaction or proposed transaction of the Company or its affiliates from January 1, 2007 through December 31, 2009 are indicated below:

From January 1, 2007 through December 31, 2009, Gerdau S.A., which beneficially owns securities of the Company carrying approximately 66.3% of the voting rights attached to the Company's Common Shares, had a material interest in the following material transactions:

- To finance the acquisition of Chaparral Steel Company, on September 10, 2007 the Company borrowed, through a wholly-owned subsidiary, $2.75 billion under a term loan facility and $1.15 billion under a bridge loan facility. The term loan facility consists of three tranches with terms ranging from five to six years and the bridge loan facility had a term of 90 days and could be extended an additional 90 days at the Company's option. Gerdau S.A. and certain of its Brazilian affiliates have guaranteed the obligations of the borrowers under both credit facilities. The bridge loan facility was repaid in full by the end of November 2007. In addition, $150 million of the term loan facility was repaid in December 2007. As of February 28, 2010, $1.69 billion was outstanding under the term loan facility.
- On November 7, 2007, Gerdau S.A. purchased approximately 84.1 million of the 126.5 million Common Shares offered by the Company pursuant to a supplemental PREP prospectus of the Company dated November 2, 2007 and filed with the securities authorities in Canada and with the U.S. Securities Exchange Commission on November 2, 2007. After giving effect to the offering, Gerdau S.A. owned approximately 66.5% of the Company's Common Shares.
- On November 23, 2009, a subsidiary of the Company entered into a loan agreement pursuant to which it borrowed $610.0 million from a subsidiary of Gerdau S.A. The loan is a senior, unsecured obligation of the Company's subsidiary and guaranteed by the Company's U.S. operating subsidiaries, bears interest at 7.95% per annum, has no scheduled principal payments prior to maturity, and matures in full on January 20, 2020.
- From time to time in the normal course of business, the Company and/or certain of its subsidiaries make purchases and sales of steel products and raw materials from or to affiliated companies. For the year ended December 31, 2009, 2008 and 2007, the Company and/or certain of its subsidiaries purchased approximately 20,035, 134,107, and 238,865 tons of steel products and raw materials from affiliated companies for $8.3 million, $94.3 million, and $101.7 million, respectively. For the years ended December 31, 2009, 2008 and 2007, the Company and/or certain of its subsidiaries sold 203,906, 124,044 and 10,312 tons of steel products to affiliated companies for $75.1, $96.0 million and $4.8 million, respectively. These purchases and sales do not represent a significant percentage of the Company's total purchases or sales and were on terms which management believes were no less favorable than could be obtained from unaffiliated third parties.

Five of the Company's directors are members of management of Gerdau S.A. and four of the directors are members of the Gerdau Johannpeter family. So long as Gerdau S.A. has a controlling interest in the Company, it will generally be able to approve any matter submitted to a vote of shareholders and significantly influence decisions relating to the Company's business and affairs. Gerdau Group has been supportive of the Company's strategy and business and the Company has benefited from its support and resources, however the interest of Gerdau S.A. and the controlling family may be different from shareholders' interests and they may exercise their control over the Company in a manner inconsistent with shareholders' interests.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The Company appointed Deloitte & Touche LLP, Certified Public Accountants, as its auditors on February 28, 2007, whose Tampa office is located at 201 E. Kennedy Boulevard, Suite 1200, Tampa, Florida, United States, 33602.

The transfer agent and registrar for the Common Shares in Canada is CIBC Mellon Trust Company at its principal offices in Toronto, Montreal and Calgary and, in the United States, is its U.S. affiliate, Mellon Investor Services LLC at its principal office in New York.

AUDIT FEES

Deloitte & Touche LLP billed the Company for the following fees in the last two fiscal years:

	2008	2009
Fees for Audit Services	$2,179,700	$1,768,780
Audit-Related Fees	$ 362,100	$ 412,420
Tax Fees	—	—
All Other Fees	—	—

Audit fees include fees for services that would normally be provided by the external auditor in connection with statutory and regulatory filings or engagements, including fees for services necessary to perform an audit or review in accordance with PCAOB standards. This category also includes services that generally only the external auditor reasonably can provide, including comfort letters, statutory audits, attest services, consents and assistance with and review of certain documents filed with securities regulatory authorities.

Audit-related fees are for assurance and related services that traditionally are performed by the external auditor. More specifically, these services include, among others: employee benefit plan audits, and attest services that are not required by statute or regulation.

Tax fees are for professional services rendered for tax compliance, assistance with tax audits and inquiries, tax advice and tax planning on certain transactions.

All other fees are for services other than audit fees, audit-related fees and tax fees described above.

INTEREST OF EXPERTS

Deloitte & Touche LLP are the auditors of the Company and is independent within the meaning of the Rules of Professional Conduct of the AICPA and the rules of the U.S. Securities and Exchange Commission.

AUDIT COMMITTEE

The Audit Committee is presently comprised of Mr. Spencer Lanthier (Chair), Mr. Rick J. Mills and Mr. Arthur Scace. All members of the Audit Committee are required to be independent and financially literate and at least one member of the Committee is required to be a “financial expert” as such term is defined by the U.S. Securities and Exchange Commission. Each member of the Audit Committee is independent and financially literate within the meaning of applicable law and stock exchange listing requirements. The Board has determined that J. Spencer Lanthier is an “audit committee financial expert”.

Relevant Education and Experience

Each member of the Audit Committee has acquired significant financial experience and exposure to accounting and financial issues. Mr. Lanthier worked as a public company auditor for 28 years, and has served as a

director and a member of the audit committee of several public and private companies. Mr. Mills has served as a member of the audit committee of two other public companies. Mr. Scace has served as a director and a member of the audit committee of several public companies.

Pursuant to the New York Stock Exchange Listed Company Manual, the members of the Audit Committee may not serve on the audit committee of more than two other public companies without prior Board approval. With the Board's approval, Mr. Lanthier currently serves on the audit committee of more than two other public companies. The Board has determined that such simultaneous service will not impair the ability of Mr. Lanthier to effectively serve the Audit Committee.

Audit Committee Mandate

The Audit Committee is responsible for assisting the Board in its oversight of:

- the integrity of the Company's financial statements and related disclosure;
- the Company's compliance with legal and regulatory requirements;
- the independent auditor's qualifications, performance and independence;
- the performance of the Company's internal audit function;
- the internal control over financial reporting and disclosure controls at the Company; and
- any additional matters delegated to the Audit Committee by the Board.

The full text of the Audit Committee Charter is attached to this Annual Information Form as Schedule B and is also available on the Company's website at *www.gerdauameristeel.com*.

Pre-Approval Policies and Procedures

The Audit Committee has established a policy of pre-approving all auditing services and non-audit services to be performed for the Company by its external auditors, and the Committee shall not engage the external auditors to perform those specific non-audit services proscribed by law or regulation. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant pre-approvals of audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the full Committee at its next scheduled meeting.

On a quarterly basis, the Audit Committee meets separately with the external auditors without management being present and meets separately with management without the external auditors being present.

Whistle Blower Policy

The Audit Committee has adopted a whistle blower policy (the "Whistle Blower Policy") which establishes procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting control or auditing matters, and the confidential, anonymous submission by Company employees of concerns regarding questionable accounting or auditing matters. The Whistle Blower Policy is available on the Company's website at *www.gerdauameristeel.com*.

STANDARDS OF BUSINESS CONDUCT

The Company has adopted a code of ethics entitled the "Code of Ethics and Business Conduct," which is applicable to all employees, officers and directors of the Company, and a code of ethics entitled the "Code of Ethics Applicable to Senior Executives" which is applicable to all senior management of the Company. The Code of Ethics and Business Conduct and the Code of Ethics Applicable to Senior Executives embody the commitment of the

Company and its subsidiaries to conduct business in accordance with the highest ethical standards and applicable laws, rules and regulations. The Code of Ethics and Business Conduct and the Code of Ethics Applicable to Senior Executives can be found at the Company's website at *www.gerdauameristeel.com*.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which have been entered into by Gerdau Ameristeel within the most recently completed fiscal year or before the most recently completed fiscal year but still in effect:

In relation to the financing of the acquisition of Chaparral Steel Company on September 14, 2007, the Senior Export and Working Capital Facility Agreement dated September 10, 2007 among Ameristeel, GNA Partners, GP, the Company, certain affiliates of the Company and Gerdau S.A. as guarantors thereof, and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent, and a syndicate of lenders, as amended by the Amended and Restated Senior Export and Working Capital Facility Agreement dated November 6, 2007 and the first amendment to the Amended and Restated Senior Export and Working Capital Facility Agreement dated May 28, 2009.

In relation to the Company's senior secured revolving facility, the Credit Agreement dated December 21, 2009 between the Company, Bank of America, N.A., as administrative agent, and a syndicate of lenders.

In relation to the loan from a subsidiary of Gerdau S.A., the Loan Agreement dated November 23, 2009 among GUSAP Partners II, GP, certain guarantors, and Gerdau Holdings Inc.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness and principal holders of the Company's securities is contained in the Company's Management Proxy Circular dated March 29, 2010 for the annual meeting of shareholders for 2010, which involves the election of directors.

Additional financial information is provided in the Company's audited consolidated financial statements for the year ended December 31, 2009 and the management's discussion and analysis related thereto in the Company's Annual Report for the year ended December 31, 2009.

You may access other information about the Company, including disclosure documents, reports, statements or other information that the Company files with the Canadian securities regulatory authorities through SEDAR at *www.sedar.com* and in the United States with the SEC at *www.sec.gov* and on the Company's website at *www.gerdauameristeel.com*.

SCHEDULE A — LIST OF SUBSIDIARIES [1]

1300554 Ontario Limited (Ontario)
3038482 Nova Scotia Company (Nova Scotia)
3100361 Nova Scotia Company (Nova Scotia)
3221957 Nova Scotia Company (Nova Scotia)
3221958 Nova Scotia Company (Nova Scotia)
3223395 Nova Scotia Company (Nova Scotia)
3228568 Nova Scotia Company (Nova Scotia)
3229122 Nova Scotia Company (Nova Scotia)
3229123 Nova Scotia Company (Nova Scotia)
3236013 Nova Scotia Company (Nova Scotia)
American Materials Transport, Inc. (Delaware)
Bradley Steel Processors Inc. (50%) (Manitoba)
Canadian Guide Rail Corporation (50%) (Canada)
Chaparral (Virginia) Inc. (Delaware)
Chaparral Steel Company (Delaware)
Chaparral Steel Midlothian, LP (Delaware)
Chaparral Steel Texas, LLC (Delaware)
Consolidated Recycling Inc. (Ontario)
Co-Steel Benefit Plans Inc. (Ontario)
Co-Steel C.S.M. Corp. (Delaware)
Co-Steel Dofasco LLC (50%) (Wyoming)
Enco Materials, Inc. (Tennessee)
Gallatin Steel Company (50%) (Kentucky)
Gallatin Terminal Company (50%) (Kentucky)
Gallatin Transit Authority (50%) (Kentucky)
GANS LLC (Delaware)
Gerdau Ameristeel Energy, Inc. (Delaware)
Gerdau Ameristeel Perth Amboy Inc. (New Jersey)
Gerdau Ameristeel Sayreville Inc. (Delaware)
Gerdau Ameristeel Us Inc. (Florida)
Gerdau Ameristeel WC, Inc. (Delaware)
Gerdau USA Inc. (Delaware)
Ghent Steel Industries LLC (50%) (Kentucky)
GNA Financing Inc. (Delaware)
GNA Partners, GP (Delaware)
GUSAP Partners II, GP (Delaware)
Monteferro America Latina Ltda. (50%) (Brazil)
Monteferro International Business S.A. (50%) (Spain)
Monteferro USA Inc. (Delaware)
Pacific Coast Steel (84%) (Delaware)
PASUG LLC (Delaware)
PASUG 2 LLC (Delaware)
PASUG 3 LLC (Delaware)
PASUG 4 LLC (Delaware)
Pinnacle Data International LLC (84%) (Nevada)
Raritan River Urban Renewal Corporation (New Jersey)
Sand Springs Railway Company (Oklahoma)
Sheffield Steel Corporation (Delaware)
SSS/MRM Guide Rail Inc. (50%) (Manitoba)

(1) All entities are 100%-owned unless otherwise indicated.

SCHEDULE B — AUDIT COMMITTEE CHARTER

GERDAU AMERISTEEL CORPORATION

AUDIT COMMITTEE CHARTER
(Amended January 17, 2008)

1. PURPOSE

The Audit Committee has been established by the Board for the purposes of overseeing the accounting and financial reporting processes of the Company, including the audit of the financial statements of the Company.

The Audit Committee is responsible for assisting the Board in its oversight of:

- the integrity of the Company's financial statements and related disclosure;
- the Company's compliance with legal and regulatory requirements;
- the independent auditor's qualifications, performance and independence;
- the performance of the Company's internal audit function;
- the internal controls and disclosure controls at the Company; and
- any additional matters delegated to the Audit Committee by the Board.

The Audit Committee shall prepare all reports of the Audit Committee required to be included in the Company's annual proxy statement, as required by the rules of the Canadian securities regulatory authorities (the "CSRA") and the U.S. Securities and Exchange Commission (the "SEC") from time to time. Currently no report of the Audit Committee is required.

2. COMPOSITION AND QUALIFICATIONS

(a) Members

The Audit Committee shall be comprised of three or more members of the Board, as the Board may determine from time to time. Members of the Audit Committee will be appointed by the Board**,** taking into account any recommendation that may be made by the Corporate Governance Committee. Any member of the Audit Committee may be removed and replaced at any time by the Board, and will automatically cease to be a member if he or she ceases to meet the qualifications set out below. The Board will fill vacancies on the Audit Committee by appointment from among qualified members of the Board, taking into account any recommendation that may be made by the Corporate Governance Committee. If a vacancy exists, the remaining members of the Audit Committee may exercise all of their powers so long as there is a quorum and subject to any legal requirements regarding the minimum number of members of the Audit Committee.

(b) Qualifications

Each Member of the Audit Committee shall meet the independence and other qualification requirements of the Sarbanes-Oxley Act of 2002, the New York Stock Exchange, the CSRA and all other applicable laws and regulations. Each member of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise as such qualification is interpreted by the Board in its business judgment. At least one member shall be an "Audit Committee Financial Expert", as such term is defined by the SEC. In addition, at least 25% of the members must be residents of Canada (so long as this is required under applicable law). A member of the Audit Committee may not serve on more than two other public company audit committees except with prior approval of the Board.

(c) Independence

Members of the Audit Committee (i) may not accept any consulting, advisory, or other compensatory fee from the Company or any of its subsidiaries, other than director and committee fees and pension or other

form of deferred compensation for prior service and (ii) may not be an affiliated person (within the meaning of applicable law or regulations) of the Company or any of its subsidiaries.

3. DUTIES AND RESPONSIBILITIES

The Audit Committee is responsible for performing the duties set out below and any other duties that may be assigned to it by the Board and performing any other functions that may be necessary or appropriate for the performance of its duties.

(a) Appointment and Review of Independent Auditor

- The Company's independent auditors are ultimately accountable to the Audit Committee, which has the direct authority and responsibility to appoint, retain, compensate, oversee and evaluate and, where appropriate, replace the independent auditors, subject to shareholder approval where applicable. In connection with the Audit Committee's oversight of the independent auditor the Audit Committee will have the following responsibilities and take the following actions:
  - The Audit Committee will review and approve the independent auditor's engagement letters and the fees to be paid to the independent auditors.
  - The Audit Committee will obtain and review with the lead audit partner annually or more frequently as the Audit Committee considers appropriate, a report by the independent auditor describing: (A) the independent auditor's internal quality-control procedures; (B) any material issues raised by the most recent internal quality-control review, or peer review, of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting independent audits carried out by the independent auditor, and any steps taken to deal with these issues; and (C) in order to assess the independent auditor's independence, all relationships between the independent auditor and the Company.
  - After reviewing the report referred to above and the independent auditor's performance throughout the year, the Audit Committee will evaluate the independent auditor's qualifications, performance and independence. The evaluation will include a review and evaluation of the lead partner of the independent auditor. In making its evaluation, the Audit Committee will take into account the opinions of management and the officer in charge of internal audit and the Company's internal auditors (or other personnel responsible for the internal audit function). The Audit Committee will also consider, if appropriate and in order to assure continuing auditor independence, whether there should be a rotation of the audit firm itself. The Audit Committee will present its conclusions to the Board.
  - The Audit Committee will obtain confirmation and assurance as to the independent auditor's independence, including ensuring that it submits on a periodic basis (not less than annually) to the Audit Committee a formal written statement delineating all relationships between the independent auditors and the Company. The Audit Committee is responsible for actively engaging in a dialogue with the independent auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the independent auditor and for taking appropriate action in response to the independent auditor's report to satisfy itself of its independence.
  - The Audit Committee will resolve disagreements between management and the independent auditor regarding financial reporting.

- The Audit Committee will review with the Board any issues that arise with respect to the performance and independence of the independent auditor and make recommendations about whether the Company should continue with that independent auditor.
- The Audit Committee will ensure the regular rotation of members of the independent auditor's team as required by law.
- The Audit Committee will review and approve the Company's hiring of employees and former employees of the independent auditor or former independent auditors.

(b) Pre-Approval of Non-Audit Services

- The Audit Committee will pre-approve the appointment of the independent auditor for any non-audit service to be provided to the Company, provided that it will not approve any service that is prohibited under the rules of the Canadian Public Accountability Board or the Public Company Accounting Oversight Board, the Independence Standards of the Canadian Institute of Chartered Accountants or the United States Securities Exchange Act of 1934, as amended, and the rules promulgated thereunder. The Audit Committee may establish policies and procedures, from time to time, pre-approving the appointment of the independent auditor for certain non-audit services. In addition, the Audit Committee may delegate to one or more members the authority to pre-approve the appointment of the independent auditor for any non-audit service to the extent permitted by applicable law, provided that any pre-approvals granted pursuant to such delegation shall be reported to the full Audit Committee at its next scheduled meeting.

(c) Review of the Internal Audit Function

- The Audit Committee will review the mandate, budget, plan and scope of activities, staffing and organizational structure of the internal audit function to confirm that it is independent of management and has sufficient resources to carry out its mandate. The Audit Committee will discuss this mandate with the independent auditor.
- The Audit Committee will review the appointment and replacement of the officer in charge of the internal audit and will review the significant reports to management prepared by the internal auditing department and management's responses to such report.
- The Audit Committee has the authority to communicate directly with the officer in charge of the internal audit. In addition, as frequently as it deems necessary to fulfill its responsibilities, but not less often than annually, the Audit Committee will meet privately with the officer in charge of the internal audit to discuss any areas of concern to the Audit Committee or the officer in charge of the internal audit.

(d) Review of Financial Statements and Other Financial Information

- The Audit Committee will review and discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including reviewing the Company's disclosure under "Management's Discussion and Analysis of Financial Conditions and Results of Operations", before recommending them for approval by the Board for release and filing with securities regulatory authorities, including the filing of Form 40-F or Form 6-K, as applicable.
- The Audit Committee will review with management and the independent auditor: (A) major issues regarding accounting principles and financial statement presentations, including any significant changes to the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies; (B) analyses prepared by management and/or the

independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analysis of the effects of alternative GAAP methods on the financial statements of the Company; (C) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company; and (D) the type and presentation of information to be included in earnings press releases (including any use of "pro forma" or "adjusted" non-GAAP information) as well as any financial information and earnings guidance provided to analysts and rating agencies.

- The Audit Committee will review reports required to be submitted by the independent auditors concerning: (A) all critical accounting policies and practices used; (B) all alternative treatments of financial information within generally accepted accounting principles ("GAAP") that have been discussed with management, the ramifications of such alternatives, and the accounting treatment preferred by the independent auditors; and (C) any other material written communications with management.
- The Audit Committee will review earnings press releases and other press releases containing financial information based on the Company's financial statements prior to their release. The Audit Committee will also review the use of "pro forma" or "adjusted" non-GAAP information in such press releases.
- The Audit Committee will discuss generally (meaning a discussion of the types of information to be disclosed and the type of presentation to be made) financial information and earnings guidance provided to analysts and rating agencies. The Audit Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance.
- The Audit Committee will review all other financial statements of the Company that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities.
- The Audit Committee will discuss with the independent auditors the matters required to be disclosed by Statement on Auditing Standards No. 61 (as may be modified or supplemented) and the matters in the written disclosures required by Independence Standards Board Standard No. 1 relating to the conduct of the audit.
- The Audit Committee will review the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
- The Audit Committee will review significant changes in accounting or auditing policies.
- The Audit Committee will oversee management's design and implementation of an adequate and effective system of internal controls at the Company, including ensuring adequate internal audit functions and any significant findings and recommendations with respect to such internal controls. The Audit Committee will review the processes for complying with internal control reporting and certification requirements and for evaluating the adequacy and effectiveness of internal controls. The Audit Committee will review the annual and interim conclusions of the effectiveness of the Company's disclosure controls and procedures and internal controls and procedures (including the independent auditor's attestation, Chief Executive Officer's annual certificate and Chief Financial Officer's annual certificate that are required to be filed with securities regulators).
- The Audit Committee will regularly review with the independent auditor any problems or difficulties the independent auditor encountered in the course of its audit work, including any change in the scope of the planned audit activities and any restrictions placed on the scope of such activities or access to requested information, management's response to such problems and

difficulties and any significant disagreements with management. The Audit Committee will also review with the independent auditor any material communications with the independent auditor, including any "management" or "internal control" letters or schedule of unadjusted differences.

- The Audit Committee will review with management and any outside professionals as the Audit Committee considers appropriate important trends and developments in financial reporting practices and requirements and their effect on the Company's financial statements.
- The Audit Committee will review with management and the independent auditor the scope, planning and staffing of the proposed audit for the current year.
- The Audit Committee will discuss guidelines and policies governing the process by which risk assessment and risk management are undertaken and meet with management to review and assess the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures.
- The Audit Committee will review with management and the general counsel or any external counsel as the Audit Committee considers appropriate any legal, regulatory or other matters (including pending litigation, claims, contingencies and tax assessments) which may have a material effect on the Company and its financial statements, any material reports or inquiries from regulatory or governmental agencies and corporate compliance policies or codes of conduct.
- The Audit Committee will review with the Board any issues that arise with respect to the quality or integrity of the Company's financial statements, compliance with legal or regulatory requirements or the performance of the internal audit function.
- The Audit Committee will review with management the status of significant taxation matters of the Company.
- The Audit Committee will meet separately and periodically with management, the internal auditors (or other personnel responsible for the internal audit function) and the independent auditor.

(e) Complaints Procedure

- The Audit Committee will establish procedures for:

  (i) the receipt, retention and treatment of complaints and concerns received by the Company regarding accounting, internal accounting controls and auditing matters, and

  (ii) the confidential and/or anonymous submission by employees of complaints or concerns regarding questionable accounting or auditing matters. This will include the establishment of a whistleblower policy and an employee "hotline" for making anonymous submissions.

(f) Assessment

- The Audit Committee will review and reassess annually the adequacy of this Audit Committee Charter and recommend any proposed changes to the Board.

4. REPORTING

The Audit Committee will regularly report to the Board on:

- the independent auditor's independence;
- the performance of the independent auditor and the Audit Committee's recommendations regarding its reappointment or termination;
- the performance of the internal audit function;
- the adequacy of the Company's internal controls and disclosure controls;
- its recommendations regarding the annual and interim financial statements of the Company, including any issues with respect to the quality or integrity of the financial statements;
- its review of the annual and interim management's discussion and analysis;
- the Company's compliance with legal and regulatory requirements related to financial reporting; and
- all other significant matters it has addressed and with respect to such other matters that are within its responsibilities.

5. CHAIR

Each year, the Board will appoint one member to be Chair of the Audit Committee. If, in any year, the Board does not appoint a Chair, the incumbent Chair will continue in office until a successor is appointed. In the Chair's absence, the Audit Committee may select another member as Chair by majority vote. The Chair will have the right to exercise all powers of the Audit Committee between meetings but will attempt to involve all other members as appropriate prior to the exercise of any powers and will, in any event, advise all other members of any decisions made or powers exercised.

6. MEETINGS

The Audit Committee will determine the date, time and place of its meetings, but will meet at least quarterly. The Audit Committee may meet on not less than 48 hours written or verbal notice from the Chair to all members (or without notice if all persons entitled to notice have waived or are deemed to have waived such notice). If the Chair is absent or if the position is vacant, any member may call a meeting. The Audit Committee may establish those procedures it deems appropriate, such procedures to be in keeping with those adopted by the Board. The Audit Committee shall act on the affirmative vote of a majority of members present at a meeting at which a quorum is present. In the event of a tie, the Chairperson will have the second, or casting vote in addition to his or her original vote. Without a meeting, the Audit Committee may act by unanimous written consent of all members. However, the Audit Committee may delegate to one or more of its members the authority to grant pre-approvals of audit and permitted non-audit services, provided the decision is reported to the full Audit Committee at the next scheduled meeting.

7. QUORUM

A majority of the members of the entire Audit Committee will constitute a quorum for the transaction of business decisions.

8. SECRETARY AND MINUTES

The General Counsel of the Company, or such other person as may be appointed by the Chair of the Audit Committee, will act as the secretary of the Audit Committee. The minutes of the Audit Committee will be

in writing and duly entered in the books of the Company. The minutes of the Audit Committee will be available to all other members of the Board.

9. APPOINTMENT AND REMOVAL

The members of the Audit Committee shall be appointed by the Board at its first meeting following the annual meeting of shareholders and shall serve until their successors are elected or until their earlier deaths, resignation or removal, with or without cause in the discretion of the Board.

Any member may be removed and replaced at any time without cause by the Board and will automatically cease to be a member as soon as the member ceases to meet the qualifications set out above. The Board will fill vacancies on the Audit Committee by appointment from among qualified and independent members of the Board for the remainder of the unexpired term. If a vacancy exists on the Audit Committee, the remaining members may exercise all of its powers so long as a quorum remains in office.

10. ACCESS TO OUTSIDE ADVISORS

The Audit Committee may, in its sole discretion, retain counsel, auditors or other advisors in connection with the execution of its duties and responsibilities and may determine the fees of any advisors so retained. The Company will provide the Audit Committee with appropriate funding for payment of compensation to such counsel, auditors or other advisors and for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

11. LIMITATIONS

While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with GAAP. This is the responsibility of management and the independent auditors.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

In this report, “Gerdau Ameristeel” and “Company” refer to Gerdau Ameristeel Corporation and its subsidiaries and 50% owned joint ventures, except where otherwise indicated. All amounts herein are reported in U.S. dollars, unless otherwise stated. Certain statements in this report constitute forward-looking statements. Such statements that describe the Company’s assumptions, beliefs and expectations with respect to its operations, future financial results, business strategies and growth and expansion plans can often be identified by the words “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” and other words and terms of similar meaning. These forward-looking statements include, among others, statements with respect to the Company’s liquidity and capital resources, the impact of recently adopted accounting standards, the Company’s participation in the consolidation of the steel industry, the impact of compliance with environmental, health and safety laws, the impact of laws relating to greenhouse gases and air emissions, the impact of equipment failures, changes in capital markets, the Company’s financial and operating objectives and strategies to achieve them, and other statements with respect to the Company’s beliefs, outlooks, plans, expectations and intentions. The Company cautions readers that forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from those currently projected by the Company. In addition to those noted in the statements themselves, any number of factors could affect actual results, including, without limitation:

Excess global steel industry capacity and the availability of competitive substitute materials; the cyclical nature of the steel industry and the industries served by the Company and economic conditions in North America and worldwide; increases in the cost of steel scrap, energy and other raw materials; steel imports and trade regulations; a change in China’s steelmaking capacity or slowdown in China’s steel consumption; the Company’s participation in the consolidation of the steel industry; the substantial capital investment and similar expenditures required in the Company’s business; unexpected equipment failures and plant interruptions or outages; the Company’s level of indebtedness; the cost of compliance with environmental and occupational health and safety laws; the enactment of laws intended to reduce greenhouse gases and other air emissions; the Company’s ability to fund its pension plans; the ability to renegotiate collective bargaining agreements and avoid labor disruptions; the Company’s ability to successfully implement a new enterprise resource planning system; currency exchange rate fluctuations; actions or potential actions taken by the Company’s principal stockholder, Gerdau S.A.; the liquidity of the Company’s long-term investments, including investments in auction rate securities; and the Company’s reliance on its 50% owned joint ventures that it does not control.

Any forward-looking statements in this report are based on current information as of the date of this report and the Company does not undertake any obligation to update any forward-looking statements to reflect new information, future developments or events, except as required by law.

Additional information about the Company, including its Annual Information Form, is available on SEDAR at www.sedar.com and on the Company’s website at www.gerdauameristeel.com. The Management’s Discussion and Analysis should be read in conjunction with the Company’s Consolidated Financial Statements for the years ended December 31, 2009 and 2008.

The date of the Management’s Discussion and Analysis contained in this report is March 29, 2010.

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MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

Gerdau Ameristeel is the second largest mini-mill steel producer in North America with annual manufacturing capacity of approximately 12 million tons of mill finished steel products. Through its vertically integrated network of mini-mills, scrap recycling facilities and downstream operations, the Company primarily serves customers throughout the United States and Canada. The Company's products are generally sold to steel service centers, steel fabricators, or directly to original equipment manufacturers for use in a variety of industries, including non-residential, infrastructure, commercial, industrial and residential construction, metal building, manufacturing, automotive, mining, cellular and electrical transmission and equipment manufacturing. The Company's majority shareholder is the Gerdau Group, a 100+ year old steel company, the leading company in the production of long steel in the Americas and one of the major specialty long steel suppliers in the world. The Company's common shares are traded on the New York Stock Exchange and the Toronto Stock Exchange under the ticker symbol GNA.

OPERATING SEGMENTS

Gerdau Ameristeel is organized into two operating segments, mini-mills and downstream. The mini-mills segment consists of mini-mills in the United States and Canada. This segment manufactures and markets a wide range of long steel products, including reinforcing steel bar ("rebar"), merchant bars ("merchant"), structural shapes, beams, special sections and coiled wire rod ("rod"). The mills segment also produces rebar, merchant, rod and SBQ products which are transferred at arms-length, market prices to the downstream segment. The downstream segment is comprised of various secondary value-added steel businesses, which include rebar fabrication and epoxy coating, railroad spike operations, cold drawn products, super light beam processing, and the production of elevator guide rails, grinding balls, wire mesh and wire drawing.

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2009 ACCOMPLISHMENTS

- During 2009, the Company experienced the lowest lost time injury rate in its history and also had 39 facilities complete the year without a lost time accident. The Company's total number of lost time accidents fell 34% when compared to 2008.
- During 2009, even as production decreased approximately 35% compared to 2008, mill manufacturing costs were reduced by $33 per ton due to significant cost cutting initiatives implemented by the Company.
- The Company ended 2009 with $656.3 million of cash and short-term investments and approximately $420.2 million available under secured credit facilities which resulted in a total liquidity position of approximately $1.1 billion.
- Financial results for 2009 include EBITDA of $320.3 million. For information regarding how the Company calculates EBITDA, please see "Non-GAAP Financial Measures" herein.
- The Company was able to reduce its total long-term debt to $2.4 billion as of December 31, 2009 and lengthen the maturity of its outstanding debt by accomplishing the following:
  - In August 2009, the Company redeemed its $405 million 10 3/8% Senior Notes due in 2011 at a redemption price in the amount of $412.3 million representing 101.792% of the outstanding principal amount (the "Redemption Price"). The Redemption Price was paid entirely with cash and the Senior Notes were paid in full and are no longer outstanding.
  - In November 2009, a subsidiary of the Company entered into a loan agreement pursuant to which it borrowed $610 million from a subsidiary of Gerdau S.A. The loan is a senior, unsecured obligation of the Company's subsidiary and guaranteed by the Company's U.S. operating subsidiaries, bears interest at 7.95%, has no scheduled principal payments prior to maturity, and matures in full on January 20, 2020. The proceeds of this loan were used to refinance $610 million of term loan debt.
  - In December 2009, the Company used cash to repay $300 million of its term loan debt.
- In December 2009 the Company entered into a new $650 million senior secured asset-based revolving credit facility. The Company terminated the previously existing $950 million facility which would have matured in October 2010. The new facility is scheduled to mature on December 21, 2012.

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RESULTS OF OPERATIONS

The Consolidated Financial Statements of Gerdau Ameristeel for the years ended December 31, 2009 and 2008 have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The Consolidated Financial Statements include the results of the following acquisitions subsequent to their acquisition: Sand Springs Metal Processors ("SSMP") – October 31, 2008; Metro Recycling ("Metro") – October 27, 2008; Hearon Steel Co. ("Hearon") – July 14, 2008; Century Steel, Inc. ("CSI") – April 1, 2008. CSI was acquired by Pacific Coast Steel ("PCS"); a majority owned joint venture of the Company. In conjunction with the acquisition of CSI, on April 1, 2008, the Company increased its equity participation in PCS to approximately 84% from 55%.

YEAR ENDED DECEMBER 31, 2009, COMPARED TO YEAR ENDED DECEMBER 31, 2008

The following tables summarize the results of Gerdau Ameristeel for the years ended December 31, 2009 and 2008.

(US$ in thousands, except earnings per share data)	Year Ended December 31, 2009	% of Sales	Year Ended December 31, 2008	% of Sales	% of Sales Increase (Decrease)	$ Increase (Decrease)
Finished Steel Shipments (Tons) — excludes 50% owned joint ventures						
Rebar	946,373		1,564,045			
Merchant/Special Sections/Structurals	2,806,051		4,710,754			
Rod	485,415		620,927			
Fabricated Steel	1,075,719		1,424,128			
Total	**5,313,558**		**8,319,854**			
NET SALES	**$4,195,723**	**100.0%**	**$8,528,480**	**100.0%**		**$(4,332,757)**
OPERATING EXPENSES						
Cost of sales (exclusive of depreciation and amortization)	3,656,083	87.1%	6,799,427	79.7%	7.4%	(3,143,344)
Selling and administrative	227,683	5.4%	253,222	3.0%	2.4%	(25,539)
Depreciation	214,106	5.1%	219,667	2.6%	2.5%	(5,561)
Amortization of intangibles	65,736	1.6%	102,959	1.2%	0.4%	(37,223)
Impairment of goodwill	—	0.0%	1,278,000	15.0%	-15.0%	(1,278,000)
Facility closure costs	115,033	2.8%	—	0.0%	2.8%	115,033
Other operating expense, net	3,520	0.1%	8,293	0.1%	0.0%	(4,773)
	4,282,161	**102.1%**	**8,661,568**	**101.6%**	**0.5%**	**(4,379,407)**
LOSS FROM OPERATIONS	**(86,438)**	**-2.1%**	**(133,088)**	**-1.6%**	**-0.5%**	**46,650**
(LOSS) INCOME FROM 50% OWNED JOINT VENTURES	(4,692)	-0.1%	45,005	0.5%	-0.6%	(49,697)
LOSS BEFORE OTHER EXPENSES AND INCOME TAXES	**(91,130)**	**-2.2%**	**(88,083)**	**-1.1%**	**-1.1%**	**(3,047)**
OTHER EXPENSES						
Interest expense — non-affiliated	132,166	3.2%	165,607	1.9%	1.3%	(33,441)
Interest expense — affiliated	3,772	0.1%	—	0.0%	0.1%	3,772
Interest income	(5,040)	-0.2%	(14,921)	-0.2%	0.0%	9,881
Amortization of deferred financing costs	24,274	0.6%	10,951	0.1%	0.5%	13,323
Loss on extinguishment of debt	11,877	0.3%	—	0.0%	0.3%	11,877
Foreign exchange loss (gain), net	37,914	0.9%	(21,682)	-0.2%	1.1%	59,596
Realized (gain) loss on investments, net	(3,244)	-0.1%	59,977	0.7%	-0.8%	(63,221)
	201,719	**4.8%**	**199,932**	**2.3%**	**2.5%**	**1,787**
LOSS BEFORE INCOME TAXES	**(292,849)**	**-7.0%**	**(288,015)**	**-3.4%**	**-3.6%**	**(4,834)**
INCOME TAX (BENEFIT) EXPENSE	(128,576)	-3.1%	287,440	3.4%	-6.5%	(416,016)
NET LOSS	**(164,273)**	**-3.9%**	**(575,455)**	**-6.8%**	**2.9%**	**411,182**
Less: Net (loss) income attributable to noncontrolling interest	(2,557)	-0.1%	11,952	0.1%	-0.2%	(14,509)
NET LOSS ATTRIBUTABLE TO GERDAU AMERISTEEL & SUBSIDIARIES	**$ (161,716)**	**-3.8%**	**$ (587,407)**	**-6.9%**	**3.1%**	**$ 425,691**
EARNINGS PER SHARE ATTRIBUTABLE TO GERDAU AMERISTEEL & SUBSIDIARIES						
LOSS PER COMMON SHARE — BASIC	**$ (0.37)**		**$ (1.36)**			
LOSS PER COMMON SHARE — DILUTED	**$ (0.37)**		**$ (1.36)**			

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The Company uses weighted average net selling prices ("net selling prices") and metal spread as non-GAAP financial measures. The Company believes that net selling prices are commonly used in the steel industry to measure a company's revenue performance. The Company believes that net selling prices represent a meaningful measure because it reflects the revenue earned net of freight. The Company's method of calculating net selling prices may differ from the methods used by other companies and, accordingly, it may not be comparable to similarly titled measures used by other companies. Weighted average net selling prices were computed by dividing the shipment revenue by the steel shipments as follows:

(US$ in thousands, except as otherwise indicated) (Excludes 50% owned joint ventures)	Year Ended December 31, 2009	December 31, 2008	$ Increase (Decrease)	% Increase (Decrease)
Mill external shipment revenue	$2,699,503	$6,095,822		
Fabricated steel shipment revenue	1,016,554	1,637,747		
Other products shipment revenue *	307,056	501,465		
Freight	172,610	293,446		
Net Sales	$4,195,723	$8,528,480		
Mill external shipments (tons)	4,237,839	6,895,726		
Fabricated steel shipments (tons)	1,075,719	1,424,128		
Weighted Average Net Selling Price ($ / ton)				
Mill external steel shipments	$ 637	$ 884	$(247)	-27.9%
Fabricated steel shipments	945	1,150	(205)	-17.8%
Scrap Charged ($ / ton)	201	340	(139)	-40.9%
Metal Spread (selling price less scrap) ($ / ton)				
Mill external steel shipments	436	544	(108)	-19.9%
Fabricated steel shipments	744	810	(66)	-8.1%
Mill Manufacturing Cost ($ / ton)	315	348	(33)	-9.5%

* Other products shipment revenue includes ferrous scrap, nonferrous scrap, semifinished steel billets, and other building products.

Net sales: Net sales revenue for the year ended December 31, 2009 was $4.2 billion compared to $8.5 billion for the year ended December 31, 2008. Finished tons shipped for the year ended December 31, 2009 decreased 3.0 million tons, or 36.1%, compared to the year ended December 31, 2008. Shipment volume decreased in comparison to the year ended December 31, 2008 primarily as a result of the global liquidity crisis which has caused a downturn in global economic activity and significantly decreased demand for the Company's products. Weighted average mill selling prices were $637 per ton for the year ended December 31, 2009, a decrease of approximately $247 per ton or 27.9% from the weighted average mill selling prices for the year ended December 31, 2008.

Cost of sales: As a percentage of sales, cost of sales was 87.1% for the year ended December 31, 2009 as compared to 79.7% for the year ended December 31, 2008. While cost of sales, in total, has decreased primarily as a result of the 36.1% decline in the volume of finished goods shipped to outside customers, cost of sales as a percentage of sales increased primarily as the result of the $247 per ton decrease in weighted average mill selling prices. The effect this $247 per ton decrease in weighted average mill selling prices had on cost of sales as a percentage of sales was partially offset by lower scrap raw material costs and lower manufacturing costs. Even though production during 2009 was approximately 65% of the production for 2008, the Company was able to lower its mill manufacturing costs per ton during 2009 as a result of significant cost containment initiatives and lower raw material costs.

Selling and administrative: Selling and administrative expenses for the year ended December 31, 2009 decreased $25.5 million compared to the year ended December 31, 2008. The decrease in selling and administrative expenses is primarily due to cost cutting initiatives which have reduced headcount and professional consulting fees along with a reduction in incentive compensation expense due to lower results for 2009. Included in selling and administrative expense for the year ended December 31, 2009 is a non-cash pre-tax expense of $6.5 million which relates to the mark-to-market of outstanding stock appreciation rights ("SARs") and expenses associated with other equity based compensation agreements compared to a non-cash pre-tax expense of $2.5 million for the year ended December 31, 2008. Despite the reduction in total selling and administrative expense, as a percentage of revenue, selling and administrative expenses increased from 3.0% in 2008 to 5.4% in 2009 primarily due to the decrease in shipment volume of the Company's products.

Depreciation: Depreciation expense for the year ended December 31, 2009 decreased $5.6 million when compared to the year ended December 31, 2008.

Amortization of intangibles: Amortization expense for the year ended December 31, 2009 decreased $37.2 million when compared to the year ended December 31, 2008. The decrease in amortization for the year ended December 31, 2009 is primarily related to a reduction in the amortization of the Chaparral customer relationships intangible asset partially offset by the inclusion of the amortization associated with customer relationship and contract backlog intangible assets acquired through the CSI acquisition for the entire period. The Chaparral customer relationship intangible asset is amortized based on an accelerated method that considers the expected future economic benefit provided by those acquired customers over time.

Impairment of goodwill: The Company did not have an impairment of goodwill for the year ended December 31, 2009. During the year ended December 31, 2008, the Company incurred a non-cash goodwill impairment charge of $1.2 billion in the Long Products reporting unit and $83.6 million in the PCS reporting unit, resulting in a total impairment charge of $1.3 billion. See “Critical Accounting Estimates and Assumptions” herein, for an explanation of the Company’s goodwill impairment analysis.

Facility closure costs: During 2009, as a result of the significant downturn in the economy and declining demand for its products, the Company stopped production at its Perth Amboy, New Jersey and Sand Springs, Oklahoma facilities. The Company recorded a $115.0 million pre-tax charge for the year ended December 31, 2009 related to these actions. The pre-tax charge consisted primarily of charges for the write-down of property, plant and equipment of $81.9 million and certain inventory of $11.7 million. The remaining charges incurred consisted of employee severance costs of $5.0 million, a pension curtailment charge of $4.0 million and other facility closure expenses of $12.4 million.

Loss from operations: As a percentage of net sales, loss from operations for the year ended December 31, 2009 was 2.1% compared to 1.6% for the year ended December 31, 2008. The increase in loss from operations is primarily attributable to the decrease in net sales revenue, increase in cost of sales as a percentage of sales, and the facility closure costs noted above.

(Loss) Income from 50% owned joint ventures: Losses from the Company’s 50% owned joint ventures were $4.7 million for the year ended December 31, 2009 compared to income of $45.0 million for the year ended December 31, 2008. This decrease was primarily attributable to a decrease in the Company’s Gallatin Steel Company joint venture’s average net selling price and shipment volume driven by the global economic downturn in demand for steel. Shipment volume decreased approximately 18.4% in comparison to 2008 while selling prices decreased approximately 40.5% in comparison to the same period.

Interest expense – non-affiliated, and affiliated, interest income and other expense on debt: Interest expense – non-affiliated, interest expense – affiliated, interest income and other expense on debt, including amortized deferred financing costs, decreased $6.5 million for the year ended December 31, 2009 compared to the year ended December 31, 2008. The decrease in total interest expense is primarily due to a reduction in the floating interest rate of the Company’s Term Loan Facility along with a decrease in interest expense on the Senior Notes that were redeemed in August 2009 partially offset by interest expense recorded on the affiliated loan agreement entered into in December 2009. During 2009 interest income decreased due to a reduction in cash investment yields along with a shift by the Company to shorter term government investments that yield a lower rate of return. Amortization of deferred financing fees increased due to the writeoff of deferred financing fees associated with the termination of the $950 million asset-based revolving credit facility and the early partial repayment of the Term Loan Facility. Also contributing to the increase in amortization were the fees paid by the Company for the amendment of the Term Loan Facility. See “Credit Facilities and Indebtedness” herein for additional explanation.

Foreign exchange loss (gain), net: Foreign exchange losses for the year ended December 31, 2009 were $37.9 million compared to a foreign exchange gain of $21.7 million for the year ended December 31, 2008. Transaction gains and losses are a result of the effect of exchange rate changes on transactions denominated in currencies other than the functional currency. The foreign exchange loss during the year ended December 31, 2009 is primarily attributable to the strengthening of the Canadian dollar in comparison to the U.S. dollar.

Realized (gain) loss on investments, net: In past years, auctions for certain auction rate securities failed auction because sell orders exceeded buy orders. As a result, the Company may not be able to liquidate these securities until a future auction is successful, the issuer redeems the outstanding securities or the securities mature beginning in 2025. During the year ended December 31, 2009, the Company was able to sell certain of its auction rate securities for $7.9 million in cash resulting in a $4.0 million realized gain. Although it is the Company’s intention to sell its remaining auction rate securities when liquidity returns to the market for these securities, these investments are classified as a non-current asset. The Company’s entire long-term investment portfolio at December 31, 2009, consisted of such auction rate securities. Due to the lack of availability of observable market quotes on the Company’s investment portfolio of auction rate securities, the Company utilized

valuation models including those that are based on expected cash flow streams and collateral values, including assessments of counterparty credit quality, default risk underlying the security, discount rates and overall capital market liquidity. As a result of the Company's analysis of other-than-temporary impairment factors, it also recorded a pre-tax other-than-temporary impairment of approximately $0.8 million for the year ended December 31, 2009, related to these auction rate securities. For the year ended December 31, 2008, the Company recorded a pre-tax other-than-temporary impairment of approximately $60.0 million related to these auction rate securities. These securities will be analyzed each reporting period for possible further other-than-temporary impairment factors and appropriate balance sheet classification. See "Critical Accounting Estimates and Assumptions" herein for an explanation of the Company's long-term investment policy.

Income taxes: The Company's effective income tax rate was approximately (43.9)% and 99.8% respectively for the years ended December 31, 2009 and 2008. The 2009 rate represents a high recovery due to the impact of a largely fixed amount of tax exempt income on a relatively low level of pre-tax income which was partially offset by a valuation allowance of $20.8 million that was recorded to reduce its deferred tax assets to an amount that is more likely than not to be realized. The effective tax rate for the year ended December 31, 2008 was unfavorably impacted by the non-deductible impairment of goodwill in the Long Products reporting unit and writedown of auction rate securities. The Company's effective tax rate before these charges was 29.7% in 2008. As of December 31, 2009, the total valuation allowance was $56.0 million.

Segments: Gerdau Ameristeel is organized with two operating segments, mini-mills and downstream.

Mini-mills segment sales were $3.6 billion for the year ended December 31, 2009, compared to $7.7 billion for the year ended December 31, 2008. Mini-mill segment sales include sales to the downstream segment of $494.2 million and $937.9 million for the years ended December 31, 2009 and 2008, respectively. Mini-mill segment loss from operations for the year ended December 31, 2009 was $140.5 million compared to $45.7 million for the year ended December 31, 2008. The decrease in mini-mill segment income from operations for the year ended December 31, 2009 as compared to the year ended December 31, 2008 is primarily the result of the decreased external shipments and selling prices due to the global liquidity crisis and related downturn in economic activity and facility closure costs noted above.

Downstream segment sales were $1.1 billion for the year ended December 31, 2009, compared to $1.8 billion for the year ended December 31, 2008. Downstream segment income from operations was $56.6 million for the year ended December 31, 2009 compared to a loss from operations of $31.9 million for the year ended December 31, 2008, an increase of $88.5 million, which was primarily attributable to the $83.6 million non-cash goodwill impairment charge recorded in the PCS reporting unit in 2008. The downstream segment also benefited from the positive impact of a reduction in the market price of steel transferred from the mills which was offset by the reduction in shipment volume in 2009. Due to the contract nature of this segment it tends to have a backlog of work to be completed over a period of up to 24 months. As a result, the economic downturn did not impact the level of downstream shipments until the second half of 2009, however the order backlog for this segment has continued to diminish and further volume reduction could occur in this segment.

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Non-GAAP Financial Measures

Non-GAAP Adjusted Net (Loss) Income: Non-GAAP Adjusted Net (Loss) Income and (loss) earnings per share, which excludes the impact of the impairment of goodwill, facility closure costs, the loss on extinguishment of debt, writedown of deferred financing costs and the realized (gain) loss on investments, is a non-GAAP financial measure. Management believes that it is useful as a supplemental measure in assessing the operating performance of the business. The measure is used by the Company to evaluate business results. The Company excludes the impairment of goodwill, facility closure costs, the loss on extinguishment of debt, writedown of deferred financing costs and the realized (gain) loss on investments because it believes they are not representative of the ongoing results of operations of the Company's business. Below is a reconciliation of this non-GAAP measure to net (loss) income for the periods indicated, excluding the impairment of goodwill, facility closure costs, the loss on extinguishment of debt, writedown of deferred financing costs and realized (gain) loss on investments.

(US$ in thousands, except earnings per share data) Reconciliation of net loss to Non-GAAP Adjusted	For the Year Ended - Unaudited December 31, 2009	Diluted EPS	For the Year Ended - Unaudited December 31, 2008	Diluted EPS
Net (Loss) Income:				
Net loss attributable to Gerdau Ameristeel & Subsidiaries	$(161,716)	$(0.37)	$ (587,407)	$(1.36)
Adjustment for impairment of goodwill	—	—	1,278,000	2.96
Adjustment for income tax on impairment of goodwill	—	—	(32,620)	(0.07)
Adjustment for facility closure costs	115,033	0.26	—	—
Adjustment for income tax on facility closure costs	(36,723)	(0.09)	—	—
Adjustment for loss on extinguishment of debt	11,877	0.03	—	—
Adjustment for income tax on loss on extinguishment of debt	(7,518)	(0.02)	—	—
Adjustment for writedown of deferred financing costs	12,158	0.03	—	—
Adjustment for income tax on writedown of deferred financing costs	(4,667)	(0.01)	—	—
Adjustment for realized (gain) loss on investments, net	(3,244)	(0.01)	59,977	0.14
Adjustment for income tax on realized (gain) loss on investments, net	1,548	0.01	—	—
Non-GAAP Adjusted Net (Loss) Income and (loss) earnings per share	**$ (73,252)**	**$(0.17)**	**$ 717,950**	**$ 1.67**

EBITDA: EBITDA is calculated by adding loss before interest and other expense on debt, taxes, depreciation, amortization, realized gain (loss) on investments, net, cash distributions from 50% owned joint ventures, impairment of goodwill, facility closure costs, loss on extinguishment of debt and foreign exchange gain/loss, net and deducting interest income and income from 50% owned joint ventures. Management believes EBITDA, a non-GAAP measure, is a useful supplemental measure of cash available prior to debt service, capital expenditures and income tax. EBITDA should not be construed as an alternative to net income determined in accordance with GAAP as a performance indicator or to cash flows from operations as a measure of liquidity and cash flows. The Company's method of calculating EBITDA may differ from the methods used by other companies and, accordingly, it may not be comparable to similarly titled measures used by other companies. Reconciliation of EBITDA to net loss for the years ended December 31, 2009 and 2008 is shown below:

(US$ in thousands)	For the Year Ended December 31, 2009	For the Year Ended December 31, 2008
Net loss	$(164,273)	$ (575,455)
Income tax (benefit) expense	(128,576)	287,440
Interest expense — non-affiliated	132,166	165,607
Interest expense — affiliated	3,772	—
Interest income	(5,040)	(14,921)
Depreciation	214,106	219,667
Amortization of intangibles	65,736	102,959
Impairment of goodwill	—	1,278,000
Facility closure costs	115,033	—
Amortization of deferred financing costs	24,274	10,951
Loss on extinguishment of debt	11,877	—
(Loss) income from 50% owned joint ventures	4,692	(45,005)
Cash distribution from 50% owned joint ventures	11,828	41,829
Foreign exchange (gain) loss, net	37,914	(21,682)
Realized (gain) loss on investments, net	(3,244)	59,977
EBITDA	**$ 320,265**	**$1,509,367**

LIQUIDITY AND CAPITAL RESOURCES

The Company's operations require substantial cash for working capital, capital expenditures, debt service, pensions and dividends. The Company has met its liquidity requirements primarily with cash provided by operations, issuances of common stock and long-term borrowings.

As of December 31, 2009, the Company had $656.3 million of cash and short-term investments and approximately $420.2 million available under the Senior Secured Credit Facility (see Credit Facilities and Indebtedness section herein for an explanation of the availability calculation) which results in a total liquidity position of approximately $1.1 billion. During 2010, the Company anticipates being able to generate sufficient cash flow from operations to fund its investing and financing requirements.

CASH FLOWS

Operating activities: Net cash provided by operations for the year ended December 31, 2009 was $754.0 million compared to $768.0 million for the year ended December 31, 2008. For the year ended December 31, 2009, accounts receivable provided $227.3 million of cash primarily due to decreased sales during the fourth quarter 2009 in comparison to the fourth quarter of 2008. Inventory provided $433.7 million of cash primarily due to decreased raw material pricing and the Company's efforts to reduce inventory levels. Liabilities used $140.0 million due to the slowdown in operations during 2009. Additionally, a significant use of the Company's cash, which is included in its operating activities, is the funding of its pension benefit obligations. During the year ended December 31, 2009, the Company contributed $75.5 million to its defined benefit pension plans.

Investing activities: Net cash provided by investing activities was $120.9 million for the year ended December 31, 2009 compared to $656.3 million of cash used in the year ended December 31, 2008. For the year ended December 31, 2009, cash paid for the purchase of investments was $632.2 million, capital expenditures aggregated $78.1 million, and cash received from the sale of investments was $831.1 million. For the year ended December 31, 2008, cash paid for the acquisitions of CSI, Hearon, Metro, SSMP and increased ownership of PCS was $287.6 million, purchases of investments were $207.5 million and capital expenditures totalled $168.1 million.

Financing activities: Net cash used by financing activities was $751.8 million in the year ended December 31, 2009 compared to $148.2 million in the year ended December 31, 2008. For the year ended December 31, 2009, the Company used cash to repay its Senior Notes which used $412.3 million, payments on the Company's Term Loan Facility which used $910.0 million, the payment of dividends which used $8.6 million, payments of financing costs which used $21.9 million, distributions to noncontrolling interest which used $4.2 million, and other non-affiliated debt related payments which used $5.2 million. These were offset by receipt of $610.0 million the Company received from entering into a loan agreement with a subsidiary of Gerdau S.A.

During 2009, the Company declared and paid cash dividends of $.02 per common share. This resulted in a dividend payment of $8.6 million to shareholders. The principal component of financing activities in 2008 was the payment of dividends.

OUTSTANDING SHARES

As of March 23, 2010, the Company had 433,458,661 common shares outstanding.

CREDIT FACILITIES AND INDEBTEDNESS

The following is a summary of existing credit facilities and other long term debt:

NON-AFFILIATED DEBT

Term Loan Facility: In September 2007, the Company entered into the Term Loan Facility which has three tranches maturing between five and six years from the September 14, 2007 closing date. As of December 31, 2009, Tranche A, B, and C had outstanding amounts of $565 million, $1.0 billion, and $125 million respectively. The Term Loan Facility bears interest at 6-month LIBOR plus between 1.00% and 1.25% and is payable semi-annually in March and September. The Company's Term Loan Facility requires that the Company's majority shareholder, Gerdau S.A. maintain financial covenants (see below) that are calculated under IFRS and presented in Brazilian Reais ("R$"). If Gerdau S.A. has a senior unsecured long-term foreign currency denominated debt rating from Standard & Poor's Rating Services below BBB-, the interest rate for the Term Loan Facility increases by 0.25%. At December 31, 2009 Gerdau S.A.'s debt rating from Standard & Poor's Rating Services was BBB-. The Term Loan Facility is not secured by the assets of Gerdau Ameristeel or its subsidiaries but Gerdau S.A. and certain of its Brazilian affiliates have guaranteed the obligations of the borrowers.

In June 2009, the Company entered into an amendment with the lenders of the Term Loan Facility. The amendment provided temporary flexibility with respect to the facility's covenants. The Term Loan Facility originally required the Company's majority shareholder, Gerdau S.A. (on a consolidated basis, including the Company) to maintain a ratio of consolidated EBITDA to total interest expense equal to or more than 3.0:1.0, and a ratio of consolidated total debt to EBITDA equal to or less than 4.0:1.0. EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and certain other adjustments as specified in the Term Loan Facility. The amendment revised the financial covenants so that Gerdau S.A. is required (on a consolidated basis, including the Company) to maintain a ratio of consolidated EBITDA to net interest expense equal to or more than 2.5:1.0 and a ratio of consolidated net debt to EBITDA of less than 5.0:1.0. The revised covenant levels remain in effect until September 30, 2010 unless cancelled by the Company prior to that time. The revised covenant levels can be cancelled by the Company at any time without penalty. As of December 31, 2009, Gerdau S.A.'s consolidated EBITDA to net interest expense ratio was 4.0:1.0. For the year ended December 31, 2009, Gerdau S.A.'s consolidated EBITDA was R$3.8 billion and net interest expense was R$1.0 billion. As of December 31, 2009, Gerdau S.A.'s consolidated net debt to EBITDA ratio was 2.5:1.0 and consolidated net debt was R$9.7 billion.

The amendment also revised the interest charged on the outstanding borrowings effective when the financial covenants originally contained in the facility are not met. Under such circumstances, the interest rate charged would increase to 6-month LIBOR plus between 1.8% and 2.25% from the reporting date to September 30, 2010 unless cancelled by the Company prior to that time. The Company's interest payments on March 10, 2010 and September 10, 2010, will be based on this higher interest rate unless the amendment is cancelled by the Company prior to that time. If Gerdau S.A. were to have a senior unsecured long-term foreign currency denominated debt rating from Standard & Poor's Rating Services below BBB-, the interest rate for the Term Loan Facility would increase an additional 0.45%. After September 30, 2010 or upon the Company's cancellation of the revised covenants if sooner, these interest rate revisions would terminate. The amendment does not affect the outstanding amount of borrowings under or the original amortization schedule of the Term Loan Facility.

In addition, the Term Loan Facility requires that, for each six-month interest period, certain specified export receivables of Gerdau S.A. and certain of its Brazilian subsidiaries have a market value, as determined in accordance with the provisions of the Term Loan Facility, of at least 125% of the principal and interest due on the Tranche A and B Loans outstanding under the Term Loan Facility during such interest period. If this export receivable coverage ratio is not met for any two consecutive interest periods or three non-consecutive interest periods, the Term Loan Facility would be secured by springing liens on the export

receivables and related bank accounts. Any subsequent failure to meet the export receivable coverage ratio would constitute an event of default under the Term Loan Facility. As of the most recent interest period ending September 9, 2009, the export receivables were $199.7 million and the principal and interest due on the Tranche A and B Loans outstanding under the Term Loan Facility during this interest period was $34.1 million.

The Term Loan Facility also contains customary covenants restricting the Company from engaging in certain actions, including the ability of certain of its subsidiaries, including Gerdau Ameristeel US Inc. and GNA Partners, GP, to incur additional liens on such entities' assets, enter into certain transactions with affiliates and enter into certain merger transactions. The Company may elect to prepay all or any portion of the loans under the Term Loan Facility at any time, without penalty or premium if done on an interest rate reset date.

The Company was in compliance with the terms of Term Loan Facility at December 31, 2009.

During 2009, the Company used cash and proceeds from debt issuances to repay $910 million of the Term Loan Facility.

Senior Secured Credit Facility: In December 2009 the Company entered into a new $650 million senior secured asset-based revolving credit facility. The Company terminated the previously existing $950 million facility which would have matured in October 2010. The new facility is scheduled to mature on December 21, 2012. The Company can borrow under the Senior Secured Credit Facility the lesser of (i) the committed amount, or (ii) the borrowing base (which is based upon a portion of the inventory and accounts receivable held by most of the Company's operating units less certain reserves), minus outstanding loans, letter of credit obligations and other obligations owed under the Senior Secured Credit Facility. Since the borrowing base under the Senior Secured Credit Facility is based on actual inventory and accounts receivable levels, available borrowings under the facility will fluctuate. Any borrowings under the Senior Secured Credit Facility are secured by the Company's cash, inventory, accounts receivable and certain other assets not including real property, machinery or equipment.

Loans under the Senior Secured Credit Facility bear interest at a rate equal to one of several rate options (LIBOR, federal funds rate, bankers' acceptance or prime rate) based on the facility chosen at the time of borrowing plus an applicable margin determined by excess availability from time to time. Borrowings under the Senior Secured Credit Facility may be made in US dollars or Canadian dollars, at the option of the Company. The Company's Senior Secured Credit Facility requires the Company to comply with a Fixed Charge Coverage ratio of at least 1.1:1.0 at all times when the excess availability under the facility is less than $81.3 million. The Fixed Charge Coverage Ratio is defined in the agreement as the ratio of twelve month trailing EBITDA minus unfinanced capital expenditures to the sum of scheduled debt principal payments, prepayments of principal of debt, cash interest payments, cash taxes, cash dividends and share buybacks, and cash pension payments exceeding pension accruals during the period. EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and certain other adjustments as specified in the Senior Secured Credit Facility. As of December 31, 2009, excess availability under the Senior Secured Credit Facility was $501.5 million. In addition, the Company's Senior Secured Credit Facility contains restrictive covenants that limit its ability to engage in specified types of transactions without the consent of the lenders. These covenants may limit the Company's ability to, among other things, incur additional secured debt, issue redeemable stock and preferred stock, pay dividends on its common shares, modify or prepay other indebtedness, sell or otherwise dispose of certain assets, make acquisitions or other investments and enter into mergers or consolidations.

The Company was in compliance with the terms of the Senior Secured Credit Facility at December 31, 2009.

At December 31, 2009 and 2008, there were no loans outstanding under these facilities, and there were $66.3 million and $74.9 million, respectively, of letters of credit outstanding under these facilities. Based upon available collateral under the terms of the agreement, at December 31, 2009 and 2008, approximately $420.2 million and $759.6 million, respectively, were available under the Senior Secured Credit Facilities, net of outstanding letters of credit.

Senior Notes: On August 31, 2009 the Company redeemed all of the outstanding Senior Notes, at the Redemption Price. The Company funded the Redemption Price of approximately $412.3 million with cash. The notes were redeemed in full in accordance with their terms. The Company recorded a charge related to the debt extinguishment of $11.9 million during the year ended December 31, 2009.

Industrial Revenue Bonds: The Company had $46.8 million and $50.4 million of industrial revenue bonds ("IRBs") outstanding at December 31, 2009 and 2008, respectively. Approximately $23.8 million of the bonds were issued by the Company in prior years to construct facilities in Jackson, Tennessee. The Jackson IRBs mature in 2014 and 2017. The interest on these bonds resets weekly. The Jackson, Tennessee bonds are secured by letters of credit issued under the Senior Secured Credit Facility. The Company assumed an IRB in the amount of $3.6 million with the acquisition of the Cartersville cold drawn facility in

September 2002, which was subsequently repaid during 2009. On May 3, 2007, Gerdau Ameristeel US Inc., a wholly owned subsidiary of the Company, entered into an IRB for the Jacksonville, Florida facility in the amount of $23.0 million. This IRB matures on May 1, 2037 and has fixed interest rate of 5.3% payable semi-annually. This bond is guaranteed by the Company.

Capital Expenditures Credit Facility: On November 22, 2006, the Company entered into a $75.0 million Capital Expenditure Credit Facility. The facility expired on November 30, 2008. As a result, the Company no longer has the ability to enter into new loans under this facility. At December 31, 2009 and 2008, the loan amount outstanding was $13.9 million and $15.4 million, respectively. The loan is secured by the equipment purchased with the financing, and the terms call for it to be repaid in ten equal semiannual payments starting on September 10, 2009. The interest rate on the loan is LIBOR plus 1.80%. The Capital Expenditure Credit Facility requires that the Company maintain its Shareholders' Equity greater than $900 million and a Shareholders' Equity to Total Assets ratio of not less than 0.3:1.0. Total Assets is defined as the total assets on the balance sheet of the Company excluding goodwill. As of December 31, 2009, Shareholders' Equity was $2.9 billion and the Shareholders' Equity to Total Asset ratio was 0.7:1.0.

AFFILIATED DEBT

In November 2009, a subsidiary of the Company entered into a loan agreement pursuant to which it borrowed $610 million from a subsidiary of Gerdau S.A. The loan is a senior, unsecured obligation of the Company's subsidiary and guaranteed by the Company's U.S. operating subsidiaries, bears interest at 7.95%, has no scheduled principal payments prior to maturity, and matures in full on January 20, 2020. Interest is payable semiannually, starting on July 20, 2010. The Company used the net proceeds of the loan to prepay $610 million of debt outstanding pursuant to the Term Loan Facility. The Company had $610 million recorded in Long-term Debt – Affiliated and $3.8 million in Accrued interest — affiliated at December 31, 2009.

CAPITAL EXPENDITURES

The Company spent $78.1 million on capital projects in the year ended December 31, 2009 compared to $168.1 million in the year ended December 31, 2008. The most significant projects include a new finishing end at the Wilton, Iowa mill; a furnace fume control system upgrade and transformer rebuild at the Cartersville, Georgia mill; costs related to a new finishing end and melt shop expansion at the Jacksonville, Florida mill; installation of bar gauge measurement systems at both the Midlothian, Texas and Petersburg, Virginia mills, the purchase of formerly leased properties at nine of the Company's downstream locations and IT systems upgrades.

OFF - BALANCE SHEET ARRANGEMENTS

The Company does not have off-balance sheet arrangements, financings or other relationships with unconsolidated special purpose entities.

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CONTRACTUAL OBLIGATIONS

The following table represents the Company's contractual obligations as of December 31, 2009.

(US$ in thousands)	Total	Less than one Year	More than 1, less than 3 Years	More than 3, less than 5 Years	More than 5 Years
Long-term debt — non-affiliated (1)	$1,750,775	$ 3,174	$ 1,196,181	$ 508,420	$ 43,000
Interest — non-affiliated (2)	237,655	75,823	113,761	20,418	27,653
Long-term debt — affiliated (1)	610,000	—	—	—	610,000
Interest — affiliated	491,282	30,579	96,990	96,990	266,723
Operating leases (3)	105,707	21,757	37,430	31,131	15,389
Capital expenditures (4)	37,037	23,704	13,333	—	—
Unconditional purchase obligations (5)	127,338	127,338	—	—	—
Pension funding obligations (6)	71,074	71,074	—	—	—
Total contractual obligations	**$3,430,868**	**$353,449**	**$ 1,457,695**	**$ 656,959**	**$962,765**

(1) Total amounts are included in the December 31, 2009 Consolidated Balance Sheet.

(2) Interest payment obligations include actual interest and estimated interest for floating-rate debt based on outstanding long-term debt at December 31, 2009. Interest includes the impact of the Company's interest rate swap which is recorded as an other long-term liability as of December 31, 2009.

(3) Includes minimum lease payment obligations for equipment and real property leases in effect as of December 31, 2009.

(4) Purchase obligations for capital expenditure projects in progress.

(5) A majority of these purchase obligations are for inventory and operating supplies and expenses used in the ordinary course of business.

(6) Pension plan and other post retirement plan contributions beyond 2009 are not determinable since the amount of any contribution is heavily dependent on the future economic environment and investment returns on pension plan assets. Continued volatility in the global financial markets could have an unfavorable impact on the Company's future pension funding obligations as well as net periodic benefit cost.

As of December 31, 2009, the Company had $24.6 million of unrecognized tax benefits not included in the contractual obligations table. Based on the uncertainties associated with the settlement of these items, the Company is unable to make reasonably reliable estimates of the period of the potential cash settlements, if any, with taxing authorities.

OUTLOOK

While 2009 was a challenging year for the steel industry, the Company took a number of actions to better position itself for the future. In regards to the Company's operations, reductions were made to its cost structure and processes were implemented to better maximize productivity across its network of facilities and the Company worked very closely with its customer base during these difficult times to enhance long-term relationships. From a financial standpoint, using its significant cash generation, the Company improved the strength of its balance sheet by reducing its debt by $709 million and extending maturities.

Some of the benefits of these actions were evidenced in the fourth quarter 2009 results. By focusing on what the Company can control, when comparing the fourth quarter of 2009 to the same period of 2008, the Company improved EBITDA by $24 million despite facing a decline in selling prices and shipment volumes of 33% and 4%, respectively. The Company is proud that these successes were achieved as a result of the dedication of its teams delivering exceptional performance during these difficult times.

While minimal stimulus money was spent during 2009, the Company believes that more infrastructure projects will be undertaken during 2010. In addition, there are certain segments such as the nuclear power industry which the Company believes will begin committing significant investment to modernize the aging infrastructure in North America. The Company believes that these factors along with low customer inventory levels and increases in shipments and selling prices that have occurred since the end of 2009, give reason to enter 2010 with optimism for a better year.

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SELECTED CONSOLIDATED FINANCIAL INFORMATION

The selected consolidated financial data below is presented in U.S. GAAP.

(US$ in thousands, except per share data)

ANNUAL RESULTS

Years Ended December 31,	2007	2008	2009
Net sales	$5,806,593	$8,528,480	$4,195,723
Net income (loss) attributable to Gerdau Ameristeel & Subsidiaries	537,869	(587,407)	(161,716)
Earnings (Loss) per common share, basic	1.66	(1.36)	(0.37)
Earnings (Loss) per common share, diluted	1.65	(1.36)	(0.37)
Total assets	8,428,520	7,270,055	6,366,965
Total long-term debt	3,055,431	3,069,887	2,360,775
Cash dividends per common share	0.35	0.33	0.02

The Company's financial results for 2007 and the first half of 2008 reflect the following general trends: rising raw material costs with a corresponding rise in selling prices realized from both mill external steel sales and fabricated steel sales, and rising production and sales volumes as a result of the growth through acquisitions through 2008. The results of Chaparral have been included since the date of acquisition, September 14, 2007. In the second half of 2008 the Company began to experience reduced demand and shipment volume due to the global economic downturn. As a result, the Company recorded a $1.3 billion goodwill impairment at the end of 2008. The economic downturn persisted during 2009, resulting in continued weak demand, further reduced shipment volume and lower raw material costs with a corresponding decrease in selling prices.

QUARTERLY RESULTS

	March 31,	June 30,	September 30,	December 31,
2009				
Net sales	$1,037,699	$1,035,964	$ 1,146,134	$ 975,926
Cost of sales	930,877	906,457	932,822	885,927
Net loss attributable to Gerdau Ameristeel & Subsidiaries	(32,676)	(57,580)	(25,366)	(46,094)
Earnings (Loss) per common share, basic	(0.08)	(0.13)	(0.06)	(0.11)
Earnings (Loss) per common share, diluted	(0.08)	(0.13)	(0.06)	(0.11)
2008				
Net sales	$2,031,662	$2,545,810	$ 2,514,412	$ 1,436,596
Cost of sales	1,600,627	1,980,192	1,878,579	1,340,029
Net income (loss) attributable to Gerdau Ameristeel & Subsidiaries	163,008	262,107	316,898	(1,329,420)
Earnings (loss)per common share, basic	0.38	0.61	0.73	(3.08)
Earnings (loss) per common share, diluted	0.38	0.60	0.73	(3.08)

FOURTH QUARTER RESULTS

The three months ended December 31, 2009 generated a net loss of $46.1 million, compared to a net loss of $1.3 billion for the same period in the prior year. Included within fourth quarter 2009 results is a $12.2 million writedown of deferred financing costs, a $3.2 million net gain on the sale of investments and $7.2 million of income contributed by the Company's joint ventures. Included within fourth quarter 2008 earnings is a $1.3 billion non-cash goodwill impairment charge and a pre-tax charge of $38.7 million to write down the value of certain of the Company's inventory to its current market value. In addition, Gallatin recorded a pre-tax charge of $50.2 million to write its inventory down to market value. The results for the three months ended December 31, 2008 include the Company's 50% portion of this writedown.

Net sales decreased 28.6% from $1.4 billion for the three months ended December 31, 2008 as both finished steel shipments and weighted average selling price decreased in comparison to the same period in the prior year. For the three months ended December 31, 2009, total finished steel shipments of 1.3 million tons and weighted average selling price of $605 per ton decreased 4.1% and 32.9%, respectively, from the same period of time in the prior year. The decline in weighted average selling price of $296 per ton was

partially offset by a decline in scrap costs of $48 per ton resulting in a decrease in metal spread of $248 per ton from the three months ended December 31, 2008. For the three months ended December 31, 2009, production levels increased 23.4% in comparison to production levels for the same period of time in 2008. As a result of the increased production levels and the Company's significant cost cutting initiatives, manufacturing cost decreased $161 per ton, or 32.9% for the three months ended December 31, 2009, compared to the three months ended December 31, 2008.

The quarterly trends indicate continued suppressed demand due to the global economic uncertainty which resulted in decreases in shipments, selling prices and metal spreads. Net Sales and Loss per common share, basic and diluted, for the three months ended December 31, 2009 were in line with the previous quarters in 2009 reflecting the continued impact of the current global economic uncertainty.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Gerdau Ameristeel's Consolidated Financial Statements are prepared in accordance with U.S. GAAP that often require management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts presented and disclosed in the financial statements. Management reviews these estimates and assumptions based on historical experience, changes in business conditions and other relevant factors as it believes to be reasonable under the circumstances.

Critical accounting policies are those that may have a material impact on the Consolidated Financial Statements and also require management to exercise significant judgment due to a high degree of uncertainty at the time the estimates are made. Senior management has reviewed the development and selection of the Company's accounting policies, related account estimates and the disclosures set forth below with the Audit Committee of the Board of Directors.

CONSOLIDATION

The consolidated financial statements include the accounts of the Company, its subsidiaries and its majority owned joint ventures. The results of companies acquired during the year are included in the consolidated financial statements from the effective date of acquisition. All intercompany transactions and accounts have been eliminated in consolidation.

JOINT VENTURES AND OTHER INVESTMENTS

The Company's investment in Pacific Coast Steel ("PCS"), an 84% owned joint venture, is consolidated recording the 16% interest not owned as a noncontrolling interest. The Company's investments in Gallatin Steel Company, Bradley Steel Processors and MRM Guide Rail are 50% owned joint ventures, and are recorded under the equity method. The Company evaluates the carrying value of the investments to determine if there has been impairment in value considered other than temporary, which is assessed by reviewing cash flows and operating income. If impairment is considered other than temporary, a provision is recorded.

REVENUE RECOGNITION

The Company's products are usually sold on credit terms. The credit terms, which are established in accordance with local and industry practices, typically require payment within 30 days of delivery and may allow discounts for early payment. Revenue from sales is recognized at the time products are shipped to customers, when the risks of ownership and title are transferred.

The Company recognizes revenues on construction contracts of its PCS operation using the percentage-of-completion method of accounting, measured by the percent of contract costs incurred to-date to estimated total contract costs. This method is used because management considers total cost to be the best available measure of completion of construction contracts in progress. Provisions for estimated losses on construction contracts in progress are made in their entirety in the period in which such losses are determined without reference to the percentage complete. Changes in job performance, job conditions, and estimated profitability may result in a revision to revenues and costs, and are recognized in the period in which the revisions are determined. Claims for additional revenues are not recognized until the period in which such claims are allowed.

The asset, "Costs and estimated earnings in excess of billings on uncompleted contracts," represents revenues recognized in advance of amounts billed. The liability, "Billings in excess of costs and estimated earnings on uncompleted contracts," represents billings in advance of revenues recognized.

INVENTORIES

Inventories are valued at the lower of cost (calculated on an average cost basis) or net realizable value. Mill rolls are included as consumables, which are recorded at cost and amortized to cost of sales based on usage. During periods when the Company is producing inventory at levels below normal capacity, excess fixed costs are not inventoried but are charged to cost of sales in the period incurred.

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LONG-TERM INVESTMENTS

In prior years, the Company invested excess cash in investments that are comprised of variable rate debt obligations, known as auction rate securities, which are asset-backed and categorized as available-for-sale. At December 31, 2009, the Company held auction rate securities classified as long-term investments with a fair market value of $28.5 million and a cost basis of $91.3 million. These securities are analyzed each reporting period for possible other-than-temporary impairment factors and appropriate balance sheet classifications. Due to the lack of availability of observable market quotes on the Company's investment portfolio of marketable securities and auction rate securities, the Company utilizes valuation models including those that are based on expected cash flow streams and collateral values, including assessments of counterparty credit quality, default risk underlying the security, discount rates and overall capital market liquidity. These investments have been categorized as long-term at December 31, 2009.

FAIR VALUE MEASUREMENT

Effective January 1, 2008, the Company adopted FASB ASC Topic 820 which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC Topic 820 also establishes a three tier fair value hierarchy which prioritizes the inputs in measuring fair value, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than level 1 prices such as quoted prices (unadjusted) for similar assets or liabilities; quoted prices (unadjusted) in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of December 31, 2009 and 2008, the Company had certain assets and liabilities that were required to be measured at fair value on a recurring basis. These included the Company's short-term and long-term investments and derivative instruments.

The Company's short-term investments consisted of U.S. government treasury bills, U.S. government agency discount notes, Canadian government treasury bills, top-tier commercial paper, time deposits, certificates of deposit, bearer deposit notes and banker's acceptances with highly rated financial institutions. The fair values of the U.S. and Canadian government treasury bills were determined based on observed prices in publicly quoted markets. Therefore the Company utilized level 1 inputs to measure the fair market value of those investments. For the fair value of the remaining short-term investments the Company utilized a standard pricing model based on inputs that were readily available in public markets. The Company has consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the short-term investments it holds. Therefore, the Company utilized level 2 inputs to measure the fair market value of these short-term investments.

The Company's auction rate security instruments, which were classified as long-term investments at December 31, 2009, are reflected at fair value. The fair values of these securities were estimated utilizing valuation models including those based on expected cash flow schemes and collateral values, including assessments of counterparty credit quality, default risk underlying the security, discount rates and overall capital market liquidity in a non-active market as of December 31, 2009. Therefore, the Company utilized level 3 inputs to measure the fair market value of these investments.

The Company's derivative instruments consisted of interest rate swaps. The Company utilized a standard pricing model based on inputs that were either readily available in public markets or derived from information available in publicly quoted markets to determine the value of the derivatives. The Company has consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the types of derivative contracts it holds. Therefore, the Company utilized level 2 inputs to measure the fair market value of these derivatives.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts is evaluated on a regular basis and adjusted based upon management's best estimate of probable losses inherent in accounts receivable. In estimating probable losses, the Company reviews accounts that are past due, non-performing or in bankruptcy. The Company also reviews accounts that may be at risk using information available about the customer, such as financial statements and published credit ratings. General information regarding industry trends and the general economic environment is also used. The Company determines an estimated loss for specific accounts and estimates

an additional amount for the remainder of receivables based on historical trends and other factors. Adverse economic conditions or other factors that might cause deterioration of the financial health of customers could change the timing and level of payments received and necessitates a change in estimated losses.

BUSINESS COMBINATIONS

Assumptions and estimates are used in determining the fair value of assets acquired and liabilities assumed in a business combination. A significant portion of the purchase price in many of the Company's acquisitions is assigned to intangible assets that require significant judgment in determining (i) fair value; and (ii) whether such intangibles are amortizable or non-amortizable and, if the former, the period and the method by which the intangible asset will be amortized. Changes in the initial assumptions could lead to changes in amortization charges recorded in the financial statements.

GOODWILL

Goodwill represents the cost of investments in operating companies in excess of the fair value of the net identifiable tangible and intangible assets acquired. The Company's goodwill resides in multiple reporting units. The Company's reporting units with significant balances of goodwill as of December 31, 2009 and 2008, include the Long Products reporting unit, which consists of all facilities within the steel mills segment and the PCS and Rebar Fabrication Group reporting units within the downstream segment. The Company reviews goodwill at the reporting unit level for impairment annually in the third quarter, or, when events or circumstances dictate, more frequently. The profitability of individual reporting units may suffer periodically from downturns in customer demands and other factors which reflect the cyclical nature of the Company's business and the overall economic activity. Individual reporting units may be relatively more impacted by these factors than the Company as a whole. The Company's goodwill impairment analysis consists of a two-step process of first determining the estimated fair value of the reporting unit and then comparing it to the carrying value of the net assets allocated to the reporting unit. Fair values of the reporting units are determined based on a combination of the income valuation approach, which estimates the fair value of the Company's reporting units based on future discounted cash flows methodology and other valuation techniques, and the market valuation approach, which estimates the fair value of the Company's reporting units based on comparable market prices. The valuation approaches and reporting unit determinations are subject to key judgments and assumptions that are sensitive to change. If the estimated fair value exceeds the carrying value, no further analysis or goodwill writedown is required. If the estimated fair value of the reporting unit is less than the carrying value of the net assets, the implied fair value of the reporting unit is allocated to all the underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their estimated fair value. If necessary, goodwill would then be written down to its implied fair value.

December 31, 2009 Impairment Test:

Based on the Company's revised outlook for the economic recovery which the Company believes will stimulate incremental demand for its products, the Company concluded this significant revision was enough to require the Company to perform a goodwill impairment analysis as of December 31, 2009:

Step 1 of the Company's impairment analysis indicated that the fair market value of the net assets of each reporting unit exceeded its respective carrying value and, therefore, no indication of impairment existed. The key assumptions used to determine the fair value of the Company's reporting units under the income valuation approach in this analysis included: (1) a discount rate of 12.5% using a mid-year convention and; (2) an expected future growth rate of 2% to derive terminal values as well as operating earnings margins, working capital levels, and asset lives used to generate future cash flows. Additionally, the Company's cash flow projections used in the determination of fair value of the reporting units were based on assumptions which were reflective of management's best estimate of the future cash flow stream of the reporting units.

As of December 31, 2009, the date the goodwill impairment test was performed, the Long Products, Rebar Fabrication Group and PCS reporting units had remaining goodwill balances of $1.7 billion, $56 million and $119 million, respectively. Additionally, as of December 31, 2009, the fair value of the Long Products, Rebar Fabrication and PCS reporting units exceeded their carrying value by approximately $1.6 billion (35% of its carrying value), $90 million (60% of its carrying value) and $60 million (22% of its carrying value), respectively.

To ensure the reasonableness of the concluded value of the Company's reporting units, the Company reconciled the combined fair value of its reporting units to its market capitalization as of December 31, 2009. Based on this reconciliation, the implied control premium was 36%. The Company concluded a 36% control premium was reasonable when comparing to a range of control premiums for comparable merger transactions. In concluding on the reasonableness of the implied control premium, the Company also considered the majority ownership of Gerdau S.A. and its impact on the Company's market capitalization.

The impairment review process is subjective and requires significant judgment throughout the analysis. If the estimates or related assumptions change in the future, the Company may be required to record additional impairment charges. Additionally, continued adverse conditions in the economy and future volatility in the stock market could continue to impact the valuation of the Company's reporting units, which could trigger additional impairment of goodwill in future periods.

The Company performed a sensitivity analysis for both the discount rate and terminal growth rate assumptions as they are key components of the concluded fair value. Assuming an increase in the discount rate of .50%, the fair value of the Long Products, Rebar Fabrication and PCS reporting units would exceed their carrying value by approximately $1.5 billion (32% of its carrying value), $81 million (53% of its carrying value) and $40 million (15% of its carrying value), respectively. Assuming a decrease in the terminal growth rate of .50%, the fair value of the Long Products, Rebar Fabrication and PCS reporting units would exceed their carrying value by approximately $1.5 billion (34% of its carrying value), $81 million (53% of its carrying value) and $50 million (18% of its carrying value), respectively.

Other 2009 Impairment Tests:

The Company was required to perform a goodwill impairment test as of May 31, 2009 due to certain triggering events and another impairment test as of July 1, 2009 to comply with its accounting policy of testing goodwill at least annually in the third quarter. For both tests, Step 1 of the Company's impairment analysis indicated that the fair market value of the net assets of each reporting unit exceeded its respective carrying value and, therefore, no indication of impairment existed. The key assumptions used to determine the fair value of the Company's reporting units under the income valuation approach in the valuation analyses performed at each date included: (1) discount rates ranging from 12.5% to 13.25% using a mid-year convention and; (2) expected future growth rates ranging from 2% to 3% to derive terminal values as well as operating earnings margins, working capital levels, and asset lives used to generate future cash flows. Additionally, the Company's cash flow projections used in the determination of fair value of the reporting units were based on assumptions which were reflective of management's best estimate of the future cash flow stream of the reporting units.

December 31, 2008 Impairment Test:

Based on a combination of factors, including the economic environment in 2008 and declines in the stock market which resulted in a reduction in the Company's market capitalization significantly below the carrying value of the Company's net assets, there were sufficient indicators to require the Company to also perform a goodwill impairment analysis during the fourth quarter of 2008. Step 1 of the Company's impairment analysis indicated that the carrying value of the net assets of the Long Products reporting unit within the steel mills segment and the PCS reporting unit within the downstream segment exceeded the fair market value of those reporting units. The key assumptions used to determine the fair value of the Company's reporting units under the income valuation approach in this analysis included: discount rates ranging from 12.0% to 13.5% using a mid-year convention and an expected future growth rate of 2% to derive terminal values as well as operating earning margins, working capital levels, and asset lives used to generate future cash flows. As a result, the Company was required to perform step 2 of the goodwill impairment analysis to determine the amount of goodwill impairment charge. The step 2 analysis required the Company to determine the implied fair value of goodwill for each reporting unit as compared to the recorded value. As a result of the step 2 analysis, the Company concluded that the goodwill of the Long Products and the PCS reporting units were impaired. Accordingly, the Company recorded a non-cash goodwill impairment charge of $1.2 billion in the Long Products reporting unit and $83.6 million in the PCS reporting unit, resulting in a total impairment charge of $1.3 billion. No associated tax benefit was recorded for the impairment charge for the Long Products reporting unit impairment. However a tax benefit was recorded related to the PCS reporting unit impairment charge.

INTANGIBLE ASSETS

Intangible assets that do not have indefinite lives are amortized over their useful lives using an amortization method which reflects the economic benefit of the intangible asset. The customer relationship intangible asset has been amortized based on an accelerated method that considers the expected future economic benefit provided by those acquired customers over time. Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. As of December 31, 2009, the Company's intangible assets were tested for impairment in conjunction with long-lived assets as a result of certain triggering events which occurred in the second and fourth quarter and no impairment was indicated. See further discussion of the impairment test under "Long-lived Assets" below.

LONG-LIVED ASSETS

The Company is required to assess potential impairments of long-lived assets in accordance with FASB ASC Topic 360, *"Property, Plant, and Equipment"*, if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impaired asset is written down to its estimated fair market value based upon the most recent information available. Estimated fair market value is generally measured by discounting estimated future cash flows developed by management. Long-lived assets

that are held for disposal are recorded at the lower of the carrying value or the fair market value less the estimated cost to sell. The Company's long-lived assets primarily include property, plant and equipment used in operations, property held for sale and intangible assets.

As discussed under "Results of Operations – Facility Closure Costs", the Company stopped production at its Perth Amboy, New Jersey and Sand Springs, Oklahoma facilities in the third quarter of 2009. Each facility which was closed was separately identified as an asset group for purposes of testing the respective facility's long-lived assets for impairment. As a result of the impairment tests, for the year ended December 31, 2009, the Company recorded an impairment charge of $81.9 million, related to the property, plant and equipment at these facilities. Additionally, as a result of certain triggering events, the Company performed an impairment test for all other asset groups as of May 31, 2009 and as of December 31, 2009. Both long-lived assets and intangible assets were included in these asset groups and, therefore, subject to the impairment test. No impairment was indicated as a result of the impairment test as the recoverable amount of each of these other asset groups was significantly in excess of its respective carrying value. For each test, the expected future cash flows forecast developed by management was a key estimate used in the impairment analysis and was based on assumptions which were reflective of management's best estimate of the future cash flow stream of the asset groups as of the testing date.

ACCOUNTING FOR INCOME TAXES

The Company accounts for income taxes in accordance with FASB ASC Topic 740, *"Income Taxes"*. Significant judgment is required in determining the provision for income taxes and related accruals, deferred tax assets and liabilities. In the ordinary course of business, there are transactions and calculations where the ultimate tax outcome is uncertain. Additionally, the Company's tax returns are subject to audit by various domestic and foreign tax authorities. Although the Company believes its estimates are reasonable, no assurance can be given that the final tax outcome will not be materially different from that which is reflected in the income tax provisions and accruals.

The Company has recorded deferred tax assets related to domestic and foreign tax loss carry-forwards. Limitations on the utilization of these tax assets may apply and the Company may in the future provide a valuation allowance to reduce certain of these deferred tax assets if it concludes that it is more likely than not that the deferred tax assets will not be fully realized. Excluding the impact of the non-deductible impairment of goodwill and writedown of the auction rate securities noted above, a one-percentage point change in the Company's reported effective income tax rate would have the effect of changing income tax expense by approximately $3.0 million in 2009.

DERIVATIVES

The Company's use of derivative instruments is limited. Derivative instruments are not used for speculative purposes but they are used to manage well-defined risks associated with variability in cash flows or changes in fair values related to the Company's financial assets and liabilities. The associated financial statement risk is the volatility in net income which can result from changes in fair value of derivatives not qualifying as hedges for accounting purposes or ineffectiveness of hedges that do qualify as hedges for accounting purposes. As of December 31, 2009 and 2008, the Company's hedges are designated and qualify for accounting purposes as hedges of the variability of future cash flows from floating rate liabilities due to the risk being hedged ("Cash Flow Hedges"). For these cash flow hedges, effectiveness testing and other procedures required to ensure the ongoing validity of the hedges are performed monthly.

The Company applies cash flow hedge accounting to interest rate swaps designated as hedges of the variability of future cash flows from floating rate liabilities due to the benchmark interest rate. The Company uses regression analysis to perform an ongoing prospective and retrospective assessment of the effectiveness of these hedging relationships. Changes in fair value of the effective portion of these interest rate swaps are recorded to "Unrealized gain (loss) on qualifying cash flow hedges, net of tax provision" as a component of Accumulated other comprehensive (loss) income ("AOCI") in Shareholder's equity, net of tax effects until the underlying hedged item is recognized in earnings. Amounts recorded to AOCI are then reclassified to Interest expense – non-affiliated consistent with the expense classification of the underlying hedged item. Any ineffective portion of the change in fair value of these instruments is recorded to Interest expense – non-affiliated.

The Company's designated fair value hedges consist primarily of interest rate swaps designated as fair value hedges of changes in the benchmark interest rate of fixed rate borrowings. The Company ensured that the terms of the hedging instruments and hedged items matched and that other accounting criteria were met so that the hedges were assumed to have no ineffectiveness (i.e., the Company applied the "shortcut" method of hedge accounting).

ENVIRONMENTAL REMEDIATION

The Company is subject to environmental laws and regulations established by federal, state and local authorities and makes provisions for the estimated cost of compliance based on currently available facts, present laws and regulations, and current technology. The liability estimates are reviewed periodically and, as investigations and remediation proceed, the Company makes necessary adjustments to the estimates. The liability estimates are not reduced by possible recoveries from insurance or other third parties.

PENSIONS AND POSTRETIREMENT BENEFITS

Primary actuarial assumptions are determined as follows:

- The expected long-term rate of return on plan assets is based on the Company's estimate of long-term returns for equities and fixed income securities weighted by the allocation of assets in the plans. A one-percentage point variation in the rate of return on plan assets would result in a change to pension expense of approximately $5.7 million. The rate is impacted by changes in general market conditions, but because it represents a long-term rate, it is not significantly impacted by short-term market swings. Changes in the allocation of plan assets would also impact this rate.
- The assumed discount rate is used to discount future benefit obligations back to today's dollars. The discount rate is as of the measurement date, December 31, and is sensitive to changes in interest rates. A one-percentage point decrease in the discount rate would result in an increase of approximately $13.3 million in pension expense, whereas a one-percentage point increase would have resulted in a decrease of approximately $9.5 million.
- The expected rate of compensation increase is used to develop benefit obligations using projected pay at retirement. This rate represents average long-term salary increases and is influenced by the Company's long-term compensation policies. A one-percentage point decrease in the rate would result in a decrease in the Company's pension expense of approximately $3.1 million, whereas a one-percentage point increase would have resulted in an increase of approximately $3.7 million.
- The assumed health care trend rate represents the rate at which health care costs are assumed to increase and is based on historical and expected experience. Changes in projections of future health care costs due to general economic conditions and those specific to health care will impact this trend rate. A one-percentage point increase in the assumed health care trend rate would result in an increase in the Company's post retirement medical expense of approximately $1.4 million, whereas a one-percentage point decrease would result in a decrease of approximately $1.1 million.

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued guidance on *"The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles — a replacement of FAS 162,"* which was primarily codified into FASB ASC Topic 105, *"Generally Accepted Accounting Principles,"* as the single source of authoritative nongovernmental U.S. GAAP. FASB ASC Topic 105 does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all authoritative literature related to a particular topic in one place. All existing accounting standard documents will be superseded and all other accounting literature not included in the FASB Codification will be considered non-authoritative. These provisions of FASB ASC Topic 105 are effective for interim and annual periods ending after September 15, 2009 and, accordingly, are effective for the Company for the current fiscal reporting period. The adoption of this guidance did not have an impact on the Company's consolidated financial statements; however references in the notes to the consolidated financial statements to the authoritative accounting literature have been changed to reflect the newly adopted codification.

In June 2009, the FASB issued guidance on *"Measuring Liabilities at Fair Value,"* which was primarily codified into FASB ASC Topic 820. This guidance provides clarification in circumstances in which a quoted price in an active market for the identical liability is not available and requires an entity to measure fair value using either a valuation technique that uses a quoted price of either a similar liability or a quoted price of an identical or similar liability when traded as an asset, or another valuation technique that is consistent with the principles of fair value measurements, such as an income approach (e.g., present value technique) or market approach. This guidance also states that both a quoted price in an active market for the identical liability and a quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are level 1 fair value measurements. This guidance is effective for interim periods beginning after August 2009. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

In May 2009, the FASB issued guidance on *"Subsequent Events,"* which was primarily codified into FASB ASC Topic 855, *"Subsequent Events,"* which established general standards of accounting for, and disclosures of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. FASB ASC Topic 855 is effective prospectively

for interim and annual periods ending after June 15, 2009. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

In April 2009, the FASB issued guidance on *"Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly,"* which was primarily codified into FASB ASC Topic 820, *"Fair Value Measurements and Disclosures"* ("FASB ASC Topic 820") which provided additional guidance on measuring fair value when the volume and level of activity has significantly decreased and identifying transactions that are not orderly. This guidance also emphasized that an entity cannot presume an observable transaction price is not orderly even when there has been a significant decline in the volume and level of activity. This guidance required enhanced disclosures and was effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

In April 2009, the FASB issued guidance on the *"Recognition and Presentation of Other-Than-Temporary Impairments,"* which was primarily codified into FASB ASC Topic 320, *"Investments – Debt and Equity Securities,"* which shifted the focus for debt securities from an entity's intent to hold until recovery to its intent to sell. This guidance required entities to initially apply the provisions of the standard to certain previously other-than-temporarily impaired debt instruments existing as of the date of initial adoption by making a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The cumulative-effect adjustment reclassified the noncredit portion of a previously other-than-temporarily impaired debt security held as of the date of initial adoption from retained earnings to accumulated other comprehensive income. This guidance required enhanced disclosures and was effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

In April 2009, the FASB issued Staff guidance on the *"Disclosures about Fair Value of Financial Instruments,"* which was primarily codified into FASB ASC Topic 825 *"Financial Instruments"*, which expanded the fair value disclosures required to interim periods. However, this guidance did not require interim disclosures of credit or market risks. The guidance was effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

In December 2008, the FASB issued guidance on *"Employers' Disclosure about Postretirement Benefit Plan Assets,"* which was primarily codified into FASB ASC Topic 715 *"Compensation – Retirement Benefits,"* which provides guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. The guidance is effective for fiscal years ending after December 15, 2009. Upon initial application, the provisions of this guidance are not required for earlier periods that are presented for comparative purposes. Earlier application of the provisions of this guidance is permitted. The adoption of this guidance did not have an impact in the Company's consolidated financial statements; however see Note 11 to the consolidated financial statements for the Company's disclosures to comply with this guidance.

In February 2008, the FASB issued Staff guidance on the *"Effective Date of FASB Statement 157,"* which was primarily codified into FASB ASC Topic 820 which delayed the effective date of FASB ASC Topic 820 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The adoption of FASB ASC Topic 820 for nonfinancial assets and nonfinancial liabilities did not have a significant impact on the Company's consolidated financial statements.

In December 2007, the FASB issued guidance on *"Business Combinations,"* which was primarily codified into FASB ASC Topic 805 *"Business Combinations"*. This guidance established the requirements for how an acquirer recognizes and measures the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. It also established disclosure requirements for business combinations. This guidance applied to business combinations for which the acquisition date was on or after December 15, 2008. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

In December 2007, the FASB issued guidance on *"Non-controlling Interests in Consolidated Financial Statements — an amendment to ARB 51,"* which was primarily codified into FASB ASC Topic 810 *"Consolidations"*. This guidance established new accounting and reporting standards for minority interests, now termed "non-controlling interests". It required non-controlling interests to be presented as a separate component of equity and requires the amount of net income attributable to the parent and to the non-controlling interest to be separately identified on the consolidated statement of earnings. This guidance was effective for fiscal years beginning on or after December 15, 2008 and required retrospective application. The Company adopted this statement as of January 1, 2009 and recast the prior year disclosures as required. This standard changed the accounting for and reporting of the Company's non-controlling interest in its consolidated financial statements.

In March 2008, the FASB issued guidance on the *"Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement 133,"* which was primarily codified into FASB ASC Topic 815 *"Derivatives and Hedging"*. This guidance expanded the disclosure requirements for derivative instruments and hedging activities. Specifically, this guidance requires entities to provide enhanced disclosures addressing the following: how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for; and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This guidance was effective for fiscal years and interim periods beginning after November 15, 2008. The adoption of this guidance did not impact the Company's consolidated financial statements.

In April 2008, the FASB issued guidance on the *"Determination of the Useful Life of Intangible Assets,"* which was primarily codified into FASB ASC Topic 350 *"Intangibles – Goodwill and Other"*. This guidance amended the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset and required enhanced disclosures. This guidance was effective for fiscal years beginning after December 15, 2008. Adoption of this statement did not have a significant impact on the Company's consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2010, the FASB issued Accounting Standards Update ("ASU") 2010-6 *"Improving Disclosures About Fair Value Measurements"*, which requires reporting entities to make new disclosures about recurring or nonrecurring fair-value measurements including significant transfers into and out of level 1 and level 2 fair-value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of level 3 fair-value measurements. ASU 2010-6 is effective for annual reporting periods beginning after December 15, 2009, except for level 3 reconciliation disclosures which are effective for annual periods beginning after December 15, 2010. The Company does not expect the adoption of ASU 2010-6 to have a significant impact on its consolidated financial statements, however it will require additional disclosures.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that Canadian publicly accountable enterprises will be required to adopt IFRS for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011. In accordance with the approval granted by the Canadian securities regulatory authorities, the Company has adopted IFRS as of January 1, 2010.

INITIAL ADOPTION OF IFRS

IFRS 1 *"First-time Adoption of International Financial Reporting Standards"* ("IFRS 1") sets forth guidance for the initial adoption of IFRS. Commencing with the first quarter of 2010 which will be the first period the Company will report under IFRS, it will adjust its comparative prior period financial statements to comply with IFRS. In addition, the Company will reconcile comparative period equity and net earnings from the previously reported US GAAP amounts to the restated IFRS amounts.

Under IFRS 1, the standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. IFRS 1 provides for certain optional exemptions and elections as well as certain mandatory exceptions to this general principle. The Company will be applying the following exemptions and elections to its opening balance sheet:

OPTIONAL EXEMPTIONS

Business combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 *"Business Combinations"* ("IFRS 3") retrospectively to business combinations that occurred before the date of transition to IFRS. The Company will take advantage of this election and apply IFRS 3 only to business combinations that occurred on or after the opening transition date balance sheet.

Cumulative translation differences

IFRS 1 allows a first-time adopter to not comply with the requirements of IAS 21 *"The Effects of Changes in Foreign Exchange Rates"* for cumulative translation differences that existed at the date of transition to IFRS. The Company has chosen to apply this election and will deem its cumulative translation differences for all foreign operations to be zero at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS shall be excluded from the gain or loss on disposal.

Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *"Share-based Payment"* ("IFRS 2") to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS or January 1, 2005. The Company has elected to apply IFRS 2 only to equity instruments that were unvested as of its transition date.

Carrying value of assets and liabilities

The Company is adopting IFRS subsequent to the date that its majority shareholder, Gerdau S.A., adopted IFRS. In accordance with IFRS 1, if a subsidiary company adopts IFRS subsequent to its parent adopting IFRS, the subsidiary shall measure its assets and liabilities at either:

(i) the same carrying amounts as in the financial statements of the parent based on the parent's date of transition to IFRS; or

(ii) the carrying amounts required by the rest of IFRS 1, based on the subsidiary's date of transition to IFRS.

The Company has elected to record the carrying amounts required by IFRS 1 based on its date of transition to IFRS as described in (ii) above.

MANDATORY EXCEPTIONS

Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous US GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates at its transition date will be consistent with its US GAAP estimates for the same date unless evidence is obtained that indicates that the estimates were in error.

IMPACT OF IFRS ON FINANCIAL REPORTING

IFRS employs a conceptual framework that is similar to US GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS will not change the Company's actual cash flows, it will result in changes to the Company's reported financial position and results of operations. The Company has currently estimated that the impact of its IFRS adoption to total shareholders' equity as of December 31, 2009 and January 1, 2009 will be a decrease of less than two percent. Additionally, the Company has estimated the impact to its net loss for the year ended December 31, 2009 will be a reduction of the loss (increase to income) of approximately $30 million. A significant driver of this impact on the Company's net loss is related to the difference between US GAAP and IFRS for postretirement benefits as described in (f) below.

To assist the users of the Company's financial statements in understanding these changes, the following discussion describes the differences between US GAAP and IFRS for the Company's accounting policies and financial statement accounts which could be significantly affected by the conversion to IFRS.

(a) Impairment of goodwill

US GAAP – US GAAP requires an impairment analysis based on a two-step process of first determining the estimated fair value of the reporting unit and then comparing it to the carrying value of the net assets allocated to the reporting unit. If the estimated fair value exceeds the carrying value, no further analysis or goodwill write-down is required. If the estimated fair value of the reporting unit is less than the carrying value of the net assets, the implied fair value of the reporting unit is allocated to all the underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their estimated fair value at the date of the impairment test. If necessary, goodwill would then be written down to its implied fair value.

IFRS – IAS 36 "Impairment of Assets" ("IAS 36") requires an impairment analysis based on a one-step process. A write-down is recognized if the recoverable amount of the cash generating unit, determined as the higher of the estimated fair value less costs to sell or value in use (discounted cash-flow value), is less than the carrying value.

In addition, in accordance with IFRS 1, the Company will have to perform a goodwill impairment test as of the transition date and consider whether an impairment charge would be recognized under IFRS on the transition date. For reporting periods subsequent to the transition date, the Company will perform a goodwill impairment test on an annual basis, at a minimum, and when impairment indicators exist.

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(b) Impairment of long-lived assets (primarily includes property, plant and equipment and intangibles for the Company)

US GAAP – A write-down to estimated fair value is recognized if the estimated undiscounted future cash flows from an asset or group of assets are less than their carrying value. Recoverability is determined based on an estimate of undiscounted future cash flows resulting from the use of the long-lived asset or group of assets and the eventual disposition.

IFRS – IAS 36 requires an impairment charge to be recognized if the recoverable amount, determined as the higher of the estimated fair value less costs to sell or value in use (discounted cash-flow value) is less than carrying value. Impaired assets, other than goodwill, are assessed in subsequent years for indications that the impairment may have reversed. An impairment reversal is limited to the amount that would have been recognized had the original impairment not occurred.

In addition, in accordance with IFRS 1, the Company will have to perform a long-lived assets impairment test as of the transition date and consider whether an impairment charge would be recognized under IFRS on the transition date. For reporting periods subsequent to the transition date, the Company will perform a long-lived assets impairment test if deemed necessary under IAS 36.

(c) Stock-based compensation

US GAAP – The fair value of stock-based awards with graded vesting and service-only conditions are treated as one grant by the Company, accordingly, the resulting fair value is recognized on a straight-line basis over the vesting period.

IFRS – Each tranche of stock-based awards with graded vesting is considered a separate grant for the calculation of fair value and the related expense is attributed to the vesting period of each tranche of the award.

(d) Business combinations – redeemable noncontrolling interest

US GAAP – A redeemable noncontrolling interest is not required to be separately recognized in the balance sheet as a financial instrument when the redemption value is determined to be at the fair value of the underlying noncontrolling interest.

IFRS – IAS 32 *"Financial Instruments: Disclosure and Presentation"*, requires that a liability be recognized for management's best estimate of the present value of the redemption amount of the put option that was entered into in connection with the PCS 55% acquisition in 2006. The put liability is recognized by reclassification from parent equity. The accretion of the discount on the put liability is recognized as a finance charge in the income statement. The put liability is re-measured to the final redemption amount and any adjustments to the estimated amount of the liability are recognized in the income statement.

(e) Provisions

US GAAP – US GAAP requires the use of a discount rate that produces an amount at which the liability theoretically could be settled in an arm's-length transaction with a third party. Additionally, the discount rate should not exceed the interest rate on monetary assets that are essentially risk-free and have maturities comparable to that of the liability.

IFRS – IAS 37 *"Provisions, Contingent Liabilities and Contingent Assets"* requires a provision or contingent liability to be discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Risk adjustments should be made to the discount rate if such risks are not inherent in the estimated cash outflows.

(f) Postretirement benefits

US GAAP – The excess of any actuarial gain or loss exceeding 10% of the greater of the benefit obligation or the fair value of plan assets is included as a component of the net actuarial gain or loss recognized in accumulated other comprehensive income or loss and is amortized to net periodic pension cost in future periods over the average remaining service period of the active employees.

IFRS – The Company elected to adopt paragraph 93A of IAS 19 *"Employee Benefits"*, which allows an entity to recognize actuarial gains and losses directly in equity or retained earnings in the period in which they occur (without the need to amortize those deferred gains and losses in the statement of income in future periods).

(g) Facility closure costs

US GAAP – US GAAP requires the recognition of certain obligations arising from facility closures when the facility ceases operation or when the cost is incurred.

IFRS – IFRS requires the recognition of certain obligations arising from facility closures when the obligations are unavoidable and are not related to the ongoing activities of the facility. As such, under IFRS, the Company will recognize certain obligations related to the Facility Plan in a different reporting period than what US GAAP would have required.

For the year ended December 31, 2009, the difference between US GAAP and IFRS related to the recognition of the Company's facility closure costs exists only between interim periods. Therefore, the Company anticipates no differences between amounts recognized for US GAAP and IFRS for the full year 2009.

(h) Income taxes

Deferred income tax assets as well as income tax expense are generally calculated in the same manner in accordance with US GAAP and IFRS. However, certain of the pre-tax adjustments described above are expected to generate additional (or lessen existing) temporary differences between book and tax basis and, accordingly, will give rise to adjustments to the Company's recorded deferred tax assets and liabilities as well as deferred income tax expense (or benefit).

In addition, US GAAP requires that deferred tax benefits are recorded for share-based payment awards based on the compensation expense recorded for the award. On exercise of the award, the difference between the actual deduction realized on the tax return and the cumulative tax benefit recognized for book purposes is generally recorded directly to equity (subject to certain limitations). Under IFRS, deferred tax benefits are recorded for share-based payment awards based on the intrinsic value of the award at each balance sheet date. Deferred tax benefits that exceed the amount of cumulative compensation recognized for book purposes are recorded directly to equity.

Additionally, IFRS requires all deferred tax assets and liabilities to be classified as noncurrent for balance sheet presentation, as compared to US GAAP which requires classification between current and noncurrent based on the balance sheet classification of the related asset or liability.

(i) Interim periods – pension valuation

US GAAP – Under US GAAP, the remeasurement of plan assets and defined benefit obligations is only an annual requirement unless a significant event, such as a curtailment, settlement or significant plan amendment occurs.

IFRS – Under IFRS, an entity is required to determine the present value of the defined benefit obligation and the fair value of the plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

(j) Deferred financing costs

US GAAP – Under US GAAP, the Company presents deferred financing costs as an asset on its balance sheet.

IFRS – IFRS requires deferred financing costs related to the issuance of debt to be presented on the balance sheet as a reduction of the carrying value of the debt.

(k) Accumulated other comprehensive income or loss

As discussed above under the heading "Optional exemptions", the Company has chosen to deem its cumulative translation differences for all foreign operations to be zero at the date of transition to IFRS which results in an adjustment to accumulated other comprehensive income or loss. Also, discussed above under the heading "Impact of IFRS on Financial Reporting", the Company has chosen to recognize all actuarial gains and losses related to its defined benefit plans directly into retained earnings.

(l) Presentation and disclosure

The conversion to IFRS will impact the way the Company presents its financial results. The first financial statements prepared using IFRS will be required to include numerous notes disclosing extensive transitional information and full disclosure of all new IFRS accounting policies.

SUBSEQUENT EVENTS

In February 2010, the Board of Directors of the Company approved the adoption of the Equity Incentive Plan (the "EIP"), which is subject to shareholder approval. In connection with the proposed adoption of the EIP, the Human Resources Committee terminated the existing long-term incentive plan ("LTIP"), and no further awards will be granted under this plan.

The EIP is designed to provide awards as determined by the Human Resources Committee of the Board of Directors. Awards under the EIP may take the form of stock options, SARs, deferred share units ("DSUs"), restricted share units ("RSUs"), performance share units ("PSUs"), restricted stock, and/or other share-based awards. Except for stock options, which must be settled in Common Shares, awards may be settled in cash or Common Shares. The maximum number of Common Shares issuable under the EIP is 16,000,000.

For the portion of any award which is payable in options or SARs, the exercise price of the options or SARs will be no less than the fair market value of a Common Share on the date of the award, as defined in the EIP. The vesting period for options and SARs is determined by the Human Resources Committee at the time of grant. Options and SARs have a maximum term of 10 years. No more than 8,000,000 Common Shares may be issued under the EIP pursuant to SARs granted on a stand alone basis.

With respect to any award made in the form of DSUs, RSUs or PSUs, the number of Common Shares awarded to a participant and the vesting period of the award is determined by the Human Resources Committee. Under the EIP, no more than 1,000,000 Common Shares may be issued pursuant to DSUs and no more than 2,500,000 Common Shares may be issued pursuant to RSUs.

On March 12, an award of approximately $11.8 million was granted to participants under the EIP for 2010 performance, subject to shareholder approval of the EIP. Participants: (i) below a specified pay grade received their award in the form of SARs settled in Common Shares that vest ratably over five years, and (ii) above a specified salary grade received their award (a) 25% in the form of SARs settled in Common Shares that vest ratably over five years, (b) 25% in RSUs settled in Common Shares that vest ratably over five years, and (c) 50% in PSUs settled in Common Shares that cliff vest after five years subject to the achievement of certain annual targets. In addition, in order to take account of the difference between the four year vesting period for awards under the LTIP and the five year vesting period for the 2010 award under the EIP, in 2010 the Human Resource Committee made a one time award of RSUs that cliff vest after four years to participants above a specified salary grade. The Company issued 1,728,689 SARs, 277,621 RSUs, and 396,602 PSUs under this plan. This award is being accrued over the vesting periods.

RISKS AND UNCERTAINTIES

Excess global capacity in the steel industry and the availability of competitive substitute material has resulted in intense competition, which may exert downward pressure on the prices of the Company's products.

The Company competes with numerous foreign and domestic steel producers, largely mini-mill producers that produce steel by melting scrap in electric arc furnaces, but also integrated producers that produce steel from coke and iron ore. Competition is based on price, quality and the ability to meet customers' product specifications and delivery schedules. Global over-capacity in steel manufacturing has in the past had a negative impact on steel pricing and could adversely affect the Company's sales and profit margins in the future. The construction of new mills, expansion and improved production efficiencies of existing mills, restarting of currently idled facilities and the expansion of foreign steel production capacity all may contribute to an increase in global steel production capacity. Increases in global steel production capacity combined with high levels of steel imports into North America could exert downward pressure on the prices of the Company's products, which could materially adversely affect its sales and profit margins. In addition, in the case of certain product applications, the Company and other steel manufacturers compete with manufacturers of other materials, including plastic, wood, aluminum (particularly in the automotive industry), graphite, composites, ceramics, glass and concrete. Product substitution could also have a negative impact on demand for steel products and place downward pressure on prices.

The cyclical nature of the steel industry and the industries the Company serves and economic conditions in North America and worldwide may cause fluctuations in the Company's revenue and profitability.

The North American steel industry is cyclical in nature and may be affected by prevailing economic conditions in the major world economies. A recession in the United States, Canada or globally (or concerns that a recession is likely) could substantially decrease the demand for the Company's products and adversely affect the Company's financial condition, production, sales, margins, cash

flows, and earnings. The Company is particularly sensitive to trends in cyclical industries such as the North American construction, appliance, machinery and equipment, and transportation industries, which are significant markets for the Company's products.

Market conditions for steel products in the U.S. and Canada have fluctuated over the years. Significant portions of the Company's products are also destined for the steel service center industry. The Company's markets are cyclical in nature, which affects the demand for its finished products. A disruption or downturn in any of these industries or markets could materially adversely impact the Company's financial condition, production, sales, margins, cash flows and earnings. The Company is also sensitive to trends and events that may impact these industries or markets, including strikes and labor unrest.

The Company's profitability can be adversely affected by increases in raw material and energy costs.

The Company's operating results are significantly affected by the cost of steel scrap and scrap substitutes, which are the primary raw materials for the Company's mini-mill operations. Prices for steel scrap are subject to market forces largely beyond the Company's control, including demand by U.S. and international steel producers, freight costs and speculation. The rate of worldwide steel scrap consumption, especially in China, can result in increased volatility in scrap prices. Metal spread, the difference between mill selling prices and scrap raw material cost, has been at a high level in recent years. The Company does not know how long these levels can be maintained and if scrap prices change without a commensurate change in finished steel selling prices, the Company's profit margins could be materially adversely affected. The Company may not be able to pass on higher scrap costs to its customers by increasing mill selling prices and prices of downstream products. Further increases in the prices paid for scrap and other inputs could also impair the Company's ability to compete with integrated mills and materially adversely affect sales and profit margins.

Energy costs represent a significant portion of the production costs for the Company's operations. Some of the Company's mini-mill operations have long-term electricity supply contracts with either major utilities or energy suppliers. The electricity supply contracts typically have two components: a firm portion and an interruptible portion. The firm portion supplies a base load for the rolling mill and auxiliary operations. The interruptible portion supplies the electric arc furnace power demand. This portion represents the majority of the total electric demand and, for the most part, is based on spot market prices of electricity. Therefore, the Company has significant exposure to the variances of the electricity market that could materially adversely affect operating margins and results of operations. Generally, the Company does not have long-term contracts for natural gas and therefore is subject to market supply variables and pricing that could materially adversely affect operating margins and results of operations.

Imports of steel into North America have adversely affected and may again adversely affect steel prices, and despite trade regulation efforts, the industry may not be successful in reducing steel imports.

While imports of steel into North America have recently moderated from historical highs, they have exerted in recent years, and may again in the future exert, downward pressure on steel prices, which adversely affects the Company's sales and profit margins. Competition from foreign steel producers is strong and may increase in the event of increases in foreign steel production capacity, the relative strengthening of the U.S. dollar compared to foreign currencies or the reduction of domestic steel demand in the economies of the foreign producers. These factors encourage higher levels of steel exports to North America at lower prices. In the past, protective actions taken by the U.S. government to regulate the steel trade, including import quotas and tariffs, have been temporary in nature and, in certain cases, have been found by the World Trade Organization to violate global trade rules. Protective actions may not be taken in the future and, despite trade regulation efforts, unfairly priced imports could enter into the North American markets resulting in price depression, which could materially adversely affect the Company's ability to compete and maintain sales levels and profit margins.

A change in China's steelmaking capacity or a slowdown in China's steel consumption could have a material adverse effect on domestic and global steel pricing and could result in increased steel imports into North America.

A significant factor in the worldwide strengthening of steel pricing over the past several years has been the significant growth in steel consumption in China, which at times has outpaced that country's manufacturing capacity to produce enough steel to satisfy its own needs. At times this has resulted in China being a net importer of steel products, as well as a net importer of raw materials and supplies required in the steel manufacturing process. A reduction in China's economic growth rate with a resulting reduction of steel consumption, coupled with China's expansion of steel-making capacity, could have the effect of a substantial weakening of both domestic and global steel demand and steel pricing. Moreover, many Asian and European steel producers that had previously shipped their output to China may ship their steel products to other markets in the world including the North American market, which could cause a material erosion of margins through a reduction in pricing.

The Company's participation in the consolidation of the steel industry could adversely affect the business.

The Company believes that there continues to be opportunity for future growth through selective acquisitions, given the pace

of consolidation in the steel industry and the increasing trend of customers to focus on fewer key suppliers. As a result, the Company intends to continue to apply a selective and disciplined acquisition strategy. Future acquisitions, investments in joint ventures or strategic alliances may involve some or all of the following risks, which could materially adversely affect the Company's business, results of operations, cash flows or financial condition:

- the difficulty of integrating the acquired operations and personnel into the existing business;
- the potential disruption of ongoing business;
- the diversion of resources, including management's time and attention;
- incurrence of additional debt;
- the inability of management to maintain uniform standards, controls, procedures and policies;
- the difficulty of managing the growth of a larger company;
- the risk of entering markets in which the Company has little experience;
- the risk of becoming involved in labor, commercial or regulatory disputes or litigation related to the new enterprise;
- the risk of contractual or operational liability to venture participants or to third parties as a result of the Company's participation;
- the risk of environmental or other liabilities associated with the acquired business;
- the inability to work efficiently with joint venture or strategic alliance partners; and
- the difficulties of terminating joint ventures or strategic alliances.

Acquisition targets may require additional capital and operating expenditures to return them to, or sustain, profitability. Acquisition candidates may also be financially distressed steel companies that typically do not maintain their assets adequately. Such assets may need significant repairs and improvements. The Company may also have to buy sizeable amounts of raw materials, spare parts and other materials for these facilities before they can resume, or sustain, profitable operation. Such financially distressed steel companies also may not have maintained appropriate environmental programs. These problems also may require significant expenditures by the Company or expose the Company to environmental liability.

There is also a risk that acquisition targets may have undisclosed or unknown liabilities and that the Company may not be indemnified for breaches of representations, warranties or covenants in the acquisition agreement. In addition, there is a risk that the Company may not successfully complete the integration of the business operations and product lines of an acquisition target with its own, or realize all of the anticipated benefits and synergies of the acquisition. If the benefits of an acquisition do not exceed the costs associated with the acquisition, the Company's results of operations, cash flows and financial condition could be materially adversely affected.

Following an acquisition, the Company may also be required to record impairment charges relating to goodwill, identifiable intangible assets or fixed assets. Goodwill, identifiable intangible assets and fixed assets represent nearly half of the Company's total assets. Economic, legal, regulatory, competitive, contractual and other factors, including changes in the manner of or use of the acquired assets, may affect the value of the Company's goodwill, identifiable intangible assets and fixed assets. If any of these factors impair the value of these assets, accounting rules would require that the Company reduce its carrying value and recognize an impairment charge, which would reduce the Company's reported assets and earnings in the year the impairment charge is recognized. In addition, an impairment charge may impact the Company's financial ratios under its debt arrangements and affect its ability to pay dividends to holders of the Company's common shares.

Future acquisitions may be required for the Company to remain competitive, and there can be no assurance that it can complete any such transactions on favorable terms or that it can obtain financing, if necessary, for such transactions on favorable terms. The Company also cannot assure you that future transactions will improve its competitive position and business prospects as anticipated; if they do not, the Company's results of operations may be materially adversely affected.

Steel manufacturing is capital intensive which may encourage producers to maintain production in periods of reduced demand which may in turn exert downward pressure on prices for the Company's products.

Steel manufacturing is very capital intensive, resulting in a large fixed-cost base. The high levels of fixed costs of operating a mini-mill encourage mill operators to maintain high levels of output, even during periods of reduced demand, which may exert additional downward pressure on selling prices and profit margins in those periods.

Unexpected equipment failures may lead to production curtailments or shutdowns.

The Company operates several steel plants in different sites. Nevertheless, interruptions in the production capabilities at the Company's principal sites would increase production costs and reduce sales and earnings for the affected period. In addition to periodic equipment failures, the Company's facilities are also subject to the risk of catastrophic loss due to unanticipated events such as fires, explosions or violent weather conditions. The Company's manufacturing processes are dependent upon critical pieces of steelmaking equipment, such as its electric arc furnaces, continuous casters, gas-fired reheat furnaces, rolling mills and electrical equipment, including high-output transformers, and this equipment may, on occasion, incur downtime as a result of unanticipated failures. The Company has experienced and may in the future experience material plant shutdowns or periods of reduced production as a result of such equipment failures. Unexpected interruptions in production capabilities would adversely affect the Company's productivity and results of operations. Moreover, any interruption in production capability may require the Company to make additional capital expenditures to remedy the problem, which would reduce the amount of cash available for operations. The Company's insurance may not cover the losses. In addition, long-term business disruption could harm the Company's reputation and result in a loss of customers, which could materially adversely affect the business, results of operations, cash flows and financial condition.

The Company's level of indebtedness could adversely affect its ability to raise additional capital to fund operations, limit the ability to react to changes in the economy or the industry and prevent it from meeting its obligations under its debt agreements.

The Company had $1.7 billion of net indebtedness as of December 31, 2009. The Company's degree of leverage could have important consequences, including the following:

- it may limit the ability to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes;
- it may limit the ability to declare dividends on the common shares;
- a portion of the cash flows from operations must be dedicated to the payment of interest on existing indebtedness and is not available for other purposes, including operations, capital expenditures and future business opportunities;
- certain of the Company's borrowings, including borrowings under its Term Loan Facility and Senior Secured Credit Facility, are at variable rates of interest and are subject to increases in interest rates;
- it may limit the ability to adjust to changing market conditions and place the Company at a competitive disadvantage compared to its competitors that have less debt;
- the Company may be vulnerable in a downturn in general economic conditions; and
- the Company may be required to adjust the level of funds available for capital expenditures.

Under the terms of its existing indebtedness, the Company is permitted to incur additional debt in certain circumstances; doing so could increase the risks described above.

The Term Loan Facility entered into to finance the acquisition of Chaparral requires Gerdau S.A. and its subsidiaries, including the Company, on a consolidated basis to maintain certain debt to last-twelve-months trailing EBITDA and EBITDA to interest ratios, as of the last day of each fiscal quarter. In addition, the Term Loan Facility requires that, for each six-month interest period, certain specified export receivables of Gerdau S.A. and certain of its Brazilian subsidiaries have a market value, as determined in accordance with the provisions of the Term Loan Facility, of at least 125% of the principal and interest due on certain of the loans outstanding under the Term Loan Facility during such interest period. If this export receivable coverage ratio is not met for any two consecutive interest periods or three non-consecutive interest periods, the Term Loan Facility would be secured by springing liens on the export receivables and related bank accounts. Any subsequent failure to meet the export receivable coverage ratio would constitute an event of default under the Term Loan Facility. The Term Loan Facility also contains customary covenants restricting the Company's ability, including the ability of two of the Company's subsidiaries, Gerdau Ameristeel US Inc. and GNA Partners, GP, to incur additional liens on the Company's assets, enter into certain transactions with affiliates and enter into certain merger transactions. A default under the Term Loan Facility could trigger certain cross default provisions contained in the Company's other debt instruments with the result that substantially all of the Company's debt could become due and the Company's existing credit facilities could be terminated. In June 2009, the Company entered into an amendment which provides temporary flexibility with respect to the Term Loan Facility's covenants through September 30, 2010. However, there is no assurance that future amendments will be granted by the lenders, if required.

The $610.0 million loan from a subsidiary of Gerdau S.A. (the "GHI Loan") is guaranteed by the Company's U.S. operating subsidiaries and contains customary covenants that limit the ability of the borrower and the guarantors to incur additional liens on their respective assets or enter into sale leaseback transactions. A default under the GHI Loan would also trigger certain cross default provisions contained in the Company's other debt instruments with the result that substantially all of the Company's debt could become due and the Company's existing credit facilities could be terminated.

The Senior Secured Credit Facility also contains customary covenants that limit the ability of the Company and its subsidiaries to, among other things, incur additional secured debt, make acquisitions and other investments, issue redeemable stock and preferred stock, pay dividends on the Common Shares, modify or prepay other indebtedness, sell or otherwise dispose of certain assets and enter into mergers or consolidations. These covenants may limit the Company's flexibility in the operation of the business. A default under the Senior Secured Credit Facility could trigger certain cross default provisions contained in the Company's other debt instruments with the result that substantially all of the Company's debt could become due.

Environmental and occupational health and safety laws and regulations affect the Company and compliance may be costly and reduce profitability.

The Company is required to comply with an evolving body of environmental and occupational health and safety laws and regulations ("EHS Laws"), most of which are of general application but result in significant obligations in practice for the steel sector. These laws and regulations concern, among other things, air emissions, discharges to soil, surface water and ground water, noise control, the generation, handling, storage, transportation, and disposal of hazardous substances and wastes, the clean-up of contamination, indoor air quality and worker health and safety. These laws and regulations vary by location and can fall within federal, provincial, state or municipal jurisdictions. There is a risk that the Company has not been or, in the future, will not be in compliance with all such requirements. Violations could result in penalties or the curtailment or cessation of operations, any of which could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

For example, the Company is required to comply with a variety of EHS Laws that restrict emissions of air pollutants, such as lead, particulate matter and mercury. Because the Company's manufacturing facilities emit significant quantities of air emissions, compliance with these laws does require the Company to make investments in pollution control equipment and to report to the relevant government authority if any air emissions limits are exceeded. The government authorities typically monitor compliance with these limits and use a variety of tools to enforce them, including administrative orders to control, prevent or stop certain activities; administrative penalties for violating certain EHS Laws; and regulatory prosecutions, which can result in significant fines and (in relatively rare cases) imprisonment. The Company is also required to comply with a similar regime with respect to its wastewater or stormwater discharges. EHS Laws restrict the type and amount of pollutants that Company facilities can discharge into receiving bodies of waters, such as rivers, lakes and oceans, and into municipal sanitary and storm sewers. Government authorities can enforce these restrictions using the same variety of tools noted above. The Company has installed pollution control equipment at its manufacturing facilities to address emissions and discharge limits, and has an environmental management system in place designed to reduce the risk of non-compliance.

EHS Laws relating to health and safety may also result in significant obligations for the Company. The Company's manufacturing operations involve the use of large and complex machinery and equipment and the consequent exposure of workers to various potentially hazardous substances. As a consequence, there is an inherent risk to the health and safety of the Company's workers. From time to time, workplace illnesses and accidents, including serious injury and fatalities, do occur. Any serious occurrences of this nature may have a material adverse effect on the Company's results of operations, cash flows and financial condition.

Other EHS Laws regulate the generation, storage, transport and disposal of hazardous waste. The Company generates certain wastes, including electric arc furnace ("EAF") dust and other contaminants, some of which are classified as hazardous, that must be properly controlled and disposed of under applicable EHS Laws. Hazardous waste laws require that hazardous wastes be transported by an approved hauler and delivered to an approved recycler or waste disposal site and, in some cases, treated to render the waste non-hazardous prior to disposal. The Company has in place a system for properly handling, storing and arranging for the disposal of the wastes it produces, but non-compliance remains an inherent risk, and could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

Certain EHS Laws imp ose joint and several liability on certain classes of persons for the costs of investigation and clean-up of contaminated properties. Liability may attach regardless of fault or the legality of the original contaminating event (including off-site disposal). Some of the Company's present and former facilities have been in operation for many years and, over such time, have used substances and disposed of wastes that may require clean-up. The Company could be liable for the costs of

such clean-ups. Clean-up costs for any contamination, whether known or not yet discovered, could be substantial and could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

The Company has estimated clean-up costs based on a review of the anticipated remediation activities to be undertaken at each of its known contaminated sites. Although the ultimate costs associated with such remediation are not precisely known, the Company has estimated the present value of the total remaining costs as of December 31, 2009 to be approximately $19.3 million, with these costs recorded as a liability in the Company's financial statements.

Changes to the regulatory regime, such as new laws or new enforcement policies or approaches could have a material adverse effect on the Company's business, cash flows, financial condition, or results of operations. Examples of these kinds of changes include recently enacted laws on the emissions of mercury, a currently proposed interpretation of existing rules applicable to the disposal of scrap metal shredder residue, current initiatives with respect to lead emissions, and the emerging legislative responses to climate change.

The Company is also required to obtain governmental permits and approvals pursuant to EHS Laws. Any of these permits or approvals may be subject to denial, revocation or modification under various circumstances, including at the time the Company applies for renewal of existing permits. Failure to obtain or comply with the conditions of permits and approvals may adversely affect the Company's results of operations, cash flows and financial condition and may subject the Company to significant penalties. In addition, the Company may be required to obtain additional operating permits or governmental approvals and incur additional costs.

The Company may not be able to meet all the applicable requirements of EHS Laws. Moreover, the Company may be subject to fines, penalties or other liabilities arising from actions imposed under EHS Laws. In addition, the Company's environmental and occupational health and safety capital expenditures could materially increase in the future.

Laws and regulations intended to reduce greenhouse gases and other air emissions may be enacted in the future and could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

The Company anticipates that its Canadian and U.S. operations will, in the future, be affected by federal, provincial, and state level climate change initiatives intended to address greenhouse gases and other air emissions. Canadian provincial governments are also implementing other legislative measures, some that have recently taken effect and others planned for the relatively near term. One of the effects of this growing body of legal requirements is likely to be an increase in the cost of energy. Certain state governments in the United States, including California, and growing coalitions of Western and Northeastern/mid-Atlantic states, are also taking active steps to achieve greenhouse gas emission reductions, and the federal government is moving in a similar direction. In particular, various pieces of federal legislation that would limit greenhouse gas emissions have been introduced in the U.S. Congress, some form of which could be enacted in the future. In addition, the U.S. Environmental Protection Agency ("EPA") issued its finding that current and projected atmospheric concentrations of certain greenhouse gases thereafter the public health and welfare, which could form the basis for further EPA action. The Canadian federal government is monitoring these U.S. developments closely, and has indicated that it will consider partnering with the U.S. in future greenhouse gas reduction and renewable energy initiatives. While the details of this emerging legislative regime are still in a state of flux in Canada and the United States, the outcome could have a material adverse effect on the Company's results of operations, cash flows and financial condition.

The Company's pension plans are currently underfunded.

The Company has several pension plans that are currently underfunded. Although the Company's pension plans are funded in accordance with statutory requirements, adverse market conditions could require the Company to make additional cash payments to fund the plans which could reduce cash available for other business needs. As of December 31, 2009, the aggregate value of plan assets of the Company's pension plans (including supplemental retirement plans of the former Co-Steel) was $534.2 million, while the aggregate projected benefit obligation was $754.8 million, resulting in an aggregate deficit of $220.6 million for which the Company is responsible. As of December 31, 2009 the Company also had an unfunded obligation of $133.8 million with respect to post-retirement medical benefits. The Company made cash payments of $75.5 million to its defined benefit pension plan for the year ended December 31, 2009. Funding requirements in future years may be higher, depending on market conditions, and may restrict the cash available for the business.

The Company may not be able to successfully renegotiate collective bargaining agreements when they expire and financial results may be adversely affected by labor disruptions.

As of December 31, 2009, approximately 26.7% of the Company's employees were represented by the United Steel Workers

("USW") and other unions under different collective bargaining agreements. The agreements have different expiration dates. Nine of the Company's mini-mill facilities are unionized, with the agreements for four of the facilities expiring in 2010, three of the facilities expiring in 2011, and two of the facilities expiring in 2012.

The Company may be unable to successfully negotiate new collective bargaining agreements at one or more facilities without any labor disruption when the existing agreements expire. A labor disruption could, depending on the operations affected and the length of the disruption, have a material adverse effect on the Company's operations. Labor organizing activities could occur at one or more of the Company's other facilities or at other companies upon which the Company is dependent for raw materials, transportation or other services. Such activities could result in a loss of production and revenue and have a material adverse effect on the Company's results of operations, cash flows and financial condition.

The Company may not be able to successfully implement a new Enterprise Resource Planning System.

The Company expects to implement a new enterprise resource planning ("ERP") system as part of the Company's ongoing efforts to improve and strengthen its operational and financial processes and its reporting systems. Any difficulties encountered in the implementation or operation of the new ERP system or any difficulties in the operation of the current system could cause the Company to fail to meet customer demand for its product or could delay its ability to meet its financial reporting obligations which, in turn, could materially adversely affect the Company's results of operations.

Currency fluctuations could adversely affect the Company's financial results or competitive position.

The Company reports results in U.S. dollars. A portion of net sales and operating costs are in Canadian dollars. As a result, fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may affect operating results. In addition, the Canadian operations compete with U.S. producers and are less competitive as the Canadian dollar strengthens relative to the U.S. dollar.

In addition, fluctuations in the value of the Canadian and U.S. dollar relative to foreign currencies may adversely affect the Company's business. A strong Canadian or U.S. dollar makes imported steel relatively less expensive, potentially resulting in more imports of steel products into Canada or the United States by foreign competitors. The Company's steel products that are made in Canada or the United States, as the case may be, may become relatively more expensive as compared to imported steel due to a strong Canadian or U.S. dollar, which could have a material negative impact on sales, revenues, margins and profitability.

Gerdau S.A. and its controlling shareholders control the Company, and are in a position to affect the Company's governance and operations.

Gerdau S.A., the main holding company of Gerdau Group, beneficially owned approximately 66.3% of the Company's outstanding common shares as of December 31, 2009. Gerdau S.A., in turn, is controlled by the Gerdau Johannpeter family.

Five of the directors are members or former members of the management of Gerdau S.A., and four of the directors are members of the Gerdau Johannpeter family. So long as Gerdau S.A. has a controlling interest, it will generally be able to approve any matter submitted to a vote of shareholders including, among other matters, the election of the board of directors and any amendment to the Company's articles or by-laws. In addition, Gerdau S.A. is able to significantly influence decisions relating to the Company's business and affairs, the selection of senior management, its access to capital markets, the payment of dividends and the outcome of any significant transaction (such as a merger, consolidation or sale of all or substantially all of the Company's assets). Gerdau Group has been supportive of the Company's strategy and business and the Company has benefited from its support and resources, however the interest of Gerdau S.A. and the controlling family may be different from other shareholders' and they may exercise their control over the Company in a manner inconsistent with the other shareholders' interests.

Changes in the credit and capital markets may impair the liquidity of the Company's long-term investments, including investments in auction rate securities, which may adversely affect the Company's financial condition, cash flows and results of operations.

The Company has invested cash in long-term investments that are comprised of variable rate debt obligations ("auction rate securities"), which are asset-backed and categorized as available-for-sale. As of December 31, 2009, the fair value of these securities was $28.5 million. Despite the long-term nature of the securities' stated contractual maturities, the Company has historically been able to quickly liquidate these securities. Auctions for certain auction rate securities failed because sell orders exceeded buy orders. As a result of these failed auctions or future failed auctions, the Company may not be able to liquidate these securities until a future auction is successful, the issuer redeems the outstanding securities, or the securities mature.

Although the Company intends to sell these investments when liquidity returns to the market for these securities, it may recognize additional losses in the future if uncertainties in these markets continue or the markets deteriorate further, which may have an adverse effect on the Company's results of operations, cash flows and financial condition.

The Company relies on its 50%-owned joint ventures for a portion of its income and cash flows, but does not control them or their distributions.

The Company has three 50%-owned joint ventures that contribute to its financial results but that it does not control. These joint ventures contributed a loss of $4.7 million to the Company's net loss for the year ended December 31, 2009. As the Company does not control the joint ventures, it cannot, without agreement from its partner, cause any joint venture to distribute its income from operations to the Company. In addition, Gallatin's existing financing agreement prohibits it from distributing cash to the Company unless specified financial covenants are satisfied. Additionally, since the Company does not control these joint ventures, they may not be operated in a manner that the Company believes would be in the joint ventures', or the Company's, best interests. Under terms of the partnership agreement governing the Gallatin joint venture, either partner has the right to compel the other partner to buy or sell its interest in the Gallatin joint venture, subject to certain procedures set out in the partnership agreement.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has documented and evaluated the effectiveness of the internal control over financial reporting of the Company as of December 31, 2009 in accordance with the criteria established in the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on the above evaluation, management has concluded that the Company maintained effective internal control over financial reporting as of December 31, 2009. Additionally, based on our assessment, we determined that there were no material weaknesses in internal control over financial reporting as of December 31, 2009.

Deloitte & Touche, LLP an independent registered certified public accounting firm, has audited and issued their report on the consolidated financial statements of the Company and the effectiveness of the Company's internal controls over financial reporting.

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REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of Gerdau Ameristeel Corporation
Tampa, Florida

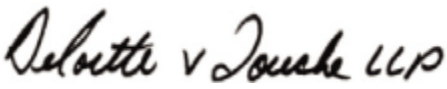
We have audited the accompanying consolidated balance sheets of Gerdau Ameristeel Corporation (the "Company") as of December 31, 2009 and 2008, and the related consolidated statements of earnings, changes in shareholders' equity and comprehensive income, and of cash flows for the years then ended. We also have audited the Company's internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Gerdau Ameristeel Corporation and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.



Certified Public Accountants
Tampa, Florida
March 29, 2010

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GERDAU AMERISTEEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(US$ in thousands)

	December 31, 2009	December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 631,293	$ 482,535
Restricted cash	1,691	—
Short-term investments	25,000	205,817
Accounts receivable, net	460,066	677,569
Inventories	814,788	1,267,768
Deferred tax assets	20,742	31,414
Costs and estimated earnings in excess of billings on uncompleted contracts	4,687	14,771
Income taxes receivable	93,652	28,455
Other current assets	22,643	22,936
Total Current Assets	**2,074,562**	**2,731,265**
Investments in 50% Owned Joint Ventures	148,609	161,901
Long-term Investments	28,538	33,189
Property, Plant and Equipment, net	1,620,852	1,808,478
Goodwill	1,962,098	1,952,011
Intangibles	450,003	515,736
Deferred Financing Costs	29,084	35,170
Deferred Tax Assets	29,760	—
Other Assets	23,459	32,305
TOTAL ASSETS	**$6,366,965**	**$7,270,055**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 212,900	$ 182,697
Accrued salaries, wages and employee benefits	93,846	148,244
Accrued interest — non-affiliated	15,344	54,480
Accrued interest — affiliated	3,772	—
Income taxes payable	322	2,983
Accrued sales, use and property taxes	11,889	13,902
Current portion of long-term environmental reserve	4,906	7,599
Billings in excess of costs and estimated earnings on uncompleted contracts	26,212	45,687
Other current liabilities	12,959	20,932
Current portion of long-term debt — non-affiliated	3,174	1,893
Total Current Liabilities	**385,324**	**478,417**
Long-term Debt, Less Current Portion — Non-affiliated	1,747,601	3,067,994
Long-term Debt — Affiliated	610,000	—
Accrued Benefit Obligations	348,684	339,055
Deferred Tax Liabilities	300,253	323,854
Long-term Environmental Reserve, Less Current Portion	14,415	11,151
Other Liabilities	89,753	116,092
TOTAL LIABILITIES	**3,496,030**	**4,336,563**
Contingencies, Commitments and Guarantees		
Shareholders' Equity		
Capital stock	2,554,110	2,552,323
Retained earnings	352,825	523,187
Accumulated other comprehensive loss	(65,898)	(178,636)

Total Gerdau Ameristeel & Subsidiaries Shareholders' Equity	**2,841,037**	**2,896,874**
Noncontrolling interest	29,898	36,618
TOTAL SHAREHOLDERS' EQUITY	**2,870,935**	**2,933,492**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$6,366,965**	**$7,270,055**

See accompanying notes to consolidated financial statements.

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GERDAU AMERISTEEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS

(US$ in thousands, except earnings per share data)

	Year Ended December 31, 2009	2008
NET SALES	**$4,195,723**	**$8,528,480**
OPERATING EXPENSES		
Cost of sales (exclusive of depreciation and amortization)	3,656,083	6,799,427
Selling and administrative	227,683	253,222
Depreciation	214,106	219,667
Amortization of intangibles	65,736	102,959
Impairment of goodwill	—	1,278,000
Facility closure costs	115,033	—
Other operating expense, net	3,520	8,293
	4,282,161	**8,661,568**
LOSS FROM OPERATIONS	**(86,438)**	**(133,088)**
(LOSS) INCOME FROM 50% OWNED JOINT VENTURES	(4,692)	45,005
LOSS BEFORE OTHER EXPENSES AND INCOME TAXES	**(91,130)**	**(88,083)**
OTHER EXPENSES		
Interest expense — non-affiliated	132,166	165,607
Interest expense — affiliated	3,772	—
Interest income	(5,040)	(14,921)
Amortization of deferred financing costs	24,274	10,951
Loss on extinguishment of debt	11,877	—
Foreign exchange loss (gain), net	37,914	(21,682)
Realized (gain) loss on investments, net	(3,244)	59,977
	201,719	**199,932**
LOSS BEFORE INCOME TAXES	**(292,849)**	**(288,015)**
INCOME TAX (BENEFIT) EXPENSE	(128,576)	287,440
NET LOSS	**(164,273)**	**(575,455)**
Less: Net (loss) income attributable to noncontrolling interest	(2,557)	11,952
NET LOSS ATTRIBUTABLE TO GERDAU AMERISTEEL & SUBSIDIARIES	**$ (161,716)**	**$ (587,407)**
EARNINGS PER SHARE ATTRIBUTABLE TO GERDAU AMERISTEEL & SUBSIDIARIES		
Loss per common share — basic	**$ (0.37)**	**$ (1.36)**
Loss per common share — diluted	**$ (0.37)**	**$ (1.36)**

See accompanying notes to consolidated financial statements.

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GERDAU AMERISTEEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(US$ in thousands)

	Gerdau Ameristeel Corporation and Subsidiaries Shareholders'					
	Number of Shares	Capital Stock	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Total
Balances at December 31, 2007	**432,463,184**	**$2,547,123**	**$1,253,196**	**$ 64,296**	**$ 42,321**	**$3,906,936**
Comprehensive loss:						
Net (loss) income			(587,407)		11,952	(575,455)
Foreign exchange loss translation				(135,120)		(135,120)
Unrealized loss on qualifying cash flow hedges, net of tax of $24,572				(37,427)		(37,427)
Net loss from pensions and postretirement plans, net of tax of $45,406				(70,385)		(70,385)
Total comprehensive loss						(818,387)
Dividends			(142,602)			(142,602)
Distribution to noncontrolling interest					(3,065)	(3,065)
Purchase of subsidiary shares from noncontrolling interest					(14,590)	(14,590)
Employee stock options exercised and stock compensation expense	541,069	5,200				5,200
Balances at December 31, 2008	**433,004,253**	**$2,552,323**	**$ 523,187**	**$(178,636)**	**$ 36,618**	**$2,933,492**
Comprehensive loss:						
Net loss			(161,716)		(2,557)	(164,273)
Foreign exchange gain translation				109,439		109,439
Unrealized gain on short-term investment, net of tax				1		1
Unrealized gain on qualifying cash flow hedges, net of tax of ($9,821)				22,880		22,880
Net loss from pensions and postretirement plans, net of tax of $7,542				(19,582)		(19,582)
Total comprehensive loss						(51,535)
Dividends			(8,646)			(8,646)
Distribution to noncontrolling interest					(4,163)	(4,163)
Employee stock options exercised and stock compensation expense	310,556	1,787				1,787
Balances at December 31, 2009	**433,314,809**	**$2,554,110**	**$ 352,825**	**$ (65,898)**	**$ 29,898**	**$2,870,935**

See accompanying notes to consolidated financial statements.

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GERDAU AMERISTEEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(US$ in thousands)

	Year Ended December 31, 2009	2008
OPERATING ACTIVITIES		
Net loss	$ (164,273)	$ (575,455)
Adjustment to reconcile net loss to net cash provided by operating activities:		
Depreciation	214,106	219,667
Impairment of goodwill	—	1,278,000
Amortization of intangibles	65,736	102,959
Amortization of deferred financing costs	24,274	10,951
Deferred income taxes	(42,123)	(35,559)
Loss on disposition of property, plant and equipment	2,322	3,322
Loss (income) from 50% owned joint ventures	4,692	(45,005)
Distributions from 50% owned joint ventures	11,828	41,829
Compensation cost from share-based awards	6,474	2,464
Excess tax benefits from share-based payment arrangements	(135)	(1,200)
Realized (gain) loss on investments	(3,244)	59,977
Facility closure costs	115,033	7,807
Loss on extinguishment of debt	11,877	—
Writedown of inventory	33,044	48,116
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	227,323	101,941
Inventories	433,702	(147,544)
Other assets	(46,646)	11,020
Liabilities	(139,970)	(315,298)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**754,020**	**767,992**
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(78,086)	(168,117)
Proceeds from disposition of property, plant and equipment	1,804	3,261
Acquisitions	—	(287,560)
Opening cash from acquisitions	—	2,249
Change in restricted cash	(1,691)	—
Purchases of investments	(632,183)	(207,516)
Proceeds from sales of investments	831,096	1,425
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	**120,940**	**(656,258)**
FINANCING ACTIVITIES		
Proceeds from issuance of non-affiliated debt	—	1,076
Proceeds from issuance of affiliated debt	610,000	—
Repayments of non-affiliated debt	(1,327,499)	(4,394)
Payments of deferred financing costs	(21,887)	(1,635)
Cash dividends	(8,646)	(142,602)
Distributions to subsidiary's noncontrolling interest	(4,163)	(3,065)
Proceeds from exercise of employee stock options	216	1,195
Excess tax benefits from share-based payment arrangements	135	1,200
NET CASH USED IN FINANCING ACTIVITIES	**(751,844)**	**(148,225)**
Effect of exchange rate changes on cash and cash equivalents	25,642	(28,336)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	148,758	(64,827)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	482,535	547,362
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**$ 631,293**	**$ 482,535**
SUPPLEMENTAL INFORMATION		

Cash (refunds) payments for income taxes	$ (20,895)	$ 338,659
Cash payments for interest	$ 164,558	$ 155,567

See accompanying notes to consolidated financial statements.

GERDAU AMERISTEEL CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(US$ in thousands)

NOTE 1 – BUSINESS AND BASIS OF PRESENTATION

Gerdau Ameristeel Corporation and its subsidiaries ("the Company") operates steel mini-mills, producing primarily steel bars and special sections for commercial and industrial building construction, steel service centers and original equipment manufacturers. The Company's principal market area is the United States and Canada. Principal suppliers to the Company include scrap metal producers, electric utilities, natural gas suppliers, and rail and truck carriers.

As of December 31, 2009, Gerdau S.A. indirectly owned approximately 66.3% of the Company's common shares outstanding.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). All dollar amounts are reported in United States dollars unless otherwise indicated.

Consolidation: The consolidated financial statements include the accounts of the Company, its subsidiaries and its majority owned joint ventures. The results of companies acquired during the year are included in the consolidated financial statements from the effective date of acquisition. All intercompany transactions and accounts have been eliminated in consolidation.

Joint Ventures and Other Investments: The Company's investment in Pacific Coast Steel ("PCS"), an 84% owned joint venture, is consolidated recording the 16% interest not owned as a noncontrolling interest. The Company's investments in Gallatin Steel Company, Bradley Steel Processors and MRM Guide Rail are 50% owned joint ventures, and are recorded under the equity method. The Company evaluates the carrying value of the investments to determine if there has been impairment in value considered other than temporary, which is assessed by reviewing cash flows and operating income. If impairment is considered other than temporary, a provision is recorded.

Revenue Recognition and Allowance for Doubtful Accounts: The Company recognizes revenues from sales and the allowance for estimated costs associated with returns from these sales when the product is shipped and title is transferred to the buyer. Provisions are made for estimated product returns and customer claims based on estimates and actual historical experience. If the historical data used in the estimates does not reflect future returns and claims trends, additional provisions may be necessary. An allowance for doubtful accounts is maintained for estimated losses resulting from the inability of customers to make required payments. Freight costs are classified as part of cost of sales.

The Company recognizes revenues on construction contracts of its PCS operation using the percentage-of-completion method of accounting, measured by the percent of contract costs incurred to-date to estimated total contract costs. This method is used because management considers total cost to be the best available measure of completion of construction contracts in progress. Provisions for estimated losses on construction contracts in progress are made in their entirety in the period in which such losses are determined without reference to the percentage complete. Changes in job performance, job conditions, and estimated profitability may result in a revision to revenues and costs, and are recognized in the period in which the revisions are determined. Claims for additional revenues are not recognized until the period in which such claims are allowed.

The asset "Costs and estimated earnings in excess of billings on uncompleted contracts" represents revenues recognized in advance of amounts billed. The liability "Billings in excess of costs and estimated earnings on uncompleted contracts" represents billings in advance of revenues recognized.

The following table summarizes PCS contracts in progress ($000s):

	Year Ended December 31, 2009	2008
Total value of contracts in progress	$830,793	$1,381,815
Costs incurred on contracts in progress	604,459	904,291
Estimated earned gross profit	104,484	189,911
	708,943	**1,094,202**
Less billings to-date	730,468	1,125,118
	$ (21,525)	**$ (30,916)**

PCS contracts in progress were included in the Consolidated Balance Sheets under the following captions ($000s):

	December 31, 2009	2008
Costs and estimated earnings in excess of billings on uncompleted contracts	$ 4,687	$ 14,771
Billings in excess of costs and estimated earnings on uncompleted contracts	(26,212)	(45,687)
	$(21,525)	**$(30,916)**

Cash and Cash Equivalents: The Company considers all cash on deposit and term deposits with original maturities of three months or less to be cash equivalents.

Restricted Cash: Restricted cash consists of collateral for standby letters of credit.

Short-term Investments: The Company invests excess cash in short-term investments that are comprised of U.S. government treasury bills, U.S. government agency discount notes, Canadian government treasury bills, top-tier commercial paper, time deposits, certificates of deposit, bearer deposit notes and banker's acceptances with highly rated financial institutions. All short-term investments are categorized as available-for-sale and accordingly are recorded at market value. All income generated from these investments is recorded as interest income.

Accounts Receivables: Accounts receivables are recorded when invoices are issued. Included in Accounts receivables are billed contract receivables and unbilled retention receivables related to the Company's PCS business which aggregated $112.4 million and $197.0 million at December 31, 2009 and 2008, respectively. Unbilled retention is that portion of contract billings retained by the customer until after completion of PCS' scope of work. Unbilled retentions vary up to 10% of the total amount billed on each respective contract. Upon completion of PCS' agreed scope of work related to a particular contract, the retained amount is billed which converts the unbilled retention to billed retention. Depending on the term of the project, a portion of the unbilled retention is current and a portion is non-current. The non-current portion is recorded in Other Assets in the Consolidated Balance Sheets. Subject to the negotiated terms of each contract, the due date of billed retentions ranges from 30 days after the substantial completion of PCS' scope of work, or up to 40 days following the completion of the overall project. PCS' contracts typically range in duration from 3 to 18 months. Accounts receivables are written off when they are determined to be uncollectible.

The allowance for doubtful accounts is estimated based on the Company's historical losses, review of specific problem accounts, existing economic conditions in the construction industry, and the financial stability of its customers. Generally, the Company considers accounts receivables past due after 30 days. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the Company customers. At December 31, 2009 and 2008, the allowance for doubtful accounts was $8.9 million and $8.8 million, respectively. Additionally, PCS has the right, under normal circumstances, to file statutory liens on construction projects where collection problems are anticipated. The liens serve as collateral for related accounts receivables.

Inventories: Inventories are valued at the lower of cost (calculated on an average cost basis) or net realizable value. During year ended December 31, 2009, the Company recorded a $33.0 million charge to cost of sales to write down inventories to net realizable value. These writedowns occurred in the first and second quarters of 2009 and, therefore, the Company had no

inventory recorded at net realizable value at December 31, 2009. The Company recorded a similar charge of $48.1 million during the year ended December 31, 2008, of which $38.7 million was related to inventory held by the Company as of December 31, 2008. Mill rolls, which are included as consumables, are recorded at cost and amortized to cost of sales based on usage. During periods when the Company is producing inventory at levels below normal capacity, excess fixed costs are not inventoried but are charged to cost of sales in the period incurred.

Long-term Investments: In prior years, the Company invested excess cash in investments that are comprised of variable rate debt obligations, known as auction rate securities, which are asset-backed and categorized as available-for-sale. At December 31, 2009, the Company held auction rate securities classified as long-term investments with a fair market value of $28.5 million. The cost basis of the investment in these securities was approximately $91.3 million. Certain auction rate securities failed auction because sell orders exceeded buy orders. As a result, the Company may not be able to liquidate these securities until a future auction is successful, the issuer redeems the outstanding securities, or the securities mature beginning in 2025. During the year ended December 31, 2009, the Company was able to sell $3.9 million in auction rate securities for $7.9 million in cash resulting in a $4.0 million realized gain. Although it is the Company's intention to sell its remaining auction rate securities when liquidity returns to the market for these securities, these investments are classified as a non-current asset. Due to the lack of availability of observable market quotes on the Company's investment portfolio of auction rate securities, the Company utilizes valuation models including those that are based on expected cash flow streams and collateral values, including assessments of counterparty credit quality, default risk underlying the security, discount rates and overall capital market liquidity. As a result of this analysis of other-than-temporary impairment factors, the Company recorded a charge to write down these investments of approximately $0.8 million and $60.0 million for the years ended December 31, 2009 and 2008, respectively. The Company's remaining auction rate securities will continue to be analyzed each reporting period for possible further other-than-temporary impairment factors and appropriate balance sheet classifications.

Property, Plant and Equipment: Property, plant and equipment are recorded at cost. Major renewals and betterments are capitalized and depreciated over their estimated useful lives. Maintenance and repair expenses are charged against operating expenses as incurred; however, as is typical in the industry, certain major maintenance requires occasional shutdown and production curtailment. Interest incurred in connection with significant capital projects is capitalized. Upon retirement or other disposition of property, plant and equipment, the cost and related allowances for depreciation are removed from the accounts and any resulting gain or loss is recorded in the Statement of Earnings. Property, plant and equipment held for sale are carried at the lower of cost or net realizable value.

For financial reporting purposes, the Company provides for depreciation of property, plant and equipment using the straight-line method over the estimated useful lives of 10 to 30 years for buildings and improvements and 4 to 15 years for other equipment.

Long-lived Assets: Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be fully recoverable. Recoverability is determined based on an estimate of undiscounted future cash flows resulting from the use of the long-lived asset and its eventual disposition. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over the estimated fair values of the asset. Certain long-lived assets to be disposed of by sale are reported at the lower of carrying amount or fair value less cost to sell.

As discussed in Note 18, the Company stopped production at its Perth Amboy, New Jersey and Sand Springs, Oklahoma facilities in the third quarter of 2009. Each facility was separately identified as an asset group for purposes of testing the respective facility's long-lived assets for impairment. As a result of the impairment tests, for the year ended December 31, 2009, the Company recorded an impairment charge of $81.9 million, related to the property, plant and equipment at these facilities.

Additionally, as a result of certain triggering events, the Company performed an impairment test for all other asset groups as of May 31, 2009 and as of December 31, 2009. Both long-lived assets and intangible assets were included in these asset groups and, therefore, subject to the impairment test. No impairment was indicated as a result of the impairment tests as the recoverable amount of each of these other asset groups was significantly in excess of its respective carrying value. For each test, the expected future cash flows forecast developed by management was a key estimate used in the impairment analysis and was based on assumptions which were reflective of management's best estimate of the future cash flow stream of the asset groups as of the testing date.

Asset Retirement Obligations: Asset retirement obligations represent legal obligations associated with the retirement of tangible long-lived assets that result from the normal operation of the long-lived asset. The fair value of a liability for an asset retirement obligation is recognized in the period in which it is incurred and capitalized as part of the carrying amount of the long-lived asset. The fair value of such obligations is based upon the present value of the future cash flows expected to be incurred to satisfy the obligation. Over time, the liability is accreted to its settlement value and the capitalized cost is depreciated over the useful life of the related

asset. Upon settlement of the liability, the Company will recognize a gain or loss for any difference between the settlement amount and the liability recorded. When certain legal obligations are identified with indeterminate settlement dates, the fair value of these obligations cannot be reasonably estimated and accordingly a liability is not recognized. When a date or range of dates can reasonably be estimated for the retirement of that asset, the Company will estimate the cost of performing the retirement activities and record a liability for the fair value of that cost using established present value techniques.

The Company may incur asset retirement obligations in the event of a permanent plant facility shutdown. As discussed in Note 18, the Company stopped production at its Perth Amboy, New Jersey and Sand Springs, Oklahoma facilities during the third quarter of 2009. The Company has not recorded an asset retirement obligation for these facilities as the Company has not incurred any legal obligations to retire these facilities. The Company's remaining facilities can be used for extended and indeterminate periods of time as long as they are properly maintained and/or upgraded. It is the Company's practice and current intent to maintain these facilities and continue making improvements to them based on technological advances. As a result, the Company believes that the asset retirement obligations have indeterminate settlement dates because dates or ranges of dates upon which the Company would retire these assets cannot reasonably be estimated at this time. Therefore, at December 31, 2009, the Company cannot reasonably estimate the fair value of these liabilities. The Company will recognize these conditional asset retirement obligations in the periods in which sufficient information becomes available to reasonably estimate their fair value using established present value techniques.

Business Combinations: Assumptions and estimates are used in determining the fair value of assets acquired and liabilities assumed in a business combination. A significant portion of the purchase price in many of the Company's acquisitions is assigned to intangible assets that require significant judgment in determining (i) fair value and (ii) whether such intangibles are amortizable or non-amortizable and, if the former, the period and the method by which the intangible asset will be amortized. Changes in the initial assumptions could lead to changes in amortization charges recorded in the financial statements.

Goodwill: Goodwill represents the cost of investments in operating companies in excess of the fair value of the net identifiable tangible and intangible assets acquired. The Company's goodwill resides in multiple reporting units. The Company's reporting units with significant balances of goodwill as of December 31, 2009 and 2008, include the Long Products reporting unit which consists of all facilities within the steel mills segment and the PCS and Rebar Fabrication Group reporting units within the downstream segment. The Company reviews goodwill at the reporting unit level for impairment annually in the third quarter, or, when events or circumstances dictate, more frequently. The profitability of individual reporting units may suffer periodically from downturns in customer demands and other factors which reflect the cyclical nature of the Company's business and the overall economic activity. Individual reporting units may be relatively more impacted by these factors than the Company as a whole. The Company's goodwill impairment analysis consists of a two-step process of first determining the estimated fair value of the reporting unit and then comparing it to the carrying value of the net assets allocated to the reporting unit. Fair values of the reporting units are determined based on a combination of the income valuation approach, which estimates the fair value of the Company's reporting units based on future discounted cash flows methodology and other valuation techniques, and the market valuation approach, which estimates the fair value of the Company's reporting units based on comparable market prices. The valuation approaches and reporting unit determinations are subject to key judgments and assumptions that are sensitive to change. If the estimated fair value exceeds the carrying value, no further analysis or goodwill writedown is required. If the estimated fair value of the reporting unit is less than the carrying value of the net assets, the implied fair value of the reporting unit is allocated to all the underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their estimated fair value. If necessary, goodwill would then be written down to its implied fair value.

December 31, 2009 Impairment Test:

Based on the Company's revised outlook for the economic recovery which will stimulate incremental demand for its products, the Company concluded this significant revision was enough to require the Company to perform a goodwill impairment analysis as of December 31, 2009.

Step 1 of the Company's impairment analysis indicated that the fair market value of the net assets of each reporting unit exceeded its respective carrying value and, therefore, no indication of impairment existed. The key assumptions used to determine the fair value of the Company's reporting units under the income valuation approach in this analysis included: (1) a discount rate of 12.5% using a mid-year convention and; (2) an expected future growth rate of 2% to derive terminal values as well as operating earnings margins, working capital levels, and asset lives used to generate future cash flows. Additionally, the Company's cash flow projections used in the determination of fair value of the reporting units were based on assumptions which were reflective of management's best estimate of the future cash flow stream of the reporting units.

As of December 31, 2009, the date the goodwill impairment test was performed, the Long Products, Rebar Fabrication Group and PCS reporting units had remaining goodwill balances of $1.7 billion, $56 million and $119 million, respectively. Additionally, as

of December 31, 2009, the fair value of the Long Products, Rebar Fabrication and PCS reporting units exceeded their carrying value by approximately $1.6 billion (35% of its carrying value), $90 million (60% of its carrying value) and $60 million (22% of its carrying value), respectively.

To ensure the reasonableness of the concluded value of the Company's reporting units, the Company reconciled the combined fair value of its reporting units to its market capitalization as of December 31, 2009. Based on this reconciliation, the implied control premium was 36%. The Company concluded a 36% control premium was reasonable when comparing to a range of control premiums for comparable merger transactions. In concluding on the reasonableness of the implied control premium, the Company also considered the majority ownership of Gerdau S.A. and its impact on the Company's market capitalization.

The impairment review process is subjective and requires significant judgment throughout the analysis. If the estimates or related assumptions change in the future, the Company may be required to record additional impairment charges. Additionally, continued adverse conditions in the economy and future volatility in the stock market could continue to impact the valuation of the Company's reporting units, which could trigger additional impairment of goodwill in future periods.

The Company performed a sensitivity analysis for both the discount rate and terminal growth rate assumptions as they are key components of the concluded fair value. Assuming an increase in the discount rate of .50%, the fair value of the Long Products, Rebar Fabrication and PCS reporting units would exceed their carrying value by approximately $1.5 billion (32% of its carrying value), $81 million (53% of its carrying value) and $40 million (15% of its carrying value), respectively. Assuming a decrease in the terminal growth rate of .50%, the fair value of the Long Products, Rebar Fabrication and PCS reporting units would exceed their carrying value by approximately $1.5 billion (34% of its carrying value), $81 million (53% of its carrying value) and $50 million (18% of its carrying value), respectively.

Other 2009 Impairment Tests:

The Company was required to perform a goodwill impairment test as of May 31, 2009 due to certain triggering events and another impairment test as of July 1, 2009 to comply with its accounting policy of testing goodwill at least annually in the third quarter. For both tests, Step 1 of the Company's impairment analysis indicated that the fair market value of the net assets of each reporting unit exceeded its respective carrying value and, therefore, no indication of impairment existed. The key assumptions used to determine the fair value of the Company's reporting units under the income valuation approach in the valuation analyses performed at each date included: (1) discount rates ranging from 12.5% to 13.25% using a mid-year convention and; (2) expected future growth rates ranging from 2% to 3% to derive terminal values as well as operating earnings margins, working capital levels, and asset lives used to generate future cash flows. Additionally, the Company's cash flow projections used in the determination of fair value of the reporting units were based on assumptions which were reflective of management's best estimate of the future cash flow stream of the reporting units.

December 31, 2008 Impairment Test:

Based on a combination of factors, including the economic environment in 2008 and declines in the stock market which resulted in a reduction in the Company's market capitalization significantly below the carrying value of the Company's net assets, there were sufficient indicators to require the Company to also perform a goodwill impairment analysis during the fourth quarter of 2008. Step 1 of the Company's impairment analysis indicated that the carrying value of the net assets of the Long Products reporting unit within the steel mills segment and the PCS reporting unit within the downstream segment exceeded the fair market value of those reporting units. The key assumptions used to determine the fair value of the Company's reporting units under the income valuation approach in this analysis included: discount rates ranging from 12.0% to 13.5% using a mid-year convention and an expected future growth rate of 2% to derive terminal values as well as operating earning margins, working capital levels, and asset lives used to generate future cash flows. As a result, the Company was required to perform step 2 of the goodwill impairment analysis to determine the amount of goodwill impairment charge. The step 2 analysis required the Company to determine the implied fair value of goodwill for each reporting unit as compared to the recorded value. As a result of the step 2 analysis, the Company concluded that the goodwill of the Long Products and the PCS reporting units were impaired. Accordingly, the Company recorded a non-cash goodwill impairment charge of $1.2 billion in the Long Products reporting unit and $83.6 million in the PCS reporting unit, resulting in a total impairment charge of $1.3 billion. No associated tax benefit was recorded for the impairment charge for the Long Products reporting unit impairment. However a tax benefit was recorded related to the PCS reporting unit impairment charge.

Intangible Assets: Intangible assets that do not have indefinite lives are amortized over their useful lives using an amortization method which reflects the economic benefit of the intangible asset. The customer relationship intangible asset has been amortized based on an accelerated method that considers the expected future economic benefit provided by those acquired customers over time. Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may

not be recoverable. As of December 31, 2009, the Company's intangible assets were tested for impairment in conjunction with long-lived assets as a result of certain triggering events which occurred in the second and fourth quarter and no impairment was indicated. See further discussion of the impairment test under "Long-lived Assets" above.

Deferred Financing Costs: Deferred financing costs incurred in relation to revolving and long term debt agreements, are reflected net of accumulated amortization and are amortized over the term of the respective debt instruments, which range from 5 to 30 years from the debt inception date. Deferred financing costs are amortized using the effective interest method.

Deferred Income Taxes: The liability method of accounting for income taxes is used whereby deferred income taxes arise from temporary differences between the book value of assets and liabilities and their respective tax value. Deferred income tax assets and liabilities are measured using tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in the Statement of Earnings in the period that includes the enactment date. A valuation allowance is recorded to the extent the Company concludes that it is considered more likely than not that a deferred tax asset will not be fully realized.

Derivatives: The Company's use of derivative instruments is limited. Derivative instruments are not used for speculative purposes but they are used to manage well-defined risks associated with variability in cash flows or changes in fair values related to the Company's financial assets and liabilities. The associated financial statement risk is the volatility in net income which can result from changes in fair value of derivatives not qualifying as hedges for accounting purposes or ineffectiveness of hedges that do qualify as hedges for accounting purposes. As of December 31, 2009 and 2008, the Company's interest rate swaps are designated and qualify, for accounting purposes, as hedges of the variability of future cash flows from floating rate liabilities due to the benchmark interest rate risk being hedged ("Cash Flow Hedges"). For these cash flow hedges, effectiveness testing and other procedures required to ensure the ongoing validity of the hedges are performed monthly. The Company uses regression analysis to perform an ongoing prospective and retrospective assessment of the effectiveness of these hedging relationships. Changes in fair value of the effective portion of these interest rate swaps are recorded to "Unrealized gain (loss) on qualifying cash flow hedges, net of tax provision" as a component of Accumulated other comprehensive (loss) income ("AOCI") in Shareholder's equity, net of tax effects, until the underlying hedged item is recognized in earnings. Amounts recorded to AOCI are then reclassified to Interest expense consistent with the expense classification of the underlying hedged item. Any ineffective portion of the change in fair value of these instruments is recorded to interest expense.

Pensions and Postretirement Benefits: The Company records plan assets, obligations under employee benefit plans and the related costs under the following policies:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of expected plan investment performance for funded plans, salary escalation, retirement ages of employees and expected health care costs. The discount rate used for determining the liability for future benefits is the current interest rate at the balance sheet date on high quality fixed income investments with maturities that match the expected maturity of the obligations.
- Pension assets are recorded at fair market value.
- Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment.
- The excess of any net actuarial gain or loss exceeding 10% of the greater of the benefit obligation and the fair value of plan assets is included as a component of the net actuarial gain or loss recognized in Accumulated other comprehensive (loss) income and subject to subsequent amortization to net periodic pension cost in future periods over the average remaining service period of the active employees.
- A plan curtailment will result if there has been a significant reduction in the expected future service of present employees. A net curtailment loss is recognized when the event is probable and can be estimated, a net curtailment gain is deferred until realized.

Environmental Liabilities: The Company provides for potential environmental liabilities based on the best estimates of potential clean-up and remediation estimates for known environmental sites. The Company employs a staff of environmental experts to administer all phases of its environmental programs, and uses outside experts where needed. These professionals develop estimates of potential liabilities at these sites based on projected and known remediation costs. This analysis requires the Company to make significant estimates, and changes in facts and circumstances could result in material changes in the resulting environmental accrual.

Reporting Currency and Foreign Currency Translation: Operating revenue and expenses of the U.S. based operations arising from foreign currency transactions are translated into U.S. dollars at exchange rates in effect on the date of the transactions. Assets and liabilities are translated into U.S. dollars at the exchange rate in effect at the balance sheet date. Gains or losses arising from the translation of such assets and liabilities are included in earnings.

Assets and liabilities of foreign operations are translated into U.S. dollars at the exchange rate in effect at the balance sheet date. Operating revenue and expense items are translated at average exchange rates prevailing during the year. Equity is translated at historical rates, and the resulting cumulative foreign currency translation adjustments resulting from this process are included in Accumulated other comprehensive loss.

The consolidated financial statements have been prepared in U.S. dollars as this has been determined to be the reporting currency of the Company.

Earnings Per Share: The financial statements include "basic" and "diluted" per share information. Basic per share information is calculated by dividing Net loss attributable to Gerdau Ameristeel & subsidiaries by the weighted average number of common shares outstanding. Diluted per share information is calculated by also considering the impact of potential common stock in the weighted average number of shares outstanding. The Company's potential common stock consists of employee stock options outstanding.

Stock-Based Compensation: Effective January 1, 2006, the Company adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718 (Compensation – Stock Compensation) for its share-based compensation plans. The compensation cost for all share-based awards granted prior to, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with the original FASB provisions and the compensation cost for all share-based awards granted subsequent to January 1, 2006, based on the grant-date fair value estimated in accordance with the provisions of FASB ASC Topic 718.

The Company used the Black-Scholes model to value stock options and stock appreciation rights ("SARs") awarded under its long-term incentive plan. The Company estimates forfeitures in determining the fair values of the stock options and SARs and the expense relating to stock-based compensation.

Use of Estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates used in preparing these financial statements include (i) measurement of goodwill and related impairment; (ii) the liability for litigation and regulatory matters; (iii) accounting for employee benefit plans; (iv) estimated cost to complete for percentage of completion contracts which have a direct effect on gross profit; (v) the fair value of long-term investments in the absence of quoted market values; (vi) the fair value and accounting for derivatives; (vii) allowance for doubtful accounts; (viii) inventory valuation (lower of cost or net realizable value); (ix) the fair value of stock-based compensation awards; and (x) valuation of deferred income taxes. The application of purchase accounting also requires the use of estimation techniques in determining the fair value of the assets acquired and liabilities assumed.

Reclassifications: Certain amounts for prior years have been reclassified to conform to the 2009 presentation.

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued guidance on *"The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FAS 162,"* which was primarily codified into FASB ASC Topic 105, *"Generally Accepted Accounting Principles,"* as the single source of authoritative nongovernmental U.S. GAAP. FASB ASC Topic 105 does not change current U.S. GAAP, but is intended to simplify user access to all authoritative U.S. GAAP by providing all authoritative literature related to a particular topic in one place. All existing accounting standard documents will be superseded and all other accounting literature not included in the FASB Codification will be considered non-authoritative. These provisions of FASB ASC Topic 105 are effective for interim and annual periods ending after September 15, 2009 and, accordingly, are effective for the Company for the current fiscal reporting period. The adoption of this guidance did not have an impact on the Company's consolidated financial statements; however references in the notes to the consolidated financial statements to the authoritative accounting literature have been changed to reflect the newly adopted codification.

In June 2009, the FASB issued guidance on *"Measuring Liabilities at Fair Value,"* which was primarily codified into FASB ASC Topic 820. This guidance provides clarification in circumstances in which a quoted price in an active market for the identical liability is not available

and requires an entity to measure fair value using either a valuation technique that uses a quoted price of either a similar liability or a quoted price of an identical or similar liability when traded as an asset, or another valuation technique that is consistent with the principles of fair value measurements, such as an income approach (e.g., present value technique) or market approach. This guidance also states that both a quoted price in an active market for the identical liability and a quoted price for the identical liability when traded as an asset in an active market when no adjustments to the quoted price of the asset are required are level 1 fair value measurements. This guidance is effective for interim periods beginning after August 2009. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

In May 2009, the FASB issued guidance on *"Subsequent Events,"* which was primarily codified into FASB ASC Topic 855, *"Subsequent Events,"* which established general standards of accounting for, and disclosures of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. FASB ASC Topic 855 is effective prospectively for interim and annual periods ending after June 15, 2009. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

In April 2009, the FASB issued guidance on *"Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly,"* which was primarily codified into FASB ASC Topic 820, *"Fair Value Measurements and Disclosures"* ("FASB ASC Topic 820") which provided additional guidance on measuring fair value when the volume and level of activity has significantly decreased and identifying transactions that are not orderly. This guidance also emphasized that an entity cannot presume an observable transaction price is not orderly even when there has been a significant decline in the volume and level of activity. This guidance required enhanced disclosures and was effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

In April 2009, the FASB issued guidance on the *"Recognition and Presentation of Other-Than-Temporary Impairments,"* which was primarily codified into FASB ASC Topic 320, *"Investments—Debt and Equity Securities,"* which shifted the focus for debt securities from an entity's intent to hold until recovery to its intent to sell. This guidance required entities to initially apply the provisions of the standard to certain previously other-than-temporarily impaired debt instruments existing as of the date of initial adoption by making a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption. The cumulative-effect adjustment reclassified the noncredit portion of a previously other-than-temporarily impaired debt security held as of the date of initial adoption from retained earnings to accumulated other comprehensive income. This guidance required enhanced disclosures and was effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

In April 2009, the FASB issued Staff guidance on the *"Disclosures about Fair Value of Financial Instruments,"* which was primarily codified into FASB ASC Topic 825 *"Financial Instruments,"* which expanded the fair value disclosures required to interim periods. However, this guidance did not require interim disclosures of credit or market risks. The guidance was effective for interim and annual periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

In December 2008, the FASB issued guidance on *"Employers' Disclosure about Postretirement Benefit Plan Assets,"* which was primarily codified into FASB ASC Topic 715 *"Compensation – Retirement Benefits,"* which provides guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plan. This guidance is effective for fiscal years ending after December 15, 2009. Upon initial application, the provisions of this guidance are not required for earlier periods that are presented for comparative purposes. Earlier application of the provisions of this guidance is permitted. The adoption of this guidance did not have an impact in the Company's consolidated financial statements; however see Note 11 for the Company's disclosures to comply with this guidance.

In February 2008, the FASB issued Staff guidance on the *"Effective Date of FASB Statement 157,"* which was primarily codified into FASB ASC Topic 820, which delayed the effective date of FASB ASC Topic 820 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008, and interim periods within those fiscal years. The adoption of FASB ASC Topic 820 for nonfinancial assets and nonfinancial liabilities did not have a significant impact on the Company's consolidated financial statements.

In December 2007, the FASB issued guidance on *"Business Combinations,"* which was primarily codified into FASB ASC Topic 805 "Business Combinations". This guidance established the requirements for how an acquirer recognizes and measures the identifiable assets acquired, the liabilities assumed, any noncontrolling interest in the acquiree and the goodwill acquired. It also established disclosure requirements for business combinations. This guidance applied to business combinations for which the acquisition date was on or after December 15, 2008. The adoption of this guidance did not have a significant impact on the Company's consolidated financial statements.

In December 2007, the FASB issued guidance on *"Non-controlling Interests in Consolidated Financial Statements – an amendment to ARB 51,"* which was primarily codified into FASB ASC Topic 810 *"Consolidations"*. This guidance established new accounting and reporting standards for minority interests, now termed "non-controlling interests". It required non-controlling interests to be presented as a separate component of equity and requires the amount of net income attributable to the parent and to the non-controlling interest to be separately identified on the consolidated statement of earnings. This Guidance was effective for fiscal years beginning on or after December 15, 2008 and required retrospective application. The Company adopted this statement as of January 1, 2009 and recast the prior year disclosures as required. This standard changed the accounting for and reporting of the Company's non-controlling interest in its consolidated financial statements.

The adoption of this statement resulted in the reclassification of prior year amounts related to noncontrolling interest (previously referred to as minority interest and reflected as a component of Liabilities in the Consolidated Balance Sheet) of $36.6 million at December 31, 2008, which has been reclassified to conform to the current year presentation as a separate component of Shareholders' Equity ($000s):

	As Originally Reported	Impact of Adjustment	As Adjusted
Minority interest	$ 36,618	$(36,618)	$ —
Total liabilities	4,373,181	(36,618)	4,336,563
Noncontrolling interest	—	36,618	36,618
Total shareholders equity	2,896,874	36,618	2,933,492
Total Liabilities and Shareholders' Equity	7,270,055	—	7,270,055

As a result of the adoption of this statement, Shareholders' Equity as of January 1, 2009 and 2008 increased for the equity attributable to noncontrolling interest reported below ($000s):

	2009	2008
Noncontrolling interest, January 1	$36,618	$ 42,321
Net (loss) income attributable to noncontrolling interest	(2,557)	11,952
Distribution to noncontrolling interest	(4,163)	(3,065)
Purchase of subsidiary shares from noncontrolling interest	—	(14,590)
Noncontrolling interest, December 31	**$29,898**	**$ 36,618**

The adoption of this statement resulted in the reclassification of prior year amounts related to Noncontrolling Interest (previously referred to as minority interest and reflected as a component of other expenses in the statement of earnings), totaling $12.0 million, for year ended December 31, 2008, have been reclassified to conform to the current year presentation shown separately from Net Income in the accompanying Consolidated Statement of Earnings ($000s):

	As Originally Reported	Impact of Adjustment	As Adjusted
Minority Interest	$ 11,952	$ (11,952)	$ —
Other Expenses	211,884	(11,952)	199,932
Loss before income taxes	(299,967)	11,952	(288,015)
Net loss	(587,407)	11,952	(575,455)
Net income attributable to noncontrolling interest	—	11,952	11,952
Net loss attributable to Gerdau Ameristeel & Subsidiaries	—	(587,407)	(587,407)

In March 2008, the FASB issued guidance on the *"Disclosures about Derivative Instruments and Hedging Activities — an amendment of FASB Statement 133,"* which was primarily codified into FASB ASC Topic 815 *"Derivatives and Hedging"*. This guidance expanded the disclosure requirements for derivative instruments and hedging activities. Specifically, this guidance requires entities to provide enhanced disclosures addressing the following: how and why an entity uses derivative instruments; how derivative instruments and related hedged items are accounted for; and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. This guidance was effective for fiscal years and interim periods beginning after November 15, 2008. The adoption of this guidance did not impact the Company's consolidated financial statements; however see Note 13 for the Company's disclosures about its derivative instruments and hedging activities.

In April 2008, the FASB issued guidance on the *"Determination of the Useful Life of Intangible Assets,"* which was primarily codified into FASB ASC Topic 350 *"Intangibles – Goodwill and Other"*. This guidance amended the factors that should be

considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset and required enhanced disclosures. This guidance was effective for fiscal years beginning after December 15, 2008. Adoption of this statement did not have a significant impact on the Company's consolidated financial statements.

RECENT ACCOUNTING PRONOUNCEMENTS

In January 2010, the FASB issued Accounting Standards Update ("ASU") 2010-6 *"Improving Disclosures About Fair Value Measurements"*, which requires reporting entities to make new disclosures about recurring or nonrecurring fair-value measurements including significant transfers into and out of level 1 and level 2 fair-value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of level 3 fair-value measurements. ASU 2010-6 is effective for annual reporting periods beginning after December 15, 2009, except for level 3 reconciliation disclosures, which are effective for annual periods beginning after December 15, 2010. The Company does not expect the adoption of ASU 2010-6 to have a significant impact on its consolidated financial statements, however it will require additional disclosures.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

In 2008, the Canadian Accounting Standards Board confirmed that Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011. In accordance with the approval granted by the Canadian securities regulatory authorities, the Company has adopted IFRS as of January 1, 2010.

INITIAL ADOPTION OF IFRS

IFRS 1 *"First-time Adoption of International Financial Reporting Standards"* ("IFRS 1") sets forth guidance for the initial adoption of IFRS. Commencing with the first quarter of 2010 which will be the first period the Company will report under IFRS, it will adjust its comparative prior period financial statements to comply with IFRS. In addition, the Company will reconcile comparative period equity and net earnings from the previously reported US GAAP amounts to the restated IFRS amounts.

Under IFRS 1, the standards are applied retrospectively at the transitional balance sheet date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. IFRS 1 provides for certain optional exemptions and elections as well as certain mandatory exceptions to this general principle. The Company will be applying the following exemptions and elections to its opening balance sheet:

OPTIONAL EXEMPTIONS

Business combinations

IFRS 1 indicates that a first-time adopter may elect not to apply IFRS 3 *"Business Combinations"* ("IFRS 3") retrospectively to business combinations that occurred before the date of transition to IFRS. The Company will take advantage of this election and apply IFRS 3 only to business combinations that occurred on or after the opening transition date balance sheet.

Cumulative translation differences

IFRS 1 allows a first-time adopter to not comply with the requirements of IAS 21 *"The Effects of Changes in Foreign Exchange Rates"* for cumulative translation differences that existed at the date of transition to IFRS. The Company has chosen to apply this election and will deem its cumulative translation differences for all foreign operations to be zero at the date of transition to IFRS. If, subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS shall be excluded from the gain or loss on disposal.

Share-based payment transactions

IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *"Share-based Payment"* ("IFRS 2") to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS or January 1, 2005. The Company has elected to apply IFRS 2 only to equity instruments that were unvested as of its transition date.

Carrying value of assets and liabilities

The Company is adopting IFRS subsequent to the date from which its parent, Gerdau S.A., adopted IFRS. In accordance with

IFRS 1, if a subsidiary company adopts IFRS subsequent to its parent adopting IFRS, the subsidiary shall measure its assets and liabilities at either:

(i) the same carrying amounts as in the financial statements of the parent based on the parent's date of transition to IFRS; or

(ii) the carrying amounts required by the rest of IFRS 1, based on the subsidiary's date of transition to IFRS.

The Company has elected to record the carrying amounts required by IFRS 1 based on its date of transition to IFRS as described in (ii) above.

MANDATORY EXCEPTIONS

Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous US GAAP, unless there is objective evidence that those estimates were in error. The Company's IFRS estimates at its transition date will be consistent with its US GAAP estimates for the same date unless evidence is obtained that indicates that the estimates were in error.

IMPACT OF IFRS ON FINANCIAL REPORTING

IFRS employs a conceptual framework that is similar to US GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS will not change the Company's actual cash flows, it will result in changes to the Company's reported financial position and results of operations. To assist the users of the Company's financial statements in understanding these changes, the following discussion describes the differences between US GAAP and IFRS for the Company's accounting policies and financial statement accounts which could be significantly affected by the conversion to IFRS.

(a) Impairment of goodwill

US GAAP – US GAAP requires an impairment analysis based on a two-step process of first determining the estimated fair value of the reporting unit and then comparing it to the carrying value of the net assets allocated to the reporting unit. If the estimated fair value exceeds the carrying value, no further analysis or goodwill write-down is required. If the estimated fair value of the reporting unit is less than the carrying value of the net assets, the implied fair value of the reporting unit is allocated to all the underlying assets and liabilities, including both recognized and unrecognized tangible and intangible assets, based on their estimated fair value at the date of the impairment test. If necessary, goodwill would then be written down to its implied fair value.

IFRS – IAS 36 *"Impairment of Assets"* ("IAS 36") requires an impairment analysis based on a one-step process. A write-down is recognized if the recoverable amount of the cash generating unit, determined as the higher of the estimated fair value less costs to sell or value in use (discounted cash-flow value), is less than the carrying value.

In addition, in accordance with IFRS 1, the Company will have to perform a goodwill impairment test as of the transition date and consider whether an impairment charge would be recognized under IFRS on the transition date. For reporting periods subsequent to the transition date, the Company will perform a goodwill impairment test on an annual basis, at a minimum, and when impairment indicators exist.

(b) Impairment of long-lived assets (primarily includes property, plant and equipment and intangibles for the Company)

US GAAP – A write-down to estimated fair value is recognized if the estimated undiscounted future cash flows from an asset or group of assets are less than their carrying value. Recoverability is determined based on an estimate of undiscounted future cash flows resulting from the use of the long-lived asset or group of assets and the eventual disposition.

IFRS – IAS 36 requires an impairment charge to be recognized if the recoverable amount, determined as the higher of the estimated fair value less costs to sell or value in use (discounted cash-flow value) is less than carrying value. Impaired assets, other than goodwill, are assessed in subsequent years for indications that the impairment may have reversed. An impairment reversal is limited to the amount that would have been recognized had the original impairment not occurred.

In addition, in accordance with IFRS 1, the Company will have to perform a long-lived assets impairment test as of the transition date and consider whether an impairment charge would be recognized under IFRS on the transition date. For reporting periods subsequent to the transition date, the Company will perform a long-lived assets impairment test if deemed necessary under IAS 36.

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(c) Stock-based compensation

US GAAP – The fair value of stock-based awards with graded vesting and service-only conditions are treated as one grant by the Company, accordingly, the resulting fair value is recognized on a straight-line basis over the vesting period.

IFRS – Each tranche of stock-based awards with graded vesting is considered a separate grant for the calculation of fair value and the related expense is attributed to the vesting period of each tranche of the award.

(d) Business combinations – redeemable noncontrolling interest

US GAAP – A redeemable noncontrolling interest is not required to be separately recognized in the balance sheet as a financial instrument when the redemption value is determined to be at the fair value of the underlying noncontrolling interest.

IFRS – IAS 32 *"Financial Instruments: Disclosure and Presentation"*, requires that a liability be recognized for management's best estimate of the present value of the redemption amount of the put option that was entered into in connection with the PCS 55% acquisition in 2006. The put liability is recognized by reclassification from parent equity. The accretion of the discount on the put liability is recognized as a finance charge in the income statement. The put liability is re-measured to the final redemption amount and any adjustments to the estimated amount of the liability are recognized in the income statement.

(e) Provisions

US GAAP – US GAAP requires the use of a discount rate that produces an amount at which the liability theoretically could be settled in an arm's-length transaction with a third party. Additionally, the discount rate should not exceed the interest rate on monetary assets that are essentially risk-free and have maturities comparable to that of the liability.

IFRS – IAS 37 *"Provisions, Contingent Liabilities and Contingent Assets"* requires a provision or contingent liability to be discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. Risk adjustments should be made to the discount rate if such risks are not inherent in the estimated cash outflows.

(f) Postretirement benefits

US GAAP – The excess of any actuarial gain or loss exceeding 10% of the greater of the benefit obligation or the fair value of plan assets is included as a component of the net actuarial gain or loss recognized in accumulated other comprehensive income or loss and is amortized to net periodic pension cost in future periods over the average remaining service period of the active employees.

IFRS – The Company elected to adopt paragraph 93A of IAS 19 *"Employee Benefits"*, which allows an entity to recognize actuarial gains and losses directly in equity or retained earnings in the period in which they occur (without the need to amortize those deferred gains and losses in the statement of income in future periods).

(g) Facility closure costs

US GAAP – US GAAP requires the recognition of certain obligations arising from facility closures when the facility ceases operation or when the cost is incurred.

IFRS – IFRS requires the recognition of certain obligations arising from facility closures when the obligations are unavoidable and are not related to the ongoing activities of the facility. As such, under IFRS, the Company will recognize certain obligations related to the Facility Plan in a different reporting period than what US GAAP would have required.

For the year ended December 31, 2009, the difference between US GAAP and IFRS related to the recognition of the Company's facility closure costs exists only between interim periods. Therefore, the Company anticipates no difference between amounts recognized for US GAAP and IFRS for the full year 2009.

(h) Income taxes

Deferred income tax assets as well as income tax expense are generally calculated in the same manner in accordance with US GAAP and IFRS. However, certain of the pre-tax adjustments described above are expected to generate additional (or lessen existing) temporary differences between book and tax basis and, accordingly, will give rise to adjustments to the Company's recorded deferred tax assets and liabilities as well as deferred income tax expense (or benefit).

In addition, US GAAP requires that deferred tax benefits are recorded for share-based payment awards based on the compensation expense recorded for the award. On exercise of the award, the difference between the actual deduction realized on the tax return

and the cumulative tax benefit recognized for book purposes is generally recorded directly to equity (subject to certain limitations). Under IFRS, deferred tax benefits are recorded for share-based payment awards based on the intrinsic value of the award at each balance sheet date. Deferred tax benefits that exceed the amount of cumulative compensation recognized for book purposes are recorded directly to equity.

Additionally, IFRS requires all deferred tax assets and liabilities to be classified as noncurrent for balance sheet presentation, as compared to US GAAP which requires classification between current and noncurrent based on the balance sheet classification of the related asset or liability.

(i) Interim periods – pension valuation

US GAAP – Under US GAAP, the remeasurement of plan assets and defined benefit obligations is only an annual requirement unless a significant event, such as a curtailment, settlement or significant plan amendment occurs.

IFRS – Under IFRS, an entity is required to determine the present value of the defined benefit obligation and the fair value of the plan assets with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

(j) Deferred financing costs

US GAAP – Under US GAAP, the Company presents deferred financing costs as an asset on its balance sheet.

IFRS – IFRS requires deferred financing costs related to the issuance of debt to be presented on the balance sheet as a reduction of the carrying value of the debt.

(k) Accumulated other comprehensive income or loss

As discussed above under the heading “Optional exemptions”, the Company has chosen to deem its cumulative translation differences for all foreign operations to be zero at the date of transition to IFRS which results in an adjustment to accumulated other comprehensive income or loss. Also, discussed above under the heading “Impact of IFRS on Financial Reporting”, the Company has chosen to recognize all actuarial gains and losses related to its defined benefit plans directly into retained earnings.

(l) Presentation and disclosure

The conversion to IFRS will impact the way the Company presents its financial results. The first financial statements prepared using IFRS will be required to include numerous notes disclosing extensive transitional information and full disclosure of all new IFRS accounting policies.

NOTE 3 – ACQUISITIONS

During the year ended December 31, 2008, the Company acquired the following businesses:

- On April 1, 2008, PCS, a majority owned and consolidated joint venture of the Company, acquired substantially all of the assets of Century Steel, Inc. (“CSI”), a reinforcing and structural steel contractor specializing in fabrication and installation of structural steel and reinforcing steel products. CSI, headquartered in Las Vegas, Nevada, operates reinforcing and structural steel contracting businesses in Nevada, California and Utah.
- On April 1, 2008, concurrent with the acquisition of CSI, the Company increased its equity participation in PCS to approximately 84%.
- On July 14, 2008, the Company acquired substantially all of the assets of Hearon Steel Co. (“Hearon”), a rebar fabricator and epoxy coater with locations in Muskogee, Tulsa and Oklahoma City, Oklahoma.
- On October 27, 2008, the Company acquired all of the outstanding shares of Metro Recycling (“Metro”), a scrap processor headquartered in Guelph, Ontario. Metro Recycling is a recycler with three locations, two in Guelph and the other in Mississauga.
- On October 31, 2008, the Company acquired the operating assets of Sand Springs Metal Processors (“SSMP”), a scrap processor located in Sand Springs, Oklahoma.

The Company recorded goodwill related to these acquisitions due to the following factors:

- these acquisitions provided the Company with an expanded geographic presence in the western United States,
- the CSI acquisition provided an increased presence in the specialized fabricated rebar installation market,
- the recycling operation acquisitions provided the Company with an increased percentage of captive scrap for its mill operations, and
- the Company has successfully integrated the business operations and realized synergies associated with the acquisition.

The total purchase price for the acquisitions in 2008 of $286.0 million was allocated to the acquired assets and assumed liabilities based on estimates of their respective fair values. The Company recorded total tangible assets of $157.7 million, goodwill of $177.1 million, intangibles of $20.2 million, liabilities of $96.7 million, and reduced minority interest by $27.7 million.

Goodwill of $37.7 million for the Metro and SSMP acquisitions was allocated to the steel mills segment. Goodwill of $139.4 million from the remaining acquisitions noted above was allocated to the downstream products segment. Purchased goodwill of $153.2 million is deductible for tax purposes.

The purchase price allocation to the identifiable intangible assets was as follows ($000s):

	Fair Value	Weighted-Average Useful Life
Customers relationships	$ 4,084	13 years
Order backlog	12,917	1.7 years
Trade name	1,655	5 years
Non-compete agreements	1,513	3.2 years
	$20,169	

The acquisitions of CSI, Hearon, Metro, SSMP, and the increased ownership of PCS, were immaterial individually and in aggregate and do not require further disclosure.

During the year ended December 31, 2008, the Company completed the purchase price allocation of Valley Placers, Inc. (“VPI”), D&R Steel, LLC (“D&R”), Re-bars Inc.(“Re-bars”), Enco Materials Inc. (“Enco”), CSI and Chaparral Steel Company (“Chaparral”), resulting in a net increase of goodwill of $4.4 million.

NOTE 4 – INVENTORIES

Inventories consisted of the following ($000s):

	December 31, 2009	2008
Ferrous and non-ferrous scrap	$101,431	$ 193,577
Raw materials (excluding scrap) and operating supplies	322,491	423,402
Work-in-process	112,889	225,767
Finished goods	277,977	425,022
	$814,788	**$1,267,768**

NOTE 5 – PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment consisted of the following ($000s):

	December 31, 2009		
	Cost	Accumulated Depreciation	Net Book Value
Land and improvements	$ 174,629	$ (18,810)	$ 155,819
Buildings and improvements	380,115	(81,353)	298,762
Machinery and equipment	2,143,935	(1,015,973)	1,127,962
Construction in progress	34,233	—	34,233
Property, plant and equipment held for sale	4,076	—	4,076
	$2,736,988	**$(1,116,136)**	**$1,620,852**

	December 31, 2008		
	Cost	Accumulated Depreciation	Net Book Value
Land and improvements	$ 174,484	$ (14,013)	$ 160,471
Buildings and improvements	372,046	(66,162)	305,884
Machinery and equipment	2,041,012	(820,555)	1,220,457
Construction in progress	117,365	—	117,365
Property, plant and equipment held for sale	4,301	—	4,301
	$2,709,208	**$(900,730)**	**$1,808,478**

Capitalized interest costs for property, plant and equipment construction expenditures were approximately $2.7 million and $3.9 million for the years ended December 31, 2009 and 2008, respectively. The Company had open accounts payable and accruals at December 31, 2009 and 2008 of $0.7 million and $6.7 million, respectively, related to the purchases of property, plant and equipment.

NOTE 6 – GOODWILL AND INTANGIBLES

The following table summarizes the changes in goodwill by reportable segment for the years ended December 31, 2009 and 2008 ($000s):

	2009		
	Total	Steel mills	Downstream products
Balance as of January 1			
Goodwill	$ 3,231,935	$ 2,968,071	$263,864
Accumulated impairment losses	(1,279,924)	(1,194,360)	(85,564)
	1,952,011	**1,773,711**	**178,300**
Foreign exchange translation	5,069	5,069	—
Net adjustment of goodwill	5,018	5,018	—
Balance as of December 31			
Goodwill	3,242,022	2,978,158	263,864
Accumulated impairment losses	(1,279,924)	(1,194,360)	(85,564)
	$ 1,962,098	**$ 1,783,798**	**$178,300**

	2008		
	Total	Steel mills	Downstream products
Balance as of January 1			
Goodwill	$ 3,052,830	$ 2,927,780	$125,050
Accumulated impairment losses	(1,924)	—	(1,924)
	3,050,906	**2,927,780**	**123,126**
Goodwill acquired during the period	174,715	37,621	137,094
Impairment losses	(1,278,000)	(1,194,360)	(83,640)
Net adjustment of goodwill	4,390	2,670	1,720
Balance as of December 31			
Goodwill	3,231,935	2,968,071	263,864
Accumulated impairment losses	(1,279,924)	(1,194,360)	(85,564)
	$ 1,952,011	**$ 1,773,711**	**$178,300**

During the year ended December 31, 2009, the Company completed the purchase price allocation of the 2008 acquisition of Metro, as a result of updated information regarding the fair values of certain assets and liabilities, resulting in a net increase of goodwill of $5.0 million.

During the year ended December 31, 2008, the Company completed the purchase price allocation of Chaparral, Enco and CSI as a result of updated information regarding the fair values of certain assets and liabilities, resulting in a net increase of goodwill of $4.4 million.

During the year ended December 31, 2008, the Company recorded a non-cash goodwill impairment charge of $1.3 billion representing the impairment charge discussed in Note 2.

Intangible assets were comprised of the following ($000s):

	December 31,					
	2009			2008		
	Gross Amount	Accumulated Amortization	Net Amount	Gross Amount	Accumulated Amortization	Net Amount
Customer relationships	$572,380	$(144,233)	$428,147	$572,380	$ (94,826)	$477,554
Patented technology	29,220	(13,369)	15,851	29,220	(7,555)	21,665
Order backlog	29,272	(29,268)	4	29,271	(21,862)	7,409
Trade name	5,505	(3,017)	2,488	5,505	(1,917)	3,588
Non-compete agreements	8,186	(4,673)	3,513	8,145	(2,625)	5,520
	$644,563	**$(194,560)**	**$450,003**	**$644,521**	**$(128,785)**	**$515,736**

For the years ended December 31, 2009 and 2008, the Company recorded amortization expense related to its intangible assets of $65.7 million and $103.0 million, respectively.

The estimated amortization expense for each of the five years ending subsequent to December 31, 2009 is as follows ($000s):

	2010	2011	2012	2013	2014
Customer relationships	$50,656	$49,975	$47,250	$43,162	$39,074
Patented technology	5,813	5,813	4,091	13	13
Order backlog	4	—	—	—	—
Trade name	1,101	973	331	83	—
Non-compete agreements	2,001	1,269	218	25	—
	$59,575	**$58,030**	**$51,890**	**$43,283**	**$39,087**

NOTE 7 – INVESTMENTS IN 50% OWNED JOINT VENTURES

The Company's investments in Gallatin Steel Company, Bradley Steel Processors and MRM Guide Rail are 50% owned joint ventures. The Company's investment in these joint ventures have been accounted for using the equity method under which the Company's proportionate share of (loss) earnings has been included in the Consolidated Statement of Earnings.

The following table summarizes the results of these companies' financial statements in which the Company owns 50%. For the year ended December 31, 2008, results excluded the impact of a purchase price adjustment, which reduced the basis of the assets at the time of the acquisition and, as a result, increased the income earned by joint ventures recorded by the Company. There was no purchase price adjustment for the year ended December 31, 2009 ($000s):

	December 31, 2009	2008
Balance Sheet		
Current assets	$225,228	$199,150
Property, plant and equipment, net	136,176	166,226
Current liabilities	62,180	40,156
Long-term debt	4,268	4,194

	Year Ended December 31, 2009	2008
Statement of Earnings		
Sales	$630,118	$1,258,610
Operating (loss) income	(3,179)	80,729
(Loss) income before income taxes	(4,992)	79,199
Net (loss) income	(9,384)	76,788

NOTE 8 – LONG-TERM DEBT

NON-AFFILIATED DEBT

Term Loan Facility: In September 2007, the Company entered into the Term Loan Facility which has three tranches maturing between five and six years from the September 14, 2007 closing date. As of December 31, 2009, Tranche A, B, and C had outstanding amounts of $565 million, $1.0 billion, and $125 million respectively. The Term Loan Facility bears interest at 6-month LIBOR plus between 1.00% and 1.25% and is payable semi-annually in March and September. The Company's Term Loan Facility requires that the Company's majority shareholder, Gerdau S.A. maintain financial covenants (see below) that are calculated under IFRS and presented in Brazilian Reais ("R$"). If Gerdau S.A. has a senior unsecured long-term foreign currency denominated debt rating from Standard & Poor's Rating Services below BBB-, the interest rate for the term loan facility increases by 0.25%. At December 31, 2009 Gerdau S.A.'s debt rating from Standard & Poor's Rating Services was BBB-. The Term Loan Facility is not secured by the assets of Gerdau Ameristeel or its subsidiaries but Gerdau S.A. and certain of its Brazilian affiliates have guaranteed the obligations of the borrowers.

In June 2009, the Company entered into an amendment with the lenders of the Term Loan Facility. The amendment provides temporary flexibility with respect to the facility's covenants. The Term Loan Facility originally required the Company's majority shareholder, Gerdau S.A. (on a consolidated basis, including the Company) to maintain a ratio of consolidated EBITDA to total interest expense equal to or more than 3.0:1.0, and a ratio of consolidated total debt to EBITDA equal to or less than 4.0:1.0. EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and certain other adjustments as specified in the Term Loan Facility. The amendment revised the financial covenants so that Gerdau S.A. is required (on a consolidated basis, including the Company) to maintain a ratio of consolidated EBITDA to net interest expense equal to or more than 2.5:1.0 and a ratio of consolidated net debt to EBITDA of less than 5.0:1.0. The revised covenant levels remain in effect until September 30, 2010 unless cancelled by the Company prior to that time. The revised covenant levels can be cancelled by the Company at any time without penalty. As of December 31, 2009, Gerdau S.A.'s consolidated EBITDA to net interest expense ratio was 4.0:1.0. For the year ended December 31, 2009, Gerdau S.A.'s consolidated EBITDA was R$3.8 billion and net interest expense was R$1.0 billion. As of December 31, 2009, Gerdau S.A.'s consolidated net debt to EBITDA ratio was 2.5:1.0 and consolidated net debt was R$9.7 billion.

The amendment also revised the interest charged on the outstanding borrowings effective when the financial covenants originally contained in the facility are not met. Under such circumstances, the interest rate charged would increase to 6-month LIBOR plus between 1.8% and 2.25% from the reporting date to September 30, 2010 unless cancelled by the Company prior to that time. The Company's

interest payments on March 10, 2010 and September 10, 2010, will be based on this higher interest rate unless the amendment is cancelled by the Company prior to that time. If Gerdau S.A. were to have a senior unsecured long-term foreign currency denominated debt rating from Standard & Poor's Rating Services below BBB-, the interest rate for the Term Loan Facility would increase an additional 0.45%. After September 30, 2010 or upon the Company's cancellation of the revised covenants if sooner, these interest rate revisions would terminate. The amendment does not affect the outstanding amount of borrowings under or the original amortization schedule of the Term Loan Facility.

In addition, the Term Loan Facility requires that, for each six-month interest period, certain specified export receivables of Gerdau S.A. and certain of its Brazilian subsidiaries have a market value, as determined in accordance with the provisions of the Term Loan Facility, of at least 125% of the principal and interest due on the Tranche A and B Loans outstanding under the Term Loan Facility during such interest period. If this export receivable coverage ratio is not met for any two consecutive interest periods or three non-consecutive interest periods, the Term Loan Facility would be secured by springing liens on the export receivables and related bank accounts. Any subsequent failure to meet the export receivable coverage ratio would constitute an event of default under the Term Loan Facility. As of the most recent interest period ending September 9, 2009, the export receivables were $199.7 million and the principal and interest due on the Tranche A and B Loans outstanding under the Term Loan Facility during this interest period was $34.1 million.

The Term Loan Facility also contains customary covenants restricting the Company from engaging in certain actions, including the ability of certain of its subsidiaries, including Gerdau Ameristeel US Inc. and GNA Partners, GP, to incur additional liens on such entities' assets, enter into certain transactions with affiliates and enter into certain merger transactions. The Company may elect to prepay all or any portion of the loans under the Facility at any time, without penalty or premium if done on an interest rate reset date.

The Company was in compliance with the terms of Term Loan Facility at December 31, 2009.

During 2009, the Company used cash and proceeds from debt issuances to repay $910 million of the Term Loan Facility.

Senior Secured Credit Facility: In December 2009 the Company entered into a new $650 million senior secured asset-based revolving credit facility. The Company terminated the previously existing $950 million facility which would have matured in October 2010. The new facility is scheduled to mature on December 21, 2012. The Company can borrow under the Senior Secured Credit Facility the lesser of (i) the committed amount, or (ii) the borrowing base (which is based upon a portion of the inventory and accounts receivable held by most of the Company's operating units less certain reserves), minus outstanding loans, letter of credit obligations and other obligations owed under the Senior Secured Credit Facility. Since the borrowing base under the Senior Secured Credit Facility is based on actual inventory and accounts receivable levels, available borrowings under the facility will fluctuate. Any borrowings under the Senior Secured Credit Facility are secured by the Company's cash, inventory, accounts receivable and certain other assets not including real property, machinery or equipment.

Loans under the Senior Secured Credit Facility bear interest at a rate equal to one of several rate options (LIBOR, federal funds rate, bankers' acceptance or prime rate) based on the facility chosen at the time of borrowing plus an applicable margin determined by excess availability from time to time. Borrowings under the Senior Secured Credit Facility may be made in US dollars or Canadian dollars, at the option of the Company. The Company's Senior Secured Credit Facility requires the Company to comply with a Fixed Charge Coverage ratio of at least 1.1:1.0 at all times when the excess availability under the facility is less than $81.3 million. The Fixed Charge Coverage Ratio is defined in the agreement as the ratio of twelve month trailing EBITDA minus unfinanced capital expenditures to the sum of scheduled debt principal payments, prepayments of principal of debt, cash interest payments, cash taxes, cash dividends and share buybacks, and cash pension payments exceeding pension accruals during the period. EBITDA is defined as earnings before interest, taxes, depreciation, amortization, and certain other adjustments as specified in the Senior Secured Credit Facility. As of December 31, 2009, excess availability under the Senior Secured Credit Facility was $501.5 million. In addition, the Company's Senior Secured Credit Facility contains restrictive covenants that limit its ability to engage in specified types of transactions without the consent of the lenders. These covenants may limit the Company's ability to, among other things, incur additional secured debt, issue redeemable stock and preferred stock, pay dividends on its common shares, sell or otherwise dispose of certain assets, make acquisitions or other investments and enter into mergers or consolidations.

The Company was in compliance with the terms of the Senior Secured Credit Facility at December 31, 2009.

At December 31, 2009 and 2008, there were no loans outstanding under these facilities, and there were $66.3 million and $74.9 million, respectively, of letters of credit outstanding under these facilities. Based upon available collateral under the terms of the agreement, at December 31, 2009 and 2008, approximately $420.2 million and $759.6 million, respectively, were available under the Senior Secured Credit Facilities, net of outstanding letters of credit.

Senior Notes: On August 31, 2009 the Company redeemed all of the outstanding Senior Notes, at a redemption price equal to 101.792% of the outstanding principal amount (the "Redemption Price"). The Company funded the Redemption Price of approximately

$412.3 million with cash. The notes were redeemed in full in accordance with their terms. The Company recorded a charge related to the debt extinguishment of $11.9 million during the year ended December 31, 2009.

Industrial Revenue Bonds: The Company had $46.8 million and $50.4 million of industrial revenue bonds ("IRBs") outstanding at December 31, 2009 and 2008, respectively. Approximately $23.8 million of the bonds were issued by the Company in prior years to construct facilities in Jackson, Tennessee. The Jackson IRBs mature in 2014 and 2017. The interest on these bonds resets weekly. The Jackson, Tennessee bonds are secured by letters of credit issued under the Senior Secured Credit Facility. The Company assumed an IRB in the amount of $3.6 million with the acquisition of the Cartersville cold drawn facility in September 2002, which was subsequently repaid during 2009. On May 3, 2007, Gerdau Ameristeel US Inc., a wholly owned subsidiary of the Company, entered into an IRB for the Jacksonville, Florida facility in the amount of $23.0 million. This IRB matures on May 1, 2037 and has fixed interest rate of 5.3% payable semi-annually. This bond is guaranteed by the Company.

Capital Expenditures Credit Facility: On November 22, 2006, the Company entered into a $75.0 million Capital Expenditure Credit Facility. The facility expired on November 30, 2008. As a result, the Company no longer has the ability to enter into new loans under this facility. At December 31, 2009 and 2008, the loan amount outstanding was $13.9 million and $15.4 million, respectively. The loan is secured by the equipment purchased with the financing, and the terms call for it to be repaid in ten equal semiannual payments starting on September 10, 2009. The interest rate on the loan is LIBOR plus 1.80%. The Capital Expenditure Credit Facility requires that the Company maintain its Shareholders' Equity greater than $900 million and a Shareholders' Equity to Total Assets ratio of not less than 0.3:1.0. Total Assets is defined as the total assets on the balance sheet of the Company excluding goodwill. As of December 31, 2009, Shareholders' Equity was $2.9 billion and the Shareholders' Equity to Total Asset ratio was 0.7:1.0.

AFFILIATED DEBT

In November 2009, a subsidiary of the Company entered into a loan agreement pursuant to which it borrowed $610.0 million from a subsidiary of Gerdau S.A. The loan is a senior, unsecured obligation of the Company's subsidiary and the guaranteed by the Company's U.S. operating subsidiaries, bears interest at 7.95%, has no scheduled principal payments prior to maturity, and matures in full on January 20, 2020. Interest is payable semiannually, starting on July 20, 2010. The Company used the net proceeds of the loan to prepay $610.0 million of debt outstanding pursuant to the Term Loan Facility. The Company had $610.0 million recorded in Long-term Debt — Affiliated and $3.8 million recorded in Accrued interest — affiliated at December 31, 2009.

Long-term Debt included the following ($000s):

	December 31 2009	2008
Non-affiliated Debt:		
Term Loan Facility, bearing interest of LIBOR plus 1.00% to 2.25%, due September 2012 (1)	$ 690,000	$1,600,000
Term Loan Facility, bearing interest of LIBOR plus 1.00% to 2.25%, due September 2013 (1)	1,000,000	1,000,000
Senior Notes, bearing interest of 10.375%, due July 2011, net of original issue discount (2)	—	403,976
Industrial Revenue Bonds, bearing interest of 0.41% to 5.30%, due through May 2037	46,800	50,400
Capital Expenditure Credit Facility, bearing interest of LIBOR plus 1.80%, due March 2014	13,859	15,399
Other, bearing interest from 6.00% to 7.46%, due through April 2011	116	112
Total Non-affiliated Debt	**1,750,775**	**3,069,887**
Less current portion — Non-affiliated	(3,174)	(1,893)
Long-term Debt, less current portion — Non-affiliated	**1,747,601**	**3,067,994**
Affiliated debt, bearing interest of 7.95%, due January 2020	610,000	—
Total Long-term Debt	**$2,357,601**	**$3,067,994**

(1) The Term Loan Facility has semi-annual debt repayments beginning March 2012 based on the Loan amortization schedule within the Term Loan Facility agreement.

(2) As a result of the Company having hedged a portion of its 10 3/8% Senior Notes and then subsequently terminating these hedges, the carrying value of those notes was adjusted to reflect the final fair value of the derivatives as of the time they were terminated.

The maturities of borrowings for the years ending subsequent to December 31, 2009, are as follows ($000s):

	Amount
2010	$ 3,174
2011	3,101
2012	1,193,080
2013	503,080
2014	5,340
Thereafter	653,000
	$2,360,775

The Company's debt agreements contain covenants that if the Company's business suffers a material adverse change or if other events of default under the loan agreements are triggered, then pursuant to cross default acceleration clauses, substantially all of the outstanding debt could become due and the underlying facilities could be terminated.

NOTE 9 – RELATED PARTY TRANSACTIONS

From time to time in the normal course of business, the Company and/or certain of its subsidiaries make purchases and sales of steel products and raw materials from or to affiliated companies. The Company also records rent expense related to leases between PCS and entities controlled by management of PCS. These transactions do not represent a significant percentage of the Company's total purchases, total sales or total lease transactions and were on terms which management believes were no less favorable than could be obtained from unaffiliated third parties.

The related party transactions consisted of the following ($000s):

	Year Ended December 31, 2009	2008
Purchases from affiliated companies	$ 8,349	$94,339
Sales to affiliated companies	75,125	96,013
Leases between PCS and entities controlled by management of PCS	6,389	2,746
Interest expense — affiliated (1)	3,772	—

(1) The interest expense — affiliated is related to the $610.0 million affiliated loan agreement discussed in Note 8.

Additionally, at December 31, 2009 and 2008, the Company had $10.3 million and $18.6 million of accounts receivable from affiliated companies related to the sales above, respectively.

NOTE 10 – INCOME TAXES

The income tax (benefit)/expense was comprised of ($000s):

	Year Ended December 31, 2009	2008
Current	$ (86,453)	$322,999
Deferred	(42,123)	(35,559)
	$(128,576)	**$287,440**
Current income taxes:		
Canada	$ (3,577)	$ 8,799
U.S.	(82,856)	314,047
Other	(20)	153
	$ (86,453)	**$322,999**
Deferred income taxes:		
Canada	$ (25,795)	$ 14,640
U.S.	(16,328)	(50,199)
	$ (42,123)	**$ (35,559)**
Total provision for income taxes	**$(128,576)**	**$287,440**

The income tax (benefit)/expense differed from the amount computed by applying the Canadian statutory income tax rate (federal and provincial) to income before income taxes, as follows ($000s):

	Year Ended December 31, 2009	2008
Tax provision at Canadian statutory rates (31.0% and 31.5% for 2009 and 2008, respectively)	$ (90,782)	$ (90,725)
Increased (decreased) by the tax effect of:		
Non deductibility of impairment of goodwill	—	376,223
Tax exempt income	(42,231)	(42,074)
Effect of different rates in foreign jurisdictions	(17,705)	44,925
Deduction related to domestic production activities	—	(16,027)
Change in enacted tax rates	5,585	(2,619)
Change in valuation allowance	20,848	23,940
Noncontrolling interest	793	(3,765)
Other, net	(5,084)	(2,438)
Income tax (benefit)/expense	**$(128,576)**	**$287,440**

The components of the deferred tax assets and liabilities consisted of the following ($000s):

	December 31, 2009	2008
Canada		
Non-current deferred tax assets		
Operating loss carryforwards	$ 36,347	$ 8,127
Tax credits and capital losses	2,455	—
Pension and retirement accruals	23,653	16,347
Long-term liabilities not currently deductible	6,136	2,609
Other	841	393
	69,432	27,476
Less: Valuation allowance	(2,455)	—
Total non-current deferred tax assets	$ 66,977	$ 27,476
Non-current deferred tax liabilities		
Property, plant and equipment	$ 36,296	$ 32,867
Other	921	—
Total non-current deferred tax liabilities	$ 37,217	$ 32,867
Net non-current deferred tax assets (liabilities)	**$ 29,760**	**$ (5,391)**
United States		
Current deferred tax assets		
Accounting provisions not currently deductible for tax purposes	$ 29,743	$ 31,414
Less: Valuation allowance	(9,001)	—
Net current deferred tax assets	$ 20,742	$ 31,414
Non-current deferred tax assets		
Operating loss carryforwards	$ 26,898	$ 20,439
State tax credits and unrealized capital loss carryforward	61,163	62,044
Pension and retirement accruals	72,563	81,280
Long-term liabilities not currently deductible	19,977	35,012
Other	19,123	16,099
	199,724	214,874
Less: Valuation allowance	(44,494)	(34,897)
Total non-current deferred tax assets	$155,230	$179,977
Non-current deferred tax liabilities		
Property, plant and equipment, and intangibles	$455,483	$498,440
Total non-current deferred tax liabilities	$455,483	$498,440
Net non-current deferred tax liabilities	**$300,253**	**$318,463**
Total gross deferred tax assets	**$242,949**	**$238,867**
Total gross deferred tax liabilities	**$492,700**	**$531,307**

As of December 31, 2009, the Company had a combined non-capital loss carryforward of approximately $141.5 million for Canadian tax purposes that expire on various dates between 2013 and 2029. The Company also had a net operating loss (“NOL”) carryforward of approximately $43.5 million for U.S. federal income tax purposes and $376.0 million for state income tax purposes that expire on various dates between 2010 and 2029.

Some of the NOL carryforwards are subject to annual limitations as outlined in Internal Revenue Code (“IRC”) S. 382 and IRC S. 1502, Separate Return Limitation Year provisions. The Company believes it is more likely than not that it will be able to realize the benefit of these losses subject to the annual limitations and, therefore, no valuation reserve has been recorded for those NOLs.

The Company believes its Canadian net deferred tax asset at December 31, 2009 of $29.8 million is more likely than not to be realized based on the combination of future taxable income from operations and various tax planning strategies that will be implemented, if necessary.

The Company recorded a valuation allowance of $20.8 million and $30.7 million in 2009 and 2008, respectively. During 2009 and 2008, the Company recorded a valuation allowance of $10.2 million and $6.8 million, respectively, related to the $33.3

million deferred tax asset associated with state tax credits obtained in the Chaparral acquisition. As of December 31, 2009, the Company has recorded a cumulative valuation allowance of $17.0 million for this deferred tax asset because the Company believes this deferred tax asset is not more likely than not to be fully realized before its expiration. The state credits will expire on various dates between 2015 and 2018. For the year ended December 31, 2009, the Company recorded a pre-tax charge of $115.0 million related to the facility closures discussed in Note 18. As a result of the facility closures, a valuation allowance of $7.4 million was recorded against the associated deferred tax asset related to certain state net operating losses since the Company believes that it is not more likely than not to be fully realized. During 2009 the Company also recorded a valuation allowance of $2.3 million related to Canadian capital losses realized.

During 2008 the Company recorded a pre-tax other-than-temporary impairment of approximately $60.0 million related to the auction rate securities discussed in Note 2. As a result, a valuation allowance of $23.4 million was recorded against the associated deferred tax asset since the Company believes that it is not more likely than not to be fully realized.

The Company has not provided for Canadian income taxes or foreign withholding taxes that would apply on the distribution of the earnings of its non-Canadian subsidiaries, as these earnings are intended to be permanently reinvested by these subsidiaries.

As of December 31, 2009 and 2008, respectively, the Company had $24.6 million and $22.8 million of unrecognized tax benefits ("UTBs"). Included in this balance of unrecognized tax benefits at December 31, 2009 and 2008, respectively, are $19.6 million and $17.0 million that, if recognized, would decrease the Company's effective tax rate. A reconciliation of the beginning and ending amount of unrecognized tax benefits was as follows ($000s):

	2009	2008
Balance as of January 1	$22,765	$17,373
Tax positions related to current year:		
Gross additions	5,083	3,323
Gross reductions	(92)	(339)
Tax positions related to prior year:		
Gross additions	42	1,429
Gross reductions	(2,384)	(372)
Settlements	(851)	(1,333)
Lapses in statute of limitations	(248)	(1,346)
UTBs acquired in a business combination	—	4,385
Changes due to translation of foreign currency	253	(355)
Balance as of December 31	**$24,568**	**$22,765**

The above reconciliation of the gross unrecognized tax benefit will differ from the amount which would affect the effective rate due to the impact of the recognition of federal and state tax benefits.

The Company's continuing practice is to recognize interest and /or penalties related to uncertain tax positions in income tax expense. Related to the unrecognized tax benefits noted above, the Company accrued interest and penalties of approximately $0.7 million during 2009 and in total, as of December 31, 2009, has recognized a liability of approximately $3.3 million for interest and/or penalties. During 2008, the Company accrued approximately $0.1 million of interest and penalties and in total, as of December 31, 2008, recognized a liability of approximately $2.6 million for interest and / or penalties.

The Company does not anticipate any significant changes to its total unrecognized tax benefits within the next 12 months.

The tax years 2004 to 2009 remain open to examination in the United States and various state taxing jurisdictions. The tax years 2002 to 2009 remain open to examination by the Canadian taxing jurisdictions.

NOTE 11 – POSTRETIREMENT BENEFITS

The Company maintains defined benefit pension plans covering certain employees. The benefits are based on years of service and compensation during the period of employment. Annual contributions are made in conformity with minimum funding requirements and maximum deductible limitations.

Certain employees are also covered by defined contribution retirement plans. For the years ended December 31, 2009 and 2008, Company contributions and expense were approximately $11.9 million and $16.3 million, respectively.

The Company currently provides specified health care benefits to retired employees. Employees who retire after a certain age with specified years of service become eligible for benefits under this unfunded plan. The Company has the right to modify or terminate these benefits. The Company uses a December 31 measurement date for its plans.

The following tables summarizes the changes in the benefit obligation and fair value of plan assets included in the Company's consolidated statements of financial position ($000s):

	Pension Benefits Year Ended December 31,		Other Benefit Plans Year Ended December 31,	
	2009	2008	2009	2008
Change in Benefit Obligation				
Benefit obligation at beginning of period	$ 616,652	$ 662,978	$ 113,457	$ 123,156
Service cost	26,097	25,262	2,235	2,864
Interest cost	41,461	38,076	7,222	7,076
Plan participants' contributions	—	—	1,520	1,238
Amendments	354	391	—	1,226
Curtailment	(26,157)	(2,095)	(8,110)	—
Actuarial (gain) loss	84,909	(22,484)	18,010	(8,676)
Benefits and administrative expenses paid	(29,789)	(28,637)	(6,913)	(6,272)
Medicare Part D subsidy	—	—	692	558
Foreign exchange (gain) loss	41,315	(56,839)	5,659	(7,713)
Benefit obligation at end of period	**$ 754,842**	**$ 616,652**	**$ 133,772**	**$ 113,457**
Change in Plan Assets				
Fair value of plan assets at beginning of period	$ 387,336	$ 532,047	$ —	$ —
Actual return on plan assets	66,381	(114,435)	—	—
Employer contribution	75,459	48,214	4,701	4,477
Plan participants' contributions	—	—	1,520	1,237
Benefits and administrative expenses paid	(29,789)	(28,637)	(6,913)	(6,272)
Medicare Part D subsidy	—	—	692	558
Foreign exchange (loss) gain	34,837	(49,853)	—	—
Fair value of plan assets at end of period	**$ 534,224**	**$ 387,336**	**$ —**	**$ —**
Amounts Recognized in the Consolidated Balance Sheets				
Other assets	$ 2,576	$ 3,154	$ —	$ —
Accrued salaries, wages and employee benefits	(2,581)	(1,720)	(5,701)	(5,152)
Accrued benefit obligations	(220,613)	(230,750)	(128,071)	(108,305)
Net liability recognized, end of year	**$(220,618)**	**$(229,316)**	**$(133,772)**	**$(113,457)**

The accumulated benefit obligation for all defined benefit pension plans was $710.2 million and $552.5 million at December 31, 2009 and 2008, respectively. The unfunded status for all pension benefits plans was ($220.6) million and ($229.3) million at December 31, 2009 and 2008, respectively, and for other benefit plans was ($133.8) million and ($113.5) million at December 31, 2009 and 2008, respectively.

The amounts recognized in Accumulated other comprehensive loss at December 31, 2009 were as follows ($000s):

	Pension Benefits	Other Benefit Plans
Transition obligation	$ 986	$ —
Prior service cost	7,200	(4,074)
Net actuarial loss	201,635	15,966
	$209,821	**$11,892**

The amounts in Accumulated other comprehensive loss expected to be recognized as a component of net periodic benefit in 2010 are as follows ($000s):

	Pension Benefits	Other Benefit Plans
Amortization of transition liability	$ 201	$ —
Amortization of prior service cost	2,618	(461)
Amortization of net actuarial loss	12,742	390

The components of net periodic benefit cost were as follows ($000s):

	Pension Benefits Year Ended December 31,		Other Benefit Plans Year Ended December 31,	
	2009	2008	2009	2008
Components of net periodic benefit cost				
Service cost	$ 26,097	$ 25,262	$2,235	$ 2,864
Interest cost	41,461	38,076	7,222	7,076
Expected return on plan assets	(36,617)	(39,315)	—	—
Amortization of transition liability	191	212	—	—
Amortization of prior service cost	2,939	4,139	(426)	(306)
Amortization of net actuarial loss	6,147	2,228	159	460
Curtailment	4,750	—	222	—
Net periodic benefit cost	**$ 44,968**	**$ 30,602**	**$9,412**	**$10,094**

Information for pension plans with an accumulated benefit obligation in excess of plan assets was as follows ($000s):

	Pension Benefits December 31,		Other Benefit Plans December 31,	
	2009	2008	2009	2008
Projected benefit obligation	$733,964	$602,907	$133,772	$113,457
Accumulated benefit obligation	689,329	538,712	133,772	113,457
Fair value of plan assets	510,706	370,443	—	—

The information for pension plans with a projected benefit obligation in excess of plan assets was the same as the information above for pension plans with an accumulated benefit obligation in excess of plan assets.

ASSUMPTIONS

	Pension Benefits		Other Benefit Plans	
	2009	2008	2009	2008
Weighted-average assumptions used to determine benefits obligations at December 31,				
Discount rate	5.75% to 6.25%	6.25% to 7.25%	5.75% to 6.25%	6.25% to 7.25%
Expected long-term return on plan assets	7.25% to 8.00%	7.00% to 8.00%	N/A	N/A
Rate of compensation increase	3.50% to 4.25%	3.50% to 4.25%	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit costs for the years ended December 31,				
Discount rate	6.25% to 7.25%	5.50% to 6.25%	6.25% to 7.25%	5.50% to 6.25%
Expected long-term return on plan assets	7.00% to 8.00%	7.00% to 8.25%	N/A	N/A
Rate of compensation increase	3.50% to 4.25%	3.50% to 4.25%	N/A	N/A
Assumed health care cost trend rates at December 31,				
Health cost trend rate — initial	N/A	N/A	8.20% to 8.70%	9.00% to 9.70%
Health cost trend rate — ultimate	N/A	N/A	5.00% to 5.50%	5.00% to 5.50%
Year in which ultimate rate is reached	N/A	N/A	2016 to 2017	2014 to 2016

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects ($000s):

	1 Percentage Point Increase	1 Percentage Point Decrease
Effect on total of service cost and interest cost	$ 1,418	$ (1,147)
Effect on postretirement benefit obligation	17,066	(14,240)

The expected long-term rate of return on plan assets is based on the Company's estimate of long-term returns for equities and fixed income securities weighted by the allocation of the assets in the plans.

PLAN ASSETS

The Company's pension plan weighted-average asset allocations at December 31, 2009 and 2008, by asset category were as follows:

	Plan Assets at December 31,	
	2009	2008
Asset Category		
Equity securities	62.0%	60.2%
Debt securities	35.7%	35.6%
Real estate	0.2%	0.5%
Other	2.1%	3.7%
Total	**100.0%**	**100.0%**

The Company has an Investment Committee that defines the investment policy related to the defined benefit plans. The primary investment objective is to ensure the security of benefits that have accrued under the plans by providing an adequately funded asset pool that is separate from and independent of the Company. To accomplish this objective, the fund is invested in a manner that adheres to the safeguards and diversity to which a prudent investor of pension funds would normally adhere. The Company retains specialized consultant providers that advise and support the Investment Committee decisions and recommendations.

The asset mix policy considers the principles of diversification and long-term investment goal, as well as liquidity requirements. In order to accomplish that, the target allocations are 60% equity securities and 40% debt securities.

As of December 31, 2009, the pension plan assets were stated at fair value. If available, quoted market prices in active markets were used to fair value debt and equity securities. For securities that had no quoted market price, estimated fair values were used. The estimated fair values for the real estate limited partnerships were based on expected cash flows, discount rates and overall capital market liquidity in a non-active market. Certain cash and cash equivalents and mutual funds were invested in common collective trusts that are open-ended commingled pools dedicated exclusively to the management of assets in each fund. The estimated fair value of the cash and cash equivalents and mutual funds were based on the net asset value of their underlying investments. For some mutual funds, the net asset value was a quoted market price and for this reason those funds were classified as level 1. For other mutual funds, the net asset value was the sum of the market prices of the securities in the fund and for this reason classified as level 2. To achieve its investment objective, the mutual funds invest in equity securities, fixed income securities or fixed mutual funds that may include derivative instruments such as future contracts and swap agreements.

The fair values of the Company's pension plan assets at December 31, 2009, by asset category were as follows ($000s):

		Fair Value Measurements at December 31, 2009		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category				
Cash and cash equivalents	$ 8,634	$ 376	$ 8,258	$ —
Equity securities				
Health Care	5,766	5,766	—	—
Utilities	523	523	—	—
Financials	20,596	20,596	—	—
Consumer Staples	5,555	5,555	—	—
Consumer Discretionary	4,450	4,450	—	—
Materials	11,102	11,102	—	—
Energy	14,615	14,615	—	—
Information Technology	7,085	7,085	—	—
Industrials	10,464	10,464	—	—
Telecommunication Service	2,141	2,141	—	—
Miscellaneous	232	232	—	—
ADR's	4,531	4,531	—	—
Debt Securities				
Government and Agencies	46,708	46,708	—	—
Municipal Bonds	319	319	—	—
Corporate Bonds and Notes	39,056	39,056	—	—
Mutual Funds (1)	352,803	134,318	218,485	—
Real Estate/Limited Partnerships	1,000	—	—	1,000
	$535,580	**$307,837**	**$226,743**	**$1,000**
Receivables	15,254			
Payables	(16,610)			
	$534,224			

(1) This category includes investments in equity securities and debt securities.

BENEFIT PAYMENTS

The expected benefit payments, in future years, are as follows ($000s):

	Pension Benefits	Other Benefit Plans Before Subsidy	Other Benefit Plans After Subsidy
Projected Benefit Payments			
2010	$ 35,813	$ 6,137	$ 5,701
2011	36,305	7,392	6,981
2012	40,051	7,800	7,341
2013	41,417	8,299	7,799
2014	42,596	8,746	8,206
2015 to 2019	256,179	49,371	46,143

CONTRIBUTIONS

The Company contributed $75.5 million and $48.2 million to its defined benefit pension plans for the years ended December 31, 2009 and 2008, respectively. The Company expects to contribute $71.1 million to its pension plans in 2010.

MULTI-EMPLOYER PENSION PLANS

PCS is a contributor to trade union multi-employer pension plans. The Employee Retirement Income Security Act of 1974, as amended by the Multi-Employers Pension Plan Amendments Act of 1980, imposes certain liabilities upon employers who are contributors to multi-employer plans if the employer withdraws from the plan or if the plan terminates. The Company's contingent liability, if any, under these laws cannot be determined at this time. Contributions for employee benefits at PCS, including multi-employer pension plans, totaled $23.7 million and $34.2 million for years ended December 31, 2009 and 2008, respectively. The Company expects to contribute $24.5 million in 2010.

NOTE 12 – FAIR VALUE MEASUREMENTS

Effective January 1, 2008, the Company adopted FASB ASC Topic 820 which defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC Topic 820 also establishes a three tier fair value hierarchy which prioritizes the inputs in measuring fair value, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than level 1 prices such as quoted prices (unadjusted) for similar assets or liabilities; quoted prices (unadjusted) in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As of December 31, 2009 and 2008, the Company had certain assets and liabilities that were required to be measured at fair value on a recurring basis. These included the Company's short-term and long-term investments and derivative instruments.

The Company's short-term investments consisted of the items as identified in Note 2. The fair values of the U.S. and Canadian government treasury bills were determined based on observed prices in publicly quoted markets. Therefore the Company utilized level 1 inputs to measure the fair market value of those investments. For the fair value of the remaining short-term investments the Company utilized a standard pricing model based on inputs that were readily available in public markets or derived from information available in publicly quoted markets. The Company has consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the short-term investments it holds. Therefore, the Company utilized level 2 inputs to measure the fair market value of these short-term investments.

The Company's auction rate security instruments, which were classified as long-term investments at December 31, 2009, were reflected at fair value. The fair values of these securities were estimated utilizing valuation models including those based on expected cash flows and collateral values, including assessments of counterparty credit quality, default risk underlying the security, discount rates and overall capital market liquidity in a non-active market as of December 31, 2009. Therefore, the Company utilized level 3 inputs to measure the fair market value of these investments.

The Company's derivative instruments consist of interest rate swaps. See Note 13 for further information on the Company's derivative instruments and hedging activities. The Company utilized a standard pricing model based on inputs that were either readily available in public markets or derived from information available in publicly quoted markets to determine the value of the derivatives. The Company has consistently applied these valuation techniques in all periods presented and believes it has obtained the most accurate information available for the types of derivative contracts it holds. Therefore, the Company utilized level 2 inputs to measure the fair market value of these derivatives.

The Company's assets measured at fair value on a recurring basis subject to the disclosure requirements of FASB ASC Topic 820 at December 31, were as follows ($000s):

		Fair Value Measurements at Reporting Date Using		
Description	December 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Short-term investments	$ 25,000	$ —	$ 25,000	$ —
Long-term Investments	$ 28,538	$ —	$ —	$28,538
Liabilities:				
Derivative liabilities	$ 37,822	$ —	$ 37,822	$ —

		Fair Value Measurements at Reporting Date Using		
Description	December 31, 2008	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:				
Short-term investments	$205,817	$74,980	$130,837	$ —
Long-term Investments	$ 33,189	$ —	$ —	$33,189
Liabilities:				
Derivative liabilities	$ 63,005	$ —	$ 63,005	$ —

The following table summarizes the changes in fair value for the level 3 auction rate securities ($000s):

	2009	2008
Short-term investments		
Balance as of January 1	**$ —**	**$ 94,591**
Reclassification to Long-term Investments	**—**	(54,220)
Realized loss on investments	**—**	(39,671)
Sales of Short-term investments	**—**	(700)
Balance as of December 31	$ —	$ —
Long-term Investments		
Balance as of January 1	**$33,189**	**$ —**
Reclassification from Short-term investments	**—**	54,220
Realized gain (loss) on investments, net	3,244	(20,306)
Sales of Long-term Investments	(7,895)	(725)
Balance as of December 31	**$28,538**	**$ 33,189**

The carrying value of Cash and cash equivalents, Accounts receivable, net, Accounts payable and accrued liabilities in the Consolidated Balance Sheet approximated fair value.

The fair value of the Company's debt was $2.2 billion and $2.6 billion as of December 31, 2009 and 2008, respectively. At December 31, 2009, the fair value of the Company's debt was determined by the present value of future payments based on interest rate conditions as of that time. At December 31, 2008, fair values of the floating rate debt were determined by the present value of future payments based on interest rate conditions at that time and those of the fixed rate debt were estimated based on quoted market prices.

The Company also had assets that, under certain conditions, were subject to measurement at fair value on a non-recurring basis. Those assets include inventories; property, plant and equipment; goodwill and intangibles. During the year ended December 31, 2009, the Company recorded a $33.0 million charge to Cost of sales to write down inventories to net realizable value. Additionally, as discussed in Notes 2 and 18, during the year ended December 31, 2009 the Company recorded an impairment charge of $81.9 million related to the property, plant and equipment as a result of its long-lived asset impairment test at the closed facilities. This charge was included in the Facility closure costs line item of the Company's Consolidated Statement of Earnings. At December 31, 2009, the Company had no inventory or property, plant and equipment measured at fair value. For goodwill and intangibles, measurement at fair value in periods subsequent to their initial recognition is applicable if one or more is determined to be impaired. During the year ended December 31, 2009, the Company had no impairments related to goodwill and intangibles.

The Company fair valued its inventories based on an estimate of current market selling prices (less selling costs). The Company used unobservable inputs based on the assumptions that market participants would use in pricing these assets at the measurement date. Therefore, the Company utilized level 3 inputs in valuing its inventory.

In conjunction with the impairment test discussed above, the Company fair valued its property, plant and equipment based on an estimate of the amount that would be received in an orderly liquidation sale. The Company used unobservable inputs based on the assumptions that market participants would use in pricing these assets. Therefore, the Company utilized level 3 inputs in this valuation.

NOTE 13 – FINANCIAL INSTRUMENTS

CASH FLOW HEDGES

During March 2008, the Company entered into interest rate swaps, which qualify as cash flow hedges, to reduce its exposure to the variability in the floating USD LIBOR interest rates. The notional value of the interest rate swaps is $1.0 billion, the fixed interest rate of the swaps is between 3.3005% and 3.707% and they expire between March 2012 and September 2013. If added to the spread over LIBOR on Tranche B of the Term Loan Facility, the interest rate on these swaps would be between 4.5505% and 4.9570%.

FAIR VALUE HEDGES

On April 18, 2008, the Company settled its interest rate swaps which qualified as a fair value hedge. These interest rate swaps converted the fixed rate 10 3/8% Senior Notes to floating rate debt and had a notional value of $200 million and a fair value of $2.5 million when they were terminated on April 18, 2008. Upon the termination of these interest rate swaps the carrying value of the 10 3/8% Senior Notes increased $2.5 million and the Company amortized the amount and recognized an increase of Interest expense – non-affiliated using the effective interest rate. In August 2009, the Company paid off the Senior Notes and recognized the remaining $1.5 million of fair value as a Loss on extinguishment of debt in the Consolidated Statement of Earnings. For the year ended December 31, 2009, the amount recorded as an increase of Interest expense - non-affiliated was insignificant. The Company reflected the ineffective portion of the fair value hedges in Interest expense – non-affiliated. For the year ended December 31, 2008, there was no ineffectiveness related to fair value hedges.

NON-QUALIFYING

Additionally, on April 18, 2008, the Company settled the interest rate caps and floors, otherwise known as collars, related to the fair value interest rate swaps discussed above to limit its exposure to the variable USD LIBOR interest rate. These derivatives did not qualify for hedge accounting. These interest rate caps and floors had a fair value of $4.6 million when they were terminated on April 18, 2008. The Company reflects the changes in derivatives that do not qualify for hedge accounting in Interest expense – non-affiliated. For the year ended December 31, 2008, the change in fair value of non-qualifying derivatives was a loss of $1.1 million.

The following table summarizes the fair value and presentation in the Consolidated Balance Sheets for derivatives designated as hedging instruments as of December 31, 2009 and 2008, respectively ($000s):

		Asset Derivatives		Liability Derivatives	
	Balance Sheet Location	Fair Value at December 31, 2009	Fair Value at December 31, 2008	Fair Value at December 31, 2009	Fair Value at December 31, 2008
Derivatives designated as hedging instruments					
Interest rate derivative contracts	Other Liabilities	$—	$—	$37,822	$63,005

The following table summarizes the effect of cash flow derivative instruments on the Consolidated Statements of Earnings for the years ended December 31, 2009 and 2008 ($000s):

	Amount of Gain (Loss) Recognized in AOCI on Derivative (Effective Portion)		Amount of Loss Reclassified from AOCI into Income (Effective Portion) (a)	
	Year Ended December 31,		Year Ended December 31,	
	2009	2008	2009	2008
Interest rate derivative contracts	$15,362*	$(38,433)*	$17,114	$1,007

* Net of tax

(a) Amounts related to interest rate derivatives were included in Interest expense - non-affiliated.

There was no ineffectiveness recorded as interest expense for the years ended December 31, 2009 and 2008.

The Company estimates that approximately $26.0 million of pre-tax unrealized loss recognized in Accumulated other comprehensive loss as of December 31, 2009 will be reclassified into earnings within the next 12 months.

The following table summarizes the effect of fair value derivative instruments on the Consolidated Statements of Earnings for the years ended December 31, 2009 and 2008 ($000s):

	Amount of Gain (Loss) Recognized in Income on Derivatives (a)	
	Year Ended December 31,	
	2009	2008
Interest rate derivative contracts	$—	$2,528

(a) Amounts related to interest rate derivatives were included in Interest expense - non-affiliated.

The following table summarizes the effect of derivatives not designated as hedging instruments on the Consolidated Statements of Earnings for the years ended December 31, 2009 and 2008 ($000s):

	Amount of Gain (Loss) Recognized in Income on Derivatives (a)	
	Year Ended December 31,	
	2009	2008
Interest rate derivative contracts	$—	$(793)

(a) Amounts related to interest rate derivatives were included in Interest expense - non-affiliated.

The Company was not required to post assets as collateral for its derivatives.

NOTE 14 – SHAREHOLDERS' EQUITY

Capital stock consists of the following shares:

	Authorized Number	Issued Number	Capital Stock (in thousands)
December 31, 2009			
Common	Unlimited	433,314,809	$2,554,110
December 31, 2008			
Common	Unlimited	433,004,253	$2,552,323

On March 20, 2009, the Company paid total cash dividends of $0.02 per common share. This resulted in a dividend payment of $8.6 million to shareholders.

At December 31, the components of Accumulated other comprehensive loss were as follows ($000s):

	December 31, 2009	2008
Cumulative foreign currency translation adjustments, net of tax	$ 85,655	$ (23,784)
Minimum pension liability adjustments, net of tax	(137,007)	(117,425)
Unrealized gain on short-term investment, net of tax	1	—
Unrealized loss on qualifying cash flow hedges, net of tax	(14,547)	(37,427)
	$ (65,898)	**$(178,636)**

EARNINGS PER SHARE

The following table identifies the components of basic and diluted loss per share attributable to Gerdau Ameristeel and subsidiaries ($000s except share and loss per share data):

	Year Ended December 31, 2009	2008
Basic loss per share attributable to Gerdau Ameristeel and Subsidiaries:		
Basic net loss	$ (161,716)	$ (587,407)
Average shares outstanding	432,292,911	432,090,037
Basic net loss per share	**$ (0.37)**	**$ (1.36)**
Diluted loss per share attributable to Gerdau Ameristeel and Subsidiaries:		
Diluted net loss	$ (161,716)	$ (587,407)
Diluted average shares outstanding:		
Average shares outstanding	432,292,911	432,090,037
Dilutive effect of stock options and share units	—	—
	432,292,911	432,090,037
Diluted net loss per share	**$ (0.37)**	**$ (1.36)**

At December 31, 2009, options and restricted shares to purchase 3,720,999 (1,997,571 at December 31, 2008) common shares, were not included in the computation of diluted loss per share as their inclusion would be anti-dilutive.

NOTE 15 – STOCK BASED COMPENSATION

The Company has several stock based compensation plans, which are described below.

The Company has a long-term incentive plan ("LTIP") which is designed to reward the Company's senior management with bonuses based on the achievement of return on capital invested targets. Bonuses which have been earned are awarded after the end of the year in the form of cash, stock appreciation rights ("SARs"), and/or options. The portion of any bonus which is payable in cash is to be paid in the form of phantom stock. The number of shares of phantom stock awarded to a participant is determined by dividing the cash bonus amount by the fair market value of a Common Share at the date the award of phantom stock is made. Phantom stock will be paid out following vesting in the form of a cash payment. The number of options or SARs awarded to a participant is determined by dividing the non-cash amount of the bonus by the fair market value of the option or SAR at the date the award of the options or SARs is made. The value of the options or SARs is based on a Black-Scholes or other method for determining option values. Phantom stock, SARs and options vest 25% on each of the first four anniversaries of the date of the award. Options may be exercised following vesting. Options have a maximum term of 10 years. The maximum number of options able to be granted under this plan is 6,000,000.

An award of approximately $10.6 million was earned by participants pursuant to the LTIP in 2008 and was granted 40% in SARs, 30% in options and 30% in phantom stock. On March 5, 2009, the Company issued 2,002,116 options, as part of this award. An award of approximately $8.3 million was earned by participants in 2007 pursuant to the LTIP and was granted 44% in SARs, 28% in options and 28% in phantom stock. On February 28, 2008, the Company issued 379,564 options under this plan. These awards are being accrued over the vesting period.

The 2006 Stock Appreciation Rights Plan was designed to attract, retain and motivate participating employees of the Company through awards of SARs. The SARs vest 25% on each of the first four anniversaries of the date of the award. At December 31, 2009, there were 239,734 SARs outstanding under this plan. The SARs are recorded as a liability and benefits are charged to expense over the vesting period.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants issued in the table below. Expected volatilities are based on historical volatility of the Company's stock as well as other companies operating similar businesses. The expected term (in years) is determined using historical data to estimate option exercise patterns. The expected dividend yield is based on the annualized dividend rate over the vesting period. The risk free interest rate is based on the rate for U.S. Treasury bonds commensurate with the expected term of the granted option.

	2009	2008
Risk-free interest rate	1.99%	3.01%
Expected life	6.25 years	6.25 years
Expected volatility	62.95%	49.10%
Expected dividend yield	3.10%	3.08%

The grant date fair value of stock options granted during the years ended December 31, 2009 and 2008 was $1.59 and $6.02, respectively.

During the years ended December 31, 2009 and 2008, the compensation costs recognized by the Company for all options issued were $1.2 million and $0.9 million, respectively. At December 31, 2009, the remaining unrecognized compensation cost related to all unvested options was approximately $2.3 million and the weighted-average period of time over which this cost will be recognized is 2.2 years.

Under the amended and restated employment agreement of the Company's President and Chief Executive Officer (the "Executive"), effective as of June 1, 2005, the Executive is entitled to participate in a long-term incentive arrangement which provides that the Company will deliver 1,749,526 Common Shares plus an amount of Common Shares equal to the amount of cash dividends payable on such Common Shares as long as the Executive is Chief Executive Officer of the Company on June 1, 2015. In addition, the Executive is entitled to an amount in cash equal to the amount by which $25 million exceeds the value, on June 1, 2015 of the 1,749,526 Common Shares, the value of dividends earned on such Common Shares, plus the value of certain shares of Gerdau S.A. stock or American Depository Receipts of Gerdau S.A. awarded pursuant to the Executive's

separate employment agreement with Gerdau S.A., dated as of January 1, 2008, as long as the Executive is Chief Executive Officer of the Company on June 1, 2015.

In order to secure the Company's obligations to deliver such Common Shares, the Company will deposit in a rabbi trust such Common Shares plus an amount of common shares equal to the amount of cash dividends payable on such Common Shares over a period beginning at the end of the first year following the commencement of the start date and ending 10 years thereafter or such earlier date if the Executive is separated from service in certain circumstances. In the event that the Executive has a separation from service prior to June 1, 2015, due to termination without cause, termination by the Executive for any reason or termination for death or disability, the Executive will, in each instance, be entitled to a calculated portion of the Executive's long-term incentive. The award is being accrued over the service period. Under this employment agreement, 892,501 shares have been issued to the trust.

The Company offers a Deferred Share Unit Plan ("DSUP") for independent members of the board of directors. Under the DSUP, each director receives a percentage of the annual compensation in the form of deferred share units ("DSUs"), which are notional common shares of the Company. The issue price of each DSU is based on the closing trading value of the common shares on the meeting dates, and an expense is recognized at that time. The shares are subsequently marked to market and expensed accordingly. The DSU account of each director includes the value of dividends, if any, as if reinvested in additional DSUs. The director is not permitted to convert DSUs into cash until their service on the board terminates. The value of the DSUs, when converted to cash, will be equivalent to the market value of the common shares at the time the conversion takes place. The value of the outstanding DSUs was $1.6 million and $0.8 million at December 31, 2009 and 2008, respectively.

The Company and its predecessors had various other stock based plans. All amounts under these plans are fully vested. At December 31, 2009, there were 439,345 and 334,429 respectively, of SARs and options outstanding under these arrangements. The SARs are recorded as a liability and benefits are charged to expense. No further awards will be granted under these prior plans.

For the year ended December 31, 2009 and 2008 the Company recorded a non-cash pre-tax expense of $6.5 million and $2.5 million, respectively, to mark-to-market outstanding stock appreciation rights and expenses associated with other executive compensation agreements.

The following table summarizes stock options outstanding as of December 31, 2009, as well as activity during the year then ended:

	Number of Shares	Weighted-Average Exercise Price
Outstanding at December 31, 2008	1,307,036	$9.13
Granted	2,002,116	3.48
Exercised	(108,590)	1.98
Forfeited	(372,064)	6.18
Outstanding at December 31, 2009 (a)	**2,828,498**	**$5.79**
Options exercisable	665,320	$7.57

(a) At December 31, 2009, the weighted-average remaining contractual life of options outstanding and exercisable was 7.8 years and 4.4 years, respectively.

At December 31, 2009 and 2008, the aggregate intrinsic value of options outstanding was $10.4 million and $1.8 million, respectively. At December 31, 2009 and 2008, the aggregate intrinsic value of options exercisable was $2.1 million and $1.8 million, respectively. (The intrinsic value of a stock option is the amount by which the market value of the underlying stock exceeds the exercise price of the option).

Cash proceeds, tax benefits and intrinsic value related to total stock options exercised and fair value of shares vested during the years ended December 31, 2009 and 2008 were as follows ($000s):

	2009	2008
Proceeds from stock options exercised	$ 216	$1,195
Tax benefit related to stock options exercised	135	1,200
Intrinsic value of stock options exercised	681	777
Total fair value of shares vested	5,489	3,536

The following table summarizes information about options outstanding at December 31, 2009:

Exercise Price Range US$	Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted -Average Exercise Price	Number Exercisable
$1.38 to $3.48	2,072,775	8.0	$3.22	334,429
$9.50 to $10.90	428,140	6.9	10.53	242,495
$15.86	327,583	8.2	15.86	88,396
	2,828,498			**665,320**

NOTE 16 – CONTINGENCIES AND COMMITMENTS

ENVIRONMENTAL

As the Company is involved in the manufacturing of steel, it produces and uses certain substances that may pose environmental hazards. The principal hazardous waste generated by current and past operations is electric arc furnace (“EAF”) dust, a residual from the production of steel in electric arc furnaces. Environmental legislation and regulation at both the federal and state level over EAF dust is subject to change, which may change the cost of compliance. While EAF dust is generated in current production processes, such EAF dust is being collected, handled and disposed of in a manner that the Company believes meets all current federal, state and provincial environmental regulations. The costs of collection and disposal of EAF dust are expensed as operating costs when incurred. In addition, the Company has handled and disposed of EAF dust in other manners in previous years, and is responsible for the remediation of certain sites where such dust was generated and/or disposed.

In general, the Company’s estimate of remediation costs is based on its review of each site and the nature of the anticipated remediation activities to be undertaken. The Company’s process for estimating such remediation costs includes determining for each site the expected remediation methods, and the estimated cost for each step of the remediation. In such determinations, the Company may employ outside consultants and providers of such remedial services to assist in making such determinations. Although the ultimate costs associated with the remediation are not known precisely, the Company estimated the present value of total remaining costs were approximately $19.3 million and $18.8 million as of December 31, 2009 and 2008, respectively. Of the $19.3 million of costs recorded as a liability at December 31, 2009, the Company expects to pay approximately $4.9 million during the year ended December 31, 2010.

Considering the uncertainties inherent in determining the costs associated with the clean-up of such contamination, including the time periods over which such costs must be paid, the extent of contribution by parties which are jointly and severally liable, and the nature and timing of payments to be made under cost sharing arrangements, there can be no assurance the ultimate costs of remediation may not differ from the estimated remediation costs.

LEGAL AND OTHER CLAIMS

In September 2008, the Company and most other major North American steel producers were named as defendants in a series of lawsuits filed in federal court in the Northern District of Illinois. The lawsuits allege that the defendants conspired to fix, raise, maintain and stabilize the price at which steel products were sold in the United States by artificially restricting the supply of such steel products. The lawsuits, which purport to be brought on behalf of a class consisting of all direct and indirect purchasers of steel products from the defendants between January 1, 2005 and the present, seek treble damages and costs, including reasonable attorney fees and pre- and post-judgment interest. Although the Company believes that

the lawsuits are entirely without merit and plans to aggressively defend them, the Company cannot at this time predict the outcome of this litigation or determine the Company's potential exposure, but if determined adversely to the Company, they could have a material adverse effect on the Company's assets.

The Company is occasionally named as a party in various claims and legal proceedings which arise during the normal course of its business. Although there can be no assurance that any particular claim will be resolved in the Company's favor, the Company does not believe that the outcome of any claims or potential claims of which it is currently aware will have a material adverse effect on the Company.

OPERATING LEASE COMMITMENTS

The Company leases certain equipment and real property under non-cancelable operating leases. At December 31, 2009, future minimum payments on leases with remaining terms in excess of one year, consist of the following ($000s):

	Amount
2010	$ 21,757
2011	19,570
2012	17,860
2013	16,410
2014	14,721
Thereafter	15,389
	$105,707

Total rent expense related to operating leases was $31.3 million and $32.7 million for the years ended December 31, 2009 and 2008, respectively.

Certain of the operating lease commitments of the former Co-Steel entities were at lease rates in excess of fair value as of the acquisition date. Accordingly, a purchase accounting liability was recorded by the Company for the present value of the unfavorable lease commitments.

SERVICE COMMITMENTS

The Company has long-term contracts with several raw material suppliers. The Company typically realizes lower costs and improved service from these contracts. The Company believes these raw materials would be readily available in the market without such contracts.

NOTE 17 – SEGMENT INFORMATION

The Company is organized into two primary business segments: (a) steel mills which manufacture and market a wide range of Long Steel Products, including reinforcing steel bar (rebar), merchant bars, structural shapes, beams, special sections and coiled wire rod and (b) downstream products which include rebar fabrication and epoxy coating, railroad spike operations, cold drawn products, super light beam processing, and the production of elevator guide rails, grinding balls, wire mesh and wire drawing. Steel products sold to the downstream divisions are sold at market prices with intracompany transactions eliminated upon consolidation, based on the same accounting policies discussed in Note 1. Performance is evaluated and resources allocated based on specific segment requirements and measurable factors. Segment assets are those assets that are specifically identified with the operations in each operational segment. Corporate assets primarily include cash; short-term investments; long-term investments; investment in 50% owned joint ventures; assets held for sale; some property, plant and equipment; deferred income taxes; and deferred financing costs. Corporate expense includes some unallocated selling and administrative expenses, interest income, interest expense, write down of long-term investments and income tax expense that may not be directly attributable to either specific segment. As further discussed in Note 18, the Company recorded a $115.0 million non-cash pre-tax charge for the year ended December 31, 2009, related to facility closure costs. For the year ended December 31, 2009, the facility closure costs allocated to the steel mills and the downstream segments were $112.8 million and $2.2 million, respectively.

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Operational results and other financial data for the two business segments for the years ended December 31 were as follows ($000s):

	Year Ended December 31, 2009	2008
Revenue from external customers:		
Steel mills	$3,099,285	$6,769,530
Downstream products	1,096,438	1,758,950
Total	**$4,195,723**	**$8,528,480**
Inter-company sales:		
Steel mills	$ 494,158	$ 937,883
Downstream products	—	—
Corp/eliminations/other	(494,158)	(937,883)
Total	**$ —**	**$ —**
Total sales:		
Steel mills	$3,593,443	$7,707,413
Downstream products	1,096,438	1,758,950
Corp/eliminations/other	(494,158)	(937,883)
Total	**$4,195,723**	**$8,528,480**
Operating (loss) income:		
Steel mills	$ (140,470)	$ (45,661)
Downstream products	56,552	(31,918)
Corp/eliminations/other	(2,520)	(55,509)
Total	**$ (86,438)**	**$ (133,088)**
Depreciation expense:		
Steel mills	$ 180,995	$ 192,184
Downstream products	19,517	17,053
Corp/eliminations/other	13,594	10,430
Total	**$ 214,106**	**$ 219,667**
Amortization expense:		
Steel mills	$ 54,591	$ 93,092
Downstream products	11,145	9,867
Total	**$ 65,736**	**$ 102,959**
Impairment of goodwill:		
Steel mills	$ —	$1,194,360
Downstream products	—	83,640
Corp/eliminations/other	—	—
Total	**$ —**	**$1,278,000**

	December 31, 2009	2008
Segment assets:		
Steel mills	$4,701,907	$5,373,934
Downstream products	637,978	880,364
Corp/eliminations/other	1,027,080	1,015,757
Total	**$6,366,965**	**$7,270,055**
Segment goodwill:		
Steel mills	$1,783,798	$1,773,711
Downstream products	178,300	178,300
Total	**$1,962,098**	**$1,952,011**
Segment Intangibles:		

Steel mills	$ 435,103	$ 489,667
Downstream products	14,900	26,069
Total	**$ 450,003**	**$ 515,736**

	Year Ended December 31, 2009	2008
Capital expenditures:		
Steel mills	$61,834	$139,569
Downstream products	10,964	18,787
Corp/eliminations/other	5,288	9,761
Total	**$78,086**	**$168,117**

Geographic data was as follows ($000s):

	United States	Canada	Total
December 31, 2009			
Revenue from external customers	$3,611,929	$ 583,794	$4,195,723
Property, plant and equipment	1,335,025	285,827	1,620,852
December 31, 2008			
Revenue from external customers	$7,300,256	$1,228,224	$8,528,480
Property, plant and equipment	1,533,064	275,414	1,808,478

NOTE 18 – FACILITY CLOSURE COSTS

During the second quarter of 2009, as a result of the significant downturn in the economy and declining demand for its products, the Company announced its plans to stop production at certain facilities (the "Plan"). The Company stopped production at its Perth Amboy, New Jersey and Sand Springs, Oklahoma facilities during the third quarter of 2009. The Company recorded a $115.0 million pre-tax charge for the year ended December 31, 2009, related to the Plan. The charge is included in the Facility closure costs line item of the Company's Consolidated Statement of Earnings and it impacted the Company's mills and downstream segments. The pre-tax facility closure cost charge for the year ended December 31, 2009 consisted of the following ($000s):

	December 31, 2009
Write-down of property, plant and equipment	$ 81,888
Inventory	11,668
Employee severance costs	5,026
Pension curtailment	3,967
Other	12,484
	$115,033

The cash charges which were included in the $115.0 million charge for the year ended December 31, 2009 were $15.1 million. Any unpaid cash charges were insignificant as of December 31, 2009. The Plan was substantially completed in 2009 and any remaining charges related to the Plan should be insignificant.

NOTE 19 – SUBSEQUENT EVENTS

In February 2010, the Board of Directors of the Company approved the adoption of the Equity Incentive Plan (the "EIP"), which is subject to shareholder approval. In connection with the proposed adoption of the EIP, the Company terminated the LTIP discussed in Note 15, and no further awards will be granted under this plan.

The EIP is designed to provide awards as determined by the Human Resources Committee of the Board of Directors. Awards under the EIP may take the form of stock options, SARs, deferred share units ("DSUs"), restricted share units ("RSUs"), performance share units ("PSUs"), restricted stock, and/or other share-based awards. Except for stock options, which must be settled in Common Shares, awards may be settled in cash or Common Shares. The maximum number of Common Shares issuable under the EIP is 16,000,000.

For the portion of any award which is payable in options or SARs, the exercise price of the options or SARs will be no less than the fair market value of a Common Share on the date of the award, as defined in the EIP. The vesting period for Options and SARs is determined by the Human Resources Committee at the time of grant. Options and SARs have a maximum term of 10 years. No more than 8,000,000 Common Shares may be issued under the EIP pursuant to SARs granted on a stand alone basis.

With respect to any award made in the form of DSUs, RSUs or PSUs, the number of Common Shares awarded to a participant and the vesting period of the award is determined by the Human Resources Committee. Under the EIP, no more than 1,000,000

Common Shares may be issued pursuant to DSUs and no more than 2,500,000 Common Shares may be issued pursuant to RSUs.

On March 12, an award of approximately $11.8 million was granted to participants under the EIP for 2010 performance, subject to shareholder approval of the EIP. Participants: (i) below a specified pay grade received their award in the form of SARs settled in Common Shares that vest ratably over five years, and (ii) above a specified salary grade received their award (a) 25% in the form of SARs settled in Common Shares that vest ratably over five years, (b) 25% in RSUs settled in Common Shares that vest ratably over five years, and (c) 50% in PSUs settled in Common Shares that cliff vest after five years subject to the achievement of certain annual targets. In addition, in order to take account of the difference between the four year vesting period for awards under the LTIP and the five year vesting period for the 2010 award under the EIP, in 2010 the Human Resource Committee made a one time award of RSUs that cliff vest after four years to participants above a specified salary grade. The Company issued 1,728,689 SARs, 277,621 RSUs, and 396,602 PSUs, under this plan. This award is being accrued over the vesting periods.

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ADDITIONAL DISCLOSURE

CERTIFICATIONS AND DISCLOSURE REGARDING CONTROLS AND PROCEDURES.

(a) Certifications. See Exhibits 99.1 and 99.2 to this Annual Report on Form 40-F.

(b) Disclosure Controls and Procedures. As of the end of the registrant's fiscal year ended December 31, 2009, an evaluation of the effectiveness of the registrant's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was carried out by the registrant's principal executive officer and principal financial officer. Based upon that evaluation, the registrant's principal executive officer and principal financial officer have concluded that as of the end of that fiscal year, the registrant's disclosure controls and procedures were effective to ensure that information required to be disclosed by the registrant in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to the registrant's management, including its principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

It should be noted that while the registrant's principal executive officer and principal financial officer believe that the registrant's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the registrant's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

(c) Management's Annual Report on Internal Control over Financial Reporting. The disclosure provided on page 40 in the registrant's Management's Discussion and Analysis is incorporated by reference herein.

(d) Attestation Report of the Registered Public Accounting Firm. The disclosure provided on page 41 of the registrant's audited consolidated financial statements is incorporated by reference herein.

(e) Changes in Internal Control over Financial Reporting. During the fiscal year ended December 31, 2009, there were no changes in the registrant's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

NOTICES PURSUANT TO REGULATION BTR.

None.

AUDIT COMMITTEE FINANCIAL EXPERT.

The required disclosure is included under the heading "Audit Committee" in the registrant's Annual Information Form for the fiscal year ended December 31, 2009, filed as part of this Annual Report on Form 40-F.

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CODE OF ETHICS.

The registrant has adopted a code of ethics that applies to its senior executive officers, including its chief executive officer, chief financial officer, the controller and all of the other persons employed by the registrant or its subsidiaries who have significant responsibility for preparing or overseeing the preparation of the registrant's financial statements and other financial data included in the registrant's periodic reports to the Canadian securities regulatory authorities and the U.S. Securities and Exchange Commission and in other public communications made by the registrant ("Code of Ethics Applicable to Senior Executives"). The registrant has also adopted a code of ethics and business conduct ("Code of Ethics and Business Conduct") that is applicable to all directors, officers and employees. You can view our Code of Ethics Applicable to Senior Executives and Code of Ethics and Business Conduct on our website at www.gerdauameristeel.com.

PRINCIPAL ACCOUNTANT FEES AND SERVICES.

The required disclosure is included under the heading "Audit Fees" in the registrant's Annual Information Form for the fiscal year ended December 31, 2009, filed as part of this Annual Report on Form 40-F.

PRE-APPROVAL POLICIES AND PROCEDURES.

The required disclosure is included under the heading "Audit Committee—Pre-Approval Policies and Procedures" in the registrant's Annual Information Form for the fiscal year ended December 31, 2009, filed as part of this Annual Report on Form 40-F.

OFF-BALANCE SHEET ARRANGEMENTS.

The required disclosure is included under the heading "Off-Balance Sheet Arrangements" in the registrant's Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2009, filed as part of this Annual Report on Form 40-F.

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS.

The required disclosure is included under the heading "Contractual Obligations" in the registrant's Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2009, filed as part of this Annual Report on Form 40-F.

IDENTIFICATION OF THE AUDIT COMMITTEE.

The required disclosure is included under the heading "Audit Committee" in the registrant's Annual Information Form for the fiscal year ended December 31, 2009, filed as part of this Annual Report on Form 40-F.

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ADDITIONAL DISCLOSURE REQUIRED BY THE NEW YORK STOCK EXCHANGE

Director Independence

The required disclosure is included under the heading “Director Independence” in the registrant’s Annual Information Form for the fiscal year ended December 31, 2009, filed as part of this Annual Report on Form 40-F.

Presiding Director at Meetings

The required disclosure is included under the heading “Presiding Director at Meetings” in the registrant’s Annual Information Form for the fiscal year ended December 31, 2009, filed as part of this Annual Report on Form 40-F.

Communication with Non-Management Directors

The required disclosure is included under the heading “Communication with Non-Management Directors” in the registrant’s Annual Information Form for the fiscal year ended December 31, 2009, filed as part of this Annual Report on Form 40-F.

Corporate Governance

The required disclosure is included under the heading “Corporate Governance” in the registrant’s Annual Information Form for the fiscal year ended December 31, 2009, filed as part of this Annual Report on Form 40-F.

Board Committee Mandates

The required disclosure is included under the heading “Board Committee Mandates” in the registrant’s Annual Information Form for the fiscal year ended December 31, 2009, filed as part of this Annual Report on Form 40-F.

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UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. UNDERTAKING.

The registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Securities and Exchange Commission (the "Commission") staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. CONSENT TO SERVICE OF PROCESS.

The registrant has previously filed a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the agent for service of process of the registrant shall be communicated promptly to the Commission by an amendment to the Form F-X referencing the file number of the relevant registration statement.

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SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 29, 2010.

GERDAU AMERISTEEL CORPORATION

By: /s/ Mario Longhi
Mario Longhi
President and Chief Executive Officer

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EXHIBIT INDEX

Exhibit	Description
99.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
99.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
99.3	Section 1350 Certification of Chief Executive Officer
99.4	Section 1350 Certification of Chief Financial Officer
99.5	Consent of Deloitte & Touche LLP
99.6	Amended and Restated Senior Export and Working Capital Facility Agreement, dated as of November 6, 2007 among Gerdau Ameristeel US Inc. and GNA Partners, GP, as Borrowers, Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors, the financial institutions party thereto from time to time and JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent.
99.7	Loan Agreement dated as of November 23, 2009 among GUSAP Partners II, GP, as Borrower, the guarantors party thereto and Gerdau Holdings Inc., as Lender.
99.8	Credit Agreement dated as of December 21, 2009 among Gerdau Ameristeel Corporation, Consolidated Recycling Incorporated, Gerdau Ameristeel US Inc., Gerdau Ameristeel Sayreville Inc., Gerdau Ameristeel Perth Amboy Inc., Sheffield Steel Corporation, Chaparral Steel Texas, LLC, Chaparral (Virginia) Inc., Chaparral Steel Midlothian, LP, American Materials Transport, Inc., and Enco Materials, Inc., Bank of America, N.A., as Administrative Agent, Bank of America, N.A. (acting through its Canada branch), as Canadian Administrative Agent, Bank of America, N.A. and General Electric Capital Corporation, as Collateral Agents, the issuing banks party thereto and the lenders party thereto.

Exhibit 99.1

CERTIFICATION

I, Mario Longhi, President and Chief Executive Officer, certify that:

1. I have reviewed this annual report on Form 40-F of Gerdau Ameristeel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a — 15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2010

By: /s/ Mario Longhi
Mario Longhi
President and Chief Executive Officer

Exhibit 99.2

CERTIFICATION

I, Barbara R. Smith, Vice President, Finance, Chief Financial Officer and Assistant Secretary, certify that:

1. I have reviewed this annual report on Form 40-F of Gerdau Ameristeel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 29, 2010

By: /s/ Barbara R. Smith
Barbara R. Smith
Vice President, Finance, Chief Financial Officer
and Assistant Secretary

Exhibit 99.3

CERTIFICATION

In connection with the periodic report of Gerdau Ameristeel Corporation (the "Company") on Form 40-F for the period ended December 31, 2009 as filed with the Securities and Exchange Commission (the "Report"), I, Mario Longhi, President and Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: March 29, 2010

By: /s/ Mario Longhi
Mario Longhi
President and Chief Executive Officer

Exhibit 99.4

CERTIFICATION

In connection with the periodic report of Gerdau Ameristeel Corporation (the "Company") on Form 40-F for the period ended December 31, 2009 as filed with the Securities and Exchange Commission (the "Report"), I, Barbara R. Smith, Vice President, Finance, Chief Financial Officer and Assistant Secretary of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

This Certification has not been, and shall not be deemed, "filed" with the Securities and Exchange Commission.

Date: March 29, 2010

By: /s/ Barbara R. Smith
Barbara R. Smith
Vice President, Finance, Chief Financial Officer
and Assistant Secretary

Exhibit 99.5

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the use in this Annual Report on Form 40-F and incorporation by reference in the Registration Statement on Form S-8 (No. 333-109970 and No. 333-141316) of our report dated March 29, 2010, relating to the financial statements and financial statement schedules of Gerdau Ameristeel Corporation and the effectiveness of Gerdau Ameristeel Corporation's internal control over financial reporting appearing in the Annual Report on Form 40-F for the year ended December 31, 2009.

We also consent to the reference to us under the heading "Auditors, Transfer Agent, and Registrar" and "Interest of Experts" in the Annual Information Form in this Annual Report on Form 40-F.

/s/ Deloitte & Touche LLP

March 29, 2010

Exhibit 99.6

EXECUTION COPY

U.S.$2,750,000,000

AMENDED AND RESTATED SENIOR EXPORT AND WORKING CAPITAL FACILITY AGREEMENT

among

GERDAU AMERISTEEL US INC. and GNA PARTNERS, GP,
as Borrowers,

GERDAU S.A., GERDAU AMERISTEEL CORPORATION, GERDAU AÇOMINAS S.A., GERDAU ACOMINAS OVERSEAS LIMITED, GERDAU AÇOS LONGOS S.A., GERDAU AÇOS ESPECIAIS S.A. and GERDAU COMERCIAL DE AÇOS S.A.,
as Guarantors,

THE BANKS DEFINED HEREIN,
and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and
Collateral Agent

Dated as of November 6, 2007

ABN AMRO BANK N.V.,
HSBC SECURITIES (USA) INC. and
J.P. MORGAN SECURITIES INC.,
as Joint Lead Arrangers and
Bookrunners

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.,
BANCO DO BRASIL SA NEW YORK BRANCH,
BANCO ITAU BBA S.A. — NASSAU BRANCH,
BANCO ITAU EUROPA S.A. — SUCURSAL FINANCIERA INTERNACIONAL,
BANK OF AMERICA, N.A.,
MIZUHO CORPORATE BANK LTD.,
STANDARD CHARTERED BANK,
SUMITOMO MITSUI BANKING CORPORATION,
THE BANK OF TOKYO-MITSUBISHI UFJ, LTD. and
WESTLB AG, NEW YORK BRANCH,
as Mandated Lead Arrangers

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AMENDED AND RESTATED SENIOR EXPORT AND WORKING CAPITAL FACILITY AGREEMENT, dated as of November 6, 2007 (the "Agreement"), among Gerdau Ameristeel US Inc., a corporation organized under the laws of Florida ("Ameristeel US"), GNA Partners, GP, a Delaware general partnership ("GNA Partners" and together with Ameristeel US, each, individually, a "Borrower" and, collectively, the "Borrowers"); Gerdau S.A., a corporation organized under laws of Brazil ("Gerdau"), Gerdau Ameristeel Corporation, a corporation organized under the laws Canada ("Ameristeel"), Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A. (collectively, and together with Gerdau and Ameristeel, the "Guarantors"); the financial institutions party hereto from time to time (each, a "Bank" and, collectively, the "Banks"); JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent") and JPMorgan Chase Bank, N.A., as collateral agent (in such capacity, the "Collateral Agent"), which amends and restates the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (the "Original Agreement"), among the Borrowers, the Guarantors, the financial institutions party thereto (the "Original Banks"), the Administrative Agent and the Collateral Agent.

WHEREAS, immediately prior to the execution and delivery of this Agreement and the amendment and restatement of the Original Agreement pursuant hereto, the Banks entered into the Master Assignment and Acceptance Agreement enabling each Original Bank to assign to each assignee bank thereunder a portion of the rights and obligations of such Original Bank under the Original Credit Agreement in respect of its portion of the loans, its notes and the other rights and obligations of such Original Bank in connection therewith.

WHEREAS, the parties hereto wish to amend and restate the Original Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree to amend and restate the Original Agreement as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Account Control Agreement" shall mean the Account Control Agreement among the Collateral Agent, the Intermediary (as defined therein) and the Off-taker, dated as of September 10, 2007, substantially in the form of Exhibit D hereto, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Acquisition" means the acquisition by GCV Inc., a Delaware corporation, a wholly-owned Subsidiary of Ameristeel US, of 100% of the issued and outstanding Capital Stock of Chaparral Steel Company.

"Acquisition Agreement" means the Agreement and Plan of Merger by and among Ameristeel, GCV Inc. and Chaparral Steel Company, dated as of July 10, 2007.

"Activation Event" has the meaning set forth in Article IX.

"Administrative Agent" has the meaning set forth in the preamble.

"Administrative Agent's Account" means the account of the Administrative Agent maintained at the Payment Office, with the administrative details set forth below:

JPMorgan Chase Bank, N.A. (ABA # 021000021)
Account No. 9008113381H0975
Attn: Jeremy M. Jones
Ref: Gerdau Ameristeel Clearing Account

"Advance Transaction" means an advance from a financial institution involving either (i) a foreign exchange contract (ACC — *Adiantamento sobre Contrato de Câmbio*) or (ii) an export contract (ACE — *Adiantamento sobre Contrato de Exportação*).

"Affected Interest Period" has the meaning set forth in Section 4.2.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") of a Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of such Voting Stock, by contract or otherwise.

"Agent" means either the Administrative Agent or the Collateral Agent.

"Agreement" has the meaning set forth in the preamble.

"Ameristeel" has the meaning set forth in the preamble.

"Ameristeel Entity" means each of Ameristeel and the Borrowers.

"Ameristeel US" has the meaning set forth in the preamble.

"Anti-Terrorism Laws" has the meaning set forth in Section 7.22(a).

"Applicable Law" means any applicable constitution, treaty, or convention or any applicable statute, law, regulation, ordinance, rule, judgment, rule of common law, order, decree, approval (including any Governmental Approval), concession, grant, franchise, license,

agreement, directive, guideline, policy, requirement or other governmental restriction or any similar form of decision of, or determination by (or any interpretation or administration of any of the foregoing by), any Governmental Authority, whether in effect as of the date hereof or hereafter.

"Applicable Margin" means at any time, the rate per annum for the Tranche A Loans (the "Tranche A Margin"), the rate per annum for the Tranche B Loans (the "Tranche B Margin") or the rate per annum for the Tranche C Loans (the "Tranche C Margin"), as applicable, set forth opposite the Rating of Gerdau at such time in the pricing grid below:

S&P Rating of Gerdau	Tranche A Margin	Tranche B Margin	Tranche C Margin
A- or above	0.8750%	1.125%	1.125%
BBB- or above but less than A-	1.000%	1.250%	1.250%
Less than BBB-	1.250%	1.500%	1.500%

For purposes of the definition of "Applicable Margin": (a) if a Rating is not in effect, the Applicable Margin will be the percentage set forth opposite the Rating of "Less than BBB-" for S&P; (b) if the Rating shall be changed at any time, any such change shall be effective as of the date on which such change is notified, in writing, to the Administrative Agent by the Borrowers, Gerdau or any Bank; and (c) if S&P shall change the basis on which ratings are established or the nomenclature for ratings issued by it, each reference to the Rating, shall refer to the then equivalent rating by S&P. Subject to clause (b) above, the ratings in effect for any day are those in effect at the close of business on such day in New York City, New York, United States.

"Availability Expiry Date" means the earlier to occur of (a) the date occurring ninety (90) days after September 10, 2007, and (b) the Borrowing Date.

"Bank" means each financial institution listed on Schedule I, as well as any institution that becomes a "Bank" hereunder pursuant to Section 13.3.

"Base Rate" means the fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the greater of: (a) the rate of interest established from time to time by the Administrative Agent in New York as its prime rate (and such term shall not be construed to be its most favorable rate) and (b) ½ of one percent per annum above the Federal Funds Rate.

"Borrowers" has the meaning set forth in the preamble.

"Borrowing" means the borrowing of the Loans hereunder on a given date.

"Borrowing Date" means the date on which the Borrowing occurs.

"Brazil" means the Federative Republic of Brazil.

"Brazilian GAAP" means the generally accepted accounting principles (as in effect from time to time) in Brazil.

"Business Day" means a day (other than Saturday or Sunday) on which commercial banks are not authorized or required to close in New York City, New York and, with respect only to any determination of a LIBO Rate, that is also a London Business Day.

"Capital Lease Obligations" means, as to any Person, the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and/or personal property, which obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Capital Stock" means, as to any Person, any and all shares, interests or other equivalents (however designated) or, with respect to Brazilian companies, participations or quotas of capital stock of a corporation, any and all ownership interests in a Person other than a corporation and any and all warrants or options to purchase any of the foregoing which would be shown as capital stock on the consolidated balance sheet of such Person and its consolidated subsidiaries prepared in accordance with GAAP.

"Change in Control" means that: (a) the Family shall cease to own, directly or indirectly, beneficially and of record, at least a majority of the outstanding Voting Stock of Gerdau or shall cease to have the power to direct or cause the direction of the management and policies of Gerdau, or (b) Gerdau shall cease to own, directly or indirectly, beneficially and of record, at least a majority of the outstanding shares of Voting Stock of each Borrower or any Guarantor (other than Gerdau), or shall cease to have the power to direct or cause the direction of the management and policies of each Borrower or any Guarantor (other than Gerdau).

"Change of Control Notice" has the meaning specified in Section 2.8(a).

"Code" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"Collateral Agent" has the meaning set forth in the preamble.

"Collection Account" means, the securities account of the Off-taker established and maintained at the principal corporate trust office of the Intermediary (as defined in the Account Control Agreement) under the control of the Collateral Agent pursuant to the Account Control Agreement; *it being understood* that payments made to the Collection Account shall be addressed as follows: JPMorgan Chase Bank, N.A., Houston Texas, ABA # 021000021, Account # 304952265: GERDAU COLLECTION ACCOUNT.

"Commitment" means, as to each Bank, the aggregate amount of such Bank's Tranche A Commitment, Tranche B Commitment and Tranche C Commitment as set forth opposite such Bank's name in Schedule I as the same may be (a) reduced or terminated pursuant to Sections 2.1, 2.9, 2.10 and/or Article X and/or (b) adjusted from time to time as a result of assignments to or from such Bank pursuant to Section 13.3.

"Commitment Fee" means, with respect to each of the Tranche A Commitment, Tranche B Commitment and Tranche C Commitment, a fee equal to 40% of the Applicable Margin then applicable to the Tranche A Loans, Tranche B Loans and Tranche C Loans, as applicable, calculated on per annum basis on the daily unused portion of the aggregate amount of the Tranche A Commitments, Tranche B Commitments and Tranche C Commitments, commencing on September 17, 2007 until the Availability Expiry Date.

"Compliance Certificate" has the meaning specified in Section 8.15(f).

"Consolidated" refers to the consolidation of the financial statements of any person and its subsidiaries in accordance with GAAP.

"Consolidated Net Tangible Assets" means the total amount of assets of Gerdau or Ameristeel, as applicable, on a consolidated basis less (a) applicable depreciation, amortization and other valuation reserves, (b) all current liabilities excluding intercompany Debt and (c) all goodwill, trade names, trademarks, patents and other intangibles, each as set forth on the most recent financial statements delivered by Gerdau or Ameristeel, as applicable, to the Administrative Agent in accordance with Section 8.4.

"Consolidated Net Worth" means, on a Consolidated basis, the amount by which assets exceed liabilities for Gerdau.

"Credit Documents" means, collectively, this Agreement, the Notes, the Security Agreement, the Account Control Agreement, the Intercompany Export Agreement, the Notices of Borrowing, the Fee Letter and each other agreement executed in connection herewith and therein identified as such.

"Date of Determination" means each March 31, June 30, September 30 and December 31 of each year.

"Debt" means, with respect to any Person, without duplication:

(a) the principal of and premium, if any, in respect of (i) indebtedness of such Person for borrowed money and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable;

(b) all Capital Lease Obligations of such Person;

(c) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable or other short-term obligations to suppliers payable within 180 days, in each case arising in the ordinary course of business);

(d) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (other than obligations with respect to letters of credit securing obligations (other than obligations described in clauses (a) through (c) above) entered into in the ordinary course of business of such Person to the extent

such letters of credit are not drawn upon or, if and to the extent drawn upon, such drawing is reimbursed no later than the tenth Business Day following receipt by such Person of a demand for reimbursement following payment on the letter of credit);

(e) all Hedging Agreements of such Person;

(f) all obligations of the type referred to in clauses (a) through (d) of other Persons and all dividends of other Persons for the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any guarantee (other than obligations of other Persons that are customers or suppliers of such Person for which such Person is or becomes so responsible or liable in the ordinary course of business to (but only to) the extent that such Person does not, or is not required to, make payment in respect thereof);

(g) all obligations of the type referred to in clauses (a) through (e) of other Persons secured by any Lien on any property or asset of such Person (whether or not such obligations is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligations so secured; and

(h) any other obligations of such Person which are required to be, or are in such Person's financial statements, recorded or treated as debt under GAAP.

"Default" means an event that (with notice, lapse of time or both) would become an Event of Default.

"Default Rate" means, at any date of determination, a rate *per annum* equal to the sum of 2% *per annum plus* the Applicable Margin plus the LIBO Rate for the then-current Interest Period.

"Designated Eligible Buyers" means certain Eligible Buyers that are designated by the Off-taker from time to time by written notice to the Collateral Agent for purposes of satisfying the requirements of the Periodic Coverage Amount and that are listed on Schedule IV hereto, as such Schedule may be amended from time to time pursuant to Section 8.15(c) hereof.

"Designated Eligible Buyer Notice" has the meaning set forth in Article IX.

"Dollars", "U.S.$" and "$" mean lawful money of the United States of America.

"EBITDA" means, for any period, the total earnings of Gerdau, on a Consolidated basis, before income taxes, Interest Expense, depreciation and amortization during such period, eliminating from the calculation of such earnings: (a) any net income or gain (or net loss), net of any tax effect, from any extraordinary items during such period, (b) any interest income during such period, (c) gains or losses on the sale of Property (other than the sale of Property in the ordinary course of business) during such period, (d) any other non-cash items deducted from or included in the calculation of pre-tax net income for such period (other than items that will require cash payments and for which an accrual or reserve has been, or is required by GAAP to be, made), including foreign exchange gains or losses upon loans and foreign currency

translation adjustments or monetary correction and (e) any net income or gain (or net loss) on any foreign exchange transactions or net monetary positions during such period.

"EBITDA to Interest Expense Ratio" means, as of any Date of Determination, the ratio (expressed as a decimal) of: (a) EBITDA for the period of the last twelve months to (b) Interest Expense for the period of the last twelve months.

"Effective Date" means the date on which each of the conditions set forth in Article V was satisfied (or waived in accordance herewith).

"Eligible Assignee" means (i) KfW IPEX-Bank GmbH and (ii) any other Person (a) having a minimum rating by Moody's of A1, or comparable rating by S&P; and (b) except if such Person is another Bank or an Affiliate of the assigning Bank, at the time an assignment is effected in accordance with Section 13.3, consented to by the Administrative Agent, such consent not to be unreasonably withheld, and, provided no Event of Default has occurred and is continuing, consented to by Gerdau, such consent not to be unreasonably withheld or delayed.

"Eligible Buyers" means final buyers of Products from the Off-taker which are (i) as of the Effective Date, set forth on Schedule III hereto and (ii) if added thereafter as contemplated by this Agreement, (A) acceptable to the Majority Banks or (B) either buyers (x) that are located in OECD Countries and with a minimum rating of A- by S&P or A3 by Moody's, or (y) whose obligations are covered by letters of credit issued by banks with a minimum rating of A- by S&P or A3 by Moody's, or (z) that enter into sales agreements with the Exporters and/or the Off-taker with payment terms on a cash against documents or on a pre-shipment basis; provided, that, each Eligible Buyer shall not have its principal place of business in a country dealings with which are generally prohibited by applicable U.S. law or by applicable United Nations resolution and shall not be named on any OFAC List. Notwithstanding the above, in no event shall any Obligor or an Affiliate thereof be considered an Eligible Buyer.

"Environmental Laws" means all Applicable Laws related to pollution, the protection of the environment or the treatment, storage, disposal, release, threatened release or handling of Hazardous Materials, and any specific agreements entered into with any Governmental Authorities that include commitments related to environmental matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with either Borrower, is treated as a single employer under Section 414(b) or (c) of the

Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event," as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by either Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by either Borrower or any of its ERISA Affiliates from the PBGC of any notice of its intent to institute proceedings to terminate any Plan or to appoint a trustee to administer any Plan under Section 4042 of ERISA or the providing of notice by a plan administrator of the intent to terminate any Plan under Section 4041 of ERISA; (f) the incurrence by either Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by either Borrower or any of its ERISA Affiliates of any notice, or the receipt by any Multiemployer Plan from such Borrower or any of its ERISA Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Event of Default" has the meaning set forth in Article X.

"Executive Order" has the meaning set forth in Section 7.22(a).

"Exercise Notice" has the meaning set forth in Section 2.8(b).

"Export Receivables" has the meaning set forth in Section 8.15.

"Exporters" means each of Gerdau, Gerdau Açominas S.A., Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A.

"Family" means, collectively, the members of the Gerdau Johannpeter family, and their lineal descendants, and trusts that are exclusively for the benefit of any of the foregoing (provided that any of the foregoing has the right to control such trust).

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Letter" means the letter agreement, dated as of August 24, 2007, among the Joint Lead Arrangers, the Administrative Agent, the Collateral Agent, Gerdau and Ameristeel

providing for the payment of fees to the Administrative Agent, the Collateral Agent and the Joint Lead Arrangers in connection herewith (*it being understood* that, notwithstanding anything herein to the contrary, no Person other than the Joint Lead Arrangers, the Administrative Agent, the Collateral Agent, Gerdau and Ameristeel shall have any rights with respect thereto, including any right to receive a copy thereof).

"Fees" means each of the fees specified in Article III.

"Foreign Tax Credit" means any tax credit obtained by each Bank in its country of incorporation as a consequence of withholding tax payments by the Borrowers to the U.S. federal tax authorities on interests paid to the Banks.

"GAAP" means, with respect to (a) annual financial statements delivered by the Guarantors, US GAAP, (b) all other financial statements delivered by the Guarantors (except Ameristeel), Brazilian GAAP, and (c) all financial statements delivered by Ameristeel or the Borrowers, US GAAP.

"Gerdau" has the meaning set forth in the preamble.

"Gerdau Entity" means the Guarantors other than Ameristeel.

"GNA Partners" has the meaning set forth in the preamble.

"Governmental Approval" means any action, order, authorization, consent, approval, license, lease, ruling, permit, tariff, rate, certification, exemption, filing or registration from, by or with any Governmental Authority.

"Governmental Authority" means any nation or government, any state or municipality, or any other agency, instrumentality or political subdivision thereof and any entity exercising executive, legislative, judicial, monetary, regulatory or administrative functions of or pertaining to government.

"Guarantor" has the meaning set forth in the preamble.

"Guaranty" by any Person means any obligation, contingent or otherwise, of such Person directly or indirectly guaranteeing any Debt of any other Person, including any obligation, direct or indirect, contingent or otherwise, of such other Person: (a) to purchase or pay (or advance or supply funds for the purchase or payment of) any Debt (whether arising by virtue of partnership arrangements, by agreement to keep-well, to purchase Property, securities and/or services, to take-or-pay or to maintain financial statement conditions or otherwise, other than agreements to purchase Property, securities and/or services at an arm's-length price in the ordinary course of business) or (b) entered into for the purpose of assuring in any other manner the holder of such Debt of the payment thereof or to protect such holder against loss in respect thereof (in whole or in part); provided that the guarantee by any Person shall not include endorsements by such Person for collection or deposit in the ordinary course of business and unsecured guarantees made for the benefit of any Person pursuant to a vendor financing transaction for the sale of Products to such Person. The term "Guaranty" used as a verb has a corresponding meaning.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, and infectious or medical wastes, regulated pursuant to any Environmental Law.

"Hedging Agreements" means any agreement in respect of any rate swap transaction, basis swap, forward rate transaction, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of the foregoing transactions, calculated by reference to the marked-to-market accounting valuation.

"Intercompany Export Agreement" means the Export Agreement, dated as of September 10, 2007 (as amended from time to time with the consent of the Collateral Agent), among the Exporters and the Off-taker pursuant to which the Exporters shall sell and the Off-taker shall purchase Products.

"Interest Determination Date" means, with respect to any Interest Period, the second London Business Day prior to the commencement of such Interest Period.

"Interest Expense" means, for any period, interest expense on the Debt of Gerdau, on a Consolidated basis, including (without duplication): (a) fees (including commitment fees and insurance premiums), (b) net payments under any Hedging Agreement, (c) the interest portion of any deferred payment obligations, (d) all fees and charges owed with respect to letters of credit or performance or other bonds, (e) all accrued or capitalized interest, and (f) any amortization of debt discount; provided that Interest Expense shall not include expenses arising in connection with foreign exchange losses, including foreign exchange losses upon loans and foreign currency translation adjustments or monetary correction.

"Interest Payment Date" means the last day of each Interest Period.

"Interest Period" means (i) for all Loans, with respect to the first Interest Period, the period commencing on and including the Borrowing Date and ending on but not including the date that occurs one month after September 10, 2007; (ii) with respect to subsequent Interest Period(s) occurring prior to the date that occurs six months after September 10, 2007 (x) for the Tranche A Loans and Tranche B Loans, the period commencing on and including the last day of the immediately preceding Interest Period and ending on but not including the date that occurs one month thereafter or as otherwise agreed by the Administrative Agent and Ameristeel US, *provided* that an Interest Period must end on the date that occurs six months after September 10, 2007, and (y) for the Tranche C Loans, the period commencing on and including the last day of the immediately preceding Interest Period and ending on but not including the date that occurs one month thereafter or as otherwise agreed by the Administrative Agent and Ameristeel US (and for the avoidance of doubt, such Interest Periods applicable to Tranche C Loans established pursuant to this subsection (ii) are not required to be consistent with the Interest Periods applicable to Tranche A Loans and Tranche B Loans established pursuant to this subsection (ii)), *provided* that an Interest Period must end on the date that occurs six months after September 10,

2007; and (iii) with respect to all Loans, each successive six-month period thereafter, *provided* that:

(a) any Interest Period that would otherwise extend beyond a Payment Date shall end on such Payment Date including, without limitation, each Scheduled Maturity Date,

(b) any Interest Period that begins on a day for which there is no numerically corresponding day in the subsequent calendar month shall end on the last Business Day of such calendar month,

(c) if any such date is not a Business Day such Interest Period shall end on the next Business Day unless such next Business Day would fall in another calendar month, in which case such Interest Period shall end on the preceding Business Day, and

(d) the term "Interest Period" shall include any period selected by the Administrative Agent from time to time in accordance with Section 2.9(b).

"Joint Lead Arranger" means each of ABN AMRO Bank N.V., HSBC Securities (USA) Inc. and J.P. Morgan Securities Inc.

"Lending Office" means, for each Bank, the lending office of such Bank (or of an Affiliate of such Bank) designated in its administrative questionnaire or such other office of such Bank (or of an Affiliate of such Bank) located in an OECD Country or Brazil as such Bank may from time to time specify to the Administrative Agent as the office by which its Loan is to be made and maintained; provided that any such other office so specified following the date of this Agreement shall not, at the time such office is so specified, result in an increase of amounts payable by the Borrowers pursuant to Sections 4.1 and 4.5 hereof.

"LIBO Rate" means, for any Interest Period, the rate for deposits in Dollars for a period equivalent to such Interest Period and in an amount approximately equal to the principal amount of each advance which appears on the Telerate Page 3750 (or such other page as may replace the LIBOR page on that service for the purpose of displaying London interbank offered rates) as of 11:00 a.m., London time, on the second London Business Day next preceding the commencement of such Interest Period. In the event that such rate is not available at such time for any reason, then LIBOR for such Interest Period shall be the arithmetic mean (rounded up to the nearest one sixteenth of one percent (1/16%)) of the respective rates of interest communicated by 3 (three) leading banks chosen by the Administrative Agent (the "Reference Lenders") to the Administrative Agent as the rate at which each such Reference Lender would offer a deposit in Dollars for a period comparable to such Interest Period and in the amount that is representative for a single transaction in such market at such time to prime banks in the London interbank market at approximately 11:00 a.m., London time, on the second London Business Day next preceding the commencement of such Interest Period; provided, however, that if any of the Reference Lenders fails so to communicate a rate, LIBOR shall be determined on the basis of the rate or rates communicated to the Administrative Agent by the remaining Reference Lender or Reference Lenders. For the purpose of this definition, "Telerate Page

3750" means the display page designated as Page 3750 of the Telerate Service of Bridge Information Services.

"Lien" means any mortgage, lien, pledge, usufruct, fiduciary transfer (alienação fiduciária), charge, encumbrance or other security interest or any preferential arrangement (including a securitization) that has the practical effect of creating a security interest.

"Loans" means the Tranche A Loans, the Tranche B Loans and the Tranche C Loans made by any Bank or by all the Banks, as the context requires, to the Borrowers pursuant to this Agreement.

"London Business Day" means a day on which dealings in Dollar deposits are carried out in the London interbank market

"Majority Banks" means, at any time of determination, Banks having more than 50.1% of the aggregate principal amount of the Loans then outstanding or, if no Loans are outstanding, more than 50.1% of the aggregate amount of the Commitments.

"Margin Stock" has the meaning set forth in Section 7.18.

"Market Value" means at any time of determination with respect to calculating the Periodic Coverage Amount, the quantity of the Products scheduled to be delivered during the applicable Interest Period *multiplied by* the US Dollar price(s) established for such Products pursuant to the terms of the Sales Agreements.

"Master Assignment and Acceptance Agreement" means the Assignment and Acceptance Agreement, dated as of November 6, 2007, between the Banks listed on the signature pages hereto and consented to by the Administrative Agent and Gerdau.

"Material Adverse Effect" means a material adverse effect on (a) the performance, business, operations, condition (financial or otherwise) or Properties of the Obligors, taken as a whole, (b) the ability of the Obligors, taken as a whole, to perform their payment obligations under the Credit Documents, or (c) the validity or enforceability of any of the Credit Documents against any Obligor.

"Moody's" means Moody's Investors Service, Inc. or any successor thereto.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Note" has the meaning set forth in Section 2.4(a).

"Notice of Borrowing" has the meaning set forth in Section 2.2.

"Obligations" means, without duplication, all amounts owing to the Administrative Agent, the Collateral Agent, the Joint Lead Arrangers or any Bank pursuant to the terms of this Agreement or any other Credit Document.

"Obligors" means, individually and collectively, the Borrowers and the Guarantors.

"OECD Country" means, at any time, any nation that is a member of the Organization of Economic Cooperation and Development at such time.

"OFAC" means the Office of Foreign Assets Control of the United States Department of the Treasury.

"OFAC Lists" has the meaning set forth in Section 7.22(b)(ii).

"Off-taker" means Gerdau Acominas Overseas Limited.

"Off-taker's Payment Account" means, collectively, the payment accounts of the Off-taker maintained by JPMorgan Chase Bank, N.A., with the administrative details set forth below:

Account number: 400133644
Account number: 400952734

Bank: JPMORGAN CHASE BANK — NY
ABA: 021000021
CHIPS: 0002
SWIFT: CHASUS33

"Original Agreement" has the meaning set forth in the preamble.

"Original Banks" has the meaning set forth in the preamble.

"Organizational Documents" means, with regard to any Person: (a) its articles of incorporation or other similar document, (b) its *estatutos sociais*, by-laws or other similar document, (c) any certificate of designation or other document to which such Person is party relating to the rights of preferred shareholders or other holders of Capital Stock of such Person, and (d) any shareholder rights agreement, registration rights agreement, joint venture agreement or other similar agreement to which such Person is party.

"Overall Coverage Amount" means, at any time of determination, an amount equal to 110% of the principal amount of the Loans outstanding at such time.

"Patriot Act" has the meaning set forth in Section 13.14.

"Payment Date" means each Interest Payment Date, each Principal Payment Date and each Scheduled Maturity Date.

"Payment Office" means the office of the Administrative Agent located at JPMorgan Chase Bank, N.A., 1111 Fannin Street, Floor 10, Houston, TX 77002 or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Periodic Coverage Amount" means, for each Interest Period, an amount generated from Export Receivables with a Market Value not less than 125% of the Pre-Export Loans Debt Service Amount applicable to such Interest Period.

"Person" means any individual, corporation, company, voluntary association, partnership, limited liability company, joint venture, trust, unincorporated organization, Governmental Authority or other entity of whatever nature.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which either Borrower or any of its ERISA Affiliates is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pre-Export Loans" means any Tranche A Loan or Tranche B Loan made by any Bank.

"Pre-Export Loans Debt Service Amount" means, for each Payment Date, the aggregate amount of principal (if any) and interest due under this Agreement with respect to Pre-Export Loans to be payable on such Payment Date or during the Interest Period ending on such Payment Date (*plus* any such amounts overdue from prior periods).

"Principal Payment Date" means each Tranche A Principal Payment Date, each Tranche B Principal Payment Date and each Tranche C Principal Payment Date.

"Process Agent" has the meaning set forth in Section 13.6(c).

"Products" means steel products.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, moveable or immoveable, tangible or intangible, including without limitation cash, securities, accounts and contract rights.

"Rating" means, as of any date and with respect to Gerdau, the ratings of S&P then in effect for the senior unsecured long-term foreign currency-denominated debt of Gerdau. Any rating indicated by any other rating agency and any rating indicated for or assigned to any other debt security of the Guarantors shall be disregarded.

"Register" has the meaning set forth in Section 13.3(b).

"S&P" means Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc. or any successor thereto.

"Sales Agreement" means each contract or other agreement (which may be formed by exchange of letters, e-mail, other electronic communication or other correspondence

(including purchase orders)) from time to time entered into by the Off-taker with a Designated Eligible Buyer for the sale of Products, free and clear of any Lien other than pursuant to the Security Agreement.

"Scheduled Maturity Date" means the Tranche A Scheduled Maturity Date, the Tranche B Scheduled Maturity Date and the Tranche C Scheduled Maturity Date, as applicable.

"Secured Export Notes" means the 7.37% Fixed Rate Notes, Series 2003-A, and the 7.321% Fixed Rate Notes, Series 2004-A, in each case issued by Brazilian Steel Importer Ltd.

"Securities Act" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated by the United States Securities and Exchange Commission thereunder.

"Security Agreement" shall mean the Assignment and Security Agreement among the Collateral Agent, the Off-taker and the Exporters, dated as of September 10, 2007, substantially in the form of Exhibit C hereto, as amended, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Solvent" means, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Specified Representations" means each of the representations and warranties contained in Sections 7.1, 7.6, 7.16 and 7.18.

"Springing Lien Collateral" shall have the meaning ascribed to it in the Security Agreement.

"Subsidiary" means, with respect to any Person, any corporation or other entity more than 50% of the Voting Stock in which is owned or controlled, directly or indirectly, by such Person and/or by any Subsidiary of such Person.

"Taxes" has the meaning set forth in Section 4.5.

"Total Commitment" means, at any time, the sum of the Commitments of each of the Banks.

"Total Debt" means, as of any Date of Determination, the aggregate outstanding principal amount of Debt of Gerdau, on a Consolidated basis, as of such day.

"Total Debt to EBITDA Ratio" means, as of any Date of Determination, the ratio (expressed as a decimal) of: (i) Total Debt as of such day to (ii) EBITDA for the last twelve months.

"Tranche A Loan" means, as to each Bank, the loan made by such Bank hereunder with respect to such Bank's Tranche A Commitment.

"Tranche A Commitment" means, as to each Bank, the obligation of such Bank, on and subject to the terms and conditions of this Agreement, to disburse a Tranche A Loan in a principal amount up to but not exceeding the Tranche A Commitment specified opposite such Bank's name in Schedule 1, as the same may be modified pursuant to the terms hereof. The aggregate amount of the Banks' Tranche A Commitments is U.S.$1,250,000,000.

"Tranche A Principal Payment Date" means each of the Interest Payment Dates occurring in the 42nd, 48th and 54th month after September 10, 2007 and the Tranche A Scheduled Maturity Date.

"Tranche A Scheduled Maturity Date" means September 10, 2012.

"Tranche B Loan" means, as to each Bank, the loan made by such Bank hereunder with respect to such Bank's Tranche B Commitment.

"Tranche B Commitment" means, as to each Bank, the obligation of such Bank, on and subject to the terms and conditions of this Agreement, to disburse a Tranche B Loan in a principal amount up to but not exceeding the Tranche B Commitment specified opposite such Bank's name in Schedule 1, as the same may be modified pursuant to the terms hereof. The aggregate amount of the Banks' Tranche B Commitments is U.S.$1,000,000,000.

"Tranche B Principal Payment Date" means each of the Interest Payment Dates occurring in the 54th, 60th and 66th month after September 10, 2007 and the Tranche B Scheduled Maturity Date; provided, however, that notwithstanding anything contained herein to the contrary, the Tranche B Principal Payment Date that would otherwise have been scheduled to occur on the Interest Payment Date occurring in the 60th month after September 10, 2007 shall instead be scheduled to occur on the first (1st) Business Day following such Interest Payment Date.

"Tranche B Scheduled Maturity Date" means September 10, 2013.

"Tranche C Loan" means, as to each Bank, the loan made by such Bank hereunder with respect to such Bank's Tranche B Commitment.

"Tranche C Commitment" means, as to each Bank, the obligation of such Bank, on and subject to the terms and conditions of this Agreement, to disburse a Tranche C Loan in a principal amount up to but not exceeding the Tranche C Commitment specified opposite such

Bank's name in Schedule 1, as the same may be modified pursuant to the terms hereof. The aggregate amount of the Banks' Tranche C Commitments is U.S.$500,000,000.

"Tranche C Principal Payment Date" means each of the Interest Payment Dates occurring in the 42nd, 48th and 54th month after September 10, 2007 and the Tranche C Scheduled Maturity Date.

"Tranche C Scheduled Maturity Date" means September 10, 2012.

"Trigger Event" has the meaning set forth in Article IX.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York.

"US GAAP" means, with respect to the generally accepted accounting principles (as in effect from time to time) in the United States of America.

"Voting Stock" of a Person means Capital Stock in such Person having power to vote for the election of directors or similar officials of such Person or otherwise voting with respect to actions of such Person (other than such Capital Stock having such power only by reason of the happening of a contingency).

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.2 Principles of Construction. All references to Sections, Schedules and Exhibits are to Sections, Schedules and Exhibits in or to this Agreement unless otherwise specified. The words "hereof," "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

ARTICLE II

AMOUNT AND TERMS OF CREDIT

Section 2.1 The Commitment.

(a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, on the Borrowing Date each Bank with a Tranche A Commitment agrees, severally and not jointly, to make a Tranche A Loan available to Ameristeel US in a single disbursement on the Borrowing Date in an aggregate principal amount up to and including, but not to exceed, as to each such Bank, the aggregate principal amount of such Bank's Tranche A Commitment.

(b) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, on the Borrowing Date each Bank with a Tranche B Commitment agrees, severally and not jointly, to make a Tranche B Loan available to GNA

Partners in a single disbursement on the Borrowing Date in an aggregate principal amount up to and including, but not to exceed, as to each such Bank, the aggregate principal amount of such Bank's Tranche B Commitment.

(c) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, on the Borrowing Date each Bank with a Tranche C Commitment agrees, severally and not jointly, to make a Tranche C Loan available to Ameristeel US in a single disbursement on the Borrowing Date in an aggregate principal amount up to and including, but not to exceed, as to each such Bank, the aggregate principal amount of such Bank's Tranche C Commitment.

(d) Each Borrower, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other Borrower, with respect to the payment and performance of all Obligations hereunder regardless of which Borrower directly receives the proceeds of any Loan. Each Borrower is accepting joint and several liability hereunder in consideration of the financial accommodations to be provided by the Banks under this Agreement, for the mutual benefit, directly and indirectly, of each of the Borrowers and in consideration of the undertakings of each of Borrowers to accept joint and several liability for the obligations of each of them.

(e) Amounts repaid or prepaid by or on behalf of the Borrowers in respect of the Loans may not be reborrowed. The Commitment of each Bank shall terminate on the Availability Expiry Date.

Section 2.2 Notice of Borrowing. The Borrowers shall request the disbursement of the Tranche A Loans, the Tranche B Loans and the Tranche C Loans in accordance with the provisions of Section 2.1 by giving the Administrative Agent prior to 11:00 A.M. (New York time) at least three Business Day's prior written notice thereof, substantially in the form of Exhibits A-1, A-2 and A-3, as applicable (collectively, the "Notices of Borrowing"). The Notices of Borrowing shall be irrevocable and shall be given by (i) in the case of the Tranche A or Tranche C Loans, Ameristeel US and acknowledged by Gerdau, Ameristeel and GNA Partners or (ii) in the case of the Tranche B Loans, GNA Partners and acknowledged by Gerdau, Ameristeel and Ameristeel US, in each case specifying (x) the aggregate principal amount of the applicable Loans to be made pursuant to the Borrowing, and (y) the date of the Borrowing (which shall be a Business Day). For the avoidance of doubt, the Borrowers agree that the date of the Borrowing shall be the same under each of the Notices of Borrowing and if any Notice of Borrowing is received by the Administrative Agent after 11:00 A.M. (New York time), each of the Notices of Borrowing shall be deemed to be received on the next succeeding Business Day. The Administrative Agent shall promptly give each Bank notice of the proposed Borrowing, of such Bank's proportionate share thereof and of the other matters specified in each Notice of Borrowing.

Section 2.3 Disbursement of Funds. No later than 11:00 a.m. (New York time) on the date specified in the Notices of Borrowing, each Bank will make available its *pro rata* portion (determined in accordance with Section 2.5) of the Borrowing. All such amounts shall be made available in Dollars and in immediately available funds by wire transfer to the Administrative Agent's Account. The amount so received by the Administrative Agent shall, on

the Borrowing Date, be transferred, by 12:00 p.m. (New York time) to the account specified in each respective Notice of Borrowing in Dollars and in immediately available funds by wire transfer.

Section 2.4 Notes.

(a) The Borrowers' obligation to pay the principal of, and interest on, the Loans made by each Bank shall be evidenced by separate promissory notes for such Bank's Tranche A Loans, Tranche B Loans and Tranche C Loans, each duly executed and delivered jointly by the Borrowers and guaranteed by the Guarantors, substantially in the form of Exhibits B-1, B-2 or B-3, as applicable, with blanks appropriately completed in conformity herewith (each, a "Note" and, collectively, the "Notes").

(b) The Notes issued on the date hereof to each Bank shall (i) be executed by each of the Obligors, (ii) be payable to the order of such Bank or its registered assigns, (iii) be in a stated principal amount equal to the Tranche A Commitment, the Tranche B Commitment and the Tranche C Commitment of such Bank, (iv) provide for repayment of principal as provided herein, (v) bear interest as provided in Section 2.9 and (vi) be entitled to the benefits of this Agreement and the other Credit Documents.

(c) Each Bank will note on its internal records the amount of the Loans made by it and each payment in respect thereof. Failure to make any such notation or the making of an incorrect notation shall not affect the Borrowers' obligations in respect of the Loans.

Section 2.5 Pro Rata Borrowing. The Loans made under this Agreement shall be disbursed by the Banks *pro rata* on the basis of their respective Tranche A Commitments, Tranche B Commitments and Tranche C Commitments, to the extent a Bank has a Tranche A Commitment, Tranche B Commitment or a Tranche C Commitment. It is understood that no Bank shall be responsible for any default by any other Bank of its obligation to make Loans hereunder and that each Bank shall be obligated to make the Loans provided to be made by it hereunder regardless of the failure of any other Bank to make its Loans hereunder.

Section 2.6 Repayments. The Borrowers shall repay, in accordance with the procedures set forth in Section 2.10, the full principal amount of the Loans as follows:

(a) subject to Section 2.1(d), the Tranche A Loans shall be repaid in four (4) equal installments on each of the Tranche A Principal Payment Dates by Ameristeel US,

(b) subject to Section 2.1(d), the Tranche B Loans shall be repaid in four (4) installments on each of the Tranche B Principal Payment Dates by GNA Partners, so that the first installment is in an amount equal to 24% of the principal amount of the Tranche B Loans, the second installment is in an amount equal to 26% of the principal amount of the Tranche B Loans, and the third and fourth installments are each in an amount equal to 25% of the Tranche B Loans, and

(c) subject to Section 2.1(d), the Tranche C Loans shall be repaid in four (4) equal installments on each of the Tranche C Principal Payment Dates by Ameristeel US.

Section 2.7 Voluntary Prepayments. The Borrowers shall have the right to prepay Loans, without premium or penalty, in whole or in part from time to time on the following terms and conditions:

(a) the Borrowers shall give the Administrative Agent prior to 10:00 A.M. (New York time) at least five (5) Business Days' prior written notice of (i) their intent to prepay Loans and (ii) the amount of such prepayment, which notice the Administrative Agent shall promptly transmit to each of the Banks;

(b) each partial prepayment shall be in an aggregate principal amount of at least U.S.$25,000,000 and, if greater, in integral multiples of U.S.$5,000,000; and

(c) if any prepayment of Loans pursuant to this Section 2.7 is made on a day other than the last day of an Interest Period applicable thereto, the Borrowers shall also pay any amounts owing pursuant to Section 4.4.

The Borrowers may elect to apply prepayments to any of the Tranche A Loans, Tranche B Loans and/or Tranche C Loans and to such Loans maturing on (i) the next succeeding Scheduled Maturity Date applicable to such tranche scheduled to occur, (ii) the final Scheduled Maturity Date applicable to such tranche scheduled to occur, or (iii) each remaining Scheduled Maturity Date applicable to such tranche on a pro rata basis. The Borrowers may not prepay any Tranche B Loans pursuant to Section 2.7 with any amounts deposited in the Collection Account pursuant to Section 9.3(c) other than pursuant to Section 9.3(d) or otherwise after an Event of Default has occurred and is continuing.

Section 2.8 Mandatory Prepayments.

(a) Promptly following the occurrence of any Change of Control, and in any event no later than one (1) Business Day after the effective date of such Change of Control, the Borrowers and Gerdau shall notify the Banks of the occurrence of such Change in Control, substantially in the form of Exhibit I hereto (the "Change of Control Notice"). No later than fifteen (15) calendar days after the effective date of such Change in Control, the Borrowers shall provide to the Banks the following documentation, satisfactory to the Administrative Agent:

(i) a description of the circumstances or transactions that constituted the Change of Control or comparable corporate reorganization;

(ii) a description of the new corporate structure; and

(iii) updated financial statements of the Borrowers and the Guarantors and financial information relating to the Persons that acquired Voting Stock and/or the power to direct or cause the direction of the management of Gerdau, either Borrower or a Guarantor, as the case may be, that resulted in such Change in Control.

(b) If a Change of Control occurs, the Majority Banks will have the right to cancel the Total Commitment or, if Tranche A or Tranche C Loans have been advanced, to require the Borrowers to repay all of the outstanding Tranche A or Tranche C Loans plus

accrued interest thereon, plus any other amounts payable hereunder including, without limitation, any amounts payable pursuant to Section 4.4. The Majority Banks shall be entitled to exercise such rights to cancel the Total Commitment and require mandatory prepayment of outstanding Tranche A or Tranche C Loans by having the Administrative Agent deliver notice thereof (the "Exercise Notice") to the Borrowers within 30 days of the date the documentation listed in Section 2.8(a)(i), (ii) and (iii) above, in form and substance satisfactory to the Administrative Agent, has been delivered to the Administrative Agent. Any cancellation of the Total Commitment shall be effective as of the date of such notice and any mandatory prepayment required pursuant to this Section 2.8 shall be due and payable on the date occurring five (5) Business Days following such notice. In the event the Administrative Agent shall fail to deliver such notice within such 30-day period, the right of the Majority Banks to require a prepayment of the Tranche A and Tranche C Loans shall lapse and may not be exercised.

(c) Together with the delivery of a Change of Control Notice by the Borrowers and Gerdau, GNA Partners will irrevocably offer to prepay the outstanding principal balance of the Tranche B Loans plus accrued interest thereon, plus any amounts payable pursuant to Section 4.4 with respect thereto with the date of such prepayment to be the date occurring five (5) Business Days following the delivery of an Exercise Notice in accordance with subsection (b) above. If no Exercise Notice is delivered in accordance with subsection (b) above, GNA Partners' irrevocable offer to prepay the Tranche B Loans shall lapse. If the Exercise Notice is delivered in accordance with subsection (b) above, then the delivery of such Exercise Notice shall be deemed to be an acceptance of GNA Partners' offer to prepay and GNA Partners shall prepay the Tranche B Loans on the date occurring five (5) Business Days following the delivery of the Exercise Notice.

(d) Nothing in subsection (c) above limits or otherwise affects the obligations of either Borrower under subsection (b) above or pursuant to Section 2.1(d).

Section 2.9 Interest.

(a) The Borrowers agree to pay interest in respect of the outstanding principal amount of each Loan made to the Borrowers from, and including, the date of the Borrowing thereof to, but excluding, the date such Loan is paid in full, at a rate per annum which shall at all times be equal to the sum of the LIBO Rate plus the Applicable Margin. Accrued (and theretofore unpaid) interest shall be payable (i) in arrears on each Interest Payment Date, (ii) on the date of any prepayment (on the amount prepaid), and (iii) at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(b) Notwithstanding anything herein to the contrary, at any time following the occurrence and during the continuance of an Event of Default under Section 10.1 (including, without limitation, a failure to pay when due amounts declared due and payable in accordance with Article X following an Event of Default) all amounts then due (including, without limitation and to the extent permitted by Applicable Law, overdue interest in respect of each Loan) shall, in each case, bear interest at the Default Rate and such Default Rate shall be fixed for Interest Periods of such duration as shall be selected by the Administrative Agent which Interest Periods shall not be longer than one (1) month. Interest which accrues under this Section 2.9(b) shall be payable on demand.

(c) Upon each Interest Determination Date, the Administrative Agent shall determine the LIBO Rate and shall promptly notify the Borrowers and the Banks thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

(d) If S&P publicly announces a change in the Rating of Gerdau, the Applicable Margin due for the Interest Period for any Loan during which the rating change occurred shall be calculated by the Administrative Agent on a *pro rata* basis according to the definition of Applicable Margin and based on the number of days during such Interest Period that the original Rating was in effect and the number of days during such Interest Period that the new Rating was in effect.

Section 2.10 Method and Place of Payment. Except as otherwise specifically provided herein, all payments under this Agreement or any Note shall be made without setoff, counterclaim or other defense to the Administrative Agent for the account of the Bank or Banks entitled thereto not later than 1:00 p.m. (New York time) on the date when due (and any payments received after such time shall be deemed received on the next succeeding Business Day) and shall be made in Dollars in immediately available funds to the Administrative Agent's Account at the Payment Office of the Administrative Agent. Whenever any payment to be made hereunder or under any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension; provided, however, that if there are no succeeding Business Days in such calendar month, such payment shall be due on the next preceding Business Day. Any payment made to the Administrative Agent in accordance with this Section 2.10 for account of a Bank or Banks shall be deemed to have been a payment made directly to such Bank or Banks solely for the purpose of evidencing satisfaction of the applicable payment obligation by the Borrowers hereunder or under any Note, as the case may be.

Section 2.11 Payments Pro Rata. The Administrative Agent agrees that promptly after its receipt of each payment or prepayment from or on behalf of the Borrowers in respect of any Obligations hereunder, it shall distribute such payment to the Banks *pro rata* based upon their respective shares, if any, of the Obligations with respect to which such payment was received (other than payments made pursuant to Sections 4.1, 4.4 or 4.5 hereof, which shall be distributed *pro rata* based upon claims made by the Banks under such Sections).

Section 2.12 Set-Off; Sharing of Payments; Reinstatement.

(a) Without limiting any of the obligations of the Obligors or the rights of any Bank under the Credit Documents, if an Event of Default exists pursuant to Section 10.1 of this Agreement, then (to the extent not in violation of Applicable Law) each Bank may, without prior notice to the Obligors (which notice is expressly waived by it to the fullest extent permitted by Applicable Law), set-off and apply against such amount any and all cash deposits (general or special, time or demand, provisional or final, in any currency, matured or unmatured) then held or any other Debt owing by such Bank or any of its Affiliates (in each case, including any branch or agency thereof) to or for the credit or account of any Obligor. Each Bank shall promptly provide notice of any such set-off by it to such Obligor, as applicable, and the

Administrative Agent; provided that failure by such Bank to provide such notice shall not give such Obligor any cause of action or right to damages or affect the validity of such set-off and application.

(b) Each of the Banks agrees that, if it should receive any amount in payment of any Obligations owing to it under the Credit Documents (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Credit Documents, or otherwise), which is applicable to the payment of the principal of, or interest on, the Loans, or fees due hereunder, of a sum which with respect to the related sum or sums received by other Banks is in a greater proportion than the total of such Obligation then owed and due to such Bank bears to the total of such Obligation then owed and due to all of the Banks immediately prior to such receipt, then such Bank receiving such excess payment shall purchase for cash without recourse or warranty from the other Banks an interest in the Obligations of the Borrowers to such Banks in such amount as shall result in a proportional participation by all the Banks in such amount; provided that if all or any portion of such excess amount is thereafter recovered from such Bank, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

(c) Nothing contained in this Section shall require any Bank to exercise any such right or shall affect the right of any Bank to exercise, and retain the benefits of exercising, any such right with respect to any other Debt or obligation of the Obligors.

(d) If any Obligor (or any Person on its behalf) makes a payment to the Administrative Agent, or any Bank exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof subsequently are invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by such Bank in its discretion) to be repaid to such Obligor (or such Person), a trustee, *síndico*, receiver or any other Person in connection with any insolvency proceeding or otherwise, then: (i) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (ii) if applicable, each Bank severally agrees to pay to the Administrative Agent upon demand its *pro rata* share of any amount so recovered from or repaid by the Administrative Agent.

ARTICLE III

FEES

Section 3.1 Administrative Agent Fee and Collateral Agent Fee. The Borrowers shall pay to the Administrative Agent and to the Collateral Agent when and as due, for their own respective accounts, such fees as have been agreed to in writing in the Fee Letter or as otherwise agreed from time to time.

Section 3.2 Commitment Fee. The Borrowers agree to pay to the Administrative Agent, for the account of each Bank, the Commitment Fee, payable by the Borrowers on the

Availability Expiry Date; *provided* if any such date is not a Business Day, the payment date of the Commitment Fee shall be the next Business Day.

Section 3.3 Other Fees. The Borrowers shall pay, without duplication, to the Administrative Agent for the account of the Joint Lead Arrangers, when and as due, such fees as were agreed to be paid by Gerdau and Ameristeel in the Fee Letter or as otherwise agreed from time to time. Gerdau and Ameristeel shall be relieved of all obligations to pay such fees to the extent that they are paid by the Borrowers.

ARTICLE IV

YIELD PROTECTION, ETC.

Section 4.1 Increased Costs.

(a) If the adoption of any Applicable Law, or any change in any Applicable Law, or any change in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof, or compliance by any Bank (or its Lending Office) with any request or directive (whether or not having the force of law) of any Governmental Authority (in each case above, at any time on or after September 10, 2007 with respect to Original Banks and at any time on or after the date hereof with respect to each other Bank), shall impose, modify or deem applicable any reserve (including any such requirement imposed by the Board of Governors of the U.S. Federal Reserve System), special deposit, insurance assessment or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Bank (or its Lending Office) or shall impose upon any Bank (or its Lending Office) or the London interbank market any other condition affecting its Commitment, its Loans, its Note or its obligation to purchase or maintain its Loans, and the result of any of the foregoing is to increase the cost to such Bank (or its Lending Office) of maintaining its Commitment or disbursing or maintaining its Loans, or to reduce the amount of any sum received or receivable by such Bank (or its Lending Office) under this Agreement or under any other Credit Document, then upon the written request of such Bank, the Borrowers shall pay to the Administrative Agent for the account of such Bank such additional amount(s) as will compensate such Bank for such increased cost or reduction. Notwithstanding anything contained herein, the Borrowers shall not be liable for any amount contemplated by this Section 4.1(a) to be paid by the Borrowers that shall arise more than 180 days prior to receipt by the Borrowers of such written request.

(b) If any Bank shall have reasonably determined that the adoption of any Applicable Law regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof, or compliance by it (or its Lending Office) with any request or directive regarding capital adequacy (whether or not having the force of law) of any Governmental Authority (in each case above, at any time on or after September 10, 2007 with respect to Original Banks and at any time on or after the date hereof with respect to each other Bank), has or would have the effect of reducing the rate of return on capital of such Bank (or its parent or Lending Office) as a consequence of such Bank's obligations hereunder, its Commitment or its Loans to a level below that which such Bank (or its parent or Lending Office)

could have achieved but for such adoption, change, request or directive, then upon written demand by such Bank, the Borrowers, from time to time, shall pay to such Bank such additional amount as will compensate such Bank (or its parent or Lending Office, as the case may be) for such reduction. Each Bank shall promptly notify the Borrowers (with a copy to the Administrative Agent) of any event of which it has knowledge that will entitle such Bank to compensation pursuant to this Section and shall provide the Borrowers (with a copy to the Administrative Agent) with a certificate setting forth in reasonable detail the basis of such Bank's claim and the calculation of the amount of the request by such Bank for compensation pursuant to this Section. A certificate from any Bank claiming compensation under this Section and providing the information set forth above within the time set forth above shall be prima facie evidence of its entitlement to such compensation and shall, absent manifest error, be conclusive, provided that such determinations and allocations are made on a reasonable basis and are mathematically accurate. Such amounts shall be payable by the Borrowers promptly (and, in any event, within five (5) Business Days) after receipt of such certificate (or, if such compensation relates to future dates, by no later than the applicable dates indicated in such notice). The payment of any such amount by the Borrowers shall not preclude the Borrowers from contesting such calculation in accordance with the terms of this Agreement. Notwithstanding anything contained herein, the Borrowers shall not be liable for any amount contemplated by this Section 4.1(b) to be paid by the Borrowers that shall arise more than 180 days prior to receipt by the Borrowers of such certificate.

(c) At any time that by reason of Regulation D of the Board of Governors of the Federal Reserve System such Bank is required to maintain reserves in respect of Eurocurrency liabilities (as defined in Regulation D) during any period that it has a Loan outstanding (each such period, for any Bank, a "Eurocurrency Reserve Period"), then such Bank shall promptly give written notice to the Borrowers and to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Banks), and the Borrowers shall pay to the Administrative Agent on behalf of such Bank additional interest on the unpaid principal amount of each Loan of such Bank during such Eurocurrency Reserve Period at a rate per annum which shall, during each Interest Period applicable to such Loan, be the amount by which (i) the LIBO Rate for such Interest Period divided (and rounded upward to the next whole multiple of 1/00 of 1%) by a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency liabilities (as defined in Regulation D) exceeds (ii) the LIBO Rate for such Interest Period. Additional interest payable pursuant to the immediately preceding sentence shall be paid by the Borrowers at the time that it is otherwise required to pay interest in respect of such Loan or, if later demanded by the Bank, promptly on written demand. Notwithstanding anything contained herein, the Borrowers shall not be liable for any amounts contemplated by this Section 4.1(c) to be paid by the Borrowers that shall arise more than 180 days prior to receipt by the Borrowers of such written notice or demand. Each Bank agrees that if it gives notice to the Borrowers of the existence of a Eurocurrency Reserve Period, it shall promptly notify the Borrowers of any termination thereof, at which time the Borrowers shall cease to be obligated to pay additional interest on behalf of such Bank until such time, if any, as a subsequent Eurocurrency Reserve Period shall occur.

Section 4.2 Substitute Basis. If, on or before the first day of any Interest Period (an "Affected Interest Period"):

(a) the Administrative Agent determines that, by reason of circumstances affecting the London interbank market, the LIBO Rate cannot be determined for such Affected Interest Period pursuant to the definition thereof, or

(b) the Majority Banks determine and notify the Administrative Agent that the LIBO Rate for such Affected Interest Period will not be adequate to cover the cost to such Banks of making or maintaining their Loans for such Affected Interest Period;

then, each Bank shall determine (and shall certify from time to time in a certificate delivered by such Bank to the Administrative Agent setting forth in reasonable detail the basis of the computation of such amount) the rate basis reflecting the cost to such Bank of funding its Loan for the Affected Interest Period, and such rate basis shall be binding upon the Borrowers and shall apply in lieu of the LIBO Rate for such Interest Period (such certification to be conclusive and binding on the Borrowers in the absence of manifest error); provided that the rate basis certified by the Bank to the Administrative Agent in accordance with this Section shall not be greater than the Base Rate on the date of delivery of the corresponding certificate by the Bank to the Administrative Agent.

Section 4.3 Illegality. Notwithstanding any other provision of this Agreement, if the adoption of or any change in any Applicable Law or in the interpretation or application thereof by any Governmental Authority (in each case above, at any time on or after September 10, 2007 with respect to Original Banks and at any time on or after the date hereof with respect to each other Bank) shall make it (or be asserted by it to be) unlawful for any Bank or its Lending Office to honor its obligation to make or maintain its Loan hereunder (and, in the opinion of such Bank, the designation of a different Lending Office would either not avoid such unlawfulness or would be disadvantageous to such Bank), then such Bank shall promptly notify the Borrowers thereof (with a copy to the Administrative Agent), following which notice: (a) such Bank's Commitment (if still available) shall be suspended until such time as such Bank may again make and maintain its Loan or (b) if such Applicable Law shall so mandate, such Bank's Loan shall be prepaid by the Borrowers, together with accrued and unpaid interest thereon and all other amounts payable to such Bank by the Borrowers under the Credit Documents, on or before such date as shall be mandated by such Applicable Law (such pre-payment not being shared as described in Section 2.12(b) with any Banks not so affected); provided that if it is lawful for such Bank to maintain its Loan until the next Interest Payment Date, then such payment shall be made on such Interest Payment Date. Any such funds so prepaid may not be reborrowed.

Section 4.4 Funding Losses.

(a) The Borrowers shall pay to the Administrative Agent for the account of each Bank, upon the request of such Bank through the Administrative Agent, such amount as shall be sufficient (in the reasonable opinion of such Bank) to compensate each Bank for any loss, cost or expense (excluding the loss of any anticipated profits but including any such loss, cost or expense arising from the liquidation or reemployment of funds obtained by such

Bank to fund its Loan or from fees payable to terminate the deposits from which such funds were obtained) that such Bank determines is attributable to:

(i) any optional or mandatory pre-payment (including as a result of an acceleration due to an Event of Default) of any Loan made by the Borrowers for any reason on a date other than an Interest Payment Date, or the Scheduled Maturity Date of a Loan occurs on a date which is not an Interest Payment Date,

(ii) any failure by the Borrowers for any reason to prepay the Loans (or any portion thereof) in accordance with a notice of pre-payment under Section 2.7; or

(iii) the Borrowing does not occur on a requested Borrowing Date specified in the Notices of Borrowing given pursuant to Section 2.2 for any reason (including the failure of any of the conditions precedent specified in Article VI to be satisfied, but excluding any non-occurrence of the Borrowing resulting solely from such Bank's gross negligence or willful misconduct).

(b) Each Bank shall furnish to the Administrative Agent (which shall promptly notify the Borrowers) a certificate setting forth the basis and amount of each request by such Bank for compensation under this Section, which certificate shall provide reasonable detail as to the calculation of such loss, cost or expense, and shall, absent manifest error, be conclusive and binding upon the Borrowers.

Section 4.5 Taxes.

(a) All payments made by or on behalf of the Borrowers or any Guarantor hereunder or under any Note will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges or withholdings of whatever nature now or hereafter imposed by the United States, Brazil, Canada or any jurisdiction from which payments are made or by any political subdivision or taxing authority of any thereof or therein with respect to such payments (but excluding any tax imposed on or measured by the net income or net profits or Canadian capital tax (and any real property, capital, franchise, net receipts or similar tax imposed in lieu of or as an alternative to any such tax) of the Administrative Agent or a Bank pursuant to the Applicable Laws of the jurisdiction (or any political subdivision or taxing authority thereof or therein) in which it is organized or in which the principal office or Lending Office of such Bank is located or any jurisdiction which imposes such a tax as a result of a present or former connection between the jurisdiction and such Administrative Agent or Bank other than a connection resulting from a transaction contemplated by this Agreement) and all interest, penalties or similar liabilities with respect thereto (all such non-excluded taxes, collectively, "Taxes"). Subject to Section 13.3(b), if any Taxes are so levied or imposed, each of the Borrowers or such Guarantor, as applicable, agrees to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every payment of all amounts due hereunder or under any Note, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Note. The Borrowers or such Guarantor, as applicable, will promptly (and in no event more than three Business Days after receipt of such request) furnish to the Administrative Agent

and any applicable Bank original tax receipts, notarized copies of tax receipts, a copy of the return (including, without limitation, United States Internal Revenue Service Form 1042-S or any successor form) reporting the payment of such Taxes and such other documentation as reasonably requested to prove payment of tax, for all Taxes paid by the Borrowers or such Guarantor, as applicable, pursuant to this Section 4.5. Each of the Borrowers and the Guarantors agrees to indemnify and hold harmless each Bank, and reimburse such Bank promptly upon its written request, for the amount of any Taxes so levied or imposed and paid by such Bank with respect to payments under this Agreement or under any Note. Notwithstanding anything contained herein, the Borrowers and the Guarantors shall not be liable for any amount contemplated by this Section 4.5(a) to be paid by the Borrowers or a Guarantor that shall arise more than 180 days prior to receipt by the Borrowers of such written request.

(b) A Bank (and in the case of any assignment of an interest under this Agreement, such assignee) and/or Agent shall provide to the Borrowers on or before the date hereof (unless previously provided to the Borrowers in connection with the Original Agreement) and from time to time thereafter as requested by the Borrowers, two (2) duly completed copies of United States Internal Revenue Service Form W-9, W-8IMY (with attachments, as applicable) W-8BEN or W-8ECI (or any subsequent replacement or substitute form thereof), as applicable. Each such Bank or Agent which so delivers Form W-9, W-8IMY, W-8BEN or W-8ECI further undertakes to deliver to the Borrowers two (2) additional copies of such form (or successor form) on or before the date that such form expires or becomes obsolete or after the occurrence or any event requiring a change in the most recent form so delivered by it, and such amendments thereto or extensions or renewals thereof as may be reasonably requested by the Borrowers, in each case, unless an event (including any change in law or regulation) has occurred prior to the date on which any such delivery would otherwise be required that renders all such forms inapplicable or that would prevent such Bank or Agent from duly completing and delivering any such form with respect to it. The Borrowers shall not be required to pay any additional amounts pursuant to Section 4.5(a) to the extent the obligation to pay such additional amount would not have arisen but for the failure of the Bank or Agent to comply with this paragraph.

(c) Upon the reasonable written request of the Borrowers, and at the Borrowers' expense, the Administrative Agent and each Bank shall use reasonable efforts to cooperate with the Borrowers to obtain a refund of any Taxes which were not correctly or legally imposed and for which the Borrowers or the Guarantors have indemnified such Administrative Agent or Bank under this Section 4.5, provided, however, the Administrative Agent or Bank shall not be obligated to provide the Borrowers with any information on or justification of the arrangement of its tax affairs or otherwise disclose to the Borrowers or any other Person any information the Administrative Agent or Bank considers to be proprietary or confidential. If the Administrative Agent or Bank shall receive a refund or a credit (other than a Foreign Tax Credit) in lieu of such refund from a taxing authority of any Taxes paid by the Borrowers pursuant to this Section, such Administrative Agent or Bank shall promptly pay to the Borrowers the amount so received without interest (other than interest received from the taxing authority with respect to such refund) and net of out-of-pocket expenses, provided, however, upon the request of the Administrative Agent or Bank, the Borrowers shall return the amount of such refund or credit to the Administrative Agent or Bank if the Administrative Agent or Bank is required to repay the amount of such refund or the benefit of such credit to the relevant authorities within six years of the date the Borrowers are paid such amount by the Administrative Agent or Bank.

Section 4.6 Mitigation. If an event or circumstance occurs after the date hereof that would entitle a Bank to exercise any of the rights and benefits afforded by this Article IV, then, without in any way limiting, reducing or otherwise qualifying the rights of such Bank or the obligations of the Obligors hereunder, such Bank shall promptly upon becoming aware of such circumstances take steps as may be reasonably available to it (including a change of location of its Lending Office) to mitigate the effects of such event or circumstance, provided, however, that such Bank shall be under no obligation to take any step that, in its reasonable discretion, would (i) result in its incurring additional costs or taxes or (ii) otherwise be disadvantageous to such Bank.

Section 4.7 Replacement of Banks. Each Bank agrees that, upon the occurrence of any event occurring after the date hereof giving rise to the operation of (a) Section 4.1 or Section 4.5 that results in the affected Bank charging to the Borrowers increased costs or taxes in excess of the other Banks or (b) Section 4.3, then in each case the Borrowers shall have the right, if no Default or Event of Default shall have occurred and be continuing, to cause such affected Bank to assign its Loans pursuant to Section 13.3 (with all fees payable pursuant to Section 13.3(b) to be paid by the replacement Bank(s)) to one or more Eligible Assignees; provided, that (i) such assignment shall not conflict and shall comply with Applicable Law, and (ii) the Borrowers or such assignee shall have paid to the assigning Bank in immediately available funds an amount equal to the sum of the principal of and interest on the outstanding Loans of such Bank accrued to the effective date of such assignment, plus all fees and other amounts accrued for the account of such Bank hereunder (including, without limitation, any amounts under Article IV); provided, further, that, if prior to any such assignment the circumstances or event that resulted in such Bank's notice under Section 4.1 or Section 4.3 or the amounts paid pursuant to Section 4.5, as the case may be, cease to cause such Bank to suffer increased costs or reductions in amounts received or receivable or reduction in return on capital, or cease to have the consequences specified in Section 4.3, or cease to result in amounts being payable under Section 4.5, as the case may be (including, without limitation, as a result of any action taken by such Bank pursuant to Section 4.6), or if such Bank shall waive its right to claim further compensation in excess of that being charged by the other Banks under Section 4.1 or shall waive its right to further payments in excess of that being charged by the other Banks under Section 4.5 in respect of such circumstances or event, as the case may be, then such Bank shall not thereafter be required to make any such assignment hereunder.

ARTICLE V

CONDITIONS PRECEDENT TO EFFECTIVENESS

The Original Agreement became effective on the date on which the following conditions were satisfied:

Section 5.1 Execution of Credit Documents.

(a) Agreement. The Obligors, the Administrative Agent and each of the Banks shall have duly executed a copy of the Original Agreement (whether the same or different copies) and shall have delivered the same to the Administrative Agent.

(b) Security Agreement. The Off-taker, the Exporters and the Collateral Agent shall have duly executed a copy of the Security Agreement (whether the same or different copies) substantially in the form of Exhibit C hereto and shall have delivered the same to the Administrative Agent.

(c) Account Control Agreement. The Off-taker and the Collateral Agent shall have duly executed a copy of the Account Control Agreement (whether the same or different copies) substantially in the form of Exhibit D hereto and shall have delivered the same to the Administrative Agent.

(d) Intercompany Export Agreement. The Exporters and the Off-taker shall have duly executed a copy of the Intercompany Export Agreement (whether the same or different copies) substantially in the form of Exhibit F hereto and shall have delivered the same to the Administrative Agent.

Section 5.2 Notes. There shall have been delivered to the Administrative Agent for the account of each of the Original Banks the appropriate Notes executed by the Obligors in the amount, for the maturity and as otherwise provided herein.

Section 5.3 No Default; Representations and Warranties. As of September 10, 2007 (a) there shall exist no Default (other than any Default arising under Section 10.2(b)) or Event of Default, (b) the Specified Representations shall be true and correct in all respects, and (c) the representations and warranties made by or on behalf of Chaparral Steel Company in the Acquisition Agreement which are material to the interests of the Banks shall be true and correct in all material respects, but only to the extent that either Ameristeel or the Merger Sub (as defined in the Acquisition Agreement) has the right to terminate its obligations under the Acquisition Agreement as a result of a breach of such representations and warranties made by or on behalf of Chaparral Steel Company in the Acquisition Agreement.

Section 5.4 Opinions of Counsel. The Administrative Agent shall have received an opinion addressed to the Administrative Agent and each of the Banks and dated on or about September 10, 2007, from each of (a) Torys LLP, special New York and Canadian counsel to Ameristeel and the Borrowers, (b) Robert Lewis, internal counsel to Ameristeel US, (c) Greenberg Traurig, special New York counsel to the Guarantors (except Ameristeel), (d) Machado, Meyer, Sendacz e Opice Advogados, special Brazilian counsel to the Guarantors (except Ameristeel and the Off-taker), (e) Dr. Expedito Luz, internal Brazilian counsel to the Guarantors (except Ameristeel), (f) Maples and Calder, special Cayman Islands counsel to the Off-taker, (g) Hughes Hubbard & Reed LLP, special New York counsel to the Administrative Agent, and (h) Souza, Cescon Avedissian, Barrieu e Flesch — Advogados, special Brazilian counsel to the Administrative Agent, in each case addressing such matters incident to the transactions contemplated in the Original Agreement and in the Credit Documents (other than the Agreement) as the Administrative Agent may reasonably request, in each case in form and substance reasonably satisfactory to the Administrative Agent and the Banks.

Section 5.5 Officers Certificates. The Administrative Agent shall have received a certificate from each of the Obligors, dated September 10, 2007, signed by an authorized officer of each Obligor, substantially in the form of Exhibit H-1 or H-2, as applicable, as to the matters

set forth therein, including without limitation, as to the authority, incumbency and specimen signatures of the persons who have executed the Original Agreement, the Credit Documents (other than the Agreement) and any other documents in connection therewith on its behalf, together with copies of the constituent documents of such Obligor (it being understood that, notwithstanding any other provision contained in the Original Agreement or any Credit Document (other than the Agreement), the constituent documents of the Guarantors that are incorporated or otherwise formed in Brazil may be delivered in Portuguese) and the board resolutions or comparable corporate approvals for the execution and delivery of the Original Agreement and the Credit Documents (other than the Agreement) for such Obligor, and the foregoing shall be reasonably acceptable to the Administrative Agent.

Section 5.6 Approvals. As of September 10, 2007, all necessary governmental and third party approvals and/or consents in connection with the transactions contemplated herein and in the other Credit Documents or otherwise referred to herein or therein shall have been obtained and remain in effect and all applicable waiting periods with respect hereto or thereto shall have expired without any action being taken by any competent authority which restrains, prevents or imposes materially adverse conditions upon the consummation of the transactions contemplated herein and in the other Credit Documents or otherwise referred to herein or therein.

Section 5.7 Financial Statements and Projections. On or prior to September 10, 2007, the Administrative Agent and the Banks shall have received:

(a) the audited Consolidated balance sheets of each Guarantor (other than the Off-taker) as at December 31, 2006, and the related audited Consolidated statements of earnings and stockholders' equity and cash flows of such Guarantor for the fiscal year ended as of such date, certified by independent certified public accountants of recognized international standing, together with a signed opinion of such accounting firm (which opinion shall not be qualified in any respect);

(b) the unaudited unconsolidated balance sheet of Ameristeel US as at December 31, 2006, and the related unaudited unconsolidated statements of earnings and stockholders' equity and cash flows of Ameristeel US for the fiscal year ended as of such date, certified by the chief financial officer (or more senior officer) of Ameristeel US;

(c) the Consolidated balance sheet of each Guarantor (other than the Off-taker) and the unconsolidated balance sheet of Ameristeel US as at June 30, 2007, and the related Consolidated statements of earnings and stockholders' equity and cash flows of such Guarantor and unconsolidated statements of earnings and stockholders' equity and cash flows of Ameristeel US for the fiscal quarter ended on such date, certified by the chief financial officer (or more senior officer) of such Guarantor or Ameristeel US, as applicable; and

(d) certain projections of Ameristeel, provided that each Bank receiving such projections has previously executed and delivered a confidentiality agreement in form and substance acceptable to Ameristeel.

All financial statements described in this Section (i) shall have been prepared in accordance with GAAP and (ii) shall not disclose any material adverse differences in the business, properties,

assets, liabilities (actual or contingent), results of operations, financial condition or operations of the Borrowers, the Guarantors and their Consolidated Subsidiaries taken as a whole from that previously disclosed to any of the Joint Lead Arrangers, the Administrative Agent or the Banks.

Section 5.8 Process Agent Consent Letter. The Administrative Agent shall have received a letter from the Process Agent, indicating its consent to its appointment by the Obligors as its agent to receive service of process as specified in Section 13.6.

Section 5.9 Acquisition. All conditions to the effectiveness of the Acquisition shall have been satisfied in accordance with applicable law and on the terms set forth in the Acquisition Agreement. No provision of the Acquisition Agreement shall have been waived, amended, supplemented or otherwise modified in any respect materially adverse to the Banks without approval of the Administrative Agent, and such terms shall otherwise be materially consistent with the description of sources and uses of funds as previously delivered to the Banks.

Section 5.10 Secured Export Notes. The Administrative Agent shall have received a copy of the irrevocable instructions dated September 4, 2007 for the optional prepayment in full of the Secured Export Notes, which irrevocable instructions shall have been duly delivered to the trustee and the holders thereof.

Section 5.11 Establishment of Accounts. The Off-taker shall have established the Off-taker's Payment Account with JPMorgan Chase Bank, N.A. and the Collection Account with the Intermediary (as defined in the Account Control Agreement) and under the control of the Collateral Agent.

Section 5.12 Fees, etc. The Borrowers shall have paid in full, without duplication, to each Joint Lead Arranger and the Administrative Agent all fees, costs and expenses (including, without limitation, all reasonable and invoiced legal fees and duly documented reasonable expenses of each Joint Lead Arranger and Administrative Agent) payable to the Joint Lead Arrangers and the Administrative Agent to the extent then due pursuant hereto or as otherwise agreed between the Borrowers and the Joint Lead Arrangers and Administrative Agent.

All of the instruments, certificates, legal opinions and other documents and papers referred to in this Article V, unless otherwise specified, shall be delivered to the Administrative Agent for the account of each of the Banks and in sufficient counterparts for each of the Banks and, unless otherwise specified, shall be in form and substance reasonably satisfactory to the Administrative Agent.

ARTICLE VI

CONDITIONS PRECEDENT TO BORROWING

The obligation of each Original Bank to make the Loans on the Borrowing Date was subject, at the time of making the Loans (except as hereinafter indicated), to the satisfaction of the following conditions, and the acceptance of the benefits of the Loans shall constitute a representation and warranty by the Obligors to the Administrative Agent and each of the Original Banks that all the conditions specified in this Article VI and applicable to the Loans were satisfied as of that time:

Section 6.1 Effective Date. The Effective Date shall have occurred.

Section 6.2 No Default; Representations and Warranties. At the time of the making of the Borrowing and also after giving effect thereto (a) there shall exist no Default (other than any Default under Section 10.2(b)) or Event of Default, (b) the Specified Representations shall be true and correct in all respects, and (c) the representations and warranties made by or on behalf of Chaparral Steel Company in the Acquisition Agreement which are material to the interests of the Banks shall be true and correct in all material respects, but only to the extent that either Ameristeel or the Merger Sub (as defined in the Acquisition Agreement) has the right to terminate its obligations under the Acquisition Agreement as a result of a breach of such representations and warranties made by or on behalf of Chaparral Steel Company in the Acquisition Agreement.

Section 6.3 Notices of Borrowing. Prior to the making of the Loans, the Administrative Agent shall have received the Notices of Borrowing with respect thereto, duly executed by the Borrowers and acknowledged by Gerdau and Ameristeel and meeting the requirements of Section 2.2.

Section 6.4 Fees, etc. The Borrowers shall have paid in full to the Joint Lead Arrangers, the Administrative Agent and the Banks all fees, costs and expenses (including, without limitation, all reasonable and invoiced legal fees and duly documented reasonable expenses of each Joint Lead Arranger and Administrative Agent) payable to the Joint Lead Arrangers, the Administrative Agent and the Banks to the extent then due pursuant hereto or as otherwise agreed between the Borrowers and the Joint Lead Arrangers and Administrative Agent.

ARTICLE VI-A

CONDITIONS PRECEDENT TO AMENDMENT AND RESTATEMENT

The Agreement shall became effective on the date on which the following conditions are satisfied:

Section 6.1A Execution of Amendment Documents.

(a) Agreement. The Obligors, the Administrative Agent, the Collateral Agent and each of the Banks shall have duly executed a copy of this Agreement (whether the same or different copies) and shall have delivered the same to the Administrative Agent.

(b) Master Assignment and Acceptance Agreement. The Banks, the Administrative Agent and Gerdau shall have duly executed a copy of the Master Assignment and Acceptance and shall have delivered the same to the Administrative Agent.

(c) Notes. There shall have been delivered to the Administrative Agent for the account of each of the Banks the appropriate Notes executed by the Obligors in the amount, for the maturity and as otherwise provided herein.

Section 6.2A No Default; Representations and Warranties. As of the date hereof (a) there shall exist no Default or Event of Default and (b) the representations and warranties set forth in Article VII shall be true and correct in all respects on and as of the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct only as of such specified date).

Section 6.3A Opinions of Counsel. The Administrative Agent shall have received an opinion addressed to the Administrative Agent and each of the Banks and dated on or about the date hereof, from each of (a) Torys LLP, special New York and Canadian counsel to Ameristeel and the Borrowers, (b) Robert Lewis, internal counsel to Ameristeel US, (c) Greenberg Traurig, special New York counsel to the Guarantors (except Ameristeel), (d) Machado, Meyer, Sendacz e Opice Advogados, special Brazilian counsel to the Guarantors (except Ameristeel and the Off-taker), (e) Dr. Expedito Luz, internal Brazilian counsel to the Guarantors (except Ameristeel) and (f) Maples and Calder, special Cayman Islands counsel to the Off-taker, in each case addressing such matters incident to the transactions contemplated herein as the Administrative Agent may reasonably request, in each case in form and substance reasonably satisfactory to the Administrative Agent and the Banks.

Section 6.4A Incumbency Certificates. If any person executing this Agreement or any Note or any other documents in connection herewith on behalf of any Obligor was not included in the original Officers' Certificates delivered pursuant to Section 5.5 above, then the Administrative Agent shall have received a certificate from each of the applicable Obligors, dated the date hereof, signed by an authorized officer of each such Obligor, in the form of Exhibit H-1 or H-2, as applicable, to the extent necessary to include the authority, incumbency and specimen signatures of the persons who have executed this Agreement or any Note or any other documents in connection herewith on its behalf.

ARTICLE VII

REPRESENTATIONS AND WARRANTIES

In order to induce the Banks to enter into this Agreement and to make the Loans hereunder, each of the Obligors makes the following representations and warranties as set forth in relation to it below as of the date hereof and as of the Borrowing Date, with the occurrence of the Borrowing Date being deemed to constitute a representation and warranty that the matters specified in this Article VII are true and correct on and as of the Borrowing Date (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct only as of such specified date):

Section 7.1 Power and Authority. Each of the Obligors: (a) is a company or, in the case of GNP Partners, GP, a partnership, duly organized, validly existing and, to the extent applicable under the laws of its jurisdiction of organization, in good standing under the laws of its jurisdiction of organization, (b) has all requisite corporate or partnership power, as applicable, and has all material Governmental Approvals, necessary or appropriate in respect of its business, (c) is duly qualified and is authorized to do business and is in good standing in all jurisdictions in which the ownership, leasing or operation of its property or the nature of the business conducted by it makes such qualification necessary, (d) has full corporate or partnership power, as

applicable, authority and legal right to make, execute, deliver and perform its obligations under each of the Credit Documents to which it is a party, and (e) has taken all corporate or other action necessary to authorize the making, execution, delivery and performance by it of each such Credit Document as has been executed and delivered as of each date this representation and warranty is made.

Section 7.2 Subsidiaries. Gerdau owns, directly or indirectly, the majority of the Capital Stock of each Borrower and each Guarantor (other than Gerdau).

Section 7.3 No Violation. The making and performance by each Obligor of the Credit Documents to which it is party do not contravene: (a) its Organizational Documents, (b) any Applicable Law, judgment, award, injunction or similar legal restriction in effect applicable to such Obligor in any material respect, or (c) any document or other contractual restriction binding upon or affecting it or any of its Properties (except to the extent of violations of documents or contractual restrictions that (individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect), or result in the creation of any Lien on any of its Property.

Section 7.4 Compliance. Except to the extent that any non-compliance (individually or in the aggregate) would not reasonably be expected to have a Material Adverse Effect, each Obligor is in compliance with (a) its Organizational Documents, (b) all Applicable Laws (including Environmental Laws) and Governmental Approvals, and (c) all of its obligations under the terms of each credit document, note, mortgage, indenture, security agreement and other instrument evidencing material Debt obligations for borrowed money by which it is bound.

Section 7.5 No Additional Authorization Required. All Governmental Approvals and other actions by, and all notices to and filings and registrations with, any Governmental Authority, and all third-party approvals, required for the due execution, delivery and performance by each of the Obligors of the Credit Documents to which it is a party and for the legality, validity or enforceability of the Credit Documents have been obtained and are in full force and effect, except as described in Section 7.12. True copies of all such approvals, if any, have been provided to the Administrative Agent.

Section 7.6 Legal Effect. This Agreement and each other Credit Document to which it is a party have been duly executed and delivered by each Obligor and are legal, valid and binding obligations of each Obligor, enforceable against such Obligor in accordance with their terms, in each case, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, *recuperação judicial ou extrajudicial, falência* or other similar laws relating to or affecting the enforcement of creditors' rights generally and as may be limited by equitable principles of general applicability. Other than in respect of stamp duty of a nominal sum applied to any original Credit Document signed in or brought into the Cayman Islands (e.g. for the purpose of enforcement), as of the date hereof and as of the Borrowing Date, no fees or taxes, including, without limitation, stamp, transaction, registration or similar taxes, are required to be paid for the legality, validity, or enforceability of this Agreement or any of the other Credit Documents.

Section 7.7 Financial Statements. The Consolidated balance sheets of each Guarantor (other than the Off-taker) as of December 31, 2006 and the unconsolidated balance sheet of Ameristeel US as of December 31, 2006 and June 30, 2007 delivered pursuant to Section 5.7, and the related Consolidated and unconsolidated, as applicable, statements of income and cash flows for the fiscal year ending on December 31, 2006 and fiscal quarter ending June 30, 2007 delivered in connection therewith, are complete and correct and fairly present in all material respects the financial condition of Ameristeel US and of each Guarantor (other than the Off-taker) and its Subsidiaries on a Consolidated basis or an unconsolidated basis, as applicable, as at such date and the results of its operations for the fiscal period ending on such date, all in accordance with GAAP (provided that no footnote disclosure has been provided with respect to the Borrowers), and none of Ameristeel US, the Guarantors (other than the Off-taker) nor any of their Consolidated Subsidiaries has any material contingent liabilities or material unusual forward or long-term commitments not disclosed therein.

Section 7.8 Ranking; Priority. The payment obligations of each Obligor under the Credit Documents to which it is a party are and will at all times be unconditional general obligations of such Obligor, and rank and will at all times rank at least *pari passu* in priority of payment with all other present and future unsubordinated and unsecured Debt of such Obligor.

Section 7.9 No Actions or Proceedings. There is no litigation, action, suit, investigation, claim, arbitration or other proceeding pending or, to the knowledge of any Obligor, threatened against any Obligor by or before any arbitrator or Governmental Authority that: (a) in the aggregate, has had or, if adversely determined, would reasonably be expected to have a Material Adverse Effect on any Obligor or (b) purports to affect the legality, validity, binding effect or enforceability of any of the Credit Documents or the transactions contemplated hereby.

Section 7.10 Commercial Activity; Absence of Immunity. Each of the Obligors is subject to civil and commercial law with respect to its obligations under the Credit Documents to which it is a party, and the making and performance by it of such Credit Documents constitute private and commercial acts rather than public or governmental acts. Neither the Obligors nor any of their respective Properties is entitled to immunity on the grounds of sovereignty or otherwise from the jurisdiction of any court or from any action, suit, set-off or proceeding, or service of process (whether through service or notice, attachment prior to judgment, attachment in aid of execution, execution or otherwise) in connection therewith, arising under the Credit Documents.

Section 7.11 Taxes.

(a) Each of the Obligors has filed all material tax returns required to be filed by it (taking into account any applicable extensions) and has paid all Taxes shown to be due thereon except such as are being contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP.

(b) As of the date hereof, (i) except as disclosed on Schedule VII or as set forth in clause (ii) or (iii) of this Section 7.11(b), no withholding or other Taxes are required to be paid in respect of, or deducted from, any payment required to be made by either Borrower under this Agreement, the Notes, or any other Credit Document, (ii) a withholding Tax of 15%

(or 25%, if the beneficiary of the payment is located in a *tax haven jurisdiction* as defined by applicable Brazilian law) is required to paid in respect of, or deducted from, any payment of interest or fees required to be made by each Brazilian Guarantor under this Agreement, the Notes, or any other Credit Document, and (iii) any payment of interest by Obligors that are Canadian or deemed to be Canadian for tax purposes on (A) a Tranche A Loan and a Tranche C Loan may be subject to Canadian withholding taxes of up to 25% (subject to possible reduction by treaty), and (B) a Tranche B Loan will not be subject to Canadian withholding tax. No other Taxes are required to be paid in respect of, or deducted from, any other payment required to be made by any Guarantor under this Agreement, the Notes, or any other Credit Document. Each Obligor is permitted under Applicable Law to pay any additional amounts payable under Section 4.5 as will result in receipt by the Banks of such amounts as would have been received by the Banks had no such withholding been required.

Section 7.12 Legal Form. Each of the Credit Documents is (or upon its coming into existence will be) in proper legal form under its governing law for the enforcement thereof against the parties thereto (and do not violate, nor will performance thereunder violate, Brazilian sovereignty, public order or morality (*soberania nacional, ordem pública ou bons costumes*)); provided that, for the enforceability of any Credit Document before Brazilian courts: (a) (i) the signatures of the parties signing such document outside Brazil must be notarized by a notary public qualified as such under the laws of the place of signing, the signature of such notary public must be certified by the county clerk's office with jurisdiction over such notary public, and such notarization and certification must be authenticated by a Brazilian consular officer at the competent Brazilian consulate; or (ii) such document must be registered with the competent Registry of Deeds and Documents and (b) such document must be translated into the Portuguese language by a sworn translator. Subject to the preceding sentence, all formalities required in Canada and/or Brazil for the validity and enforceability (including any necessary registration, recording or filing with any court or other Governmental Authority) of each Credit Document have been accomplished, and no fees or taxes are required to be paid for the validity and enforceability thereof except, in the case of enforcing any Credit Document in Brazil, the litigating party (plaintiff) will have to post security or a performance bond to secure the costs of the proceeding and the fees of the opposite party's (defendant) lawyer as required by Article 835 of the Brazilian Civil Procedure Code.

Section 7.13 Full Disclosure. The information, reports, financial statements, exhibits and schedules other than any Projections (as defined below) furnished from time to time in writing by (or on behalf of) any Obligor to any Joint Lead Arranger, the Administrative Agent and/or the Banks in connection with the Credit Documents or included therein or delivered pursuant thereto do not and will not, when furnished, contain any untrue statement of material fact or, taken as a whole, omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading on the date as of which such information is stated or certified. All financial projections (the "Projections"), if any, that have been or will be prepared by any Obligor or its Affiliates and made available to any Joint Lead Arranger, the Administrative Agent or any Bank in connection with the Credit Documents or included therein or delivered pursuant thereto have been or will be prepared in good faith based upon assumptions that such Obligor believes to be reasonable at the time made and at the time made available to any Joint Lead Arranger, the Administrative Agent or any Bank.

Section 7.14 No Default. No Default or Event of Default exists.

Section 7.15 Solvency. Each Obligor, both before and immediately after giving effect to the consummation of the transactions contemplated in the Credit Documents, to which it is a party, is Solvent.

Section 7.16 Investment Company Act. No Obligor is an "investment company," or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

Section 7.17 Liens. Schedules V and VI hereto are a complete and correct list of each Lien securing Debt of any Person outstanding on June 30, 2007 and secured by Liens covering any Property of the Obligors, and the aggregate amount of Debt secured (or that may be secured) by each such Lien and the Property covered by each such Lien is correctly described in said Schedules V and VI.

Section 7.18 Margin Regulations. No Obligor is engaged, nor will it engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" as such terms are defined in Regulation U of the Federal Reserve Board as now and from time to time hereafter in effect (such securities being referred to herein as "Margin Stock"). None of the proceeds of the Loans or other extensions of credit under this Agreement will be used, directly or indirectly, for the purpose of purchasing or carrying any Margin Stock, for the purpose of reducing or retiring any Debt that was originally incurred to purchase or carry any Margin Stock or for any other purpose that might cause any portion of the Loans or other extensions of credit under this Agreement to be considered a "purpose credit" within the meaning of Regulations T, U or X of the Federal Reserve Board. No Obligor will take or permit to be taken any action by its Subsidiaries that might cause any Credit Document to violate any regulation of the Federal Reserve Board.

Section 7.19 Environmental Matters. Except as would not have a Material Adverse Effect (or with respect to paragraphs (b) and (c) below, where the failure to take such actions would not have a Material Adverse Effect):

(a) No Obligor is subject to any existing, pending or, to their knowledge, threatened action, suit, investigation, inquiry or proceeding by or before any Governmental Authority or other third party, or to any remedial obligations under Environmental Laws;

(b) The Obligors have obtained or filed (as applicable), and are in compliance with the terms and conditions of, all notices, permits, licenses and similar authorizations required under applicable Environmental Laws;

(c) To the knowledge of each Obligor, (i) all Hazardous Materials, if any, generated at any and all Property of such Obligor have in the past been transported, treated and disposed of in accordance with Environmental Laws and so as not to pose an imminent and substantial endangerment to public health or welfare or the environment, and (ii) all such transport carriers and treatment and disposal facilities have been and are operating in compliance

with Environmental Laws and so as not to pose an imminent and substantial endangerment to public health or welfare or the environment;

(d) No Obligor (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) is subject to any Environmental Liability, (iii) has received notice of any claim against it with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability on its part; and

(e) There has been no release or threatened release of Hazardous Materials on, at, under or from any Property presently owned, leased, or operated by the Obligors that has resulted in, or is reasonably likely to result in, liability or obligations of the Obligors under any Environmental Laws.

Section 7.20 ERISA. No ERISA Event has occurred or, to the knowledge of the Obligors, is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of such Plan by an amount that has resulted or could reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed the fair market value of the assets of all such underfunded Plans by an amount that has resulted or could reasonably be expected to result in a Material Adverse Effect.

Section 7.21 Labor Matters. There are no strikes or other labor disputes against the Obligors or any of their Subsidiaries pending or, to the knowledge of the Obligors, threatened that (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect. Hours worked by and payment made to employees of the Obligors and their Subsidiaries have not been in violation of the Fair Labor Standards Act or any other Applicable Law dealing with such matters that (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect. All payments due from the Obligors or any of their Subsidiaries on account of employee health and welfare insurance that (individually or in the aggregate) could reasonably be expected to have a Material Adverse Effect if not paid have been paid or accrued as a liability on the books of any such Obligor or the relevant Subsidiary.

Section 7.22 Anti-Terrorism Laws.

(a) No Obligor or, to its knowledge, any of its Affiliates is in violation of any Applicable Law relating to terrorism or money laundering ("Anti-Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), and the Patriot Act.

(b) No Obligor or, to its knowledge, any of its Affiliates is any of the following:

(i) a Person that is listed in the Annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or controlled by, or acting for or on behalf of, any Person that is named on the list of Specially Designated Nationals and Blocked Persons maintained by OFAC or any list of Persons issued by OFAC pursuant to Executive Order 13224 — Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as in effect on the date hereof, or any similar list issued by OFAC (collectively, the "OFAC Lists"), or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with whom such Obligor is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person who commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(v) a Person that is named as a "specially designated national or blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control at its official website or any replacement website or other replacement official publication of such list.

(c) No Obligor or, to its knowledge, any of its Affiliates (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in clause (b)(i), (ii) or (v) above or, to the knowledge of such Obligor, clause (b)(iii) or (iv) above; (ii) deals in, or otherwise engages in any transaction relating to, any Property or interest in Property blocked pursuant to the Executive Order; or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purposes of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law. Neither the Obligors nor any of their Subsidiaries, nor, to the best of their knowledge, any Persons holding any legal or beneficial interest whatsoever in any Obligor or in their respective Subsidiaries (whether directly or indirectly) (x) are named on the list of Specially Designated Nationals and Blocked Persons maintained by OFAC or any list of Persons issued by OFAC pursuant to Executive Order 13224 — Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, as in effect on the date hereof, or any similar list issued by OFAC (collectively, the "OFAC Lists"); (y) are Persons determined by the Secretary of the Treasury of the United States to be owned by, controlled by, acting for or on behalf of, providing assistance, support, sponsorship, or services of any kind to, or otherwise associated with any of the Persons referred to or described in the OFAC Lists; or (z) to their knowledge have conducted business with or engaged in any transaction with any Person identified in (x) or (y) above.

Section 7.23 Existing Indebtedness. As of the the date hereof, Ameristeel, the Borrowers and Chaparral Steel Company have no material indebtedness for borrowed money

other than as disclosed in the documents filed by Gerdau Ameristeel Corporation with the Securities and Exchange Commission.

ARTICLE VIII

COVENANTS OF THE OBLIGORS

Section 8.1 Corporate Existence; Inspection; Books and Records. (a) Subject to Section 8.12, each of the Obligors shall preserve and maintain its legal existence and, except to the extent that the failure to do so (in the aggregate) would not reasonably be expected to have a Material Adverse Effect, obtain and maintain all Governmental Approvals, rights, privileges, licenses and franchises necessary for the maintenance of its corporate existence and good standing.

(b) Each of the Obligors shall permit representatives of any Bank or the Administrative Agent, on reasonable advance notice and during normal business hours, at the cost and expense of such Obligor during any Default or Event of Default, to examine, copy and make extracts from its books and records, to inspect any of its Properties and to discuss its business and affairs with its officers, all to the extent reasonably requested by such Bank or the Administrative Agent (as the case may be); provided that visitations shall be limited to the information necessary to evaluate the Obligors' ability to perform their respective obligations under the Credit Documents.

(c) (i) Gerdau and Ameristeel shall engage internationally recognized independent accountants to audit their respective financial statements; and (ii) each of the Obligors shall maintain a system of accounting in which full and correct entries shall be made of all of its financial transactions, assets and liabilities in accordance with GAAP.

(d) No Obligor shall take any action, amend, modify or otherwise change any of its Organizational Documents or conduct its affairs in a manner that would reasonably be expected to adversely affect the rights of the Administrative Agent or the Banks hereunder or to result in its corporate existence being ignored by any court of competent jurisdiction or in its assets and/or liabilities being substantively consolidated with those of any other Person in a bankruptcy, reorganization or other insolvency proceeding.

Section 8.2 Compliance with Applicable Laws; Taxes; Insurance. Each of the Obligors shall: (a) comply with the material requirements of all Applicable Laws (including all Environmental Laws) and material orders of any Governmental Authority, except where (and for so long as) the necessity of compliance therewith is being contested in good faith by appropriate proceedings, (b) timely file all required tax returns required to be filed by it and pay and discharge at or before maturity all of its material obligations (including tax liabilities, except where the same are contested in good faith and by proper proceedings and against which adequate reserves are being maintained to the extent required by GAAP) and (c) maintain all of its material Properties used or useful in its business in good working order and condition, ordinary wear and tear excepted, and keep such material Properties insured in accordance with customary industry standards in the jurisdiction in which they operate.

Section 8.3 Governmental Approvals. Each of the Obligors shall maintain in full force and effect, all Governmental Approvals from time to time necessary for its authorization, execution and delivery of the Credit Documents to which it is a party, and the due performance of all of its obligations, and the exercise of all of its rights, thereunder.

Section 8.4 Reporting Requirements. Each of the Obligors, as applicable, shall provide to the Administrative Agent (who shall promptly distribute to the Banks):

(a) as soon as available and in any event within 180 days after the last day of each fiscal year of each Guarantor (other than the Off-taker), annual audited Consolidated financial statements of such Guarantor, with the opinion thereon of internationally recognized independent public accountants, and as soon as available and in any event within 90 days after the end of fiscal quarter ending in March, June and September, quarterly unaudited Consolidated financial statements of such Guarantor as at such date, each prepared in accordance with GAAP;

(b) as soon as available and in any event within 120 days after the last day of each fiscal year of each Borrower and the Off-taker, annual unaudited unconsolidated financial statements of such Borrower, and as soon as available and in any event within 60 days after the end of fiscal quarter ending in March, June and September, quarterly unaudited unconsolidated financial statements of such Borrower as at such date, each prepared in accordance with GAAP (provided that no footnote disclosure shall be required);

(c) each time financial statements are required to be delivered under this Section 8.4(a) with respect to fiscal periods ending on any Date of Determination, a certificate of the chief financial officer (or more senior officer) of Gerdau: (i) providing a calculation (in reasonable detail) of the financial ratios in Section 8.13 and Section 8.14 hereof as the most recent Date of Determination and (ii) certifying that his/her review has not disclosed the existence of a Default or, if any Default then exists, specifying the nature and period of existence thereof and what action the relevant Obligor has taken or proposes to take with respect thereto;

(d) within five (5) Business Days after any Obligor obtains knowledge of any Default, a certificate of the chief financial officer (or more senior officer) thereof setting forth the details thereof and the action(s) that is/are being taken or is/are proposed to be taken with respect thereto;

(e) promptly (and, in any event, within five (5) Business Days) after any Obligor's knowledge thereof, notice of any litigation, claim, investigation, arbitration, other proceeding or controversy pending or, to its knowledge, threatened involving or affecting such Obligor: (i) for a stated amount of damages in excess of 25% of Gerdau's Consolidated Net Worth, (ii) that could reasonably be expected to have a Material Adverse Effect, (iii) that purports to affect the legality, validity, binding effect or enforceability of any of the Credit Documents; or (iv) that could reasonably be expected to give rise to a Lien on any Products to be sold to the Off-taker by any Exporter or to any Designated Eligible Buyer by the Off-taker, other than any Liens created under the Credit Documents; and

(f) promptly (and, in any event, within five (5) Business Days) after any Obligor's knowledge thereof, notice of any change in Rating or proposed change in Rating of Gerdau.

Section 8.5 Ranking; Priority. Each of the Obligors shall promptly take all actions as may be necessary to ensure that its obligations under the Credit Documents to which it is a party will at all times constitute unconditional and unsubordinated general obligations thereof ranking at least *pari passu* in priority of payment with all of the other present and future unsubordinated and unsecured Debt of such Obligor.

Section 8.6 Gerdau Negative Pledge. No Gerdau Entity shall create, assume or suffer to exist, any Lien on any Account Collateral or Springing Lien Collateral, as such terms are defined in the Security Agreement dated as of the date hereof among the Guarantors (except for Ameristeel) and JPMorgan Chase Bank, N.A., other than pursuant to such Security Agreement. No Gerdau Entity shall create, assume or suffer to exist, any Lien on any of its other Property, whether now owned or hereafter acquired by it, except for the following:

(a) any Lien existing on the date of this Agreement and listed on Schedule V hereof, and any extension, renewal or replacement thereof or of any Lien referred to in clause (b), (c) or (d) below; provided, however, that the total amount of Debt so secured is not increased;

(b) any Lien on any property or assets (including Capital Stock of any Person) securing Debt incurred solely for purposes of financing the acquisition, construction or improvement of such property or assets after the date of this Agreement; provided that (i) the aggregate principal amount of Debt secured by such Lien shall not exceed (but may be equal or less than) the cost (i.e., purchase price) of the property or assets so acquired, constructed or improved and (ii) such Lien is incurred before, or within 120 days after the completion of, such acquisition, construction or improvement and does not encumber any other property or assets of any Gerdau Entity; and provided, further, that to the extent that the property or asset acquired is Capital Stock, the Lien also may encumber other property or assets of the Person so acquired;

(c) any Lien securing Debt incurred for the purpose of financing all or part of the cost of the acquisition, construction, improvement or development of a project (including mini-mills or other facilities); provided that the lenders of such Debt expressly agree to limit their recourse in respect of such Debt to assets (including Capital Stock of the project entity) and/or revenues of such project with an aggregate value of not more than the amount of such Debt, and provided, further, that the Lien is incurred before, or within 120 days after the completion of, that acquisition, construction, improvement or development and does not apply to any other property or assets of any Gerdau Entity;

(d) any Lien existing on any property or assets of any Person before that Person's acquisition by, merger into or consolidation with any Gerdau Entity after the date of this Agreement; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, merger or consolidation, (ii) the Debt secured by such Lien may not exceed the Debt secured on the date of such acquisition, merger or consolidation, (iii) such Lien

shall not apply to any other property or assets of any Gerdau Entity, and (iv) such Lien shall secure only the Debt that it secures on the date of such acquisition, merger or consolidation;

(e) any Lien imposed by law that was incurred in the ordinary course of business, including, without limitation, carriers', warehousemen's, materialmen's and mechanics' liens and other similar encumbrances arising in the ordinary course of business; in each case for sums not yet due or being contested in good faith by appropriate action or proceedings;

(f) any pledge or deposit made in connection with workers' compensation, unemployment insurance or other similar social security legislation, any pledge or deposit to secure surety or appeal bonds in proceedings being contested in good faith to which any Gerdau Entity is a party, good faith deposits in connection with bids, tenders, contracts (other than for the payment of Debt) or leases to which any Gerdau Entity is a party or deposits for the payment of rent, in each case made in the ordinary course of business;

(g) any Lien in favor of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of any Gerdau Entity in the ordinary course of business;

(h) any Lien securing taxes, assessments and other governmental charges, the payment of which are not yet due or are being contested in good faith by appropriate proceedings and for which such reserves or other appropriate provisions, if any, have been established as required by GAAP;

(i) minor defects, easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, licenses, franchises, grants, permits, restrictions on the use of property or assets or minor imperfections in title and exceptions, qualifications and reservations on title that do not materially impair the value or use of the property or assets affected thereby, and any leases and subleases of real property that do not materially interfere with the ordinary conduct of the business of any Gerdau Entity, and which are made on customary and usual terms applicable to similar properties;

(j) any rights of set-off of any Person with respect to any deposit account, securities trading account or other similar accounts of any Gerdau Entity arising in the ordinary course of business and not constituting a financing transaction;

(k) any Liens granted to secure borrowings from, directly or indirectly, (i) *Banco Nacional de Desenvolvimento Econômico e Social-BNDES*, or any other Brazilian governmental development bank or credit agency or (ii) any international or multilateral development bank, government-sponsored agency, export-import bank or official export-import credit insurer;

(l) any Liens on the inventory or receivables of any Gerdau Entity securing the obligations of such Person under any lines of credit or working capital facility or in connection with any structured export or import financing or other trade transaction; provided that the aggregate principal amount of Debt incurred that is secured by receivables that shall fall

due in any fiscal year shall not exceed (i) with respect to transactions secured by inventory and/or receivables from export sales, 80% of Gerdau's consolidated gross revenues from export sales for the immediately preceding fiscal year or (ii) with respect to transactions secured by inventory and/or receivables from domestic (Brazilian) sales, 80% of such Person's consolidated gross revenues from sales within Brazil, for the immediately preceding fiscal year; and provided, further, that Advance Transactions shall not be deemed transactions secured by receivables for purpose of the above calculation; and

(m) in addition to the foregoing Liens set forth in clauses (a) through (l) above, Liens securing Debt of any Gerdau Entity (including, without limitation, guarantees of any Gerdau Entity) the aggregate principal amount of which, at any time or determination, does not exceed 15% of Gerdau's Consolidated Net Tangible Assets.

Section 8.7 Ameristeel Negative Pledge. No Ameristeel Entity shall create, assume or suffer to exist, any Lien on any of its Property, whether now owned or hereafter acquired by it, except for the following:

(a) any Lien existing on the date of this Agreement and listed on Schedule VI hereof, and any extension, renewal or replacement thereof or of any Lien referred to in clause (b), (c) or (d) below; provided, however, that the total amount of Debt so secured is not increased;

(b) any Lien on any property or assets (including Capital Stock of any Person) securing Debt incurred solely for purposes of financing the acquisition, construction or improvement of such property or assets after the date of this Agreement; provided that (i) the aggregate principal amount of Debt secured by such Lien shall not exceed (but may be equal or less than) the cost (i.e., purchase price) of the property or assets so acquired, constructed or improved and (ii) such Lien is incurred before, or within 120 days after the completion of, such acquisition, construction or improvement and does not encumber any other property or assets of any Ameristeel Entity; and provided, further, that to the extent that the property or asset acquired is Capital Stock, the Lien also may encumber other property or assets of the Person so acquired;

(c) any Lien securing Debt incurred for the purpose of financing all or part of the cost of the acquisition, construction, improvement or development of a project (including mini-mills or other facilities); provided that the lenders of such Debt expressly agree to limit their recourse in respect of such Debt to assets (including Capital Stock of the project entity) and/or revenues of such project with an aggregate value of not more than the amount of such Debt, and provided, further, that the Lien is incurred before, or within 120 days after the completion of, that acquisition, construction, improvement or development and does not apply to any other property or assets of any Ameristeel Entity;

(d) any Lien existing on any property or assets of any Person before that Person's acquisition by, merger into or consolidation with any Ameristeel Entity after the date of this Agreement; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition, merger or consolidation, (ii) the Debt secured by such Lien may not exceed the Debt secured on the date of such acquisition, merger or consolidation, (iii) such Lien shall not apply to any other property or assets of any Ameristeel Entity, and (iv) such

Lien shall secure only the Debt that it secures on the date of such acquisition, merger or consolidation;

(e) any Lien imposed by law that was incurred in the ordinary course of business, including, without limitation, carriers', warehousemen's, materialmen's and mechanics' liens and other similar encumbrances arising in the ordinary course of business: in each case for sums not yet due or being contested in good faith by appropriate action or proceedings;

(f) any pledge or deposit made in connection with workers' compensation, unemployment insurance or other similar social security legislation, any pledge or deposit to secure surety or appeal bonds in proceedings being contested in good faith to which any Ameristeel Entity is a party, good faith deposits in connection with bids, tenders, contracts (other than for the payment of Debt) or leases to which any Ameristeel Entity is a party or deposits for the payment of rent, in each case made in the ordinary course of business;

(g) any Lien in favor of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of any Ameristeel Entity in the ordinary course of business;

(h) any Lien securing taxes, assessments and other governmental charges, the payment of which are not yet due or are being contested in good faith by appropriate proceedings and for which such reserves or other appropriate provisions, if any, have been established as required by GAAP;

(i) minor defects, easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, licenses, franchises, grants, permits, restrictions on the use of property or assets or minor imperfections in title and exceptions, qualifications and reservations on title that do not materially impair the value or use of the property or assets affected thereby, and any leases and subleases of real property that do not materially interfere with the ordinary conduct of the business of any Ameristeel Entity, and which are made on customary and usual terms applicable to similar properties;

(j) any rights of set-off of any Person with respect to any deposit account, securities trading account or other similar accounts of any Ameristeel Entity arising in the ordinary course of business and not constituting a financing transaction;

(k) any Liens granted to secure borrowings from, directly or indirectly, (i) *Banco Nacional de Desenvolvimento Econômico e Social-BNDES*, or any other Brazilian governmental development bank or credit agency or (ii) any international or multilateral development bank, government-sponsored agency, export-import bank or official export-import credit insurer;

(l) Liens (i) on machinery and equipment of any Ameristeel Entity, in an aggregate amount not in excess of U.S.$150,000,000 outstanding at any time, and (ii) on real property of any Ameristeel Entity, in an aggregate amount not in excess of U.S.$50,000,000 outstanding at any time;

(m) deposits or pledges made to secure operating leases of real property or newly acquired equipment entered into on a commercially reasonable basis and on commercially reasonable terms and conditions;

(n) Liens securing any obligations under the Amended and Restated Credit Agreement dated as of October 28, 2005 among Ameristeel and certain of its subsidiaries, various financial institutions named therein, as lenders, Bank of America, N A., as administrative agent, and Bank of America, N.A. (acting through its Canada branch), as Canadian administrative agent, as such agreement maybe amended, restated, extended, refinanced or replaced from time to time; provided, however, that the total amount of debt so secured does not exceed U.S.$950,000,000;

(o) any Liens on the inventory or receivables of any Ameristeel Entity securing the obligations of such Person under any lines of credit or working capital facility or in connection with any structured export or import financing or other trade transaction; provided that the aggregate principal amount of Debt incurred that is secured by receivables that shall fall due in any fiscal year shall not exceed (i) with respect to transactions secured by inventory and/or receivables from export sales, 80% of Ameristeel's consolidated gross revenues from export sales (outside of the U.S. and Canada) for the immediately preceding fiscal year or (ii) with respect to transactions secured by inventory and/or receivables from domestic (U.S. or Canadian) sales, 80% of such Person's consolidated gross revenues from sales within the U.S. or Canada for the immediately preceding fiscal year; and

(p) in addition to the foregoing Liens set forth in clauses (a) through (o) above, Liens securing Debt of any Ameristeel Entity (including, without limitation, guarantees of any Ameristeel Entity) the aggregate principal amount of which, at any time or determination, does not exceed 15% of Ameristeel's Consolidated Net Tangible Assets.

Section 8.8 Further Assurances. Each of the Obligors shall do and perform, from time to time, any and all acts (and execute any and all documents) as reasonably requested by the Administrative Agent in order to effect the purposes of the Credit Documents.

Section 8.9 Transactions With Affiliates. No Obligor shall (or shall permit any of its respective Subsidiaries to) directly or indirectly enter into any transaction with any Affiliate except in the ordinary course of its business (which shall include intercompany loans and advances) and upon commercially reasonable terms that are no less favorable to it than those that might be obtained in a comparable arm's-length transaction at the time from a Person that is not an Affiliate. The foregoing restrictions shall not apply to: (i) the payment of reasonable and customary fees to directors of any Obligor who are not employees of such Obligor, (ii) any other transaction with any employee, officer or director of any Obligor pursuant to employee profit sharing and/or benefit plans and compensation and non-competition arrangements in amounts customary for corporations similarly situated to such Obligor and entered into in the ordinary course of business and approved, in respect of officers and directors, by the board of directors of such Obligor, or (iii) any reimbursement of reasonable out-of-pocket costs incurred by an Affiliate of an Obligor on behalf of or for the account of such Obligor.

Section 8.10 Line of Business, Etc. No Obligor shall: (a) make any material change in its line of business (other than by engaging in a business related, complementary or ancillary to its line of business), (b) change its fiscal year or (c) make or permit any material change in its accounting policies or reporting practices except as required by a change in GAAP.

Section 8.11 Use of Proceeds.

(a) No part of the proceeds of the Loans shall be used directly or indirectly for the purpose (whether immediate, incidental or ultimate) of buying or carrying any Margin Stock.

(b) The proceeds of the Loans shall be used by the Borrowers solely to fund the Acquisition and to pay related fees and expenses in connection with the Credit Documents and the Acquisition.

Section 8.12 Merger, Etc. No Obligor will enter into any transaction of merger or consolidation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its Properties; provided that it may merge or consolidate with or into, or sell or transfer all or substantially all of its Properties to, any other Obligor; and provided further, that it may merge or consolidate with or into, or sell or transfer all or substantially all of its Properties to, any other Person that is organized in an OECD Country or Brazil if, immediately after giving effect thereto:

(a) (i) with respect to any merger or consolidation, it is the surviving Person or, if not, the surviving Person has validly assumed, in a manner satisfactory to the Administrative Agent and the Majority Banks, all obligations under the Credit Documents to which it is a party, or (ii) with respect to a sale, transfer, lease or other disposition of all or substantially all of its Properties, the Person to whom the Property has been sold, transferred, leased or otherwise disposed has validly assumed, in a manner satisfactory to the Administrative Agent and the Majority Banks, all obligations under the Credit Documents to which the transferor is a party (which assumption may constitute a novation of such obligations under Applicable Law);

(b) no Default or Event of Default (including resulting from a breach of Section 8.10) exists or would exist immediately after such merger, consolidation, sale, transfer, lease or other disposition;

(c) there would not be a Default or Event of Default relating to the Total Debt to EBITDA Ratio under Section 8.13 or EBITDA to Interest Expense Ratio under Section 8.14 if such ratios were determined on a *pro forma* basis with respect to the four-consecutive-fiscal-quarter period ending immediately preceding the date that is sixty (60) calendar days before the date of such merger, consolidation, sale or transfer, as the case may be;

(d) the Administrative Agent shall have received any other opinions and other documents or evidence as it (or the Majority Banks) may reasonably request in connection therewith; and

(e) to the extent reasonably requested by the Administrative Agent or the Majority Banks, the Credit Documents shall have been amended (or amended and restated) to reflect such merger, consolidation, sale, transfer, lease or other disposition.

Section 8.13 Total Debt to EBITDA Ratio. Gerdau shall not permit the ratio of Total Debt to EBITDA calculated for any period of four fiscal quarters ending on each Date of Determination to exceed 4.0:1.0.

Section 8.14 EBITDA to Interest Expense Ratio. Gerdau shall not permit the ratio of EBITDA to Interest Expense calculated for any period of four consecutive fiscal quarters ending on each Date of Determination to be less than 3.0:1.0.

Section 8.15 Export Trade Matters.

(a) The Obligors will ensure that the Exporters will sell and the Off-Taker will purchase, pursuant to the Intercompany Export Agreement, Products in sufficient quantities (i) to generate the Overall Coverage Amount during the term of this Agreement, and (ii) to allow the Off-taker to comply with its obligations under its sales agreements with Designated Eligible Buyers in order to satisfy the Periodic Coverage Amount test with respect to each Interest Period based on a Market Value in effect for such Products at any given time during the term of this Agreement. In the event that at any time during the term of this Agreement the Intercompany Export Agreement no longer satisfies the requirements of the preceding sentence as a result of fluctuations in the Market Value of the Products or otherwise, the Exporters and the Off-taker will amend the Intercompany Export Agreement to ensure compliance therewith.

(b) The Off-taker will ensure (i) at all times that it has designated adequate Eligible Buyers as Designated Eligible Buyers pursuant to the terms hereof so that, commencing October 15, 2007, sales to such Designated Eligible Buyers are scheduled to generate export receivables payable to the Off-taker ("Export Receivables") in amounts adequate to satisfy the Periodic Coverage Ratio for each Interest Period, and (ii) all such Export Receivables shall be Springing Lien Collateral.

(c) In the event that at any time during the term of this Agreement the Export Receivables generated from sales to Designated Eligible Buyers are not adequate to satisfy the requirements of Section 8.15(b), Gerdau and the Off-taker will promptly designate additional Eligible Buyers as Designated Eligible Buyers and all Export Receivables to be generated from sales to such Designated Eligible Buyers as Springing Lien Collateral as needed to generate the Export Receivables up to the Periodic Coverage Amount by attaching to a Compliance Certificate a revised Schedule IV to this Agreement, and upon the Collateral Agent's receipt of any Compliance Certificate attaching a revised Schedule IV, Schedule IV hereof shall be automatically amended to include such Eligible Buyers that have been designated as additional Designated Eligible Buyers provided such additional Designated Eligible Buyers satisfy all applicable conditions specified herein; provided further, that if such failure to satisfy the requirements of Section 8.15(b) results from the ineligibility of a Designated Eligible Buyer due to the restrictions referred to in the definition of "Eligible Buyers", either (i) Gerdau and the Off-taker shall, within 10 days after notice thereof from any Bank, the Administrative Agent or

the Collateral Agent, replace such Designated Eligible Buyer and make the designations necessary to satisfy the requirements of Section 8.15 (b) or (ii) the Borrowers shall, within 60 days after notice thereof from any Bank, the Administrative Agent or the Collateral Agent, prepay the Pre-Export Loans in accordance with Section 2.7 by an amount necessary so that the Off-taker is in full compliance with Section 8.15(b); provided further that in the event any Bank, the Administrative Agent or the Collateral Agent sends such a notice to the Off-taker with respect to any Designated Eligible Buyer after the occurrence of an Activation Event, the Off-taker and the Collateral Agent shall immediately instruct such Designated Eligible Buyer to make any future payments to an account designated by the Off-taker that is not the Collection Account and, upon the receipt of any such funds, the Off-taker shall immediately transfer an amount equal thereto from the Off-taker's Payment Account to the Collection Account (such funds to be derived from other export receivables of the Off-taker).

(d) Unless and until an Activation Event occurs, the Off-taker shall irrevocably instruct the Designated Eligible Buyers to make all payments in respect of Export Receivables to the Off-taker's Payment Account.

(e) The Exporters and the Off-taker will not create, assume or suffer to exist any Lien in or on any of the Springing Lien Collateral as it may exist from time to time other than any Lien created under the Credit Documents.

(f) Gerdau shall provide the Collateral Agent (i) no later than the date occurring 10 days after the last day of each Interest Period, a compliance certificate (each, a "Compliance Certificate"), substantially in the form of Exhibit G hereto, certifying, (x) with respect to such Interest Period, the amount of Export Receivables generated from sales of Products to Designated Eligible Buyers during such Interest Period and confirming that the Periodic Coverage Amount applicable to such Interest Period is generated specifically from Export Receivables derived from sales of Products to Designated Eligible Buyers, and (y) that based on current Market Values the Intercompany Export Agreement currently provides for sales of sufficient Products to satisfy the Overall Coverage Amount test specified in subsection (a) above; (ii) at the time of delivery of each Compliance Certificate and prior to an Activation Event, a letter (or similar document) from JPMorgan Chase Bank, N.A. certifying as to the total amount credited to the Off-taker's Payment Account during such Interest Period; and (iii) on the Effective Date and on each anniversary of the Effective Date, a written report in form reasonably satisfactory to the Collateral Agent evidencing historical aggregate revenues from each Designated Eligible Buyer for the preceding three-year period, together with a non-binding projection of anticipated revenues for each such Designated Eligible Buyer for the then upcoming annual period.

ARTICLE IX

TRIGGER EVENT AND ACTIVATION EVENT

Section 9.1 Trigger Event. The parties hereby agree that a "Trigger Event" shall occur if the Off-taker shall fail to generate the Periodic Coverage Amount with respect to an Interest Period from Export Receivables for any two consecutive Interest Periods or for any three non-consecutive Interest Periods during the term of this Agreement. Any subsequent failure to

generate the Periodic Coverage Amount with respect to any Interest Period from Export Receivables after the occurrence of a Trigger Event shall constitute an Event of Default.

Section 9.2 Activation Event. Upon the occurrence of a Trigger Event or an Event of Default, the Administrative Agent may, or upon the written direction of the Majority Banks shall, declare the activation of the lien on the Springing Lien Collateral (such declaration, an "Activation Event").

Section 9.3 Consequences of Activation Event. Upon the occurrence of an Activation Event, the following shall occur:

(a) The Off-taker shall promptly, but no later than four (4) Business Days after the occurrence of an Activation Event, send notices (each, a "Designated Eligible Buyer Notice"), substantially in the form set forth in Exhibit E hereto, to each Designated Eligible Buyer, with a copy of each Designated Eligible Buyer Notice being sent by the Off-taker to the Collateral Agent, informing each Designated Eligible Buyer of the Off-taker's and applicable Exporter's assignment of their respective rights to all Export Receivables and irrevocably instructing such Designated Eligible Buyer to make all payments in respect of Export Receivables to the Collection Account, and if the Off-taker fails to send any such Designated Eligible Buyer Notices, the Collateral Agent may send such Designated Eligible Buyer Notices directly. The Off-Taker shall use its reasonable best efforts to obtain the acknowledgment of each Designated Eligible Buyer to its Designated Eligible Buyer Notice. All invoices sent to each Designated Eligible Buyer after the occurrence of an Activation Event shall contain irrevocable payment instructions directing that all payments thereunder be made to the Collection Account.

(b) The Exporters and/or Off-taker shall promptly, but no later than one (1) Business Day after the occurrence of an Activation Event, cause the transfer of any future payments of Export Receivables by Designated Eligible Buyers received in the Off-taker's Payment Account from the Off-taker's Payment Account to the Collection Account promptly upon receipt thereof.

(c) During each Interest Period, if an Activation Event is declared as a result of the occurrence of a Trigger Event, the Collateral Agent will retain in the Collection Account one-fifth of the Pre-Export Loans Debt Service Amount due at the end of such Interest Period in each of the first five months of such Interest Period so that the full amount of the Pre-Export Loans Debt Service Amount will be on deposit in the Collection Account thirty (30) days prior to the end of such Interest Period. If such Pre-Export Loans Debt Service Amount has not been deposited into the Collection Account by such date, then the Collateral Agent shall notify the Off-taker of such shortfall on or before the date occurring five (5) Business Days prior to the applicable Payment Date. In the event of any such shortfall, the Off-taker shall transfer an amount equal to the shortfall from the Off-taker's Payment Account to the Collection Account (such funds to be derived from other export receivables of the Exporters and/or Off-taker) before the date occurring two (2) Business Days prior to the applicable Payment Date.

(d) During each Interest Period, if an Activation Event is declared as a result of the occurrence of an Event of Default or if an Event of Default shall have otherwise

occurred and be continuing, the Collateral Agent shall retain all amounts deposited into the Collection Account for application towards the repayment of the Borrowers' obligations hereunder; provided however, that such amounts shall be retained only until funds in the Collection Account equal the Pre-Export Loans Debt Service Amount applicable to such Interest Period, unless the unpaid principal amount of the Loans has been accelerated in accordance with Article X, in which case all amounts deposited in the Collection Account shall be retained and applied as repayment of the Borrowers' obligations hereunder. The Off-taker agrees that the full amount of the Pre-Export Loans Debt Service Amount applicable to such Interest Period will be on deposit in the Collection Account thirty (30) days prior to the end of such Interest Period. If such Pre-Export Loans Debt Service Amount has not been deposited into the Collection Account by such date, then the Collateral Agent shall notify the Off-taker of such shortfall and the Off-taker shall transfer an amount equal to the shortfall from the Off-taker's Payment Account to the Collection Account (such funds to be derived from other export receivables of the Exporters and/or Off-taker) within two (2) Business Days of the date it receives notice from the Collateral Agent of such shortfall.

(e) If no Event of Default shall have occurred and be continuing and the Borrowers shall have duly paid the applicable Pre-Export Loans Debt Service Amount in full on a Payment Date, then on the Business Day following receipt of such payment, the Collateral Agent shall release any amounts in the Collection Account to the Off-taker.

Section 9.4 Trigger Event Mandatory Prepayment. If during any Interest Period after the declaration of an Activation Event (a) the transfer required to be made by Gerdau in accordance with either Sections 9.3(c) or 9.3(d) above is not received in the Collection Account before the applicable date specified in such subsection, or (b) upon any subsequent failure to generate the Periodic Coverage Amount, the Collateral Agent shall be entitled to retain all amounts deposited in the Collection Account during such Interest Period for application towards the *pro rata* prepayment of the Borrowers' obligations under the Pre-Export Loans on the next succeeding Payment Date; provided that in the case of subsection (b) only, the amount to be applied toward such prepayment shall equal the difference between the Periodic Coverage Amount and the amount actually received in the Collection Account during such Interest Period and any excess funds in the Collection Account shall be released to the Off-taker.

Section 9.5 OFAC Payments. The Collateral Agent, acting in its sole discretion, shall be entitled to block, suspend or reject payments made to the Collection Account if it has reason to believe that such payments are from any Person named on an OFAC List or related to sales of Products received by any Person named on an OFAC List.

ARTICLE X

EVENTS OF DEFAULT

Each of the following events is herein called an "Event of Default":

Section 10.1 Payments. Any payment of any (a) principal on the Loans or any Note shall not be paid in full when due or (b) any interest, fee or any other amount whatsoever payable under the Credit Documents (including amounts payable pursuant to Article IV) shall

not be paid when due and such default under this subsection (b) shall continue unremedied for five (5) Business Days;

Section 10.2 Representations. (a) The Specified Representations shall prove to have been inaccurate in any respect as of the date made or deemed made by any Obligor, or (b) any representation, warranty or certification (other than the Specified Representations) made or deemed made herein or in any other Credit Document (or in any modification or supplement hereto or thereto) by any Obligor, or in any certificate furnished to any Bank or the Administrative Agent pursuant to the provisions hereof or of any other Credit Document, shall prove to have been inaccurate in any material respect as of the Effective Date or the Borrowing Date, and such inaccuracy is continuing on the date occurring forty-five (45) days after the Borrowing Date;

Section 10.3 Covenants. Any Obligor shall default (a) in the observance or performance of any of its obligations under Sections 2.8, 8.1, 8.4(c)-(f), 8.5, 8.6, 8.7, 8.10, 8.11, 8.12, 8.13, 8.14, 8.15 or 9.3 hereof or (b) in the observance or performance of any of its other obligations under this Agreement (other than as provided in clause (a)) or any other Credit Document and such default under this clause (b) shall continue unremedied for a period of 30 days after the earlier of (x) the date on which any Obligor provides written notice thereof to the Administrative Agent or any Bank or (y) the date on which the Administrative Agent or any Bank provides written notice thereof to any Obligor;

Section 10.4 Default Under Other Agreements. Any Obligor shall (a) default in any payment of any Debt beyond the period of grace, if any, provided in the instrument or agreement under which such Debt was created or (b) default in the observance or performance of any agreement or condition relating to any or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause such Debt to become due prior to its stated maturity and such default shall not have been cured or waived; provided, however, that no Event of Default will occur under this Section unless and until the aggregate amount of such Debt in respect of which one or more of the events mentioned above in this Section 10.4 has or have occurred equals or exceeds U.S.$50,000,000 or its equivalent in any currency other than Dollars;

Section 10.5 Bankruptcy, etc. (a) Any Obligor shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due; (b) any Obligor shall: (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner, *síndico*, liquidator or similar Person of itself or of all or any substantial part of its Property; (ii) make a general assignment for the benefit of its creditors; (iii) file a petition seeking to take advantage of any Applicable Law relating to bankruptcy, insolvency, reorganization, *recuperação judicial ou extrajudicial*, liquidation, *falência*, dissolution, arrangement or winding up or composition or readjustment of debts; or (iv) take any corporate action for the purpose of effecting any of the foregoing; or (c) a proceeding or case shall be commenced against any Obligor, without its application or consent, seeking: (i) its reorganization, liquidation, dissolution, arrangement or winding up, or the composition or readjustment of its debts; (ii) the appointment of a receiver, custodian, trustee, examiner, *síndico*, liquidator or similar Person of it or of all or any substantial part of its Properties; or (iii) similar relief in respect of it under any Applicable Law relating to bankruptcy, insolvency,

reorganization, *recuperação judicial ou extrajudicial*, liquidation, *falência*, dissolution or winding up or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 90 or more days;

Section 10.6 Judgments. One or more judgment(s), order(s), decree(s), award(s), settlement(s) and/or agreement(s) to settle (including any relating to any arbitration) is/are rendered against any Obligor in an amount exceeding U.S.$50,000,000 (or its equivalent in any other currency) in the aggregate and shall remain unsatisfied, undischarged and in effect for a period of 60 or more days without a stay of execution, unless the same is either: (a) adequately bonded or covered by insurance where the surety or the insurer, as the case may be, has admitted liability in respect of such judgment(s), order(s), decree(s), award(s), settlement(s) and/or agreement(s) to settle or (b) is being contested by appropriate proceedings properly instituted and diligently conducted and fully provisioned in accordance with GAAP in such party's financial statements;

Section 10.7 Government Approvals. Any Governmental Approval at any time necessary to enable any Obligor to comply with any of its obligations under any of the Credit Documents shall be revoked, withdrawn, withheld or otherwise not in full force and effect and is not reinstated to the satisfaction of the Majority Banks within the earlier of (a) 30 days or (b) prior to the third Business Day before the day in which it shall be required to enable the Obligors to comply with its obligations under the Credit Documents, or shall be modified or amended in a manner that (in the aggregate) has had or could reasonably be expected to have a Material Adverse Effect;

Section 10.8 Effectiveness of Obligations. (a) Any Obligor shall deny in writing its obligations under this Agreement, any Note or any other Credit Document; (b) any Applicable Law shall purport to render invalid, or preclude enforcement of, any material provision of this Agreement or any other Credit Document or prohibit, delay or materially impair performance of any Obligor's obligations hereunder or under any other Credit Document; (c) any Credit Document shall otherwise cease to be in full force and effect; (d) any Governmental Authority authorizes or ratifies any action or series of actions for or resulting in (i) a moratorium of general applicability of payments on indebtedness of private sector borrowers which moratorium would reasonably be likely to result in any Obligor's inability to perform its obligations under the Credit Documents or (ii) a rescheduling or restructuring of external indebtedness of borrowers that applies or would be reasonably likely to apply to any Obligor; or

Section 10.9 Material Adverse Change. There shall have occurred after December 31, 2006 and on or before the Borrowing Date a material adverse change in the business, operations, property or financial condition of the Obligors taken as a whole, and such material adverse change is continuing on the date occurring forty-five (45) days after the Borrowing Date; or

Section 10.10 Secured Export Notes. The Secured Export Notes shall not have been prepaid in full on or before October 15, 2007 in accordance with the irrevocable instructions dated September 4, 2007 and delivered to the trustee and the holders thereof.

THEN, if an Event of Default exists, then the Administrative Agent shall, upon the request of the Majority Banks: (A) by notice to the Obligors, declare: (1) the Commitments to be terminated immediately, whereupon the Commitments shall immediately terminate, and (2) the principal amount then outstanding of, and the accrued interest on, the Loans and the Notes and all other amounts payable by the Obligors under the Credit Documents (including any amounts payable under Section 4.4) to be immediately due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Obligors; provided that in the case of an Event of Default of the kind referred to in Section 10.5, the Commitments shall automatically terminate and all amounts payable under the Credit Documents shall automatically become immediately due and payable, without any further action by any Person, and/or (B) exercise any other rights and remedies available at law and in equity.

ARTICLE XI

GUARANTY

Section 11.1 Guaranty.

(a) For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor, jointly and severally, hereby unconditionally guarantees the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of the payment obligations of the Borrowers under the Credit Documents, in each case as primary obligor and not merely as surety and with respect to all such obligations howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due. This is a guaranty of payment and not merely of collection.

(b) All payments made by any Guarantor under this Article XI shall be payable in the manner required for payments by the Borrowers hereunder, including: (i) the obligation to make all such payments free and clear of, and without deduction for, any Taxes (including withholding taxes) and to deliver all required tax forms, in each case in accordance with Section 4.5, (ii) the obligation to pay interest at the Default Rate and (iii) the obligation to pay all amounts due hereunder and under the Notes in Dollars.

Section 11.2 Guaranty Unconditional. The obligations of the Guarantors under this Article XI shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(a) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation(s) of the Borrowers under the Credit Documents and/or any Commitment(s) under the Credit Documents, by operation of law or otherwise,

(b) any modification or amendment of or supplement to this Agreement or any other Credit Document,

(c) any change in the corporate existence, structure or ownership of the Borrowers or any other Person, or any event of the type described in Section 10.5 with respect to any Person,

(d) the existence of any claim, set-off or other rights that any Guarantor may have at any time against the Borrowers, the Administrative Agent, any Bank or any other Person, whether in connection herewith or with any unrelated transactions,

(e) any invalidity or unenforceability relating to or against the Borrowers for any reason of any Credit Document, or any provision of Applicable Law purporting to prohibit the performance by the Borrowers of any of their obligations under the Credit Documents, or

(f) any other act or omission to act or delay of any kind by the Borrowers, the Administrative Agent, any Bank or any other Person or any other circumstance whatsoever that might, but for the provisions of this Section, constitute a legal or equitable discharge of the obligations of the Borrowers under the Credit Documents.

Section 11.3 Discharge Only Upon Payment in Full; Reinstatement In Certain Circumstances. The obligations of the Guarantors hereunder shall remain in full force and effect until all of the payment obligations of the Borrowers under the Credit Documents shall have been paid or otherwise performed in full and all of the Commitments shall have terminated. If at any time any payment made under this Agreement or any other Credit Document is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, reorganization, *recuperação judicial ou extrajudicial*, *falência* or similar event of the Borrowers or any other Person or otherwise, then the obligations of the Guarantors hereunder with respect to such payment shall be reinstated at such time as though such payment had been due but not made at such time.

Section 11.4 Waiver. Each Guarantor hereby irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law: (a) notice of acceptance of the Guaranty provided in this Article XI and notice of any liability to which this Guaranty may apply; (b) all notices that may be required by Applicable Law or otherwise to preserve intact any rights of any Bank against the Borrowers, including any demand, presentment, protest, proof of notice of non-payment, notice of any failure on the part of the Borrowers to perform and comply with any covenant, agreement, term, condition or provision of any agreement and any other notice to any other party that may be liable in respect of the obligations Guaranteed hereby (including the Borrowers) except any of the foregoing as may be expressly required hereunder; (c) any right to the enforcement, assertion or exercise by the Administrative Agent or any Bank of any right, power, privilege or remedy conferred upon such Person under the Credit Documents or otherwise; (d) any requirement that the Administrative Agent or any Bank exhaust any right, power, privilege or remedy, or mitigate any damages resulting from a default, under any Credit Document, or proceed to take any action against the Borrowers or any other Person under or in respect of any Credit Document or otherwise; and (e) the benefit of Articles 827, 829, 830, 834, 835, 837, 838 and 839 of the Brazilian Civil Code, Article 595 of the Brazilian Civil Procedure Code.

Section 11.5 Subrogation. Upon making a payment under this Article XI, each Guarantor shall be subrogated to the rights of the payee against the Borrowers with respect to such obligation; provided that no Guarantor shall enforce any payment by way of subrogation, indemnity or otherwise, or exercise any other right, against the Borrowers (or otherwise benefit from any payment or other transfer arising from any such right) so long as any payment obligations of the Borrowers remain unpaid and/or unsatisfied under the Credit Documents.

Section 11.6 Stay of Acceleration. If acceleration of the time for payment of any amounts payable under the Credit Documents is stayed due to any event described in Section 10.5, then all such amounts otherwise subject to acceleration under this Agreement shall nonetheless be payable by the Guarantors hereunder immediately upon demand by the Administrative Agent.

ARTICLE XII

THE AGENTS

Section 12.1 Appointment, Powers and Immunities. (a) Each Bank hereby appoints and authorizes each of the Agents to act as its agent hereunder and (as applicable) under the other Credit Documents to which such Agent is a party with such powers as are specifically delegated to such Agent by the terms of this Agreement and (as applicable) the other Credit Documents to which such Agent is a party, together with such other powers as are reasonably incidental thereto. Each Agent (which term as used in this sentence and in Section 12.5 shall include reference to its Affiliates and its own and its Affiliates' officers, directors, employees, representatives and agents):

(i) shall have no duties or responsibilities except those expressly set forth in the Credit Documents to which such Agent is a party and shall not by reason of this Agreement or any other Credit Document be a trustee or fiduciary for any Bank,

(ii) shall not be responsible to any Bank for any recitals, statements, representations or warranties contained in any Credit Document, or in any certificate or other document referred to or provided for in, or received by any of them under, any Credit Document, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of any Credit Document or any other document referred to or provided for herein or for any failure by any Obligor to perform any of its obligations hereunder or thereunder,

(iii) except as expressly provided in the Credit Documents to which such Agent is a party, shall not be required to initiate or conduct any litigation or collection proceedings under any Credit Document, and

(iv) shall not be responsible for any action taken or omitted to be taken by it hereunder or under any other document referred to or provided for herein or in connection herewith, except for its own gross negligence or willful misconduct.

Each Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of or for the supervision of any such agents or attorneys-in-fact that were selected by it in good faith. Each Agent shall as soon as practicable provide the Banks will all information and copies of all notices which are given to it and which by the terms of this Agreement are to be provided or given to the Banks.

(b) Before either Agent acts or refrains from acting, it may require an officer's certificate from any Obligor and/or an opinion of counsel satisfactory to such Agent with respect to the proposed action or inaction at the Banks' expense. Neither Agent shall be liable for any action it takes or omits to take in good faith in reliance upon such certificate or opinion. Whenever in the administration of the Credit Documents to which such Agent is a party, either Agent shall deem it necessary or desirable that a matter be provided or established before taking or suffering or omitting to take any act under any Credit Document to which such Agent is a party, such matter (unless other evidence in respect thereof is herein specifically prescribed) may, in the absence of gross negligence or bad faith on the part of such Agent, be deemed to be conclusively proved and established by an officers' certificate delivered to such Agent, and such certificate, in the absence of gross negligence or bad faith on the part of such Agent, shall be full warrant to such Agent for any action taken, suffered or omitted to be taken by it under the Credit Documents upon the faith thereof.

(c) The Joint Lead Arrangers, in their capacities as joint lead arrangers, shall not have any liability or responsibility whatsoever under the Credit Documents.

(d) Any Person (i) into which either Agent may be merged or consolidated or (ii) that may result from any merger, conversion or consolidation to which either Agent shall be a party shall (if such Agent is not the surviving entity) be the successor of such Agent without the execution or filing of any instrument or any further act on the part of any of the parties hereto.

Section 12.2 Reliance by the Agents. Each Agent shall be entitled to rely conclusively upon any certification, notice or other communication (including any thereof by e-mail, telephone or facsimile) reasonably believed by it to be genuine and correct and to have been signed or sent by or on behalf of the appropriate Person(s), and upon advice and statements of legal counsel and other experts selected by such Agent. As to any matters not expressly provided for in the Credit Documents, the Collateral Agent shall in all cases be fully protected in relying upon the Administrative Agent's instruction and the Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, thereunder in accordance with instructions given by the Majority Banks, and such instructions of the Majority Banks and any action taken or failure to act pursuant thereto shall be binding upon all of the Banks.

Section 12.3 Defaults. Neither Agent shall be deemed to have knowledge or notice of the occurrence of a Default unless it has received written notice from a Bank or an Obligor specifying such Default and stating that such notice is a "Notice of Default." If either Agent receives such a notice, then it shall give prompt notice thereof to the Banks and the Borrowers (if such notice is received from a Bank). The Administrative Agent shall (subject to Section 12.7) take such action with respect to any such Default as shall be directed by the Majority Banks; provided that unless and until the Administrative Agent shall have received such directions, it

may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of the Banks except to the extent that the Credit Documents expressly require that such action be taken, or not be taken, only with the consent or upon the authorization of the Majority Banks or all of the Banks.

Section 12.4 Rights as a Bank. With respect to any Commitment and Loan made or held by it, JPMorgan Chase Bank, N.A. (and any successor acting as an Agent) in its capacity as a Bank hereunder shall have the same rights and powers as any other Bank and may exercise the same as though it were not acting as an Agent, and the term "Bank" shall, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. JPMorgan Chase Bank, N.A. (and any successor acting as an Agent) and its Affiliates may (without having to account therefore to any Bank) accept deposits from, lend money to, make investments in and generally engage in any kind of banking, trust or other business with any Obligor, and any Affiliate of any thereof as if it were not acting as an Agent, and JPMorgan Chase Bank, N.A. (and any such successor) and its Affiliates may accept fees and other consideration from any such Person(s) for services in connection with this Agreement or otherwise without having to account for the same to the Banks.

Section 12.5 Indemnification. The Banks agree to indemnify each Agent (to the extent not reimbursed under Section 13.1, but without limiting the obligations of the Obligors under Section 13.1) ratably in accordance with the aggregate principal amount of the Loans held by the Banks (or, if no Loans are at the time outstanding, ratably in accordance with their respective Commitments), for any and all losses, liabilities, claims, obligations, damages or expenses (including the fees and disbursements of counsel) incurred by it arising out of or by reason of any investigation in any way relating to or arising out of this Agreement or any other Credit Documents to which such Agent is a party or the transactions contemplated hereby (including the costs and expenses that the Obligors are obligated to pay under Section 13.1, but excluding, other than additional administrative costs and expenses resulting from a Default, normal administrative costs and expenses incident to the performance of its agency duties hereunder) or the enforcement of any of the terms hereof or of any such other documents; provided that no Bank shall be liable to either Agent for any of the foregoing to the extent that it arises from the gross negligence or willful misconduct of such Agent as determined by a final, nonappealable judgment by a court of competent jurisdiction. In no event shall any Bank be liable to either Agent for any punitive or consequential damages in connection with any of the Credit Documents. The obligations of the Banks under this Section 12.5 shall survive the termination of this Agreement, the repayment of the Loans and/or the earlier resignation or removal of an Agent.

Section 12.6 Non-Reliance upon the Agents and other Banks. Each Bank agrees that it has, independently and without reliance upon either Agent, the Joint Lead Arrangers or any other Bank, and based upon such documents and information as it has deemed appropriate, made its own credit analysis of the Obligors and decision to enter into this Agreement and that it will, independently and without reliance upon either Agent, the Joint Lead Arrangers or any other Bank, and based upon such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement and the other Credit Documents. Neither Agent shall be required to inspect the Properties or books of any Obligor. Except for notices, reports and other documents and

information expressly required to be furnished to the Banks by the Administrative Agent under the Credit Documents to which such Agent is a party, neither Agent shall have any duty or responsibility to provide any Bank with any credit or other information concerning the affairs, financial condition or business of any Obligor that may come into the possession of such Agent or any of its Affiliates.

Section 12.7 Failure to Act. Except for any action expressly required of an Agent under a Credit Document to which such Agent is a party, it shall in all cases be fully justified in failing or refusing to act under the Credit Documents unless it shall receive further assurances to its satisfaction from the Banks of their indemnification obligations under Section 12.5 against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. No provision of any Credit Document shall require any Agent to take any action that it reasonably believes to be contrary to Applicable Law or to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties thereunder or in the exercise of any of its rights or powers if it shall have reasonable grounds to believe that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Notwithstanding the foregoing, the Collateral Agent shall at all times follow the instructions of the Administrative Agent or the Borrowers, as the case may be, but in no event shall the Collateral Agent at any time be directed by the Banks to take action.

Section 12.8 Resignation or Removal of the Agents. Subject to the appointment and acceptance of a successor Agent as provided below, each Agent may resign at any time by giving notice thereof to the Banks and the Obligors, and each Agent may be removed at any time with or without cause by the Majority Banks. Upon any such resignation or removal, the Majority Banks shall have the right to appoint a successor Administrative Agent or Collateral Agent. If no successor Administrative Agent or Collateral Agent shall have been so appointed and shall have accepted such appointment within 30 days after the existing Agent's giving of notice of resignation or the Majority Banks' election to remove such existing Agent, then such existing Agent may, on behalf of the Banks, appoint a successor Agent, which shall be a bank that has a combined capital and surplus of at least U.S.$100,000,000 (or its equivalent in any other currency). Upon the acceptance of any appointment as the Administrative Agent or Collateral Agent, as the case may be, hereunder by a successor, such successor shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the existing Agent, and such existing Agent shall be discharged from its duties and obligations hereunder. After any Agent's resignation or removal hereunder, the provisions of this Article XII shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Agent.

Section 12.9 Limitation on Duty of Collateral Agent in Respect of Collateral. (a) Beyond the exercise of reasonable care in the custody thereof or as otherwise required under Applicable Law, the Collateral Agent 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 Collateral Agent shall not be responsible for 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 Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its

possession if the Collateral is accorded treatment substantially equal to that which it accords its own property and shall not be liable or responsible for any loss or diminution in the value of any of the Collateral, by reason of the act or omission of any carrier, forwarding agency or other agent or bailee selected by the Collateral Agent in good faith.

(b) The Collateral Agent shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of the Liens in any of the Collateral, whether impaired by operation of law or by reason of any of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence, bad faith or willful misconduct on the part of the Collateral Agent, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral.

Section 12.10 Concerning the Collateral Agent and the Collateral. The Collateral Agent shall have no duty to act outside of the United States in respect of any Collateral located in any jurisdiction other than the United States ("Foreign Collateral") but shall at the specific request of the Administrative Agent, appoint a Person or Persons to act on behalf of the Secured Parties with respect to such Foreign Collateral. Such qualified Person or Persons and the Collateral Agent shall, provided the same are reasonably acceptable to the Collateral Agent, enter into a collateral assignment pledge agreement, mortgage, enforcing document or other security agreement purporting to relate to the Lien or security interest in such item of Foreign Collateral pursuant to which such Person or Persons shall exercise the rights and remedies of the Collateral Agent and Secured Parties in the Collateral for their respective benefit.

Section 12.11 Appointment of Collateral Agent. (a) Notwithstanding any other provisions of this Agreement, at any time, for the purpose of meeting any legal requirement of any jurisdiction in which any Collateral may at the time be located and for purposes of enforcement, the Collateral Agent shall have the power and may execute and deliver all instruments to appoint one or more Persons to act as its agent of the Secured Parties of all or any part of the Collateral, and to vest in such Person or Persons, in such capacity and for the benefit or on behalf of the Secured Parties, such title to the Collateral, or any part thereof, and such powers, duties, obligations, rights and trusts as the Collateral Agent may consider necessary or desirable, *provided* that the appointment of such agent shall be subject to the approval of the Administrative Agent, which approval shall not be unreasonably withheld, and *provided further*, that any such agent shall agree to be liable to the Secured Parties to the extent the Collateral Agent is so liable pursuant to this Agreement.

(b) All rights and powers, conferred or imposed upon the Collateral Agent may be conferred or imposed upon and may be exercised or performed by an agent.

(c) Any notice, request or other writing given to the Collateral Agent shall be deemed to have been given to each of the agents as effectively as if given to each of them. Every instrument appointing any agents shall refer to this Agreement.

(d) Any agent may at any time appoint the Collateral Agent 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 Agreement on its behalf and in its name.

(e) The Collateral Agent shall not be responsible for any willful misconduct or negligence on the part of any agent appointed with due care and in good faith pursuant to this Section.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 Expenses; Indemnity.

(a) Whether or not the transactions contemplated hereby are consummated, the Borrowers hereby agree to pay or reimburse from time to time upon request: (i) the Administrative Agent for all of its reasonable and documented out-of-pocket costs and expenses (including the reasonable and documented fees and expenses of a single New York and local counsel (limited to single counsel in each applicable jurisdiction) to the Administrative Agent and Joint Lead Arrangers) in connection with: (A) the syndication, negotiation, preparation, review, translation, execution and delivery of this Agreement and the other Credit Documents and the documents and instruments prepared in connection herewith or in anticipation hereof (it being understood that the legal fees and other out-of-pocket expenses of the Joint Lead Arrangers and the Administrative Agent in connection with the items listed in this Clause (A) shall be limited to a total aggregate amount agreed upon by Gerdau and the Joint Lead Arrangers), and (B) the negotiation or preparation of any modification, amendment, supplement or waiver of any of the terms of this Agreement and the other Credit Documents (whether or not consummated) and (ii) the Agents and each of the Banks for all of their reasonable and documented out-of-pocket costs and expenses (including the reasonable and duly evidenced fees and expenses of shared legal counsel) in connection with any enforcement or collection proceedings resulting from the occurrence of an Event of Default. The Borrowers further agree to pay, and hold each of the Banks harmless from and against, any and all present and future stamp and other similar taxes with respect to this Agreement and the other Credit Documents and save and hold each of the Banks harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Banks) to pay such taxes.

(b) The Obligors hereby agree, on a joint and several basis, to indemnify each Bank and its respective directors, officers, employees, representatives, attorneys and agents (each an "Indemnified Person") from, and hold each of them harmless against, any and all losses, liabilities, obligations, penalties, actions, judgments, suits, costs, claims, damages, disbursements or reasonable and documented expenses incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of any investigation, litigation, arbitration or other proceeding (whether or not the Indemnified Person is a party thereto) (including any threatened investigation, litigation, arbitration or other proceeding) relating to the Credit Documents and/or the use or proposed use by the Borrowers of the proceeds of the Loans or the consummation of any transactions contemplated herein or in any other Credit Document,

including the reasonable and documented fees and disbursements of counsel incurred in connection with any such investigation, litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified, as determined by a final, nonappealable judgment by a court of competent jurisdiction). To the extent that any undertaking in this Section may be unenforceable because it violates any Applicable Law or is contrary to public policy, the Obligors shall contribute the maximum portion that it is permitted to pay and satisfy under Applicable Law to the payment and satisfaction of such undertaking. In no event shall any party hereto be liable for punitive or consequential damages in connection with any of the Credit Documents.

(c) All amounts payable or indemnifiable under this Section shall be due and payable within four (4) Business Days after demand therefor. All amounts paid and costs incurred by any Indemnified Party in respect to any matter payable or indemnifiable under this Section shall, if not so paid or reimbursed by the Obligors before the date that is ten (10) Business Days after the date on which the Obligors were requested to make such payment, be an Event of Default and bear interest from the date of such request at the Default Rate. The obligations of the Obligors under this Section 13.1 shall survive the termination of this Agreement.

Section 13.2 Notices. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including facsimile communication) and mailed, facsimiled or delivered: if to any Obligor, the Agents or any Bank, at its address specified on Schedule II hereto or, as to any Obligor or the Agents, at such other address as shall be designated by such party in a written notice to the other parties hereto and, as to each Bank, at such other address as shall be designated by such Bank in a written notice to the Borrowers and the Administrative Agent. All such notices and communications shall, when mailed, facsimiled, or sent by overnight courier, be effective when received.

Section 13.3 Benefit of Agreement; Assignments and Participations.

(a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided, however, no Obligor may assign or transfer any of its rights, obligations or interest hereunder or under any other Credit Document without the prior written consent of each Bank.

(b) Each Bank may assign all or a portion of its Loans or Commitments hereunder to one or more Eligible Assignees each of which assignees shall become a party to this Agreement as a Bank by execution of an assignment agreement, substantially in the form of Exhibit J; provided that, (i) at such time Schedule I shall be deemed modified to reflect the Commitments of such new Bank and of the existing Banks; (ii) the Obligors will issue new Notes to such new Bank and to the assigning Bank upon the request of such new Bank or assigning Bank in replacement of the original Notes, such new Notes to be in conformity with the requirements of Section 2.4 to the extent needed to reflect the ownership of the Loans; (iii) the Administrative Agent shall receive at the time of each such assignment, from the assignee, the payment of a non-refundable assignment fee of U.S.$3,500; and (iv) each such assignment shall be in a minimum amount of U.S.$10,000,000. To the extent of any assignment

pursuant to this Section 13.3(b), the assigning Bank shall be relieved of its obligations hereunder with respect to its assigned Commitments and Loans. No transfer or assignment under this Section 13.3(b) will be effective until recorded by the Administrative Agent on the Register pursuant to Section 13.3(c). Notwithstanding the foregoing, no assignment after the date hereof shall increase the withholding tax burden on the Borrowers based on the Applicable Law in effect as of the date of such assignment, including, without limitation, any additional amounts payable under Section 4.5(a); provided, however, that such limitation shall not prevent any such assignment, but shall shift the burden of any such increased cost, to the extent such cost relates solely to Applicable Law in effect as of the date of such assignment, to the relevant assignee throughout the remainder of the term of this Agreement.

(c) The Borrowers hereby designate the Administrative Agent to serve as the Borrowers' agent, solely for purposes of this Section 13.3(c), to maintain a register (the "Register") on which it will record the Commitments from time to time of each of the Banks, the Loans made by each of the Banks and each repayment in respect of the principal amount of the Loans of each Bank. The requirements of this Section 13.3(c) and Section 13.3(b) are intended to result in the Loans being in "registered form" for purposes of Section 871, Section 881 or any other applicable provision of the Code, and shall be interpreted and applied in a manner consistent therewith. Failure to make any such recordation, or any error in such recordation shall not affect the Borrowers' obligations in respect of the Loans. Each Borrower agrees to indemnify the Administrative Agent from and against any and all losses, claims, damages and liabilities of whatsoever nature which may be imposed on, asserted against or incurred by the Administrative Agent in performing its duties under this Section 13.3(c), except to the extent that such losses, claims, damages or liabilities were caused by the gross negligence or willful misconduct of the Administrative Agent.

(d) Notwithstanding the foregoing, any Bank may transfer or grant participations in its rights hereunder without the consent of any Obligor. In connection with any such participation, such Bank shall remain a "Bank" for all purposes hereunder and the participant shall not constitute a "Bank" hereunder and no Bank shall transfer or grant any participation under which the participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (i) extend any scheduled Payment Date of any Loan or Note in which such participant is participating, or reduce the rate or extend the time of payment of interest or fees thereon (except in connection with a waiver of applicability of any post-default increase in interest rates) or reduce the principal amount thereof, or increase the Commitments in which such participant is participating over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default shall not constitute a change in the terms of any Commitment, and that an increase in any Commitment shall be permitted without the consent of any participant if the participant's participation is not increased as a result thereof), (ii) consent to the assignment or transfer by any Obligor of any of its rights and obligations under this Agreement, (iii) amend, modify or waive any provision in Article XI hereof or release any Guarantor from any of their respective obligations hereunder, or (iv) release all or any portion of the Collateral (as such term is defined in the Security Agreement). In the case of any such participation, the participant shall not have any rights under this Agreement or any of the other Credit Documents (the participant's rights against such Bank in respect of such participation to be those set forth in the agreement executed by such Bank in favor of the participant relating

thereto) and all amounts payable by the Borrowers hereunder shall be determined as if such Bank had not sold such participation, except that the participant shall be entitled to the benefit of Article IV to the extent that such Bank would have been entitled thereto if it had not granted such participation.

(e) In addition to the assignments and participations permitted under the foregoing provisions of this Section 13.3, any Bank may (without notice or consent of the Administrative Agent, the Borrowers or any other Person and without payment of any fee) assign and pledge all or any portion of its Loans and Notes to any U.S. Federal Reserve Bank as collateral security pursuant to Regulation A of the Board of Governors of the U.S. Federal Reserve System and any operating circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Bank from its obligations hereunder.

Section 13.4 No Waiver; Remedies Cumulative. No failure or delay on the part of the Administrative Agent, the Collateral Agent, any Joint Lead Arranger or any Bank or any holder of any Note in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing among the Borrowers and the Administrative Agent, the Collateral Agent, any Joint Lead Arranger or any Bank or the holder of any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights, powers and remedies herein or in any other Credit Document expressly provided are cumulative and not exclusive of any rights, powers or remedies which the Administrative Agent, any Joint Lead Arranger or any Bank or the holder of any Note would otherwise have. No notice to or demand on the Borrowers in any case shall entitle the Borrowers to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent, the Collateral Agent, any Joint Lead Arranger or any Bank or the holder of any Note to any other or further action in any circumstances without notice or demand.

Section 13.5 Calculations; Computations.

(a) The financial statements to be furnished to the Banks pursuant hereto shall be made and prepared in accordance with GAAP (except as set forth in the notes thereto or as otherwise disclosed in writing by any Obligor to the Banks); provided that, except as otherwise specifically provided herein, all computations determining compliance with Sections 8.13 and 8.14, including the definitions used therein, shall utilize accounting principles and policies in conformity with those used to prepare the historical financial statements delivered to the Banks pursuant to Section 5.7, except to the extent such principles and policies are required by Applicable Law to be changed.

(b) All computations of interest and the Fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or Fees are payable.

Section 13.6 Governing Law; Submission To Jurisdiction; Venue.

(a) This Agreement and the other Credit Documents and the rights and obligations of the parties hereunder and thereunder shall be governed by and construed in accordance with the law of the State of New York.

(b) Any legal action or proceeding with respect to this Agreement or any other Credit Document may be brought in the courts of the State of New York or of the United States for the Southern District of New York sitting in the Borough of Manhattan, New York City, and, by execution and delivery of this agreement, each party hereto hereby irrevocably accepts, for the benefit of each other party hereto, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts.

(c) Each Obligor hereby irrevocably designates, appoints and empowers Law Debenture Corporate Services, Inc. with offices currently located at 400 Madison Avenue, 4th Floor, New York, New York 10017, United States of America (the "Process Agent") as its designee, appointee and agent under each of the Credit Documents to receive, accept and acknowledge for and on its behalf, and in respect of its property, service of any and all legal process, summons, notices and documents which may be served in any such action or proceeding brought in any courts of the State of New York or of the United States for the Southern District of New York. Each Obligor covenants and agrees that it shall take any and all reasonable action, including the execution and filing of any and all documents that may be necessary to continue the foregoing appointment in full force and effect and to cause the agent for service of process to continue to act in such capacity. If for any reason the Law Debenture Corporate Services, Inc. (or any successor thereto) shall cease, or shall not be capable to act, as process agent, the Obligors shall promptly and irrevocably designate and appoint a successor process agent, subject to the Administrative Agent's reasonable approval. In the event that the Obligors have not duly appointed such successor process agent within 15 days after the existing process agent ceases to act as such, the Obligors hereby authorize the Administrative Agent to act as the Obligors' duly appointed attorney-in-fact to execute any documents and take any actions reasonably necessary for the Administrative Agent to appoint a successor process agent and shall promptly provide notice of such appointment to the Obligors. Each Obligor further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof, to the extent permitted under applicable law, by registered or certified mail, postage prepaid, to such Obligor at its address set forth opposite its signature below, such service to become effective upon receipt. It is hereby agreed by the parties hereto that the preferred method of service of process shall be through process served on the Process Agent, and alternative methods shall be used only if such service of process through the Process Agent is determined to be invalid, ineffective, untimely or otherwise burdensome as determined by the Administrative Agent or the Majority Banks in their sole discretion. Nothing herein shall affect the right of any Obligor, the Administrative Agent, any Joint Lead Arranger, any Bank or the holder of any Note to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against any other party hereto in any other jurisdiction.

(d) Each of the Obligors hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or

proceedings arising out of or in connection with this agreement or any other credit document brought in the courts referred to in clause (b) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 13.7 WAIVER OF JURY TRIAL. EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN.

Section 13.8 Counterparts; Headings Descriptive; English Language. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement. All documents to be delivered by any party hereto pursuant to the terms of this Agreement or any other Credit Documents and all certificates, reports or notices to be delivered or communications to be given or made by any party hereto pursuant to the terms of this Agreement or any other Credit Document shall be in the English language or, if originally written in another language, shall be accompanied by an accurate English translation upon which the other parties hereto shall have the right to rely for all purposes of this Agreement and the other Credit Documents.

Section 13.9 Amendment or Waiver. Neither this Agreement nor any other Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the Borrowers and the Majority Banks; provided that no such change, waiver, discharge or termination shall, without the consent of each Bank being directly affected thereby: (i) extend any scheduled Payment Date of any Loan or any Note, or reduce the rate or extend the time of payment of interest or Fees thereon (except in connection with a waiver of applicability of any post-default increase in interest rates), or reduce the principal amount thereof, or increase (over the amount thereof then in effect) or extend the availability of (whether by amendment of the definition of Availability Expiry Date or otherwise) the Commitments of any Bank (it being understood that a waiver of any conditions precedent, covenants, Default or Event of Default shall not constitute an increase or extension of the availability of the Commitment of any Bank); (ii) amend, modify or waive any provision of Section 2.11, Section 2.12, Section 4.5 or this Section 13.9; (iii) reduce the percentage specified in, or otherwise modify, the definition of Majority Banks; (iv) consent to the assignment or transfer by or release of any Obligor of any of its rights and obligations under any Credit Document; or (v) amend, modify or waive any provision in Article XI hereof or release any Guarantor from any of their respective obligations hereunder; or (vi) release all or any portion of the Collateral (as such term is defined in the Security Agreement); provided further, that no such change, waiver, discharge or termination shall: (x) without the consent of the Agents, amend, modify or waive any provision of Article XII or any other provision relating to the rights or obligations of the Agents, or (y) without the consent of the Joint Lead Arrangers, amend, modify or waive any provision relating to the rights of the Joint Lead Arrangers.

Section 13.10 Survival. All indemnities set forth herein including, without limitation, in Article IV, Sections 11.3, 12.5, 13.1, 13.3 and 13.11 shall survive the execution and delivery of this Agreement and the Notes and the making and repayment of the Loans and any assignments thereof.

Section 13.11 Judgment Currency. The obligations of the Obligors hereunder and under the other Credit Documents to make payments in Dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than Dollars, except to the extent that such tender or recovery results in the effective receipt by an Agent or the respective Bank of the full amount of Dollars expressed to be payable to such Agent or such Bank under this Agreement or the other Credit Documents. Each Obligor agrees to indemnify the Agents and each Bank against any loss incurred by such Agent or such Bank as a result of any judgment or order being given or made for the payment of any amount due hereunder or under any other Credit Document which is expressed and paid in a currency other than Dollars (such other currency, the "Judgment Currency") and as a result of any variation between (a) the rate of exchange at which the Dollar amount is converted into the Judgment Currency for the purposes of such judgment or order, and (b) the rate of exchange at which such Agent or such Bank is able to purchase Dollars with the amount of Judgment Currency actually received by such Agent or such Bank. The foregoing indemnity shall, to the extent permitted by Applicable Law, constitute a separate and independent obligation of the Obligors, shall continue in full force and effect notwithstanding any such judgment or order as aforesaid, and shall not be affected by judgment being obtained for any other sums due under this Agreement or under any other Credit Document. The term "rate of exchange" shall include any premiums and costs payable in connection with the purchase of, or conversion into, the relevant currency.

Section 13.12 Waiver of Sovereign Immunity. Each Obligor represents, warrants and agrees that the activities contemplated by the provisions of the Credit Documents are commercial in nature rather than governmental or public, and therefore represents, warrants and agrees that it is not entitled to any right of immunity on the grounds of sovereignty or otherwise with respect to such activities or in any legal action or proceeding arising out of or relating to the Credit Documents. Each Obligor, in respect of itself and its properties and revenues, hereby expressly irrevocably waives, to the extent permitted by Applicable Law, any right of immunity that such Obligor or any of its properties and revenues has or may hereafter acquire, whether characterized as sovereign immunity or otherwise, from any legal proceedings, whether in the United States, the Cayman Islands, Brazil or elsewhere, related to or arising from the transactions contemplated by any of the Credit Documents, and agrees not to assert any such right or claim in any such proceeding.

Section 13.13 Confidentiality. Each Bank agrees to keep confidential (other than (x) with respect to its employees, auditors, accountants, advisors or counsel or to another Bank if the Bank or such Bank's holding or parent company in its sole discretion determines that any such party should have access to such information, provided such Persons shall be subject to the provisions of this Section 13.13 to the same extent as such Bank or (y) with the prior consent of any Obligor), in accordance with its customary procedures of handling confidential information of the same nature and in accordance with safe and sound banking practices, any information with respect to the Obligors or any of their Subsidiaries which has been, is now or in the future

will be furnished pursuant to or in anticipation of this Agreement or any other Credit Document and which is designated by the Obligors to the Banks in writing as confidential or would customarily be treated as confidential in banking practice, provided that any Bank may disclose any such information (i) as has become generally available to the public, (ii) as may be required or appropriate in any report, statement or testimony submitted to any Governmental Authority having or claiming to have jurisdiction over such Bank, (iii) as may be required or appropriate in respect to any summons or subpoena or in connection with any litigation, (iv) in order to comply with any Applicable Law applicable to such Bank, (v) to the Administrative Agent, (vi) to any credit rating agency that rates the financial condition of the Bank or the claims paying ability of the Bank or the financial condition of the Obligors, (vii) to any prospective or actual transferee or participant (or its investment or legal advisors) in connection with any contemplated transfer or participation of any of the Loans, Notes or Commitments or any interest therein by such Bank, provided that such prospective transferee agrees to maintain the confidentiality contained in this Section 13.13 and, in the case of any Projections, agrees to sign a confidentiality agreement in form and substance reasonably satisfactory to Gerdau and Ameristeel, (viii) to any prospective or actual counterparty (or its investment or legal advisors) in connection with any securitization, swap or derivative transactions relating to any Obligor, any Subsidiary of an Obligor, and/or the Obligations, provided that prior written notice identifying the prospective or actual counterparty is given to the Borrowers and such prospective counterparty agrees to maintain the confidentiality contained in this Section 13.13 and, in the case of any Projections, agrees to sign a confidentiality agreement in form and substance reasonably satisfactory to Gerdau and Ameristeel, and (ix) to any of its Affiliates in connection with the administration, syndication or enforcement of the Credit Documents.

The Obligors agree that the terms contained in the Credit Documents are confidential and, except for disclosure to the various parties thereto, their respective shareholders and such Persons' board of directors (or similar body), officers, employees or professional advisors, or as may be compelled in a judicial or administrative proceeding or otherwise be required by Applicable Law, may not be disclosed in whole or in part by any Obligor to any other Person without the prior written consent of the Administrative Agent.

Section 13.14 USA PATRIOT Act Notice. Each Bank subject to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act") and each of the Agents (for itself and not on behalf of any Bank), hereby notifies the Borrowers that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of each Borrower and other reasonable information that will allow such Bank, the Administrative Agent or the Collateral Agent, as applicable, to identify the Borrowers in accordance with the Patriot Act.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

GERDAU AMERISTEEL US INC.,
as a Borrower

By: */s/ Barbara R. Smith*
Name: Barbara R. Smith
Title: Vice President, CFO and Assistant Secretary

GNA PARTNERS, GP,
as a Borrower

By: */s/ Barbara R. Smith*
Name: Barbara R. Smith
Title: CFO and Assistant Secretary

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

GERDAU S.A.,
as a Guarantor

By: */s/ Osvaldo B. Schirmer*
Name: Osvaldo B. Schirmer
Title: Vice President

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

GERDAU AMERISTEEL CORPORATION,
as a Guarantor

By: */s/ Barbara R. Smith*
Name: Barbara R. Smith
Title: Vice President, CFO and Assistant Secretary

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

GERDAU AÇOMINAS S.A.,
as a Guarantor

By: */s/ Osvaldo B. Schirmer*
Name: Osvaldo B. Schirmer
Title: Vice President

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

GERDAU ACOMINAS OVERSEAS LIMITED,
as a Guarantor

By: */s/ Osvaldo B. Schirmer*
Name: Osvaldo B. Schirmer
Title: Director

GERDAU ACOMINAS OVERSEAS LIMITED,
as the Off-taker

By: */s/ Osvaldo B. Schirmer*
Name: Osvaldo B. Schirmer
Title: Director

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

GERDAU AÇOS LONGOS S.A.,
as a Guarantor

By: */s/ Osvaldo B. Schirmer*
Name: Osvaldo B. Schirmer
Title: Vice President

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GERDAU AÇOS ESPECIAIS S.A.,
as a Guarantor

By: */s/ Osvaldo B. Schirmer*
Name: Osvaldo B. Schirmer
Title: Vice President

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GERDAU COMERCIAL DE AÇOS S.A.,
as a Guarantor

By: */s/ Osvaldo B. Schirmer*
Name: Osvaldo B. Schirmer
Title: Vice President

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: */s/ Linda M. Meyer*
Name: Linda M. Meyer
Title: Vice President

JPMORGAN CHASE BANK, N.A.,
as Collateral Agent

By: */s/ Linda M. Meyer*
Name: Linda M. Meyer
Title: Vice President

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

ABN AMRO BANK N.V.,
as a Joint Lead Arranger

By: */s/ Fabio Cameiro*
Name: Fabio Cameiro
Title: Senior Vice President
Credit Portfolio Management

By: */s/ Conrado Lautenberg*
Name: Conrado Lautenberg
Title: Vice President
Portfolio Management

ABN AMRO BANK N.V.,
as a Bank

By: */s/ Fabio Cameiro*
Name: Fabio Cameiro
Title: Senior Vice President
Portfolio Management

By: */s/ Conrado Lautenberg*
Name: Conrado Lautenberg
Title: Vice President
Portfolio Management

HSBC SECURITIES (USA) INC.,
as a Joint Lead Arranger

By: */s/ Richard J. Ward*
Name: Richard J. Ward
Title: Senior Vice President

HSBC BANK USA, National Association,
as a Bank

By: */s/ Richard J. Ward*
Name: Richard J. Ward
Title: Senior Vice President

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

J.P. MORGAN SECURITIES INC.,
as a Joint Lead Arranger

By: */s/ Carlos Ruiz de Gamboa*
Name: Carlos Ruiz de Gamboa
Title: Managing Director

JPMORGAN CHASE BANK, N.A.,
as a Bank

By: */s/ Linda M. Meyer*
Name: Linda M. Meyer
Title: Vice President

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.,
as a Bank

By: */s/ Rodolfo Hare*
Name: Rodolfo Hare
Title: Vice President
Global Corporate Banking

By: */s/ Jay Levit*
Name: Jay Levit
Title: Vice President
Global Corporate Banking

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BANCO BRADESCO S.A. — NEW YORK BRANCH,
as a Bank

By: */s/ José Luiz Meschiatti*
Name: José Luiz Meschiatti
Title:

By: */s/ Malsa de Oliveira*
Title: Malsa de Oliveira

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

BANCO DO BRASIL SA NEW YORK BRANCH,
as a Bank

By: */s/ Sergio Camilo Silva*
Name: Sergio Camilo Silva
Title: Acting General Manager

By: */s/ Daniel Faria Costa*
Name: Daniel Faria Costa
Title: Deputy General Manager

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

BANCO ESPANOL DE CREDITO S.A., as a Bank

By: */s/ Juan Galan*
Name: Juan Galan
Title:

By: */s/ Ernest Larenas*
Name: Ernest Larenas
Title:

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

BANCO ITAU BBA S.A. — NASSAU BRANCH,
as a Bank

By: */s/ Antonio Carlos B. de Oliveira*
Name: Antonio Carlos B. de Oliveira
Title: Vice President

By: */s/ Fernando Beda*
Name: Fernando Beda
Title:

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

BANCO ITAU EUROPA S.A. — SUCURSAL FINANCEIRA INTERNACIONAL, as a Bank

By: */s/ André Heimeister*
Name: André Heimeister
Title: Chief Commercial Officer

By: */s/ Aimir Vignoto*
Name: Aimir Vignoto
Title: Chief Executive Officer

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

BANK OF AMERICA, N.A., as a Bank

By: */s/ W. Thomas Barnett*
Name: W. Thomas Barnett
Title: Senior Vice President

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THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., as a Bank

By: */s/ Makoto Kinoshita*
Name: Makoto Kinoshita
Title: Vice President & Manager

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

BAYERISCHE LANDESBANK, NEW YORK BRANCH, as a Bank

By: */s/ John Gregory*
Name: John Gregory
Title: First Vice President

By: */s/ Gina Hoey*
Name: Gina Hoey
Title: Vice President

BMO CAPITAL MARKETS FINANCING, INC.,
as a Bank

By: */s/ Thad D. Rasche*
Name: Thad D. Rasche
Title: Director

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

BNP PARIBAS, as a Bank

By: */s/ Nicolas Mignot*
Name: Nicolas Mignot
Title: Director

By: */s/ Eduardo Garcia*
Name: Eduardo Garcia
Title: Managing Director

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CAJA DE AHORROS Y MONTE DE PIEDAD DE MADRID MIAMI AGENCY, as a Bank

By: */s/ Jesus Miramon*
Name: Jesus Miramon
Title: Deputy General Manager

By: */s/ Ricardo Benede*
Name: Ricardo Benede
Title: Corporate Banking

CALYON NEW YORK BRANCH, as a Bank

By: */s/ Kevin Flood*
Name: Kevin Flood
Title: Vice President

By: */s/ David Rigaud*
Name: David Rigaud
Title: Director

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

CANADIAN IMPERIAL BANK OF COMMERCE,
as a Bank

By: */s/ E. Lindsey Gordon*
Name: E. Lindsey Gorgon
Title: Authorized Signatory

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CITIBANK, N.A., as a Bank

By: */s/ William G. Drewes*
Name: William G. Drewes
Title: Vice President

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COMMERZBANK A.G., NEW YORK BRANCH,
as a Bank

By: */s/ Martin Breckheimer*
Name: Martin Breckheimer
Title: Senior Vice President

By: _____
Name:
Title: Assistant Treasurer

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

COÖPERATIEVE CENTRALE RAIFFEISEN-BOERENLEENBANK B.A., "RABOBANK NEDERLAND", NEW YORK BRANCH, as a Bank

By: */s/ Brett Delfino*
Name: Brett Delfino
Title: Executive Director

By: */s/ Henrique Costa*
Name: Henrique Costa
Title: Managing Director
Credit Risk Management

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DEUTSCHE BANK AG NEW YORK, as a Bank

By: */s/ Nancy Adamo*
Name: Nancy Adamo
Title: Vice President

By: */s/ João Luiz A. Galvão*
Name: João Luiz Galvão
Title: Director

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

DZ BANK AG DEUTSCHE ZENTRAL-GENOSSENSCHAFTBANK, FRANKFURT AM MAIN, as a Bank

By: */s/ Olaf Kleinstück*
Name: Olaf Kleinstück
Title: Senior Vice President

By: */s/ Marc Wersche*
Name: Marc Wersche
Title: Vice President

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ING BANK N.V. — AMSTERDAM, as a Bank

By: */s/ Mauro Rego*
Name: Mauro Rego
Title: Attorney-in-Fact

By: */s/ Louis Carlos Fabozzi*
Name: Louis Carlos Fabozzi
Title: Attorney-in-Fact

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INTESA SANPAOLO SPA, as a Bank

By: */s/ Barbara Bassi*
Name: Barbara Bassi
Title: V.P.

By: */s/ Robert Wurster*
Name: Robert Wurster
Title: S.V.P.

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

KFW, as a Bank

By: */s/ Ulrich Goretzki*
Name: Ulrich Goretzki
Title: First Vice President

By: */s/ Anne Wessendorf*
Name: Anne Wessendorf
Title: Senior Project Manager

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

LANDESBANK BADEN-WUERTTEMBERG NEW YORK AND/OR CAYMAN ISLANDS BRANCH,
as a Bank

By: */s/ Karen Richard*
Name: Karen Richard
Title: VP, Head of Corporate

By: */s/ Konrad Kestering*
Name: Konrad Kestering
Title: Assistant Vice President

LRP LANDESBANK RHEINLAND-PFALZ, as a Bank

By: */s/ Mario Schmidt*
Name: Mario Schmidt
Title: AVP

By: */s/ Perla Gianzi*
Name: Perla Gianzi
Title: AVP

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MIZUHO CORPORATE BANK LTD., as a Bank

By: */s/ David Costa*
Name: David Costa
Title: Deputy General Manager

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

REGIONS FINANCIAL CORPORATION, as a Bank

By: */s/ Ronald Ciganek*
Name: Ronald Ciganek
Title: Senior Vice President

By: */s/ April Monteith*
Name: April Monteith
Title: Assistant Vice President

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

SCOTIABANC INC., as a Bank

By: */s/ J.F. Todd*
Name: J.F. Todd
Title: Managing Director

By: */s/ Patrick J. Hawes*
Name: Patrick J. Hawes
Title: Comptroller

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

SOCIETE GENERALE, as a Bank

By: */s/ Chin-Eav Eap*
Name: Chin-Eav Eap
Title: Managing Director

By: */s/ Chin-Eav Eap*
Name: Chin-Eav Eap, on behalf of Pierre Palmieri
Global Head of Mining and Structured Commodity Finance
Title: Managing Director

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

STANDARD CHARTERED BANK, as a Bank

By: */s/ Benjamin Velazquez*
Name: Benjamin Velazquez
Title: Director
Syndications, Americas

By: */s/ Robert K. Beddington*
Name: Robert K. Beddington
Title: AVP/Credit Documentation
Credit Risk Control
Standard Chartered Bank N.Y.

SUMITOMO MITSUI BANKING CORPORATION,
as a Bank

By: */s/ Masakazu Hasegawa*
Name: Masakazu Hasegawa
Title: Joint General Manager

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

WESTLB AG, NEW YORK BRANCH, as a Bank

By: */s/ Christiana Agular*
Name: Christiana Agular
Title: Associate Director

By: /s/ Rolf Schmitz
Name: Rolf Schmitz
Title: Executive Director

Signature Page to the Amended and Restated Senior Export and Working Capital Facility Agreement

EXHIBIT A-1

FORM OF TRANCHE A NOTICE OF BORROWING

[_____ ___, 20___]

JPMorgan Chase Bank, N.A.
as Administrative Agent
[_____]
[_____]
Attention: [_____]

Ladies and Gentlemen:

Reference is hereby made to the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (as amended from time to time, the "Agreement"), among Gerdau Ameristeel US Inc. and GNA Partners, GP, as the Borrowers; Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors; the financial institutions party hereto from time to time; JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A., as Collateral Agent. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

The undersigned, Gerdau Ameristeel US Inc., hereby gives you notice, irrevocably, pursuant to Section 2.2 of the Agreement, that the undersigned hereby irrevocably requests a Borrowing of Tranche A Loans under the Agreement, and GNA Partners, GP hereby acknowledges its agreement to such request, and in that connection sets forth below the information relating to such Borrowing as required by Section 2.2 of the Agreement:

(i) The Business Day of the proposed Borrowing is _____ ___, 20___.[1]

(ii) The aggregate principal amount of the proposed Borrowing is U.S.$[___].

The undersigned hereby request that all proceeds of the proposed Borrowing be disbursed in accordance with instructions provided to the Administrative Agent no later than one (1) Business Day before the date of the proposed Borrowing set forth in clause (i) above.

Gerdau Ameristeel US Inc. and GNA Partners, GP hereby certify that the following statements are true on the date hereof, and will be true on the date of the proposed Borrowing:

(A) (i) each representation and warranty contained in the Specified Representations is and will be true and correct in all material respects, before and after giving effect to the proposed Borrowing, as though made on and as of such date unless

1. Shall be a Business Day at least three Business Days after the date of the notice.

such representation or warranty is stated to relate to a specific earlier date in which case such representation and/or warranty shall be true and correct in all material respects as of such earlier date, and (ii) the representations and warranties made by or on behalf of Chaparral Steel Company in the Acquisition Agreement which are material to the interests of the Banks shall be true and correct in all material respects, but only to the extent that either Ameristeel or the Merger Sub (as defined in the Acquisition Agreement) has the right to terminate its obligations under the Acquisition Agreement as a result of a breach of such representations and warranties made by or on behalf of Chaparral Steel Company in the Acquisition Agreement; and

(B) no Default (other than a Default arising under Section 10.2(b)) or Event of Default has occurred and is continuing, or would result from such proposed Borrowing.

Very truly yours,

Gerdau Ameristeel US Inc.

By: _____
Name:
Title:

Acknowledged and Agreed by:

GNA Partners, GP

By: _____
Name:
Title:

Gerdau S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

Gerdau Ameristeel Corporation

By: _____
Name:
Title:

EXHIBIT A-2

FORM OF TRANCHE B NOTICE OF BORROWING

[_____ ____, 20___]

JPMorgan Chase Bank, N.A.
as Administrative Agent
[_____]
[_____]
Attention: [_____]

Ladies and Gentlemen:

Reference is hereby made to the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (as amended from time to time, the "Agreement"), among Gerdau Ameristeel US Inc. and GNA Partners, GP, as the Borrowers; Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors; the financial institutions party hereto from time to time; JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A., as Collateral Agent. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

The undersigned, GNA Partners, GP, hereby gives you notice, irrevocably, pursuant to Section 2.2 of the Agreement, that the undersigned hereby irrevocably requests a Borrowing of Tranche B Loans under the Agreement, and Gerdau Ameristeel US Inc. hereby acknowledges its agreement to such request, and in that connection sets forth below the information relating to such Borrowing as required by Section 2.2 of the Agreement:

(i) The Business Day of the proposed Borrowing is _____ ___, 20___.[2]

(ii) The aggregate principal amount of the proposed Borrowing is U.S.$[___].

The undersigned hereby request that all proceeds of the proposed Borrowing be disbursed in accordance with instructions provided to the Administrative Agent no later than one (1) Business Day before the date of the proposed Borrowing set forth in clause (i) above.

Gerdau Ameristeel US Inc. and GNA Partners, GP hereby certify that the following statements are true on the date hereof, and will be true on the date of the proposed Borrowing:

(A) (i) each representation and warranty contained in the Specified Representations is and will be true and correct in all material respects, before and after giving effect to the proposed Borrowing, as though made on and as of such date unless

2. Shall be a Business Day at least three Business Days after the date of the notice.

such representation or warranty is stated to relate to a specific earlier date in which case such representation and/or warranty shall be true and correct in all material respects as of such earlier date, and (ii) the representations and warranties made by or on behalf of Chaparral Steel Company in the Acquisition Agreement which are material to the interests of the Banks shall be true and correct in all material respects, but only to the extent that either Ameristeel or the Merger Sub (as defined in the Acquisition Agreement) has the right to terminate its obligations under the Acquisition Agreement as a result of a breach of such representations and warranties made by or on behalf of Chaparral Steel Company in the Acquisition Agreement; and

(B) no Default (other than a Default arising under Section 10.2(b)) or Event of Default has occurred and is continuing, or would result from such proposed Borrowing.

Very truly yours,

GNA Partners, GP

By: _____
Name:
Title:

Acknowledged and Agreed by:

Gerdau Ameristeel US Inc.

By: _____
Name:
Title:

Gerdau S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

Gerdau Ameristeel Corporation

By: _____
Name:
Title:

EXHIBIT A-3

FORM OF TRANCHE C NOTICE OF BORROWING

[_____ ____, 20___]

JPMorgan Chase Bank, N.A.
as Administrative Agent
[_____]
[_____]
Attention: [_____]

Ladies and Gentlemen:

Reference is hereby made to the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (as amended from time to time, the "Agreement"), among Gerdau Ameristeel US Inc. and GNA Partners, GP, as the Borrowers; Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors; the financial institutions party hereto from time to time; JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A., as Collateral Agent. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

The undersigned, Gerdau Ameristeel US Inc., hereby gives you notice, irrevocably, pursuant to Section 2.2 of the Agreement, that the undersigned hereby irrevocably requests a Borrowing of Tranche C Loans under the Agreement, and GNA Partners, GP hereby acknowledges its agreement to such request, and in that connection sets forth below the information relating to such Borrowing as required by Section 2.2 of the Agreement:

(i) The Business Day of the proposed Borrowing is _____ ___, 20___.[3]

(ii) The aggregate principal amount of the proposed Borrowing is U.S.$[___].

The undersigned hereby request that all proceeds of the proposed Borrowing be disbursed in accordance with instructions provided to the Administrative Agent by the undersigned no later than one (1) Business Day before the date of the proposed Borrowing set forth in clause (i) above.

Gerdau Ameristeel US Inc. and GNA Partners hereby certify that the following statements are true on the date hereof, and will be true on the date of the proposed Borrowing:

(A) (i) each representation and warranty contained in the Specified Representations is and will be true and correct in all material respects, before and after giving effect to the proposed Borrowing, as though made on and as of such date unless

3. Shall be a Business Day at least three Business Days after the date of the notice.

such representation or warranty is stated to relate to a specific earlier date in which case such representation and/or warranty shall be true and correct in all material respects as of such earlier date, and (ii) the representations and warranties made by or on behalf of Chaparral Steel Company in the Acquisition Agreement which are material to the interests of the Banks shall be true and correct in all material respects, but only to the extent that either Ameristeel or the Merger Sub (as defined in the Acquisition Agreement) has the right to terminate its obligations under the Acquisition Agreement as a result of a breach of such representations and warranties made by or on behalf of Chaparral Steel Company in the Acquisition Agreement; and

(B) no Default (other than a Default arising under Section 10.2(b)) or Event of Default has occurred and is continuing, or would result from such proposed Borrowing.

Very truly yours,

Gerdau Ameristeel US Inc.

By: _____
Name:
Title:

Acknowledged and Agreed by:

GNA Partners, GP

By: _____
Name:
Title:

Gerdau S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

Gerdau Ameristeel Corporation

By: _____
Name:
Title:

EXHIBIT B-1

FORM OF TRANCHE A NOTE

U.S. $_____

New York, New York
September ___, 2007

FOR VALUE RECEIVED, Gerdau Ameristeel US Inc., a Florida corporation ("Ameristeel US"), and GNA Partners, GP, a Delaware general partnership ("GNA Partners"), hereby jointly, severally and unconditionally promise to pay to _____ (the "Bank") or its registered assigns the principal sum of _____ (U.S.$_____) or, if less, the unpaid principal amount of the Tranche A Loan made by the Bank to Ameristeel US pursuant to Section 2.1(a) of the Agreement (defined below), at the Payment Office in installments in amounts determined in accordance with the Agreement on each Tranche A Principal Payment Date. Ameristeel US and GNA Partners jointly and severally and unconditionally also promise to pay interest on the unpaid principal amount of the Tranche A Loan evidenced hereby at the Payment Office from the date the Tranche A Loan is made until paid at the rates and at the times provided in the Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America in immediately available funds free and clear of, and without deduction for, certain present and future taxes, levies, imposts, duties, fees, assessments or other charges, and all interest, penalties and liabilities with respect thereto, all as set forth in the Agreement.

This Note is one of the Notes referred to in the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (as amended from time to time, the "Agreement"), among Ameristeel US and GNP Partners; Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors; the financial institutions party hereto from time to time; JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A., as Collateral Agent. This Note is entitled to the benefits and subject to the provisions of the Agreement. As provided in the Agreement, this Note is subject to mandatory and voluntary prepayment, in whole or in part. Unless otherwise defined, the terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

In case an Event of Default or a mandatory prepayment event shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

Ameristeel US, GNA Partners and the Guarantors hereby waive, to the fullest extent permitted by applicable law, presentment, demand, protest and notice of any kind in connection with this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

AMERISTEEL US, GNA PARTNERS, THE GUARANTORS AND, BY ITS ACCEPTANCE OF THIS NOTE, THE BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY OF, UNDER OR IN CONNECTION WITH THIS NOTE.

GERDAU AMERISTEEL US INC.

By: _____
Name:
Title:

Acknowledged as co-obligor:

GNA PARTNERS, GP, as co-obligor, jointly and severally liable with Ameristeel US pursuant to Section 2.1(d) of the Agreement with respect to the payment and performance of all obligations hereunder.

By: _____
Name:
Title:

Guaranteed in accordance with the Agreement by:

GERDAU S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOMINAS S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AMERISTEEL CORPORATION,
as a Guarantor

By: _____
Name:
Title:

GERDAU ACOMINAS OVERSEAS LIMITED,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOS LONGOS S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOS ESPECIAIS S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU COMERCIAL DE AÇOS S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B-2

FORM OF TRANCHE B NOTE

U.S.$_____

New York, New York
September ___, 2007

FOR VALUE RECEIVED, Gerdau Ameristeel US Inc., a Florida corporation ("Ameristeel US"), and GNA Partners, GP, a Delaware general partnership ("GNA Partners"), hereby jointly, severally and unconditionally promise to pay to _____ (the "Bank") or its registered assigns the principal sum of _____ (U.S.$_____) or, if less, the unpaid principal amount of the Tranche B Loan made by the Bank to GNA Partners pursuant to Section 2.1(b) of the Agreement (defined below), at the Payment Office in installments in amounts determined in accordance with the Agreement on each Tranche B Principal Payment Date. Ameristeel US and GNA Partners jointly and severally and unconditionally also promise to pay interest on the unpaid principal amount of the Tranche B Loan evidenced hereby at the Payment Office from the date the Tranche B Loan is made until paid at the rates and at the times provided in the Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America in immediately available funds free and clear of, and without deduction for, certain present and future taxes, levies, imposts, duties, fees, assessments or other charges, and all interest, penalties and liabilities with respect thereto, all as set forth in the Agreement.

This Note is one of the Notes referred to in the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (as amended from time to time, the "Agreement"), among Ameristeel US and GNA Partners; Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors; the financial institutions party hereto from time to time; JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A., as Collateral Agent. This Note is entitled to the benefits and subject to the provisions of the Agreement. As provided in the Agreement, this Note is subject to mandatory and voluntary prepayment, in whole or in part. Unless otherwise defined, the terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

In case an Event of Default or a mandatory prepayment event shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

Ameristeel US, GNA Partners and the Guarantors hereby waive, to the fullest extent permitted by applicable law, presentment, demand, protest and notice of any kind in connection with this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

AMERISTEEL US, GNA PARTNERS, THE GUARANTORS AND, BY ITS ACCEPTANCE OF THIS NOTE, THE BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY OF, UNDER OR IN CONNECTION WITH THIS NOTE.

GNA PARTNERS, GP

By: _____
Name:
Title:

Acknowledged as co-obligor:

GERDAU AMERISTEEL US INC., as co-obligor, jointly and severally liable with GNA Partners pursuant to Section 2.1(d) of the Agreement with respect to the payment and performance of all obligations hereunder.

By: _____
Name:
Title:

Guaranteed in accordance with the Agreement by:

GERDAU S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOMINAS S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AMERISTEEL CORPORATION,
as a Guarantor

By: _____
Name:
Title:

GERDAU ACOMINAS OVERSEAS LIMITED,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOS LONGOS S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOS ESPECIAIS S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU COMERCIAL DE AÇOS S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B-3

FORM OF TRANCHE C NOTE

U.S.$_____ New York, New York
September ___, 2007

FOR VALUE RECEIVED, Gerdau Ameristeel US Inc., a Florida corporation ("Ameristeel US"), and GNA Partners, GP, a Delaware general partnership ("GNP Partners"), hereby jointly, severally and unconditionally promise to pay to _____ (the "Bank") or its registered assigns the principal sum of _____ (U.S.$_____) or, if less, the unpaid principal amount of the Tranche C Loan made by the Bank to Ameristeel US pursuant to Section 2.1(c) of the Agreement (defined below), at the Payment Office in installments in amounts determined in accordance with the Agreement on each Tranche C Principal Payment Date. Ameristeel US and GNP Partners jointly and severally and unconditionally also promise to pay interest on the unpaid principal amount of the Tranche C Loan evidenced hereby at the Payment Office from the date the Tranche C Loan is made until paid at the rates and at the times provided in the Agreement.

Payments of both principal and interest are to be made in lawful money of the United States of America in immediately available funds free and clear of, and without deduction for, certain present and future taxes, levies, imposts, duties, fees, assessments or other charges, and all interest, penalties and liabilities with respect thereto, all as set forth in the Agreement.

This Note is one of the Notes referred to in the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (as amended from time to time, the "Agreement"), among Ameristeel US and GNA Partners; Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors; the financial institutions party hereto from time to time; JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A., as Collateral Agent. This Note is entitled to the benefits and subject to the provisions of the Agreement. As provided in the Agreement, this Note is subject to mandatory and voluntary prepayment, in whole or in part. Unless otherwise defined, the terms defined in the Agreement and used herein shall have the meanings given to them in the Agreement.

In case an Event of Default or a mandatory prepayment event shall occur and be continuing, the principal of and accrued interest on this Note may be declared to be due and payable in the manner and with the effect provided in the Agreement.

Ameristeel US, GNA Partners and the Guarantors hereby waive, to the fullest extent permitted by applicable law, presentment, demand, protest and notice of any kind in connection with this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

AMERISTEEL US, GNA PARTNERS, THE GUARANTORS AND, BY ITS ACCEPTANCE OF THIS NOTE, THE BANK EACH HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY OF, UNDER OR IN CONNECTION WITH THIS NOTE.

GERDAU AMERISTEEL US INC.

By: _____
Name:
Title:

Acknowledged as co-obligor:

GNA PARTNERS, GP, as co-obligor, jointly and severally liable with Ameristeel US pursuant to Section 2.1(d) of the Agreement with the respect to the payment and performance of all obligations hereunder.

By: _____
Name:
Title:

Guaranteed in accordance with the Agreement by:

GERDAU S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOMINAS S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AMERISTEEL CORPORATION,
as a Guarantor

By: _____
Name:
Title:

GERDAU ACOMINAS OVERSEAS LIMITED,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOS LONGOS S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOS ESPECIAIS S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU COMERCIAL DE AÇOS S.A.,
as a Guarantor

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT C

FORM OF SECURITY AGREEMENT

SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of September 10, 2007 (as it may be amended, supplemented or otherwise modified from time to time, this "Agreement"), among Gerdau S.A., Gerdau Açominas S.A., Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A., Gerdau Comercial de Aços S.A. and Gerdau Acominas Overseas Limited (each, a "Grantor" and, collectively, the "Grantors"), and JPMorgan Chase Bank, N.A., as the collateral agent for the Secured Parties (as hereinafter defined) (in such capacity, together with its successors in such capacity, the "Collateral Agent").

WITNESSETH:

WHEREAS, Gerdau Ameristeel US Inc. and GNA Partners, GP, as Borrowers, the Grantors and Gerdau Ameristeel Corporation, as Guarantors, the Banks party thereto from time to time, JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, together with its successors in such capacity, the "Administrative Agent"), and JPMorgan Chase Bank, N.A., as Collateral Agent, are parties to a Senior Export and Working Capital Facility Agreement dated as of the date hereof (as amended restated or otherwise modified from time to time, the "Term Loan Agreement"), providing for the Banks to make the Loan to the Borrowers, which Loan is guaranteed by the Guarantors;

WHEREAS, a condition precedent to the Banks' lending of the Loan is that the Grantors grant to the Collateral Agent a security interest in the Collateral (as hereinafter defined) as security for the Secured Obligations (as hereinafter defined);

NOW, THEREFORE, to induce the Banks to enter into the Term Loan Agreement and to make the Pre-Export Loans thereunder, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Grantors have agreed to pledge and grant a security interest in the Collateral as security for the Secured Obligations in the manner herein set forth.

Accordingly, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Defined Terms. (a) All capitalized terms used but not defined herein shall have the meanings given to such terms in the Term Loan Agreement, and the rules of interpretation set forth therein shall apply to this Agreement.

(b) The terms "Account," "Chattel Paper," "Commercial Tort Claim," "Deposit Account," "Document," "Financial Asset," "General Intangible," "Instrument," "Investment Property," "Letter-of-Credit Right," "Payment Intangible," "Proceeds," "Securities Account," "Security Entitlement" and "Supporting Obligations," when used herein and

capitalized, shall have the meanings given such terms in Article 8 or Article 9, as the case may be, of the UCC.

(c) As used herein, the following terms shall have the following meanings:

"Account Control Agreement" means the Collateral Account Control Agreement among the Off-taker, the Collateral Agent and the Intermediary (as defined therein) dated as of the date hereof, as it may be amended, supplemented or otherwise modified from time to time, relating to the Collection Account.

"Account Collateral" has the meaning set forth in Section 2.1(a).

"Administrative Agent" has the meaning set forth in the recitals hereto.

"Agreement" has the meaning set forth in the introduction hereto.

"Collateral" means the Account Collateral and, upon the occurrence of an Activation Event, the Account Collateral and the Springing Lien Collateral.

"Collateral Agent" has the meaning set forth in the introduction hereto.

"Collection Account" has the meaning set forth in the Term Loan Agreement.

"Guarantors" has the meaning set forth in the recitals hereto.

"Lien" means any mortgage, lien, pledge, usufruct, fiduciary transfer (alienação fiduciária), charge, encumbrance or other security interest or any preferential arrangement (including a securitization) that has the practical effect of creating a security interest.

"Permitted Investments" means any security issued by a Person organized in the United States of America (including the government of the United States of America, any agency thereof or any mutual fund organized therein), which security matures not later than the Business Day before the Payment Date after the date of acquisition thereof and is rated at least "AA" and "Aa2" (or its equivalent with respect to a mutual fund) by Standard & Poor's and Moody's, respectively (or is a mutual fund investing solely in such securities), including, but not limited to money market funds or time deposits having such a rating at the time of acquisition. Unless otherwise instructed in writing by Off-Taker, all cash or funds will be invested in a JPMorgan Money Market Account.

"Process Agent" has the meaning set forth in Section 6.11(c).

"Property" of any Person means any interest in any kind of property or asset, whether real, personal or mixed, moveable or immoveable, tangible or intangible, including without limitation cash, securities, accounts and contract rights.

"Receivable" means (a) all rights to payment of a monetary obligation, whether or not earned by performance, for property that has been or is to be sold, leased, licensed, assigned,

or otherwise disposed of, and (b) all Payment Intangibles, in each case, arising under any and all Sales Agreements.

"Secured Obligations" means the principal of and interest on the Loan under the Term Loan Agreement and all other amounts whatsoever now or hereafter from time to time owing under any of the Credit Documents by the Borrowers to any of the Secured Parties, whether direct or indirect, absolute or contingent, or due or to become due.

"Secured Parties" means the Banks, the Administrative Agent and the Collateral Agent.

"Springing Lien Collateral" has the meaning set forth in Section 2.1(b).

"Term Loan Agreement" has the meaning set forth in the recitals hereto.

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York.

ARTICLE II
PLEDGE OF COLLATERAL

Section 2.1 Assignment; Grant of Security Interests.

(a) As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration, in case of prepayment or otherwise) of the Secured Obligations, the Grantors hereby pledge and grant to the Collateral Agent, for the benefit of the Secured Parties as hereinafter provided, a continuing first priority security interest in all of their right, title and interest in, to and under the following Property, whether now owned or hereafter owned by the Grantors or hereafter acquired and whether now existing or hereafter coming into existence (collectively, the "Account Collateral"):

(i) the Collection Account and any and all Investment Property, Financial Assets or other Property (including uninvested funds) from time to time credited thereto or deposited or carried therein, any and all investments made with funds therein, any and all other Financial Assets credited thereto or carried therein, any and all Security Entitlements of the Grantors with respect to such Financial Assets and any and all Proceeds of any of the foregoing; and

(ii) all Supporting Obligations, substitutions and replacements of or for, or relating to, any Account Collateral.

(b) Effective only upon the occurrence of an Activation Event, as collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration, in case of prepayment or otherwise) of the Secured Obligations, the Grantors hereby pledge and grant to the Collateral Agent for the benefit of the Secured Parties as hereinafter provided, a continuing first priority security interest in all of their right, title and interest in, to and under the following Property, whether owned by the Grantors at the time of the occurrence of the applicable Activation Event or thereafter acquired and whether existing at the time of the

occurrence of the applicable Activation Event or thereafter coming into existence (collectively, the "Springing Lien Collateral"):

(i) each Receivable of the Designated Eligible Buyers listed on Schedule I hereto (as such Schedule I may be amended, supplemented or replaced from time to time in accordance with the terms of this Agreement and the Term Loan Agreement), including all claims (including claims for damages), causes of action or Proceeds thereon or other rights thereunder or benefits thereof;

(ii) each Sales Agreement, including all claims, causes of action and remedies thereunder and all rights to enforce the payment obligations thereunder (including all sums or amounts due or to become due thereunder and any claims for damages arising thereunder), and all documents relating thereto including without limitation all shipping documents relating to sales thereunder;

(iii) the Intercompany Export Agreement, including all claims, causes of action, rights and remedies thereunder and all sums or amounts due or to become due thereunder;

(iv) all credit insurance and letters of credit issued by any Person that supports a Designated Eligible Buyer's obligations with respect to Receivables, and all related Letter-of-Credit Rights;

(v) to the extent not included in any of the foregoing, all Accounts, Chattel Paper, Commercial Tort Claims, Deposit Accounts, Documents, General Intangibles, Instruments and Investment Property evidencing, representing, arising from or existing in respect of, relating to, securing or otherwise supporting the payment of, any of the above;

(vi) all books and records regarding any of the foregoing; and

(vii) all accessions, rents, profits, income, benefits, Proceeds, substitutions and replacements of and to any of the above (including all causes of action, claims and warranties now or hereafter held by the Grantors in respect of any of the items listed above).

Section 2.2 The Collection Account.

(a) All funds deposited into the Collection Account shall be in US Dollars. If any funds are proposed to be deposited into the Collection Account in a currency other than US Dollars, then the Off-taker shall cause the conversion of such amounts into US Dollars.

(b) If no Default or Event of Default exists and is continuing, then the Collateral Agent shall, at the written direction of the Off-taker from time to time, cause the funds in the Collection Account to be invested in one or more Permitted Investments selected by the Off-taker; *provided* that in no event shall the Collateral Agent: (i) have any responsibility

whatsoever as to the validity or quality of any Permitted Investment, (ii) be liable for the selection of Permitted Investments or for investment losses incurred thereon or in respect of losses incurred as a result of the liquidation of any Permitted Investment before its stated maturity or the failure of the Off-taker to provide timely written investment direction or (iii) have any obligation to invest or reinvest any such amounts in the absence of such investment direction. It is acknowledged and agreed that the Off-taker is permitted to instruct the Collateral Agent only to invest in Permitted Investments as described in this Section 2.2(b), and for no other purposes. Notwithstanding anything else in the Credit Documents to the contrary, in no event shall any such Permitted Investment (other than an investment in a mutual fund) mature later than the Business Day before the next Payment Date to the extent such funds are needed in order to make payments due on the next Payment Date (and investments in mutual funds shall, except to the extent that there is no need to use funds therein in order to make payments due on the next Payment Date pursuant to Term Loan Agreement, be liquidated by the Collateral Agent on such previous Business Day); *provided* that any such investments made during the existence of a Default other than an Event of Default shall either mature by no later than the last day of the shortest cure period for all such existing Defaults or be Permitted Investments that are investments in mutual funds.

(c) Subject to Section 9(c)(iv) of the Term Loan Agreement, while an Event of Default exists: (i) upon written instructions from the Administrative Agent, the Collateral Agent shall apply or direct the application of any cash balance then on deposit in the Collection Account to the payment of any of the obligations of the Borrowers under the Credit Documents then due and unpaid (including any amounts accelerated pursuant to Article X of the Term Loan Agreement), all as set forth in the instructions from the Administrative Agent, and (ii) the Collateral Agent shall, upon the instructions of the Administrative Agent, liquidate any Permitted Investments made with funds from the Collection Account and apply or cause to be applied the proceeds thereof in the manner described in subclause (i) of this clause (c).

Section 2.3 The Grantors Remain Liable. Anything herein to the contrary notwithstanding:

(a) the Grantors will remain liable under the Sales Agreements, the Intercompany Export Agreement and other Property included in the Collateral to the extent set forth therein, and will perform all of their duties and obligations under such Sales Agreements, Intercompany Export Agreement and other Collateral to the same extent as if this Agreement had not been executed;

(b) the exercise by the Collateral Agent of any of its rights hereunder will not release the Grantors from any of their duties or obligations under any such Sales Agreements, Intercompany Export Agreement or other Property included in the Collateral; and

(c) no Secured Party will have any obligation or liability under any Sales Agreement, the Intercompany Export Agreement or other Property included in the Collateral by reason of this Agreement, nor will any Secured Party be obligated to perform any of the

obligations or duties of the Grantors thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Section 2.4 Security Interest Absolute, etc. This Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable grant of security interest, and shall remain in full force and effect until terminated in accordance with the terms of this Agreement. All rights of the Secured Parties and the security interests granted to the Collateral Agent (for its benefit and the ratable benefit of each other Secured Party) hereunder, and all obligations (including the Secured Obligations) of the Grantors shall be absolute, unconditional and irrevocable irrespective of:

(a) any lack of validity, legality or enforceability of any Credit Document;

(b) the failure of any Secured Party (i) to assert any claim or demand or to enforce any right or remedy against any Grantor or any other Person under the provisions of any Credit Document or otherwise, or (ii) to exercise any right or remedy against any Grantor, or collateral securing, any obligations (including the Secured Obligations);

(c) any extension, compromise or renewal of, or change in the time, manner or place of payment of, or any other change in any other term of, all or any part of any of the Secured Obligations;

(d) any reduction, limitation, impairment or termination of any Secured Obligations for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Grantor hereby waives any right to or claim of) any defense or setoff, counterclaim, reimbursement, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Secured Obligations or otherwise;

(e) any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Credit Document, in each case whether or not evidenced by a writing;

(f) any addition, exchange or release of any Collateral or of any Person that is (or will become) a guarantor (including the Guarantor) of the Secured Obligations, or any surrender or non-perfection of any Collateral, or any amendment to or waiver or release or addition to, or consent to or departure from, any other guaranty or Supporting Obligation held by any Secured Party securing any of the Secured Obligations; or

(g) any other circumstance (including without limitation any statute of limitations) or any existence of or reliance on any representation by any Secured Party that might otherwise constitute a defense available to, or a legal or equitable discharge of, the Borrowers, the Guarantors, any surety or any guarantor.

ARTICLE III
FURTHER ASSURANCES; REMEDIES

Section 3.1 Further Assurances; Remedies. In furtherance of the grant of the pledge and security interest pursuant to Article II, the Grantors hereby agree with the Collateral Agent for the benefit of the Secured Parties as follows:

(a) Delivery and Other Perfection. They shall:

(i) promptly deliver and pledge to the Collateral Agent any and all Collateral evidenced by a writing, in each case endorsed and/or accompanied by such instruments of assignment and transfer in such form and substance as is necessary or otherwise as the Collateral Agent (acting upon instructions of the Administrative Agent) may reasonably request,

(ii) (A) promptly give, execute, deliver, file and/or record any financing statement, notice, instrument, agreement or other document that may be necessary or desirable (in the reasonable judgment of either Agent) to create, preserve, perfect, or validate the security interest granted pursuant hereto or to enable the Collateral Agent to exercise and enforce their rights hereunder with respect to such pledge and security interest and (B) upon the occurrence of an Activation Event, to file or record any such financing statement, notice, instrument, agreement or other document with respect to the Springing Lien Collateral that may be necessary or desirable, provided that if the Grantors do not promptly make such a filing or recording after an Activation Event, the Grantors hereby direct and authorize the Collateral Agent to do so without further notice to or consent of the Grantors,

(iii) keep full and accurate books and records relating to the Collateral, and stamp or otherwise mark such books and records in such manner as either Agent may reasonably request in order to reflect the security interests granted by this Agreement, and

(iv) permit representatives of the Collateral Agent, upon reasonable notice and, with respect to the Springing Lien Collateral, upon the occurrence of an Activation Event, at any time during normal business hours to inspect and make copies of and abstracts from its books and records pertaining to the Collateral, and permit representatives of the Collateral Agent to be present at each Grantor's place of business to receive copies of all communications and remittances relating to the Collateral, and forward copies of any material notices or communications received by the Grantors with respect to the Collateral, all in such manner as any Secured Party may reasonably request.

(b) No Other Liens. Other than the security interest granted herein, the Grantors shall not incur, enter into or suffer to exist any Lien upon the Account Collateral or the Springing Lien Collateral at any time.

(c) Preservation of Rights. The Collateral Agent shall not be required to take steps necessary to preserve any rights against prior parties to any of the Collateral.

(d) Event of Defaults. While any Event of Default exists and the Collateral Agent is notified in writing of the existence thereof by the Administrative Agent:

(i) the Collateral Agent (on behalf of the Secured Parties) shall have all of the rights and remedies with respect to the Collateral of a secured party under the UCC (whether or not such code is in effect in the jurisdiction where the rights and remedies are asserted) and all additional rights and remedies to which a secured party is entitled under the Applicable Laws in effect in any jurisdiction where any rights and remedies hereunder may be asserted, including the right, to the maximum extent permitted by Applicable Law, to exercise all powers of ownership pertaining to the Collateral as if the Collateral Agent were the sole and absolute owner thereof (and the Grantors agree to take all such action as may be necessary or reasonably requested by the Collateral Agent to give effect to such right);

(ii) the Collateral Agent may, and at the request of the Majority Banks, shall in its name or in the name of the Grantors or otherwise, demand, sue for, collect or receive any money or other Property at any time payable or receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so;

(iii) the Collateral Agent may, and at the request of the Majority Banks, shall, to the extent permitted by Applicable Law, and upon at least ten days' prior written notice to the Grantors of the time and place, cause the sale of all or any part of the Collateral through agents or otherwise, at such place(s) as the Majority Banks deem best, and for cash or for credit or for future delivery (without thereby assuming any credit risk), at public or private sale, without demand of performance or notice of intention to effect any such disposition or of the time or place thereof (except such notice as is required above or by Applicable Law and cannot be waived), and any Person (including the Administrative Agent, the Collateral Agent and any other Secured Party) may be the purchaser of any or all of such Collateral at any public sale (or, to the extent permitted by Applicable Law, at any private sale) and thereafter hold the same absolutely, free from any claim or right of whatsoever kind, including any right or equity of redemption (statutory or otherwise), of the Grantors, any such demand, notice and right or equity being hereby expressly waived and released by the Grantors. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for the sale, and such sale may be made at any time or place to which the sale may be so adjourned; and

(iv) any action taken by the Collateral Agent hereunder shall be taken in good faith and in a commercially reasonable manner.

The Grantors acknowledge that, by reason of prohibitions contained in the United States Securities Act of 1933, as amended, and applicable state securities laws, there may be a need with respect to any sale of all or any part of the Collateral constituting securities, to limit purchasers to those who agree, among other things, to acquire the Collateral for their own account, for investment and not with a view to the distribution or resale thereof. If any such sale

of Collateral is made in accordance with this Agreement, then the parties hereto acknowledge (and each Secured Party shall be deemed to have acknowledged) that any price obtained in a public or private sale of such Collateral shall be conclusive and binding upon each of the parties thereto and hereto (and each of the Secured Parties), to the extent permitted by Applicable Law.

(e) Deficiency. If the proceeds of collection or other realization of or upon the Collateral are insufficient to cover the costs and expenses of such realization and the payment in full of the Secured Obligations, then the Grantors shall remain liable for any deficiency.

(f) Books and Records; UCC Matters. Without at least 30 days' prior written notice to the Collateral Agent: each Grantor (i) shall not maintain any of its books and records with respect to the Collateral at any office or maintain its principal place of business at any place other than in its jurisdiction of incorporation or formation, (ii) shall not change its jurisdiction of organization and (iii) shall not change its name, or the name under which it does business, from the name shown on the signature pages hereto.

(g) Private Sale. Each Grantor acknowledges (and each Secured Party will be deemed to have acknowledged) that any private sale of any of the Collateral may be at prices and on terms less favorable than those obtainable through a public sale and agrees (or will be deemed to have agreed) that any such private sale pursuant to Section 3.1(d)(iii) made in accordance with Applicable Law shall be deemed to have been made in a commercially reasonable manner and that the Collateral Agent or the Secured Parties shall have no obligation to engage in public sales unless required by any Applicable Law. Neither the Collateral Agent nor any of the other Secured Parties shall incur any liability as a result of the sale of the Collateral, or any part thereof, at any private sale conducted in a commercially reasonable manner and made in accordance with Applicable Law. Each Grantor hereby waives (and each Secured Party will be deemed to have waived) any claims against the Collateral Agent, the Administrative Agent or any other Secured Party arising by reason of the fact that the price at which the Collateral may have been sold at such private sale made in accordance with Applicable Law was less than the price that might have been obtained at a public sale or was less than the aggregate amount of the Secured Obligations, even if the Collateral Agent accepts the first offer received and does not offer such sold Collateral to more than one offeree.

(h) Clean Sale. Upon any sale of Collateral under this Section made in accordance with Applicable Law, the Collateral Agent shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the Collateral so sold to it absolutely and free from any Lien, claim or right of any kind, and the Grantors, to the extent permitted by Applicable Law, hereby specifically waives all rights of redemption, stay or appraisal that it has or may have under any Applicable Law with respect thereto. Each Grantor shall execute and deliver such documents and take such other actions as the Collateral Agent (acting upon instructions of the Majority Banks) deems necessary or advisable in order that any such sale may be made in compliance with Applicable Law.

(i) Application of Proceeds. Notwithstanding anything herein to the contrary, the proceeds of any collection, sale or other realization of all or any part of the Collateral pursuant to this Section, and any other cash at the time held by the Collateral Agent under this Article, shall be applied by the Collateral Agent as follows: (i) *first*, to payment in full of all

costs and expenses (including indemnities owed to the Collateral Agent) relating to such collection, sale or other realization (including attorney fees and expenses and the compensation of the Collateral Agent for services rendered in connection therewith or in connection with any proceeding to sell if a sale is not completed), (ii) *second*, to payment in full of all charges, expenses and advances incurred or made by the Collateral Agent in order to protect the security interest granted hereunder and/or the security afforded thereby, (iii) *third*, to payment in full of all fees and expenses then due and payable to the Banks, the Administrative Agent and the Collateral Agent, (iv) *fourth*, to payments to the Secured Parties to satisfy the Secured Obligations in the manner described herein as if such amounts were collections from Export Receivables, and (v) *fifth*, any remaining amounts shall be paid to, or at the written direction of, the Grantors.

(j) Attorney-in-Fact. Upon the occurrence of an Activation Event, the Collateral Agent is hereby appointed the attorney-in-fact of each of the Grantors for the purpose of carrying out the provisions of this Article III and taking any action and executing and delivering any documents that the Collateral Agent may deem necessary or advisable to accomplish the purposes hereof provided that any action taken by the Collateral Agent is taken or made in good faith and in a commercially reasonable manner, which appointment as attorney-in-fact is irrevocable and coupled with an interest; it being understood that the grant of an attorney-in-fact is subject at all times to Section 2.3(c) hereof. Without limiting the generality of the foregoing, so long as the Collateral Agent shall be entitled under this Article III to make collections in respect of the Collateral, the Collateral Agent shall have the right and power to receive, endorse and collect all checks and other instruments made payable to the order of the Grantors representing any payment or other distribution in respect of the Collateral (including the Export Receivables) or any part thereof and to give full discharge for the same.

(k) Termination. When all of the Secured Obligations shall have been finally paid in full (other than any indemnification obligations not yet incurred), this Agreement shall terminate and, upon written notice from the Administrative Agent to the Collateral Agent, the Collateral Agent shall (at the written request and direction of the Grantors): (i) cause to be assigned, transferred and delivered, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral (including funds received in respect thereof) to or on the order of the Grantors; (ii) deliver to the Grantors any Collateral or other Property of the Grantors in the possession of the Collateral Agent; and (iii) deliver lien releases and Uniform Commercial Code termination statements and notices of termination of the Account Control Agreement.

(l) Further Assurances. Each Grantor shall, at its own cost, promptly take all actions necessary or reasonably requested by the Collateral Agent to maintain the Lien created hereby in full force and effect and enforceable in accordance with its terms, including: (i) making necessary filings and recordations, (ii) making payments of documented fees and other charges, (iii) issuing and, if necessary, filing or recording supplemental documentation, including continuation statements, (iv) discharging all claims or other Liens adversely affecting the rights of the Collateral Agent or any other Secured Party in any Collateral, (v) publishing or otherwise delivering notice to third parties, (vi) depositing title documents, (vii) taking such other steps as are necessary or as otherwise the Collateral Agent may reasonably request to perfect and

maintain the perfection of the security interest in the Collateral and (viii) taking all other actions either necessary or reasonably requested by the Collateral Agent to ensure that all after-acquired property of the Grantors intended to be covered by such Liens is subject to a valid and enforceable first priority perfected Lien in favor of the Collateral Agent (on behalf of the Secured Parties).

(m) Activation Event. Upon the occurrence of an Activation Event and at all times thereafter, the Off-taker shall immediately (i) notify each Designated Eligible Buyer of the assignment of its rights under such Designated Eligible Buyer's Sales Agreement(s) and to all Export Receivables generated in connection therewith, and irrevocably instruct each Designated Eligible Buyer to make all payments in respect of such Export Receivables to the Collection Account by sending each Designated Eligible Buyer a Designated Eligible Buyer Notice, and shall provide copies of such Designated Eligible Buyer Notices to the Collateral Agent, and (ii) cause to be collected from the Designated Eligible Buyers as and when due (including amounts that are delinquent), any and all amounts owing under or on account of the Export Receivables. It is expressly agreed that, if the Off-taker fails to take the actions specified in this Section 3.1(m), then the Collateral Agent may send such Designated Eligible Buyer Notices directly to Designated Eligible Buyers and take any other action in accordance with the terms hereof.

(n) As to Commercial Tort Claims. Each Grantor hereby covenants and agrees that, until the final payment in full of the Secured Obligations and termination of this Agreement, with respect to any Commercial Tort Claim hereafter arising which are included in the Collateral, it shall (i) notify the Collateral Agent thereof and (ii) if requested by the Collateral Agent after the occurrence of an Activation Event (acting upon instructions of the Administrative Agent), deliver to the Collateral Agent a supplement to this Agreement in form reasonably acceptable to the Collateral Agent (acting upon instructions of the Administrative Agent) granting the Collateral Agent a security interest in such Commercial Tort Claim.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties. As of the date hereof and as of the date of the occurrence of the Activation Event, each of the Grantors represents and warrants to the Secured Parties that:

(a) Power and Authority. It has the full power to pledge its right, if any, to the Account Collateral and the Springing Lien Collateral without any third-party rights being violated by such pledge.

(b) Ownership and Liens. It is (or shall be) the sole beneficial owner of the Collateral in which it grants a security interest pursuant to Article II and no Lien exists or will exist upon the Account Collateral or the Springing Lien Collateral at any time, other than the pledge and security interest created or provided for herein, which pledge and security interest: (i) constitute a valid and enforceable perfected first priority pledge and security interest in and to all of the Account Collateral, and (ii) will constitute, upon the occurrence of an Activation Event, a valid and enforceable perfected first priority pledge and security interest in and to all of the

Springing Lien Collateral, perfected by the filing of a UCC financing statement in the District of Columbia in favor of the Collateral Agent and the filing of a sworn translation of this Agreement with the competent Registry of Deeds and Documents in Brazil (in each case, with respect to the Springing Lien Collateral).

(c) Necessary Filings.

(i) Other than, in respect of the Springing Lien Collateral, the filings described in subsection (b) above, which will be done upon the occurrence of an Activation Event, all notices, filings, registrations and recordings necessary or appropriate under United States, Cayman Islands and Brazilian Applicable Law to create, preserve, protect and perfect the security interest in the Account Collateral and the Springing Lien Collateral granted by the Grantors to the Collateral Agent (as agent for the Secured Parties) have been accomplished.

(ii) This Agreement is effective to create the security interest in the Account Collateral and, upon the occurrence of an Activation Event, in the Springing Lien Collateral intended to be created hereby and granted to the Collateral Agent (as agent for the Secured Parties).

(d) Third Party Approvals. Except for the filing of UCC financing statements in the District of Columbia and the filing of a sworn translation of this Agreement with the competent Registry of Deeds and Documents in Brazil with respect to the Liens on the Springing Lien Collateral, which will be done upon the occurrence of an Activation Event, all governmental approvals and other actions by, and all notices to and filings and registrations with, any Governmental Authority, and all third-party approvals, required for the due execution, delivery and performance by the Grantors of this Agreement and for the legality, validity or enforceability hereof have been obtained and are in full force and effect and true copies thereof have been provided to the Collateral Agent.

(e) Legal Effect. This Agreement has been duly executed and delivered by each Grantor and is the legal, valid and binding obligation of such Grantor, enforceable against it in accordance with its terms, in each case except as may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and as may be limited by equitable principles of general applicability.

(f) Other Financing Statements. Other than in connection with the security interest granted herein, there is no notice of assignment, financing statement (or similar statement or instrument of registration under the Applicable Law of any jurisdiction) executed or registered by each Grantor or, to its knowledge, by any other Person with respect to any interest of any kind in any of the Account Collateral or any of the Springing Lien Collateral.

(g) Commercial Activity; Absence of Immunity. Each Grantor is subject to civil and commercial law with respect to its obligations hereunder and under the Sales Agreements and the Intercompany Export Agreement, and the making and performance by it of such documents to which it is a party constitute private and commercial acts rather than public or governmental acts. Neither any Grantor nor any of its Properties is entitled to immunity on the

grounds of sovereignty or otherwise from the jurisdiction of any court or from any action, suit, set-off or proceeding, or service of process in connection therewith, arising under any such documents.

ARTICLE V
THE COLLATERAL AGENT

Section 5.1 Appointment, Powers and Immunities. (a) Each Secured Party has appointed and authorized (or will be deemed to have appointed and authorized) the Collateral Agent to act as its agent hereunder and under the Account Control Agreement with respect to the Collection Account with such powers as are specifically delegated to it by the terms hereof, together with such other powers as are reasonably incidental thereto. In addition to the rights, benefits, protections and immunities provided to the Collateral Agent in the Term Loan Agreement, the Collateral Agent (which term as used in this sentence, in Section 5.5 and in the first sentence of Section 5.6 shall include reference to its Affiliates and its own and its Affiliates' officers, directors, employees, representatives and agents):

(i) shall have no duties or responsibilities except those expressly set forth herein, in the Account Control Agreement and in the other agreements to which it is a party and shall not by reason of any such agreement be a trustee or fiduciary for any Secured Party,

(ii) shall not be responsible to the Secured Parties for any recitals, statements, representations or warranties contained herein, or in any document referred to or provided for herein, or received by any of them hereunder, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of the Collateral or any document referred to or provided for herein or for any failure by any Grantor or any other Person to perform any of its obligations hereunder or thereunder,

(iii) shall not be required to initiate or conduct any litigation or collection proceedings, and

(iv) shall not be responsible for any action taken or omitted to be taken by it hereunder or under any other document referred to or provided for herein or in connection herewith, except for its own gross negligence or willful misconduct.

(b) The Collateral Agent may employ agents, attorneys-in-fact, accountants, appraisers or other experts or advisers and shall not be responsible for the negligence or misconduct of or for the supervision of any such Persons that are selected by it in good faith.

(c) Before the Collateral Agent acts or refrains from acting, it may require a certificate from any Person and/or an opinion of counsel satisfactory to the Collateral Agent with respect to the proposed action or inaction. The Collateral Agent shall not be liable for any action it takes or omits to take in good faith in reliance upon such certificate or opinion. Whenever in the administration of the Collateral, the Collateral Agent shall deem it necessary or desirable that a matter be provided or established before taking or suffering or omitting to take any act with respect to the Collateral, such matter (unless other evidence in respect thereof is herein specifically prescribed) may, in the absence of gross negligence or bad faith on the part of the

Collateral Agent, be deemed to be conclusively proved and established by an officers' certificate delivered to the Collateral Agent, and such certificate, in the absence of gross negligence or bad faith on the part of the Collateral Agent, may be relied upon by the Collateral Agent for any action taken, suffered or omitted to be taken by it in reliance thereon.

(d) Any Person: (i) into which the Collateral Agent may be merged or consolidated or (ii) that may result from any merger, conversion or consolidation to which the Collateral Agent shall be a party shall (if the Collateral Agent is not the surviving entity) be the successor of the Collateral Agent without the execution or filing of any document or any further act on the part of any of the parties hereto or any Secured Party.

(e) The Collateral Agent shall be deemed to have exercised reasonable care in the custody of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which it accords its own property.

Section 5.2 Reliance by the Collateral Agent. The Collateral Agent shall be entitled to rely conclusively upon any certification, notice or other communication (including any thereof by e-mail, telephone or facsimile) reasonably believed by it to be genuine and correct and to have been signed or sent by or on behalf of the appropriate Person(s), and upon advice and statements of legal counsel and other experts selected by the Collateral Agent. As to any matters not expressly provided for in any document to which it is a party, the Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, thereunder in accordance with written instructions given by the Majority Banks (or Banks, as the context requires), and such instructions of the Administrative Agent and any action taken or failure to act pursuant thereto shall be binding upon all of the Secured Parties.

Section 5.3 Event of Defaults. The Collateral Agent shall not be deemed to have knowledge or notice of the occurrence of an Activation Event or an Event of Default unless it has received written notice from the Administrative Agent or any of the Borrowers or Grantors, specifying such Activation Event or Event of Default. The Collateral Agent shall take such action with respect to any Event of Default as the Majority Banks shall direct.

Section 5.4 Rights as a Creditor. JPMorgan Chase Bank, N.A. (and any successor acting as the Collateral Agent) shall have the same rights and powers as any other Secured Party and may exercise the same as though it were not acting as the Administrative Agent or the Collateral Agent. JPMorgan Chase Bank, N.A. (and any successor acting as the Collateral Agent) and its Affiliates may (without having to account therefore to any other Secured Party) accept deposits from, lend money to, make investments in and generally engage in any kind of banking, trust or other business with the Borrowers, the Grantors or any other Guarantor, any customer thereof (including any Designated Eligible Buyer), any Secured Party and any Affiliate of any thereof as if it were not acting as the Collateral Agent, and JPMorgan Chase Bank, N.A. (and any such successor) and its Affiliates may accept fees and other consideration from any such Person(s) for services in connection with this Agreement or otherwise without having to account for the same to the Secured Parties.

Section 5.5 Indemnification. The Banks agree to indemnify the Collateral Agent in the manner described in Section 12.5 of the Term Loan Agreement.

Section 5.6 Non-Reliance upon the Collateral Agent. Each Secured Party will be deemed to have agreed that it has, independently and without reliance upon the Collateral Agent, and based upon such documents and information as it has deemed appropriate, made its own credit analysis of the Borrowers, the Grantors and the other Guarantors and their Affiliates and has made a decision to become a creditor of the Secured Obligations and that it will, independently and without reliance upon the Collateral Agent, and based upon such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action with respect thereto. The Collateral Agent shall not be required to keep itself informed as to the performance or observance by the Grantors or any other Person of this Agreement or any other document referred to or provided for herein or to inspect the Properties or books of the Grantors or any other Person. Except for notices, reports and other documents and information expressly required to be furnished by it under the documents to which it is a party, the Collateral Agent shall not have any duty or responsibility to provide any Secured Party with any credit or other information concerning the affairs, financial condition or business of the Borrowers, the Grantors or the other Guarantors or any other Person that may come into the possession of the Collateral Agent or any of its Affiliates.

Section 5.7 Failure to Act. Except for any action expressly required of the Collateral Agent under a document to which it is a party, it shall in all cases be fully justified in failing or refusing to act unless it shall receive further assurances to its satisfaction from the applicable Secured Parties of their indemnification obligations under Section 5.5 against any and all liability and expense that may be incurred by the Collateral Agent by reason of taking or continuing to take any such action. No provision of any document shall require the Collateral Agent to take any action that it reasonably believes to be contrary to Applicable Law or would subject it to personal liability, to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties thereunder or in the exercise of any of its rights or powers hereunder. The Collateral Agent shall not be obligated to exercise discretion hereunder but should act or refrain from acting upon the written direction of the Majority Banks.

Section 5.8 Reporting Requirement. After the occurrence of an Activation Event, no later than twenty (20) days after the last day of each Interest Period ending after the date of the occurrence of such Activation Event, the Collateral Agent shall deliver a report to the Administrative Agent and the Grantors setting forth the aggregate amount of the collections in the Collection Account that have been deposited into the Collection Account during such Interest Period.

ARTICLE VI
MISCELLANEOUS

Section 6.1 Waiver. No failure on the part of the Collateral Agent or any other Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement or the Account Control Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided in this Agreement are cumulative and not exclusive of any other remedies provided by Applicable Law.

Section 6.2 Notices. All notices, designations, consents, offers, acceptances, or any other communications provided pursuant to this Agreement shall be given in writing and sent to each party hereto at its address specified on Schedule II to the Term Loan Agreement, or to such other address as may be designated in writing from time to time by each party hereto.

Except as otherwise provided in this Agreement, all such notices and communications shall be deemed given: (i) upon delivery if delivered by hand to the addresses provided in this Section 6.2; (ii) upon receipt if delivered by facsimile transmission to the number provided herein; or (iii) five (5) Business Days after the date of deposit with the courier agency if delivered by internationally reputable courier, return receipt requested, with all applicable shipping fees of such courier prepaid.

Any agreement herein of the Collateral Agent to receive certain notices by telephone, facsimile or other unsigned method is solely for the convenience and at the request of the Grantors. The Collateral Agent shall (absent gross negligence or bad faith) be entitled to rely upon the authority of any Person purporting to be authorized by the Grantors to give any such notice and the Collateral Agent shall not have any liability to the Grantors or any other Person on account of any action taken or not taken by it in reliance upon any such notice.

Section 6.3 Expenses; Indemnity. (a) Whether or not the transactions contemplated hereby are consummated, the Grantors agree to pay or reimburse: (i) the Collateral Agent for all reasonable and documented costs and invoiced expenses (including reasonable and documented external legal fees and expenses) in connection with: (A) the negotiation, preparation, execution and delivery of this Agreement and any related documents and (B) the negotiation or preparation of any modification, supplement or waiver of any of the terms of this Agreement or any other such document (whether or not consummated) and (ii) the Collateral Agent and each of the Secured Parties for all of their reasonable and documented costs and invoiced expenses (including reasonable and documented external legal fees and expenses) in connection with any enforcement of this Agreement or the enforcement or collection proceedings resulting from any Event of Default.

(b) Each Grantor agrees to defend, protect, indemnify and hold harmless each Secured Party and their respective directors, officers, employees, attorneys, representatives and agents (each, an "Indemnitee") from and against any and all Losses that may at any time be incurred by, imposed on or assessed against the Indemnitees directly or indirectly based on, or arising or resulting from, or in any way related to, or by reason of any investigation, litigation or other proceeding (whether or not any of the Indemnitees is a party thereto and whether or not any such investigation, litigation or other proceeding is between or among any of the Indemnitees, the Grantors or any other Person or otherwise) related to the entering into and/or performance of this Agreement or the consummation of any transactions contemplated herein or in any other Credit Document or any other document or agreement delivered in connection herewith or the exercise of any of their rights or remedies provided herein or in the other Credit Documents (the "Indemnified Matters") regardless of when such Indemnified Matter arises; but excluding any such Indemnified Matter to the extent based on the gross negligence or willful misconduct of the Indemnitee to be indemnified. In no event shall any Secured Party be liable to any Person for

any special, punitive or consequential damages in connection with the transactions contemplated hereby.

(c) To the extent that any undertaking in clause (b) may be unenforceable because it is violative of any Applicable Law or public policy, the Grantors shall contribute the maximum portion that it is permitted to pay and satisfy Applicable Law to the payment and satisfaction of such undertaking.

(d) All amounts payable or indemnifiable under this Section shall be secured by the Collateral and shall be immediately due and payable on demand.

Section 6.4 Amendments, Etc. Subject to Section 13.9 of the Term Loan Agreement, the terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by the parties hereto (with the written consent of the Majority Banks (or Banks, as the context requires) required for the Collateral Agent's consent). Notwithstanding the foregoing, the parties hereto agree that Schedule I hereto shall be deemed automatically amended upon the delivery of each Compliance Certificate delivered pursuant to Section 8.15(c) of the Term Loan Agreement containing a revised list of Designated Eligible Buyers. The parties further agree that Schedule I shall be maintained by the Collateral Agent in such format as selected by the Collateral Agent in its sole discretion and need not be physically attached to this Agreement.

Section 6.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns under the Term Loan Agreement.

Section 6.6 Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and legal benefit of the parties hereto, the Secured Parties and their permitted successors and assigns (all of which, if not parties hereto, are third-party beneficiaries hereof for purposes of enforcing their respective rights hereunder), and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement.

Section 6.7 Survival. The obligations of the Grantors under Section 6.3, and the obligations of the Secured Parties under Section 5.5, shall survive the repayment of the Secured Obligations and, in the case of any Secured Party that may assign any interest in its Secured Obligations, shall survive the making of such assignment, notwithstanding that such assigning Secured Party may cease to be a "Secured Party"; *provided* that any Secured Party's obligations under Section 5.5 shall only apply to the extent that the event with respect to which any indemnification is payable thereunder occurred at the time that such Secured Party owned a Secured Obligation.

Section 6.8 Captions. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

Section 6.9 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

Section 6.10 Governing Applicable Law; Submission to Jurisdiction. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK, WITHOUT GIVING REGARD TO ITS CONFLICTS OF LAW PRINCIPLES.

Section 6.11 Jurisdiction, Service of Process and Venue. (a) Any legal action or proceeding arising out of or relating to this Agreement may be brought in or removed to any state or federal court in the county of New York, State of New York, United States of America.

(b) Each of the parties hereby irrevocably submits to the non-exclusive jurisdiction of the courts referred to in Section 6.11(a) in any action or proceeding arising out of or relating to any of this Agreement, and each of the Grantors hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in any such New York State or Federal court. EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, (I) THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING AND (II) ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN.

(c) Nothing in this Section 6.11 shall affect the right of any party hereto to bring any action or proceeding in respect of this Agreement in the courts of any other jurisdiction.

Section 6.12 Severability. The illegality or unenforceability in any jurisdiction of any provision hereof or of any document required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or such other document in such jurisdiction or such provision in any other jurisdiction.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

GRANTORS

GERDAU S.A.,

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOMINAS S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOS LONGOS S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOS ESPECIAIS S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU COMERCIAL DE AÇOS S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU ACOMINAS OVERSEAS LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as the Collateral Agent

By: _____
Name:
Title:

DESIGNATED ELIGIBLE BUYERS

ALLIED METALS CORP.
ALUMINIO S A
AMSTEEL MILLS SDN BHD
ARTCO STEEL CORP.
BEKAERT HEMIKSEM
CALIFORNIA STEEL INDUSTRIES INC
CAPARO STEEL PRODUCTS
CARGILL INTERNATIONAL TRADING PTE
CARGILL SIAM LIMITED
CARL J WEILER EISEN+STAHL GMBH
CCC STEEL GMBH AND CO KG
CELSA MANUFACTURING (UK) LTD.
CHIA TA WORLD CO., LTD.
COMMERCIAL METALS COMPANY
COMPANSID S A
DEACERO MATERIAS PRIMAS DE CV
DIACO S.A.
DIMACO DISTRIB MAT DE CONSTRU
DONGKUK STEEL MILL CO LTD
DUFERCO S.A.
ELIN ACEROS Y ALEACIONES S A
EMESA TREFILARIA SA
FERROPAR S/A
FRANCOVIGH SA.
GLOBAL MARKET SERVICES, INC.
IMEXBRA INTERNATIONAL, INC.
INDUSLA S/A
INDUSTRIAS DEL UBIERNA, S A UBISA
INDUSTRIAS GALYCAS S.A.
INGENIERIA R.E.C., S.A.
ITALCABLES SPA
JISCO
KANBERG LIMITED
KISWEL
KISWIRE LIMITED
LOSAL STEEL TRADING, S.A.
MANUCHAR NV
MARUBENI-ITOCHU STEEL AMERICA INC.
MARUBENI-ITOCHU STEEL INC.
METGLAS, INC.
MISETAL
MITSUI & CO. (U.S.A.), INC.
N V BEKAERT S A
NAN LUNG STEEL & IRON CORPOR
NATSTEEL TRADE INTERNATIONAL PT
POSCO STEEL SERVICE & SALES CO LTD
PRIMARY INDUSTRIES (U.K.) LTD
PRODUCTORA ALAMBRES COLOMBIANOS
PROYECTOS DE METAL MECANICA SA CV
PYEONG SAN METAL CO., LTD.
SACK
SALZGITTER INTERNATIONAL GMBH
SALZGITTER TRADE
SAN ENG STEEL FORGING CO LTD
SHANG SHING STEEL IND CO LTD
SIDER GHEZZI S.R.L.
SIDERURGICA LEONESSA S.R.L.
SIPAR ACEROS
SOCITREL
SRI STEEL RESOURCES INC
STC — INTERMESA TRADING CO.,
STEEL RESOURCES, LLC
STEMCOR UK LTD
STEMCOR EUROPE LIMITED
SUMITOMO CORPORATION
TAE WOONG CO., LTD.
THYSSEN PORTUGAL
TITAN STEEL CORPORATION
TRADESCA SA
ULDRY TRADING SA
VOEST ALPINE INTERTRADING
WIRTH HAMILTON
WIRTH MONTREAL
WU JII INDUSTRY CO., LTD.

EXHIBIT D

FORM OF ACCOUNT CONTROL AGREEMENT

COLLATERAL ACCOUNT CONTROL AGREEMENT

COLLATERAL ACCOUNT CONTROL AGREEMENT (as amended, restated or otherwise modified from time to time, this "Agreement") dated as of September 10, 2007 among Gerdau Acominas Overseas Limited (the "Off-taker"), and JPMorgan Chase Bank, N.A., as collateral agent pursuant to the Senior Export and Working Capital Facility Agreement and the Security Agreement referred to below (in such capacity, together with its successors in such capacity, the "Collateral Agent"), and, as the securities intermediary and depositary bank hereunder (the "Intermediary").

WITNESSETH:

WHEREAS, Gerdau Ameristeel US Inc. and GNA Partners, GP, as Borrowers, Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A., Gerdau Comercial de Aços S.A. and the Off-taker, as Guarantors, the Banks party thereto from time to time, JPMorgan Chase Bank, N.A., as Administrative Agent, and the Collateral Agent, are parties to a Senior Export and Working Capital Facility Agreement dated as of the date hereof (as amended restated or otherwise modified from time to time, the "Term Loan Agreement"), pursuant to which the Off-taker has agreed to establish with the Intermediary the Collection Account (as defined in the Term Loan Agreement);

WHEREAS, pursuant to Section 2.1 of the Security Agreement, dated as of the date hereof (as amended, restated or otherwise modified from time to time, the "Security Agreement"), among the Grantors (including the Off-taker) and the Collateral Agent, the Grantors granted to the Collateral Agent for the benefit of the Secured Parties a security interest in all of their rights, title and interest in, to and under the Collection Account and any and all Investment Property, Financial Assets or other Property (including uninvested funds) from time to time credited thereto or deposited or carried therein, any and all investments made with funds therein, any and all other Financial Assets credited thereto or carried therein, any and all Security Entitlements of the Grantors with respect to such Financial Assets and any and all Proceeds of any of the foregoing; and

WHEREAS, the Off-taker and the Collateral Agent wish to provide for the perfection under the UCC of the security interest in the Collection Account created pursuant to the Security Agreement in accordance with the terms of this Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. Unless otherwise stated herein, capitalized terms used but not defined herein shall have the respective meanings given to such terms in the Security Agreement. In addition, the interpretative provisions of Section 1.1 of the Security Agreement are hereby included by reference as if they were set forth herein *mutatis mutandi*.

SECTION 2. Establishment of Collection Account. The Intermediary has established the Collection Account (account number 304952265) maintained on the Intermediary's books and records at the principal office of the Intermediary in New York, New York at the request of the Off-taker and Collateral Agent. The Intermediary will act as "securities intermediary" (within the meaning of Section 8-102 of the UCC) in regards to the Collection Account which the Off-taker and Collateral Agent intend to be a "securities account" (within the meaning of Section 8-501 of the UCC) to which "financial assets" (within the meaning of Section 8-102 of the UCC) are or may be credited and the Intermediary agrees to treat the Off-taker as entitled to exercise the rights that comprise the "financial assets" credited thereto. The Off-taker will be the sole "entitlement holder" (within the meaning of Section 8-102 of the UCC) of the Collection Account and is identified as such in the records of the Intermediary. All property delivered to the Intermediary pursuant to the Credit Documents for credit thereto shall be promptly credited (by book entry of otherwise) to the Collection Account.

SECTION 3. Financial Assets Election. Each of the parties hereto agrees that each item of property (whether any security, instrument, obligation, share, participation, interest or other property whatsoever but excluding cash) at any time in the Collection Account shall be treated as a "financial asset" (within the meaning of Section 8-102 of the UCC).

SECTION 4. Duties and Liabilities of the Intermediary Generally. The Intermediary undertakes to perform such duties and only such duties as are specifically set forth in this Agreement or as required of a securities intermediary or bank pursuant to Articles 8 and 9 of the UCC. Notwithstanding any provision contained herein or in any other document or instrument to the contrary, neither the Intermediary nor any of its officers, employees or agents shall be liable for (i) following the instruction of the Collateral Agent and (ii) in all other respects, shall not be liable for any action taken or not taken by it (or them) under or in connection with this Agreement, except for the Intermediary's (or their) own gross negligence or willful misconduct. In no event shall the Intermediary be liable for indirect, special or consequential damages of any kind whatsoever (including lost profits and lost business opportunity) even if it is advised of the possibility of such damages and regardless of the form of action in which any such damages may be claimed. Without limiting the foregoing, and notwithstanding any provision to the contrary elsewhere, the Intermediary and its officers, employees and agents:

(a) shall have no duty to preserve, exercise or enforce rights in the financial assets (against prior parties or otherwise);

(b) may in any instance where the Intermediary determines that it lacks or is uncertain as to its authority to take or refrain from taking certain action, or as to the requirements of this Agreement under any circumstance before it, delay or refrain from taking action unless and until it has received instructions from the Collateral Agent or advice from legal counsel (or other appropriate advisor), as the case may be

(c) so long as it and they shall have acted (or refrained from acting) in good faith, shall not be liable for any error of judgment in any action taken, suffered or omitted by, or for

any act done or step taken, suffered or omitted by, or for any mistake of fact or law, unless such action constitutes gross negligence or willful misconduct on its (or their) part;

(d) may consult with legal counsel selected by it (or other experts for the Off-taker or Collateral Agent), and shall not be liable for any action taken or not taken by it or them in good faith in accordance with the advice of such experts;

(e) will not be responsible to the Collateral Agent for any statement, warranty or representation made by any party other than the Intermediary in connection with this Agreement except as set forth in Section 7 below;

(f) will have no duty to ascertain or inquire as to the performance or observance by the Off-taker of any of the terms, conditions or covenants of the Security Agreement;

(g) will not be responsible to Off-taker or Collateral Agent for the due execution, legality, validity, enforceability, genuineness, effectiveness or sufficiency of this Agreement, (provided, however, that the Intermediary warrants below that the Intermediary has legal capacity to enter into this Agreement);

(h) will not incur any liability by acting or not acting in reliance upon any notice, consent, certificate, statement or other instrument or writing believed by it or them to be genuine and signed or sent by the proper party or parties;

(i) will not incur liability for any notice, consent, certificate, statement, wire instruction, telecopy, or other writing which is delayed, canceled or changed without the actual knowledge of the Intermediary;

(j) shall not be deemed to have or be charged with notice or knowledge of any fact or matter unless a written notice thereof has been received by the Intermediary at the address and to the person designated in (or as subsequently designated pursuant to) this Agreement;

(k) shall not be obligated or required by any provision of this Agreement to expend or risk the Intermediary's own funds, or to take any action (including but not limited to the institution or defense of legal proceedings) which in its or their judgment may cause it or them to incur or suffer any expense or liability; provided, however, if the Intermediary elects to take any such action it shall be entitled to security or indemnity for the payment of the costs, expenses (including but not limited to attorneys' fees) and liabilities which may be incurred therein or thereby, satisfactory to the Intermediary;

(l) shall not incur any liability for acts or omissions of any domestic or foreign depository or book-entry system for the central handling of financial assets or any domestic or foreign custodian or subcustodian; and

(m) shall not be responsible for the title, validity or genuineness of any financial asset in or delivered into the Collection Account.

SECTION 5. Entitlement Orders and Instructions. The Off-taker agrees that the Intermediary shall, comply with entitlement orders originated by the Collateral Agent and relating to the Collection Account, without further consent by the Off-taker or any other Person. The Off-taker agrees that the Intermediary shall, comply with instructions originated by the Collateral Agent directing disposition of funds in the Collection Account, without further consent by the Off-taker or any other Person. The Intermediary shall have no obligation to act, and shall be fully protected in refraining from acting, in respect of the financial assets or funds, as applicable, credited to the Collection Account, in the absence of any such entitlement order or instruction.

The Intermediary shall comply with entitlement orders and other directions concerning financial assets or funds, as applicable, credited to the Collection Account at the direction of the Off-taker, until such time as the Collateral Agent delivers a written notice to the Intermediary in the form annexed hereto as Exhibit 1, that the Collateral Agent is thereby exercising exclusive control over the account (such notice may be referred to herein as the "Notice of Exclusive Control"). After the Intermediary receives the Notice of Exclusive Control, it will promptly cease complying with entitlement orders or other directions concerning the account originated by the Off-taker or its representatives.

SECTION 6. Subordination of Lien; Waiver of Set-Off. If the Intermediary has or subsequently obtains by agreement, operation of law or otherwise a security interest in the Collection Account or any security entitlement in respect of financial assets carried therein or funds deposited therein, as applicable, then the Intermediary hereby agrees that such security interest shall be subordinate to the security interest of the Collateral Agent (on behalf of the Secured Parties) under the Security Agreement, and agrees that the financial assets standing to the credit thereof shall not be subject to deduction, set-off, banker's lien or any other right in favor of any Person other than the Collateral Agent (except for the face amount of any checks that have been credited thereto and funds on deposit therein but are subsequently returned unpaid because of uncollected or insufficient funds); *provided* that the Intermediary may set off from the Collection Account all amounts due to it in respect of its customary fees and expenses for the routine maintenance and operation of such account. Notwithstanding anything herein to the contrary, the Intermediary shall have a lien senior to that of the Collateral Agent for any and all amounts required for the payment of the purchase price of a financial asset, which purchase has been placed but not yet cleared or settled.

SECTION 7. Representations, Warranties and Covenants of the Intermediary. The Intermediary agrees with and, as of the date hereof, represents and warrants to the Collateral Agent as follows:

(a) The Collection Account shall be maintained in the manner set forth herein until termination of this Agreement, and the Intermediary shall not change the name or account number thereof without the prior written consent of the Collateral Agent.

(b) This Agreement is the legal, valid and binding obligation of the Intermediary except as may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and as may be limited by equitable principles of general applicability.

(c) The Intermediary has not entered into, and until the termination of this Agreement shall not enter into: (i) any agreement with any other Person relating to the Collection Account and/or any property (including uninvested funds) credited thereto or carried therein pursuant to which it agrees to comply with entitlement orders of, or instructions directing distribution of uninvested funds from, such Person or (ii) any other agreement with the Off-taker or any other Person purporting to limit or condition the obligation of the Intermediary to comply with entitlement orders and instructions directing distribution of uninvested funds originated by the Collateral Agent as set forth in Section 5. The Intermediary shall not comply with any entitlement orders or instructions directing distribution of uninvested funds originated by any Person with respect to the property (including uninvested funds) carried in or credited to the Collection Account other than the Collateral Agent or the Off-taker in accordance with the terms of the Security Agreement.

SECTION 8. Notice of Adverse Claims. Except for the claims and interest of the Collateral Agent in the Collection Account, the Intermediary confirms (without any obligation of independent inquiry or investigation) that it does not know of any Liens on, claim to or interest in the Collection Account or in any financial asset credited thereto or uninvested funds on deposit therein, including adverse claims as defined in Article 8 of the UCC. If any Person other than the Collateral Agent asserts any Lien, claim or interest (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Collection Account or in respect of any financial asset credited thereto or uninvested funds on deposit therein, then the Intermediary shall promptly notify the Collateral Agent and the Off-taker thereof.

SECTION 9. Indemnification of the Intermediary. (a) The Off-taker and the Collateral Agent, jointly and severally, agree to indemnify and hold the Intermediary and its directors, officers, agents and employees (collectively the "Indemnitees") harmless from and against any and all claims, liabilities, losses, damages, fines, penalties, and expenses, including out-of-pocket and incidental expenses and legal fees (collectively "Losses") that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them for following any entitlement orders, instructions or other directions upon which the Intermediary is authorized to rely pursuant to the terms of this Agreement.

(b) In addition to and not in limitation of paragraph (a) immediately above, the Off-taker and the Collateral Agent also jointly and severally agree to indemnify and hold the Indemnitees and each of them harmless from and against any and all Losses that may be imposed on, incurred by, or asserted against, the Indemnitees or any of them in connection with or arising out of the Intermediary's performance under this Agreement, provided the Indemnitees have not acted with gross negligence or engaged in willful misconduct.

SECTION 10. Termination; Resignation. The rights and powers granted herein to the Collateral Agent have been granted in order to perfect its security interests in the Collection Account, are powers coupled with an interest and are not intended to be affected by the bankruptcy (or similar event) of the Off-taker or the lapse of time. The obligations of the Intermediary hereunder shall continue in effect until the security interest of the Collateral Agent in the Collection Account has been terminated pursuant to the Security Agreement and the

Collateral Agent has notified the Intermediary of such termination in writing. The Intermediary may at any time resign by giving at least 30 days' prior written notice of resignation to the Collateral Agent and the Off-taker, and may at any time (with or without cause) be removed by the Collateral Agent by giving at least 30 days' prior written notice to the Intermediary from the Collateral Agent, and such resignation or removal shall be effective upon the appointment by the Collateral Agent of a successor and the acceptance by the successor of such appointment.

SECTION 11. Waiver. No failure on the part of the Collateral Agent or any other Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided in this Agreement are cumulative and not exclusive of any other remedies provided by Applicable Law.

SECTION 12. Certificates of Authorized Persons; Additional Documentation. The Collateral Agent has furnished to the Intermediary and the Collateral Agent a certificate setting forth the names and signature of persons authorized to give instructions, said certificate attached hereto as Exhibit 2. Until a new such certificate is received, Intermediary and the Collateral Agent shall be fully protected in acting upon written instructions of any such person.

SECTION 13. No Responsibility Concerning Term Loan Agreement and Security Agreement. The Off-taker and the Collateral Agent hereby agree that, notwithstanding references to the Term Loan Agreement and the Security Agreement in this Agreement, the Intermediary has no interest in, and no duty, responsibility or obligation with respect to, the Term Loan Agreement and the Security Agreement including, without limitation, no duty, responsibility or obligation to monitor the Off-taker's or the Collateral Agent's compliance with the Term Loan Agreement and the Security Agreement or to know the terms of the Term Loan Agreement or the Security Agreement.

SECTION 14. No Duty of Oversight. The Intermediary is not at any time under any duty (a) to monitor any collateral in the Collection Account or withdrawn therefrom, or whether the collateral is of a type required to be held in the Collection Account, or (b) to supervise the investment of, or to advise or make any recommendation for the purchase, sale, retention or disposition of any collateral.

SECTION 15. Notices. All notices, requests, instructions, directions and other communications provided for herein (including any modifications of, or waivers, requests or consents under, this Agreement) shall be given or made in writing (and shall be deemed to have been given at the times specified in Section 13.2 of the Term Loan Agreement) delivered to each of the Off-taker and the Collateral Agent, or the Intermediary, at the addresses below (or, in each case, to such other address as may be designated in writing from time to time by each party hereto):

Off-taker

Gerdau Acominas Overseas Limited

Av. Farrapos, 1811 — Floresta
90220-005
Porto Alegre, RS
Brazil
Attn: José Francisco Dutra /
Rodrigo Ferreira de Souza

Collateral Agent

JPMorgan Chase Bank, N.A.
270 Park Avenue, 14th Floor
New York, NY 10017
Attn: Linda Meyer, VP
Fax: 212-270-5100

Intermediary

JPMorgan Chase Bank, N.A.
712 Main Street, 5th Floor South, TX2 S037
Houston, Texas 77002
Attn: Paul Gilliam
Fax: 713-216-6927

SECTION 16. Amendments, Etc. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by each of the parties hereto and shall be binding upon each other Secured Party.

SECTION 17. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Off-taker may not assign or transfer any of its rights or obligations hereunder except as provided in Section 13.3 of the Term Loan Agreement.

SECTION 18. Third Party Beneficiaries. This Agreement is made and entered into for the sole protection and legal benefit of the parties hereto, the Secured Parties and their permitted successors and assigns (all of which, if not parties hereto, are third-party beneficiaries hereof for purposes of enforcing their respective rights hereunder), and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement.

SECTION 19. Survival. The obligations of the Off-taker and Collateral Agent under Section 9 shall survive the termination of this Agreement.

SECTION 20. Captions. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

SECTION 21. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

SECTION 22. Governing Applicable Law; Submission to Jurisdiction. (a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK (NOT INCLUDING SUCH STATE'S CONFLICT OF LAWS PROVISIONS OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW); *PROVIDED* THAT THE SECURED PARTIES SHALL RETAIN ALL RIGHTS ARISING UNDER THE FEDERAL LAW OF THE UNITED STATES OF AMERICA. REGARDLESS OF ANY PROVISION IN ANY OTHER AGREEMENT, AND FOR PURPOSES OF THE UCC, THE SECURITIES INTERMEDIARY'S JURISDICTION (WITHIN THE MEANING OF SECTION8-110(e) OF THE UCC) AND THE "BANK'S" JURISDICTION (WITHIN THE MEANING OF SECTION 9-304(B) OF THE UCC) WITH RESPECT TO THE COLLECTION ACCOUNT IS THE STATE OF NEW YORK.

(b) ANY LEGAL ACTION OR PROCEEDING BY OR AGAINST ANY PARTY HERETO OR WITH RESPECT TO OR ARISING OUT OF THIS AGREEMENT MAY BE BROUGHT IN OR REMOVED TO ANY STATE OR FEDERAL COURTS IN THE COUNTY OF NEW YORK, STATE OF NEW YORK. BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY ACCEPTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS (AND COURTS OF APPEALS THEREFROM) FOR LEGAL PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND BORROWER IRREVOCABLY CONSENTS TO THE APPOINTMENT OF THE PROCESS AGENT AS ITS AGENT TO RECEIVE SERVICE OF PROCESS (WITH RESPECT TO THIS AGREEMENT) IN NEW YORK, NEW YORK.

(c) EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, (I) THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING AND (II) ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN.

SECTION 23. Severability. The illegality or unenforceability in any jurisdiction of any provision hereof or of any document required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or such other document in such jurisdiction or such provision in any other jurisdiction.

SECTION 24. Voting Rights; Payment of Income; Withdrawals. Until such time as the Intermediary receives a Notice of Exclusive Control from the Collateral Agent, the Off-taker shall direct the Intermediary with respect to the voting of any financial assets credited to the Collection Account. Additionally, the Intermediary shall (a) without further action by the Off-taker or Collateral Agent, (i) remit or make available to the Off-taker all interest, dividends and other income on the financial assets or funds in the Collection Account, and (ii) pursuant to the

terms of the Collection Account agreement with the Off-taker, send to the Off-taker any proxies and other voting rights and corporate actions received by the Intermediary in respect of the financial assets and follow any instructions and directions from the Off-taker in respect of such proxies and rights, and (b) comply with each entitlement order and other directive received from the Off-taker.

SECTION 25. Funds Transfer Instructions. In the event funds transfer instructions are given (other than in writing at the time of execution of this Agreement), whether in writing, by telecopier or otherwise, the Intermediary is authorized to seek confirmation of such instructions by telephone call-back to the authorized person or persons designated on Exhibit 3 hereto, and Intermediary may rely upon the confirmation of anyone purporting to be the person or persons so designated. The persons and telephone numbers for call-backs may be changed only in a writing actually received and acknowledged by the Intermediary. The Intermediary and the beneficiary's bank in any funds transfer may rely solely upon any account numbers or similar identifying numbers provided by the Off-taker or Collateral Agent to identify (i) the beneficiary, (ii) the beneficiary's bank, or (iii) an intermediary bank. The Intermediary may apply any of the deposited funds for any payment order it executes using any such identifying number, even where its use may result in a person other than the beneficiary being paid, or the transfer of funds to a bank other than the beneficiary's bank or an intermediary bank designated. The parties to this Agreement acknowledge that these security procedures are commercially reasonable. Off-Taker and Collateral Agent agree that repetitive or standing settlement instructions will be effective as the funds transfer instructions of Off-Taker and Collateral Agent, whether or not authorized, if such settlement instructions are verified pursuant to the security procedure provided herein or such other security procedure that the Escrow Agent, Off-Taker and Collateral Agent may agree to.

SECTION 26. Compliance with Legal Process and Judicial Orders**.** If any financial assets or funds subject to this Agreement are at any time attached or levied upon, or in case the transfer, delivery, redemption or withdrawal of any such financial assets or funds shall be stayed or enjoined, or in the case of any other legal process or judicial order affecting such financial assets or funds, the Intermediary is authorized to comply with any such order in any matter as the Intermediary or its legal counsel reasonably deems appropriate. If the Intermediary complies with any process, order, writ, judgment or decree relating to the financial assets or funds subject to this Agreement, then the Intermediary shall not be liable to the Off-taker, the Collateral Agent or the other Secured Parties or to any other person or entity even if such order or process is subsequently modified, vacated or otherwise determined to have been without legal force or effect.

SECTION 27. Force Majeure. The Intermediary shall not be responsible for delays or failures in performance resulting from acts beyond its control. Such acts shall include but not be limited to acts of God, strikes, lockouts, riots, acts of war or terrorism, epidemics, nationalization, expropriation, currency restrictions, governmental regulations superimposed after the fact, fire, communication line failures, power failures, earthquakes or other disasters.

SECTION 28. Fees. The Off-taker shall pay to the Intermediary the compensation agreed upon in writing from time to time and any other includable expenses incurred in connection herewith.

SECTION 29. Patriot Act Disclosure/Taxpayer Identification Numbers ("TINs")/Tax Reporting.

(a) Patriot Act Disclosure**.** Section 326 of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 ("USA PATRIOT Act") requires the Intermediary to implement reasonable procedures to verify the identity of any person that opens a new account with it. Accordingly, the Off-taker and Collateral Agent acknowledge that Section 326 of the USA PATRIOT Act and the Intermediary's identity verification procedures require the Intermediary to obtain information which may be used to confirm the Parties identity including without limitation name, address and organizational documents ("identifying information"). The Off-taker and Collateral Agent agree to provide the Intermediary with and consent to the Intermediary obtaining from third parties any such identifying information required as a condition of opening an account with or using any service provided by the Intermediary.

(b) Taxpayer Identification Numbers ("TINs")

The Off-taker has provided the Collateral Agent with their respective fully executed Internal Revenue Service ("IRS") Form W-8, or W-9 and/or other required documentation. The Parties each represent that its correct TIN assigned by the IRS, or any other taxing authority, is set forth in the delivered forms.

(c) Tax Reporting

All interest or other income earned under the Agreement shall be allocated to Off-taker and reported, as and to the extent required by law, by the Intermediary to the IRS, or any other taxing authority, on IRS Form 1099 or 1042S (or other appropriate form) as income earned from the financial assets or funds which are subject to this Agreement by Off-taker whether or not said income has been distributed during such year. Any other tax returns required to be filed will be prepared and filed by Off-taker with the IRS and any other taxing authority as required by law. The Parties acknowledge and agree that the Intermediary shall have no responsibility for the preparation and/or filing of any income, franchise or any other tax return with respect to the Collection Account or any income earned by the financial assets and funds. The Parties further acknowledge and agree that any taxes payable from the income earned on the investment of any sums held in the Collection Account shall be paid by Off-taker. Intermediary shall withhold any taxes it deems appropriate, including but not limited to required withholding in the absence of proper tax documentation, and shall remit such taxes to the appropriate authorities.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the day and year first above written.

GERDAU ACOMINAS OVERSEAS LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as the Collateral Agent

By: _____
Name:
Title:

JPMORGAN CHASE BANK, N.A.,
as the Intermediary

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT 1

[to be placed on Secured Party's Letterhead]

NOTICE OF EXCLUSIVE CONTROL

_____19___

JPMorgan Chase Bank
[Address]_____

_____

_____

Attention:_____

Re: Collateral Account Control Agreement dated as of _____ (the "Agreement") among _____, as Secured Party, _____, as Customer, and JPMorgan Chase Bank, as Bank, relating to Securities Account No._____

Ladies and Gentlemen:

This constitutes the Notice of Exclusive Control referred to in the above referenced Agreement.

[Secured Party's Name]

By: _____
Name:
Title:

EXHIBIT 2

[List of names of Authorized Persons of Off-taker and Collateral Agent]

Off-taker:

	Name	Signature	Telephone Number
1.	Osvaldo Burgos Schirmer		(55-51) 3323-2657
2.	Mauricio Werneck		(55-51) 3323-9260
3.	Rodrigo Ferreira de Souza		(55-51) 3323-2082
4.	Marcelo Sandri Pinto		(55-51) 3323-2325
5.	José Francisco Dutra		(55-51) 3323-2116

Collateral Agent:

	Name	Signature	Telephone Number
1.			
2.			
3.			
4.			
5.			
6.			

EXHIBIT 3

Telephone Number(s) and authorized signature(s) for Person(s) Designated to give Funds Transfer Instructions

If to Off-taker:

	Name	Signature	Telephone Number
1.	Osvaldo Burgos Schirmer		(55-51) 3323-2657
2.	Mauricio Werneck		(55-51) 3323-9260
3.	Rodrigo Ferreira de Souza		(55-51) 3323-2082
4.	Marcelo Sandri Pinto		(55-51) 3323-2325
5.	José Francisco Dutra		(55-51) 3323-2116

If to Collateral Agent:

	Name	Signature	Telephone Number
1.			
2.			
3.			

Telephone Number(s) for Call-Backs and
Person(s) Designated to Confirm Funds Transfer Instructions

If to Off-taker:

	Name	Signature	Telephone Number
1.	Osvaldo Burgos Schirmer		(55-51) 3323-2657
2.	Mauricio Werneck		(55-51) 3323-9260
3.	Rodrigo Ferreira de Souza		(55-51) 3323-2082
4.	Marcelo Sandri Pinto		(55-51) 3323-2325
5.	José Francisco Dutra		(55-51) 3323-2116

If to Collateral Agent:

	Name	Telephone Number
1.		
2.		
3.		

Telephone call backs shall be made to both Parties if joint instructions are required pursuant to the Agreement. All funds transfer instructions must include the signature of the person(s) authorizing said funds transfer and must not be the same person confirming said transfer.

EXHIBIT E

FORM OF DESIGNATED ELIGIBLE BUYER NOTICE

[LETTERHEAD OF OFF-TAKER]

To: [Name of Designated Eligible Buyer]

*c/o [*Designated Eligible Buyer *Contact Person]*
[Designated Eligible Buyer address]
Tel.: [Designated Eligible Buyer phone number]
Fax: [Designated Eligible Buyer fax number]

Date: _____

Pursuant to that certain Security Agreement dated as of September 10, 2007 (the "Security Agreement") by and among Gerdau S.A., Gerdau Açominas S.A., Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A., Gerdau Comercial de Aços S.A. and Gerdau Acominas Overseas Limited (the "Off-taker"), as grantors, and JPMorgan Chase Bank, N.A., as collateral agent (in such capacity, together with its successors in such capacity, the "Collateral Agent"), the Off-taker hereby gives you irrevocable notice of the assignment to the Collateral Agent under the Security Agreement of all of the Off-taker's (i) rights to receive any and all payments (the "Export Receivables") for steel products sold, leased, licensed, assigned or otherwise transferred to [*name of Designated Eligible Buyer*] (the "Buyer") by the Off-taker or Gerdau S.A., Gerdau Açominas S.A., Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. or Gerdau Comercial de Aços S.A., and (ii) rights pursuant to any sales contracts or other documentation relating thereto (the "Sales Agreements").

Accordingly, in connection with any purchase by the Buyer or any of its subsidiaries, successors or assigns of steel products from the Off-taker, the Off-taker hereby authorizes and directs the Buyer to pay all amounts due in relation to the Eligible Receivables on or after the date of this notice to the Collateral Agent's account with the following details:

JPMorgan Chase Bank, N.A.
[_____]
Attention: [_____]
Account No. [_____]
Account Name: GERDAU DEPOSIT COLLECTION ACCOUNT

By its signature below, the Buyer agrees to make such payments in accordance with these instructions. These instructions may not be changed except pursuant to an express written instruction executed by the Collateral Agent. By executing and delivering this notice, the Buyer further confirms to the Collateral Agent that the Buyer has not received any prior notice of any other assignment of the Export Receivables and has not previously agreed to make payments in respect of the Export Receivables to any party except pursuant to arrangements that have been

revoked or released by the parties hereto. It is understood and agreed that this notice shall supersede all other payment instructions from the Off-taker to the Buyer with respect to payments to be made to the Off-taker.

It is understood and agreed that none of the obligations of the Off-taker under the Sales Agreement[s] have been or will be assigned, and that the Off-taker will remain responsible for the performance of its obligations under the Sales Agreement[s].

Except as expressly provided herein with respect to payments, nothing in this notice shall be construed as creating or implying any obligation (other than any that may exist independently of this notice) on the part of the Buyer as purchaser of steel products from the Off-taker, and nothing contained herein shall amend or otherwise modify the Sales Agreement[s]. The Off-taker has not delegated any of its obligations under the Sales Agreement[s] and remains responsible for its performance thereunder.

This notice may be separately executed in counterparts by the parties hereto, each of which when so executed shall be deemed to constitute one agreement.

Please acknowledge receipt of this notice and the Buyer's agreement to comply with the terms specified above where indicated below.

Very truly yours,

GERDAU ACOMINAS OVERSEAS LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

Acknowledged and Agreed by:

[NAME OF DESIGNATED ELIGIBLE BUYER]

By: _____
Name:
Title:

By: _____
Name:
Title:

cc:

JPMorgan Chase Bank, N.A.,
as Collateral Agent
[_____]
[_____]
Attention: [_____]

EXHIBIT F

FORM OF INTERCOMPANY EXPORT AGREEMENT
INTERCOMPANY EXPORT AGREEMENT

THIS INTERCOMPANY EXPORT AGREEMENT, dated as of September 10, 2007 (as amended, modified or supplemented from time to time, this "Agreement"), is entered into among Gerdau S.A., Gerdau Açominas S.A., Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., each a company duly organized and existing under the laws of the Federative Republic of Brazil (each, an "Exporter," and collectively, the "Exporters"), and Gerdau Acominas Overseas Limited, a company duly organized and existing under the laws of the Cayman Islands (the "Off-taker").

WITNESSETH:

WHEREAS, Gerdau Ameristeel US Inc. and GNA Partners, GP, as Borrowers, the Exporters, the Off-taker and Gerdau Ameristeel Corporation, as Guarantors, the Banks party thereto from time to time, JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A., as collateral agent (in such capacity, together with its successors in such capacity, the "Collateral Agent"), are parties to a Senior Export and Working Capital Facility Agreement dated as of the date hereof (as amended restated or otherwise modified from time to time, the "Export Facility Agreement"), providing for the Banks to make the Loans to the Borrowers, which Loans are guaranteed by the Guarantors;

WHEREAS, it is a condition precedent to the Export Facility Agreement that the Exporters and the Off-taker enter into this Agreement for the sale of the Products by the Exporters to the Off-taker, for further resale by the Off-taker to Designated Eligible Buyers;

NOW, THEREFORE, to induce the Banks to enter into the Export Facility Agreement and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the Exporters and the Off-taker have agreed to execute this Agreement.

Accordingly, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Definitions. As used herein, the following terms shall have the following meanings:

"Agreement" has the meaning set forth in the introduction hereto.

"Export" has the meaning set forth in Section 2.1.

"Exporters" has the meaning set forth in the introduction hereto.

"Export Facility Agreement" has the meaning set forth in the recitals hereto.

"Off-taker" has the meaning set forth in the introduction hereto.

"Process Agent" has the meaning set forth in Section 6.9(b).

"Sale Termination Date" means the date on which all amounts payable under the Credit Documents (other than any indemnification obligations that have not yet been incurred) have been paid in full and the Commitments thereunder have been terminated.

SECTION 1.2 Other Defined Terms and Interpretive Provisions. All capitalized terms used but not defined herein shall have the meanings given to such terms in the Export Facility Agreement, and the rules of interpretation set forth therein shall apply to this Agreement.

ARTICLE II

SALE OF PRODUCTS

SECTION 2.1 Sale of Products by the Exporters. Commencing October 15, 2007, the Exporters hereby agree to sell and the Off-taker hereby agrees to purchase Products (each such sale to the Off-taker an "Export") in sufficient quantities (i) to generate the Overall Coverage Amount from time to time through and including the Sale Termination Date and (ii) to satisfy the Off-Taker's requirements so that it can satisfy the Periodic Coverage Amount test from time to time during each Interest Period. In order to request any Export hereunder, the Off-taker shall notify the Exporters of the amount and/or type of Products to be sold to the Off-taker and such other information as may be applicable. All Exports to the Off-taker shall be made pursuant to Off-taker's standard terms and conditions of purchase, unless otherwise agreed by the parties hereto. For the purpose of clarification, the Exporters' obligations hereunder shall not be terminated except as described in Section 5.2, including as a result of any bankruptcy, insolvency or similar event with respect to the Off-taker or any non-payment by the Off-taker hereunder.

SECTION 2.2 Purchase and/or Resale by the Off-taker. It is understood and agreed by the Exporters that the price and terms and conditions of resale by the Off-taker to Designated Eligible Buyers of the Products purchased by the Off-taker shall be determined by the Off-taker in its sole discretion.

SECTION 2.3 Governmental Approvals. In connection with each Export, the Exporters shall be responsible for obtaining all required Governmental Approvals and for satisfying whatever formalities may be required with respect to any Export and to take such other actions related thereto as the Off-taker may reasonably request, and to deliver evidence of any such Governmental Approvals to the Off-taker within a reasonable time after the Off-taker's request therefore.

SECTION 2.4 Acknowledgement of the Export Prepayment and Pledge. Each Exporter hereby acknowledges the Off-taker's pledge pursuant to the Security Agreement to the Collateral Agent of its rights to enforce the payment obligations of the Designated Eligible Buyers set forth, from time to time, on Schedule I to the Security Agreement and agrees to such pledge (and acknowledges that the Collateral Agent has no obligation to satisfy any of the Off-taker's obligations hereunder).

ARTICLE III

COVENANTS OF THE EXPORTERS

SECTION 3.1 Covenants. Each Exporter covenants and agrees with the Off-taker that, commencing October 15, 2007 and until the Sale Termination Date, such Exporter shall:

(a) not, without the prior written consent of each of the Banks, sell, assign, grant a Lien on or otherwise transfer (by operation of law or otherwise) any of its rights or obligations hereunder (*it being understood* that any attempt to do any of the above without the prior written consent of the Banks shall be null and void *ab initio*); and

(b) in addition to any sales commitments arising hereunder or in connection with the sale of Products by the Off-taker to Designated Eligible Buyers, each Exporter shall cooperate with the Off-taker in dealing promptly and fairly with complaints concerning the quality of the Products, including taking such action to resolve justified complaints as may be reasonably requested by the Off-taker.

ARTICLE IV

TERM AND TERMINATION

SECTION 4.1 Term. This Agreement shall commence on the date of its execution and shall continue until the Sale Termination Date.

SECTION 4.2 Early Termination. As described in Section 13.9 of the Export Facility Agreement, this Agreement may be terminated at any time before the Sale Termination Date only upon delivery of a notice of termination hereof that is signed by the Collateral Agent (acting at the direction of the Banks) and delivered to the Exporters and the Off-taker.

ARTICLE V

MISCELLANEOUS

SECTION 5.1 Waivers. No failure on the part of either party hereto to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any other remedies provided by Applicable Law. Each of the Exporters hereby irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law, any and all rights it may have to excuse its performance of any of its obligations under this Agreement (including such Exporter's obligation to export Products to the Off-taker) as a result of the Off-taker's not making a payment for Exports of such Exporter due to the non-release by the Collateral Agent, in accordance with the Export Facility Agreement, of amounts on deposit in the Collection Account upon occurrence of an Event of Default.

SECTION 5.2 Notices. All notices, requests, instructions, directions and other communications provided for herein (including any modifications of, or waivers, requests or consents under, this Agreement) shall be given in writing and sent to each party hereto at its address specified on Schedule II to the Export Facility Agreement, or to such other address as may be designated in writing from time to time by each party hereto. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when personally delivered or, in the case of a facsimile or mailed notice, upon receipt, in each case given or addressed as aforesaid.

SECTION 5.3 Expenses. Each of the Exporters and the Off-taker shall bear its own expenses with respect to the transactions contemplated hereby. The Exporters shall pay all sales, use, stamp, duty, transfer, vehicle use, service, recording, real estate and other taxes, fees or similar charges, if any, imposed by any Governmental Authority in connection with any Export hereunder.

SECTION 5.4 Modification of Agreement. All modifications, consents, amendments or waivers of any provision of this Agreement shall be effective only if made in accordance with the terms of the Export Facility Agreement and the same shall be approved in writing by the parties hereto and consented to in writing by the Collateral Agent and then shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 5.5 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that the Exporters may not assign or transfer any of their respective rights or obligations under this Agreement without the prior written consent of the Collateral Agent (any attempt to do so being null and void *ab initio*).

SECTION 5.6 Captions. The captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

SECTION 5.7 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. A copy of this Agreement signed by all the parties hereto shall be retained by the parties hereto and the Collateral Agent.

SECTION 5.8. Third-Party Beneficiaries. The parties hereby agree that the Collateral Agent and Secured Parties shall have the rights of third-party beneficiaries under this Agreement and that, after the occurrence of an Activation Event, the Collateral Agent may enforce the agreements herein made for the benefit of the Secured Parties as if such Persons were parties hereto.

SECTION 5.9. Governing Law; Jurisdiction, Service of Process and Venue. (a) This Agreement shall be governed by, and construed in accordance with, the law of the State of New York. For the purposes of Article 9 of Brazilian Decree-Law No. 4,657 dated September 4, 1942, and for no other purpose whatsoever, the transactions contemplated hereby have been proposed by the Off-taker.

(b) ANY LEGAL ACTION OR PROCEEDING BY OR AGAINST ANY PARTY HERETO OR WITH RESPECT TO OR ARISING OUT OF THIS AGREEMENT MAY BE BROUGHT IN OR REMOVED TO THE COURTS OF THE STATE OF NEW YORK, IN AND FOR THE COUNTY OF NEW YORK, OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK (IN EACH CASE SITTING IN THE BOROUGH OF MANHATTAN). BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY ACCEPTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS (AND COURTS OF APPEALS THEREFROM) FOR LEGAL PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT AND THE EXPORTER IRREVOCABLY CONSENTS TO THE APPOINTMENT OF THE PROCESS AGENT AS ITS AGENT TO RECEIVE SERVICE OF PROCESS (WITH RESPECT TO THIS AGREEMENT) IN NEW YORK, NEW YORK.

(c) Each Exporter hereby irrevocably appoints Law Debenture Corporate Services, Inc. (the "Process Agent"), with offices currently located at 400 Madison Avenue, 4th Floor, New York, New York 10017, United States of America, as its agent and true and lawful attorney-in-fact in its name, place and stead to accept on its behalf service of copies of the summons and complaint and any other process that may be served in any such suit, action or proceeding brought in the State of New York, and agrees that the failure of the Process Agent to give any notice of any such service of process to it shall not impair or affect the validity of such service or, to the extent permitted by Applicable Law, the enforcement of any judgment based thereon. Such appointment shall be irrevocable until the Sale Termination Date, except that if for any reason the Process Agent appointed hereby ceases to be able to act as such, then each Exporter shall, by an instrument reasonably satisfactory to the Collateral Agent, appoint another Person in the

Borough of Manhattan as such Process Agent subject to the approval (which approval shall not be unreasonably withheld) of the Collateral Agent. Each Exporter covenants and agrees that it shall take any and all reasonable action, including the execution and filing of any and all documents, that may be necessary to continue the designation of a process agent pursuant to this paragraph in full force and effect and to cause such process agent to act as such.

(d) Nothing herein shall in any way be deemed to limit the ability of any Person to serve any process or summons in any manner permitted by Applicable Law or to obtain jurisdiction over any other Person in such other jurisdictions, and in such manner, as may be permitted by Applicable Law.

(e) Each party hereto hereby irrevocably waives any objection that it may now or hereafter have to the laying of the venue of any suit, action or proceeding arising out of or relating to this Agreement brought in or removed to New York City (and courts of appeals therefrom) and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. A final judgment (in respect of which time for all appeals has elapsed) in any such suit, action or proceeding shall be conclusive and may be enforced in any court to the jurisdiction of which the applicable Person is or may be subject, by suit upon judgment.

(f) Each Exporter irrevocably waives, to the fullest extent permitted by Applicable Law, any claim that any action or proceeding commenced against it relating in any way to this Agreement should be dismissed or stayed by reason, or pending the resolution, of any action or proceeding commenced by such Exporter relating in any way to this Agreement, whether or not commenced earlier. To the fullest extent permitted by Applicable Law, each Exporter shall take all measures necessary for any such action or proceeding commenced against it to proceed to judgment before the entry of judgment in any such action or proceeding commenced by such Exporter.

SECTION 5.10 Waiver of Jury Trial. EACH OF THE PARTIES HERETO KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ITS RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON, ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, IN ANY ACTION, LITIGATION OR OTHER PROCEEDING OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY OTHER PERSON, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. EACH OF THE PARTIES HERETO AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED IN A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING THAT SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR ANY PROVISION HEREOF. THE AGREEMENT OF EACH PARTY HERETO TO THIS PROVISION IS A MATERIAL INDUCEMENT FOR EACH OF THE OTHER PARTIES HERETO TO ENTER INTO THIS AGREEMENT.

SECTION 5.11 Waiver of Immunity. To the extent that any Exporter may be or becomes entitled to claim for itself or its Property any immunity on the ground of sovereignty or the like from suit, court jurisdiction, attachment before judgment, attachment in aid of execution of a judgment or execution of a judgment, and to the extent that in any such jurisdiction there may be attributed such an immunity (whether or not claimed), it hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity with respect to its obligations under this Agreement.

SECTION 5.12 Use of English Language. This Agreement has been negotiated and executed in the English language. Except as otherwise provided, (a) all certificates, reports, notices and other documents and communications given or delivered pursuant to this Agreement (including any modifications or supplements hereto) shall be in the English language, or accompanied by a certified English translation thereof, and (b) in the case of any document originally issued in a language other than English, the English language version of any such document shall for purposes of this Agreement and (absent manifest error) control the meaning of the matters set forth therein.

SECTION 5.13 Entire Agreement. This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and thereof and supersedes all prior or contemporaneous agreements and understandings of such Persons, verbal or written, relating to the subject matter hereof and thereof.

SECTION 5.14 Severability. The illegality or unenforceability in any jurisdiction of any provision hereof or of any document required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or such other document in such jurisdiction or such provision in any other jurisdiction.

SECTION 5.15. No Petition Covenant. Notwithstanding any prior termination of this Agreement, the Exporters shall not, before the date that is one year and one day after the Sale Termination Date, acquiesce, petition or otherwise invoke or cause the Off-taker to invoke the process of any court or other Governmental Authority for the purpose of commencing or sustaining a case against the Off-taker under any bankruptcy, insolvency or similar law or appointing a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of the Off-taker or any part of its Property, or ordering the winding up or liquidation of the affairs of the Off-taker.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the day and year first above written.

EXPORTERS

GERDAU S.A.,

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOMINAS S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOS LONGOS S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU AÇOS ESPECIAIS S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

GERDAU COMERCIAL DE AÇOS S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

OFF-TAKER

GERDAU ACOMINAS OVERSEAS LIMITED

By: _____
Name:
Title:

By: _____
Name:
Title:

Acknowledged and Agreed as of the date first above written:

JPMORGAN CHASE BANK, N.A.,
as Collateral Agent

By: _____
Name:
Title:

EXHIBIT G

FORM OF COMPLIANCE CERTIFICATE

COMPLIANCE CERTIFICATE

JPMorgan Chase Bank, N.A.,

as Collateral Agent
[_____]
[_____]
Attention: [_____]

This certificate is furnished pursuant to Section 8.15(f) of the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (as amended, restated or otherwise modified from time to time, the "Agreement"), entered into among Gerdau Ameristeel US Inc. and GNA Partners, GP, as the Borrowers, Gerdau S.A. ("Gerdau"), Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors, the Banks party thereto from time to time, JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A., as Collateral Agent. Unless otherwise defined herein, capitalized terms used in this Compliance Certificate shall have the same meanings set forth in the Agreement.

I, the undersigned, the [TITLE] of Gerdau, solely in my capacity as [TITLE] of Gerdau, do hereby certify that:

(1) (i) The amount of Export Receivables in the aggregate generated from sales of Products to Designated Eligible Buyers during the most recently elapsed Interest Period is U.S.$[____], which amount equals to or exceeds the Periodic Coverage Amount applicable to such Interest Period, and (ii) the Periodic Coverage Amount applicable to such Interest Period was generated specifically from Export Receivables derived from sales of Products to Designated Eligible Buyers.

[(2) Attached hereto is a true, correct and complete copy of a letter (or similar document) from JPMorgan Chase Bank, N.A. certifying as to the total US Dollar amount credited to the Off-taker's Payment Account during the most recently elapsed Interest Period, which amount equals to or exceeds 125% of the Pre-Export Loans Debt Service Amount applicable to the most recently ended Interest Period.][4]

4. Insert if Compliance Certificate is delivered prior to an Activation Event.

[(3) Attached hereto is a revised Schedule IV to the Agreement (the "Revised Schedule IV"), which in accordance with Section 8.15(c) of the Agreement automatically amends the existing Schedule IV to the Agreement. Each of the Eligible Buyers set forth on the Revised Schedule IV (i) is hereby designated as an additional Designated Eligible Buyer by the Off-taker, (ii) satisfies all of the applicable conditions for such designation specified in the Agreement and (iii) satisfies all of the eligibility requirements referred to in the definition of "Eligible Buyers".][5]

IN WITNESS WHEREOF, I have hereunto set my hand this [___] day of [_____], 200[___].

GERDAU S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

[AGREED AND ACKNOWLEDGED:

GERDAU ACOMINAS OVERSEAS LIMITED,
as the Off-taker

By: _____
Name:
Title:

By: _____
Name:
Title:][6]

5 Insert if amending Schedule IV to the Agreement.

6 Insert if amending Schedule IV to the Agreement.

EXHIBIT H-1

OFFICERS' CERTIFICATE

I, the undersigned, [President/Vice President] of [_____], a [_____] corporation (the "Borrower"), do hereby certify, solely in my capacity as [President/Vice President] of the Borrower, on behalf of the Borrower that:

1. This Certificate is furnished pursuant to the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (as in effect on the date hereof, the "Agreement"), among the Borrowers; Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors; the financial institutions party hereto from time to time; JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A., as Collateral Agent. Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Agreement.

2. The following named individuals are elected officers of the Borrower, each holds the office of the Borrower set forth opposite his name and each such individual is duly authorized by the Borrower to execute and deliver on its behalf any other instrument or document delivered under the agreement that may be necessary for the borrowing of loans; and has held such office as of the date of the signing of the Agreement. The signature written opposite the name and title of each such officer is his correct signature. For purposes of each such agreement and document so entered into by the Borrower in connection therewith, the below mentioned persons shall be deemed to be duly and properly in office and authorized to execute and deliver any and all such agreements and documents on behalf of the Borrower, unless and until the Administrative Agent shall have received written notice that such incumbency or authorization has terminated.

Name[7]	Office	Signature

3. Attached hereto as Exhibit A is a certified copy of the [articles of incorporation] [partnership agreement] of the Borrower, together with all amendments thereto, which were duly adopted and are in full force and effect on the date hereof.

7. Include name, office and signature of each officer who will sign the Credit Documents and subsequent notices to be delivered thereunder, including the officer who will sign the certification at the end of this Certificate.

4. Attached hereto as Exhibit B is a true and correct copy of resolutions, which were duly adopted on _____, ___ [by unanimous written consent of the Board of [Directors][Managers] of the Borrower] [by a meeting of the Board of [Directors][Managers] of the Borrower at which a quorum was present and acting throughout], and said resolutions have not been rescinded, amended or modified. Except as attached hereto as Exhibit B, no resolutions have been adopted by the Board of [Directors][Managers] of the Borrower that deal with the execution, delivery or performance of any of the Credit Documents.

5. On the date hereof, the Specified Representations are true and correct in all respects. All other representations and warranties contained in the Agreement and the other Credit Documents are true and correct in all material respects[, except as set forth on Schedule I hereto] [8].

6. On the date hereof, no Default (other than a Default arising under Section 10.2(b)) or Event of Default has occurred and is continuing.

7. There is no proceeding for the dissolution or liquidation of the Borrower or threatening its existence.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of September 2007.

By: _____
Name:
Title:

[8] Schedule I to contain reasonable detail of the scope and nature of any misrepresentation.

I, the undersigned, [Secretary/Assistant Secretary] of the Borrower, solely in my capacity as [Secretary/Assistant Secretary] of the Borrower, do hereby certify that:

[Name of Person making above certifications] is the duly elected and qualified [President/Vice President] of the Borrower and the signature above is his genuine signature.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of September 2007.

By: _____
Name:
Title:

EXHIBIT H-2

OFFICERS' CERTIFICATE

I, the undersigned, [President/Vice President] of [Gerdau S.A.] [Gerdau Ameristeel Corporation] [Gerdau Açominas S.A.] [Gerdau Acominas Overseas Limited] [Gerdau Aços Longos S.A.] [Gerdau Aços Especiais S.A.] [Gerdau Comercial de Aços S.A.], a corporation [(*sociedade anônima*)] organized and existing under the laws of [Canada] [Brazil] [Cayman Islands] (the "Company"), solely in my capacity as [President/Vice President] of the Company, do hereby certify on behalf of the Company that:

1. This Certificate is furnished pursuant to the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (as in effect on the date hereof, the "Agreement"), among Gerdau Ameristeel US Inc. and GNA Partners, GP, as Borrowers; the Company, [Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A.], as Guarantors; the financial institutions party hereto from time to time; JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A., as Collateral Agent. Unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Agreement.

2. The following named individuals are elected officers of the Company, each holds the office of the Company set forth opposite his name and each such individual is duly authorized by the Company to execute and deliver on its behalf any other instrument or document delivered under the agreement that may be necessary for the borrowing of loans; and has held such office as of the date of the signing of the Agreement. The signature written opposite the name and title of each such officer is his correct signature. For purposes of each such agreement and document so entered into by the Company in connection therewith, the below mentioned persons shall be deemed to be duly and properly in office and authorized to execute and deliver any and all such agreements and documents on behalf of the Company, unless and until the Administrative Agent shall have received written notice that such incumbency or authorization has terminated.

Name[9]	Office	Signature

9. Include name, office and signature of each officer who will sign the Credit Documents and subsequent notices to be delivered thereunder, including the officer who will sign the certification at the end of this Certificate.

3. Attached hereto as Exhibit A is a certified copy of the articles of incorporation of the Company, together with all amendments thereto, which were duly adopted and are in full force and effect on the date hereof.

4. Attached hereto as Exhibit B is a true and correct copy of resolutions, which were duly adopted on _____, ___ [by unanimous written consent of the Board of Directors of the Borrower] [by a meeting of the Board of Directors of the Borrower at which a quorum was present and acting throughout], and said resolutions have not been rescinded, amended or modified. Except as attached hereto as Exhibit B, no resolutions have been adopted by the Board of Directors of the Borrower that deal with the execution, delivery or performance of any of the Credit Documents.

5. On the date hereof, the Specified Representations are true and correct in all respects. All other representations and warranties contained in the Agreement and the other Credit Documents are true and correct in all material respects[, except as set forth on Schedule I hereto] [10].

6. On the date hereof, no Default (other than a Default arising under Section 10.2(b)) or Event of Default has occurred and is continuing.

7. There is no proceeding for the dissolution or liquidation of the Company or threatening its existence.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of September 2007.

By: _____
Name:
Title:

[10] Schedule I to contain reasonable detail of the scope and nature of any misrepresentation.

I, the undersigned, [Secretary/Assistant Secretary] of the Company, solely in my capacity as [Secretary/Assistant Secretary] of the Company, do hereby certify that:

[Name of Person making above certifications] is the duly elected and qualified [President/Vice President] of the Borrower and the signature above is his genuine signature.

IN WITNESS WHEREOF, I have hereunto set my hand this ___ day of September 2007.

By: _____
Name:
Title:

EXHIBIT I

CHANGE OF CONTROL NOTICE

[_____ ___, 20__]

JPMorgan Chase Bank, N.A.,
as Administrative Agent
[_____]
[_____]
Attention: [_____]

Ladies and Gentlemen:

Reference is hereby made to the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (as amended from time to time, the "Agreement"), among Gerdau Ameristeel US Inc. and GNA Partners, GP, as the Borrowers; Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors; the financial institutions party hereto from time to time; JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A., as Collateral Agent. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

Pursuant to Section 2.8(a) of the Agreement, the undersigned confirm the occurrence of a Change of Control and agree to provide the Banks with the documentation required by Section 2.8(a)(i)-(iii) of the Agreement in a form satisfactory to the Administrative Agent within 15 calendar days following the effective date of such Change in Control.

The undersigned, GNA Partners, GP irrevocably offers to prepay the outstanding principal balance of the Tranche B Loans plus accrued interest thereon, plus any amounts payable pursuant to Section 4.4 of the Agreement with respect thereto, on the date occurring five (5) Business Days following the delivery of the Exercise Notice in accordance with Section 2.8(b) of the Agreement.

Very truly yours,

Gerdau Ameristeel US Inc.

By: _____
Name:
Title:

GNA Partners, GP

By: _____
Name:
Title:

Gerdau S.A.

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT J

FORM OF ASSIGNMENT AGREEMENT

This ASSIGNMENT AND ACCEPTANCE AGREEMENT (the "Agreement") dated as of _____, ___ is made between _____ (the "Assignor") and _____ (the "Assignee").

RECITALS

The Assignor is a party to the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (as amended, restated or otherwise modified through the date hereof, the "Credit Agreement"), among Gerdau Ameristeel US Inc. and GNA Partners, GP, as the Borrowers; Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors; the Banks as defined therein (including the Assignor, the "Banks"); JPMorgan Chase Bank, N.A., as Collateral Agent, and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Credit Agreement.

The Assignor wishes to assign to the Assignee [a portion][all] of the rights and obligations of the Assignor under the Credit Agreement in respect of its portion of the Loan, its Notes, its Commitment and the other rights and obligations of the Assignor in connection therewith, and the Assignee wishes to accept assignment of such rights and to assume such obligations from the Assignor, in each case on the terms and subject to the conditions of this Agreement.

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

Section 1. Assignment and Acceptance. (a) Subject to the terms and conditions of this Agreement: (i) the Assignor hereby sells, transfers and assigns to the Assignee; and (ii) the Assignee hereby purchases, assumes and undertakes from the Assignor, without recourse and without representation or warranty (except as provided in this Agreement), U.S.$_____ of the Assignor's [Commitment and/or Loan], and all related rights, benefits, obligations, liabilities and indemnities of the Assignor under and in connection with the Credit Agreement (all of the foregoing being herein called the "Assigned Rights and Obligations").

(b) With effect on and after the Effective Date (as defined in Section 5 hereof), the Assignee shall be a party to the Credit Agreement and succeed to all of the rights and be obligated to perform all of the obligations of a Bank under the Credit Agreement, including the requirements concerning confidentiality and the payment of indemnification to the Agents. The Assignee agrees that it shall perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Bank. It is the intent of the parties hereto that the Assignor shall relinquish its rights and be released from its obligations under the Credit Agreement to the extent that such obligations have been assumed by the Assignee; *provided* that the Assignor shall not relinquish its rights under Article IV or

Section 13.1 of the Credit Agreement in respect of the Assigned Rights and Obligations to the extent such rights relate to the time before the Effective Date.

Section 2. Payments. (a) As consideration for the sale, transfer and assignment contemplated in Section 1, the Assignee shall pay to the Assignor on the Effective Date in immediately available funds an amount [equal to U.S.$_____, representing the principal amount of the outstanding and funded Loan and accrued interest thereon included within the Assigned Rights and Obligations][set forth in a separate agreement between the Assignor and the Assignee].

(b) The Assignee further agrees to pay to the Administrative Agent a processing fee in the amount specified in Section 13.3(b) of the Credit Agreement.

Section 3. Reallocation of Payments. Any interest, fees and other payments accrued with respect to the Assigned Rights and Obligations: (a) prior to the Effective Date, shall be for the account of the Assignor, and (b) on and after the Effective Date, shall be for the account of the Assignee. Each of the Assignor and the Assignee agrees that it shall hold in trust for the other party any interest, fees and other amounts that it may receive to which the other party is entitled pursuant to the preceding sentence and pay to the other party any such amounts that it may receive promptly upon receipt.

Section 4. Independent Credit Decision. The Assignee: (a) acknowledges that it has received a copy of the Credit Agreement, the Schedules and Exhibits thereto and the other Credit Documents (other than the Fee Letter), together with copies of the financial statements of Gerdau and the Borrower most recently delivered pursuant to the Credit Agreement, and such other documents and information as it has deemed appropriate to make its own credit and legal analysis and decision to enter into this Agreement, and (b) agrees that it shall, independently and without reliance upon the Assignor, the Administrative Agent or any other Bank and based upon such documents and information as it shall deem appropriate at the time, continue to make its own credit and legal decisions in taking or not taking action under the Credit Documents.

Section 5. Effective Date; Notices (a) As between the Assignor and the Assignee, the effective date for this Agreement shall be _____, ___ (the "Effective Date"); *provided* that the following conditions precedent have been satisfied on or before the Effective Date:

(i) this Agreement shall be executed and delivered by the Assignor and the Assignee,

(ii) the consent of the Administrative Agent [and Gerdau][11] shall have been duly obtained and shall be in full force and effect as of the Effective Date,

11. To include only if Gerdau's consent to the assignment is required per the definition of "Eligible Assignee" of the Credit Agreement.

(iii) the Assignee shall pay to the Assignor all amounts due to the Assignor under this Agreement (confirmation of which shall be informed to the Administrative Agent by the Assignor), and

(iv) the processing fee referred to in Section 2(b) shall have been paid to the Administrative Agent.

(b) Promptly after the execution of this Agreement, the Assignor shall deliver to the Administrative Agent, for consent and acceptance by the Administrative Agent [and Gerdau][12], a Notice of Assignment substantially in the form attached hereto as Schedule 1.

[Section 6. Administrative Agent. The Assignee shall assume no duties or obligations held by the Assignor in its capacity as an Administrative Agent under the Credit Documents.][13]

Section 7. Representations and Warranties. (a) The Assignor represents and warrants that: (i) it is the legal and beneficial owner of the Assigned Rights and Obligations, which are free and clear of any Lien or other adverse claim; (ii) it is duly organized and existing and has the full power and authority to take, and has taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Agreement, and to fulfill its obligations hereunder; (iii) no notices to, or consents (other than the consent referred to in Section 5(ii)), authorizations or approvals of, any Person are required (other than any already given or obtained) for its due execution, delivery and performance of this Agreement, and apart from any agreements or undertakings or consents or filings required by the Credit Agreement, no further action by, notice to, or filing with any Person is required of it for such execution, delivery or performance; and (iv) this Agreement has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignor, enforceable against the Assignor in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general principles of equity.

(b) The Assignor makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the other Credit Documents or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, the other Credit Documents or any other document furnished pursuant thereto. The Assignor makes no representation or warranty in connection with, and assumes no responsibility with respect to, the solvency, financial condition or statements of any Obligor or any other Person, or the performance or observance by any Obligor or any other Person of any of its obligations under the Credit Agreement, any other Credit Document or any other document furnished in connection therewith.

---

12. To be inserted if Gerdau's consent to the assignment is required per the definition of "Eligible Assignee" of the Credit Agreement

13. To be inserted if Administrative Agent is the Assignor.

(c) The Assignee represents and warrants that: (i) it is duly organized and existing and has the full power and authority to take, and has taken, all action necessary to execute and deliver this Agreement and any other documents required or permitted to be executed or delivered by it in connection with this Agreement, and to fulfill its obligations hereunder; (ii) no notices to, or consents, authorizations or approvals of, any Person are required (other than any already given or obtained) for its due execution, delivery and performance of this Agreement, and apart from any agreements or undertakings or filings required by the Credit Agreement, no further action by, notice to, or filing with any Person is required of it for such execution, delivery or performance; (iii) this Agreement has been duly executed and delivered by it and constitutes the legal, valid and binding obligation of the Assignee, enforceable against the Assignee in accordance with the terms hereof, subject, as to enforcement, to bankruptcy, insolvency, moratorium, reorganization and other laws of general application relating to or affecting creditors' rights and to general principles of equity; and (iv) it is not an Obligor or any Affiliate thereof.

(d) Further Assurances. The Assignor and the Assignee each hereby agree to execute and deliver such other documents, and take such other action, as either party or the Administrative Agent reasonably may request in connection with the transactions contemplated by this Agreement, including the delivery of any notices or other documents the Administrative Agent that may be required in connection with the assignment and assumption contemplated hereby.

Section 8. Miscellaneous. (a) Any amendment or waiver of any provision of this Agreement shall be in writing and signed by the Assignor, the Assignee and the Administrative Agent. No failure or delay by either party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof and any waiver of any breach of the provisions of this Agreement shall be without prejudice to any rights with respect to any other or further breach thereof.

(b) All payments made hereunder shall be made without any set-off or counterclaim.

(c) The Assignor and the Assignee each shall pay its own costs and expenses (including attorney costs) incurred in connection with the negotiation, preparation, execution and performance of this Agreement and related documents.

(d) This Agreement may be executed in any number of counterparts and all of such counterparts taken together shall be deemed to constitute one and the same instrument.

(e) THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK. The Assignor and the Assignee each irrevocably submits to the non-exclusive jurisdiction of the courts of the State of New York or of the United States for the Southern District of New York sitting in the Borough of Manhattan, New York City over any legal action or proceeding arising out of or relating to this Agreement or any Credit Document, and irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in aforesaid courts. Each party to this Agreement hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection

with this agreement or any other credit document brought in the aforesaid courts and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(f) THE ASSIGNOR AND THE ASSIGNEE EACH HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREIN OR THEREIN.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

[ASSIGNOR],
as the Assignor

By: _____
Name: _____
Title: _____

[ASSIGNEE],
as the Assignee

By: _____
Name: _____
Title: _____

Address: _____

_____

Attn: _____

SCHEDULE 1
to Assignment Agreement

NOTICE OF ASSIGNMENT AND ACCEPTANCE

_____, __

JPMorgan Chase Bank, N.A.,
as the Administrative Agent
[_____]
Attn: [_____]

Ladies and Gentlemen:

We refer to the Senior Export and Working Capital Facility Agreement, dated as of September 10, 2007 (as amended, restated or otherwise modified from time to time, the "Credit Agreement"), Gerdau Ameristeel US Inc. and GNA Partners, GP, as the Borrowers; Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Acominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors; the Banks as defined therein (including the Assignor); JPMorgan Chase Bank, N.A., as Administrative Agent, and JPMorgan Chase Bank, N.A., as Collateral Agent. Capitalized terms used but not otherwise defined herein shall have the respective meanings set forth in the Credit Agreement.

(a) We hereby give you notice of, and request your consent to, the assignment by _____ (the "Assignor") to _____ (the "Assignee") of [all][a portion] of the right, title and interest of the Assignor in and to the Credit Agreement (including [all][a portion] of the right, title and interest of the Assignor in and to the Assignor's a [Commitment and/or Loan] pursuant to the Assignment and Acceptance Agreement attached hereto (the "Assignment Agreement")). After giving effect to such assignment (assuming no repayments after _____, __), the principal amount of the Assignee's [Commitment and/or Loan] will be U.S.$_____.

(b) The Assignee agrees that, upon receiving the consent of the Administrative Agent [and Gerdau] to such assignment and the satisfaction of the other conditions of effectiveness of the assignment to be effected by the Assignment Agreement, the Assignee shall be bound by the terms of the Credit Agreement as fully and to the same extent as if it were the Bank originally holding such interest in the Credit Agreement.

(c) You are entitled to rely upon the representations, warranties and covenants of each of the Assignor and the Assignee contained in the Assignment Agreement.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused this Notice of Assignment and Acceptance to be executed by their respective duly authorized officials, officers or agents as of the date first above mentioned.

Very truly yours,

[ASSIGNOR],

By: _____
Name: _____
Title: _____

[ASSIGNEE]

By: _____
Name: _____
Title: _____

ASSIGNMENT AND ACCEPTANCE
CONSENTED TO:

JPMORGAN CHASE BANK, N.A.,
as the Administrative Agent

By: _____
Name: _____
Title: _____

[GERDAU S.A.,
as Guarantor

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____] [14]

14. To be included if required pursuant to the Credit Agreement.

Exhibit 99.7

GUSAP PARTNERS II, GP,
as Borrower,

THE GUARANTORS PARTY HERETO,
as Guarantors,

- and -

GERDAU HOLDINGS INC.,
as Lender

LOAN AGREEMENT

Dated as of November 23, 2009

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LOAN AGREEMENT

THIS AGREEMENT is made as of November 23, 2009

BETWEEN:

GUSAP PARTNERS II, GP, a partnership formed under the laws of the State of Delaware,

(the "**Borrower**")

THE GUARANTORS PARTY HERETO,

(the "**Guarantors**")

- and -

GERDAU HOLDINGS INC., a corporation incorporated under the laws of the State of Delaware,

(the "**Lender**")

RECITALS:

A. The Borrower has requested that the Lender make available to it the Loan for the purposes and on the terms and conditions set out in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES that, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

For the purposes of this Agreement:

1.1.1 **"Advance"** means the advance under the Loan to be made in accordance with section 2.3;

1.1.2 **"Agreement"** means this agreement and all schedules attached to this agreement, in each case as they may be amended or supplemented from time to time; the expressions **"hereof"**, **"herein"**, **"hereto"**, **"hereunder"**, **"hereby"** and similar expressions refer to this Agreement as a whole and not to any particular article, section, schedule or other portion hereof, and the expression **"article"** and **"section"** followed by a number, and **"schedule"** followed by a number, mean and refer to the specified article or section of or schedule to this Agreement, except as otherwise specifically provided herein;

1.1.3 **"Ameristeel"** means Gerdau Ameristeel Corporation;

1.1.4 **"Applicable Laws"** means, in respect of any Person, property, transaction, event or course of conduct, all applicable laws (including common law), statutes, rules, by-laws and regulations, regulatory policies and all applicable official directives, orders, clean-up guidelines, judgements and decrees of Governmental Bodies;

1.1.5 **"Attributable Debt,"** in respect of any Sale and Leaseback Transaction, means, as of the time of determination, the total obligation (discounted to present value at the rate per annum equal to the discount rate which would be applicable to a capital lease obligation with like term in accordance with GAAP) of the lessee for rental payments (other than amounts required to be paid on account of property taxes, maintenance, repairs, insurance, water rates and other items which do not constitute payments for property rights) during the remaining portion of the initial term of the lease included in such Sale and Leaseback Transaction;

1.1.6 **"Business Day"** means a day on which commercial banks are generally open for business in New York City, New York;

1.1.7 **"Capital Stock"** means, as to any Person, any and all shares, interests or other equivalents (however designated), any and all ownership interests in a Person other than a corporation and any and all warrants or options to purchase any of the foregoing which would be shown as capital stock on the consolidated balance sheet of such Person and its consolidated subsidiaries prepared in accordance with GAAP;

1.1.8 **"Change of Control"** means such time as:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of Ameristeel and its Subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than a Permitted Holder;

(2) a "person" or "group" (within the meaning of Sections 13(d) and 14(d)(2) of the Exchange Act) other than a Permitted Holder becomes the ultimate "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) of more than 50% of the total voting power of the Voting Stock of Ameristeel on a fully diluted basis;

(3) the adoption of a plan by the shareholders of Ameristeel relating to the liquidation or dissolution of Ameristeel;

(4) during any period of two consecutive years, individuals who at the beginning of the period constitute the Board of Directors of Ameristeel (together with any new directors whose election by the Board of Directors or whose nomination by the Board of Directors for election by Ameristeel's stockholders was approved by a vote of at least a majority of the members of the Board of Directors then in office who either were members of the Board of Directors at the beginning of the period or whose election or nomination for election was previously so approved) cease for any

reason to constitute a majority of the members of the Board of Directors then in office;

(5) Ameristeel consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into Ameristeel, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of Ameristeel or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where (A) the Voting Stock of Ameristeel outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock of the surviving or transferee Person constituting a majority of the outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and (B) immediately after such transaction, no "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder becomes, directly or indirectly, the Beneficial Owner of 50% or more of the voting power of the Voting Stock of the surviving or transferee Person; or

(6) Ameristeel shall cease to own, directly or indirectly, beneficially and of record, 100% of the outstanding shares of Voting Stock of the Borrower, or shall cease to have the power to direct or cause the direction of the management and policies of the Borrower.

1.1.9 **"Consolidated Net Tangible Assets"** means the total amount of assets of Ameristeel on a consolidated basis less (a) applicable depreciation, amortization and other valuation reserves, (b) all current liabilities excluding intercompany Debt and (c) all goodwill, trade names, trademarks, patents and other intangibles, each as set forth on the most recently available annual audited financial statements;

1.1.10 **"Default"** means any event which, but for the lapse of time, giving of notice or both, would constitute an Event of Default;

1.1.11 **"Default Rate"** means, at any date of determination, a rate *per annum* equal to the sum of 2% *per annum* plus the interest rate otherwise applicable at such time under Section 4.1;

1.1.12 **"Event of Default"** has the meaning attributed to such term in section 9.1;

1.1.13 **"GAAP"** means (i) the generally accepted accounting principles in the United States of America or (ii) the International Financial Reporting Standards adopted by the International Accounting Standards Board, in each case, as in effect from time to time consistently applied;

1.1.14 **"Governmental Body"** means any government, parliament, legislature, or any regulatory authority, agency, commission or board of any government, parliament or legislature, or any court or (without limitation to the foregoing) any other law, regulation or rule-making entity (including, without limitation, any central bank, fiscal or monetary authority or authority regulating banks), having or purporting to have jurisdiction in the

relevant circumstances, or any Person acting or purporting to act under the authority of any of the foregoing (including, without limitation, any arbitrator whose decision would be final and binding);

1.1.15 **"Interest Payment Date"** means each January 20 and July 20, commencing on July 20, 2010;

1.1.16 **"Lien"** means any mortgage, lien, pledge, usufruct, fiduciary transfer, charge, encumbrance or other security interest or any preferential arrangement (including a securitization) that has the practical effect of creating a security interest;

1.1.17 **"Loan"** has the meaning set forth in section 2.1;

1.1.18 **"Loan Parties"** means, collectively, the Borrower and the Guarantors;

1.1.19 **"Material Adverse Effect"** means a material adverse effect on (a) the performance, business, operations, condition (financial or otherwise) or properties of the Borrower and its Subsidiaries, taken as a whole, (b) the ability of the Borrower to perform its payment obligations under the Agreement, or (c) the validity or enforceability of the Agreement against the Borrower;

1.1.20 **"Maturity Date"** means January 20, 2020;

1.1.21 **"Obligations"** means all indebtedness, liabilities and other obligations of the Borrower to the Lender under and in respect of the Loan, whether actual or contingent, direct or indirect, matured or not, now existing or arising hereafter;

1.1.22 "**Permitted Holder"** means Gerdau S.A. or any of its Subsidiaries;

1.1.23 **"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative or Governmental Body;

1.1.24 **"Property"** means any interest in any kind of property or asset, whether real, personal or mixed, moveable or immoveable, tangible or intangible, including without limitation cash, securities, accounts and contract rights;

1.1.25 **"Sale and Leaseback Transaction"** means any arrangement with any Person providing for the leasing to the Borrower or any Subsidiary of the Borrower of any property or assets, which property or assets have been or are to be sold or transferred by the Borrower or any Subsidiary of the Borrower to such Person;

1.1.26 **"Solvent"** means with respect to any Person on a particular date, the condition that, on such date, (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liabilities of such Person on its debts as they

become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small amount of capital;

1.1.27 **"Subsidiary"** means, with respect to any Person, any corporation or other entity more than 50% of the Voting Stock in which is owned or controlled, directly or indirectly, by such Person and/or by any Subsidiary of such Person;

1.1.28 **"Taxes"** means all taxes, surtaxes, rates, levies, assessments and reassessments, general or special, municipal, regional or for school or ecclesiastic purposes, and other charges together with all related penalties, interest and fines, due and payable to any Governmental Body having jurisdiction in relevant circumstances, including all taxes assessed against the Properties;

1.1.29 **"U.S. Dollars"** means the lawful money of the United States of America; and

1.1.30 **"Voting Stock"** of a Person means Capital Stock in such Person having power to vote for the election of directors or similar officials of such Person or otherwise voting with respect to actions of such Person (other than such Capital Stock having such power only by reason of the happening of a contingency).

1.2 Gender and Number

Words importing the singular include the plural and *vice versa* and words importing gender include all genders.

1.3 Invalidity, etc.

Each of the provisions contained in this Agreement is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction will not affect the validity or enforceability of any other provision of such Agreement. To the extent permitted by Applicable Laws, the parties waive any provision of Applicable Laws which renders any provision of this Agreement invalid or unenforceable in any respect. Without limiting the generality of the foregoing, if any amounts on account of interest or fees or otherwise payable by the Borrower to the Lender hereunder exceed the maximum amount recoverable under Applicable Laws, the amounts so payable hereunder will be reduced to the maximum amount recoverable under Applicable Laws.

1.4 Headings, etc.

The division of this Agreement into articles and sections, the inclusion of a table of contents and the insertion of headings are for convenience of reference only and will not affect the construction or interpretation of this Agreement.

1.5 Governing Law

Except as otherwise specifically provided, this Agreement will be governed by and construed in accordance with the laws of the state of New York.

1.6 References

Except as otherwise specifically provided, reference in this Agreement to any contract, agreement or any other instrument will be deemed to include references to the same as varied, amended, supplemented or replaced from time to time and reference in this Agreement to any enactment, including without limitation, any statute, law, by-law, regulation, ordinance or order, will be deemed to include references to such enactment as re-enacted, amended or extended from time to time.

1.7 Currency

All monetary amounts in this Agreement are stated in U.S. Dollars.

1.8 Generally Accepted Accounting Principles

Except as otherwise specifically provided herein, all accounting terms will be applied and construed in accordance with generally accepted accounting principles consistently applied. References herein to "generally accepted accounting principles" mean generally accepted accounting principles, as in effect from time to time, in the United States of America.

1.9 Computation of Time Periods

Except as otherwise specifically provided herein, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

1.10 Actions on Days Other Than Business Days

Except as otherwise specifically provided herein, where any payment is required to be made or any other action is required to be taken on a particular day and such day is not a Business Day and, as a result, such payment cannot be made or action cannot be taken on such day, then this Agreement will be deemed to provide that such payment will be made or such action will be taken on the first Business Day after such day. If the payment of any amount is deferred for any period under this section, then such period will, unless otherwise provided herein, be included for purposes of the computation of any interest or fees payable hereunder.

ARTICLE 2
LOAN

2.1 Establishment of Facility

Subject to the terms and conditions of this Agreement, the Lender hereby agrees to make a non-revolving term loan (the **"Loan"**) to the Borrower in the amount of

U.S.$610,000,000.00 subject to satisfying the conditions precedent set out in section 7.1. The Loan will be available by way of a single Advance and the commitment of the Lender to make the Advance will expire on December 15, 2009 if it has not been made by such date. The term of the Loan will mature on the Maturity Date.

2.2 Non-Revolving Nature

Any amount not borrowed by the date specified in section 2.1, and any reduction of the Loan as contemplated herein will be deemed to be a permanent reduction of the Loan. Any part of the Loan which is repaid (including repayments made pursuant to section 2.4, section 2.5) or cancelled may not be re-borrowed nor reinstated and will constitute a permanent reduction of the Loan.

2.3 Borrowing Procedure

The Lender will make the proceeds of the Loan available to the Borrower on the date requested by the Borrower in funds immediately available to the Borrower.

2.4 Repayment

The Borrower will repay to the Lender all Obligations, including all principal, interest and other amounts owing under the Loan, in full on the Maturity Date.

2.5 Optional Prepayments

The Borrower may prepay all of the principal outstanding under the Loan or any part thereof at a price agreed between the Borrower and the Lender on the date of such prepayment, together with accrued interest on such prepaid amount and other amounts owing under this Agreement to the date of such prepayment.

2.6 Prepayment Upon a Change of Control

2.6.1 Promptly following the occurrence of any Change of Control, and in any event no later than one (1) Business Day after the effective date of such Change of Control, the Borrower shall notify the Lender of the occurrence of such Change of Control. No later than fifteen (15) calendar days after the effective date of such Change of Control, the Borrower shall provide to the Lender the following documentation, satisfactory to the Lender: (i) a description of the circumstances or transactions that constituted the Change of Control or comparable corporate reorganization; (ii) a description of the new corporate structure; and (iii) updated financial statements of the Borrower and the Guarantors and financial information relating to the Persons that acquired Voting Stock and/or the power to direct or cause the direction of the management of Ameristeel or the Borrower, as the case may be, that resulted in such Change of Control.

2.6.2 If a Change of Control occurs, the Lender will have the right to require the Borrower to repay the outstanding Loan in full, at a purchase price equal to 101% of its principal amount, plus accrued interest thereon, plus any other amounts payable hereunder. The Lender shall be entitled to exercise such rights to require mandatory prepayment of the

outstanding Loan by delivering notice thereof (the "Exercise Notice") to the Borrower within 30 days of the date the documentation listed in Section 2.6.1 above, in form and substance satisfactory to the Lender, has been delivered to the Lender. Any mandatory prepayment required pursuant to this Section 2.6.2 shall be due and payable on the date occurring five (5) Business Days following such Exercise Notice. In the event the Lender shall fail to deliver such notice within such 30-day period, the right of the Lender to require a prepayment of the Loan shall lapse and may not be exercised.

2.7 Payments Generally

All payments in respect of the Loan (in respect of principal, interest, fees or otherwise) will be made by the Borrower to the Lender on the due date thereof to the account (or accounts) specified therefor by the Lender from time to time. Any payments received after such time will be considered for all purposes as having been made on the next following Business Day.

ARTICLE 3
OTHER PROVISIONS RELATING TO LOAN

3.1 Indemnity

The Borrower will indemnify the Lender and each of its officers, directors, employees and shareholders for all losses, out-of-pocket costs, expenses, damages and liabilities which any of them may sustain or incur (including reasonable legal fees and expenses on a solicitor and client basis) as a consequence of the failure by the Borrower to repay any Obligations when required by the terms of this Agreement.

3.2 Payments — No Deductions

3.2.1 All payments made by the Borrower to the Lender will be made in full, without set-off or counterclaim, and free of and without deduction or withholding for or on account of any present or future taxes or charges provided that, if the Borrower will be required by law to deduct or withhold any taxes or charges from or in respect of any payment or sum payable to the Lender (other than in respect of any income of the Lender), the payment or sum payable will be increased as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional amounts paid under this section 3.2.1) the Lender receives an amount equal to the sum they would have received if no deduction or withholding had been made, and the Borrower will pay the full amount deducted or withheld to the relevant taxation or other authority in accordance with Applicable Laws.

3.2.2 Nothing contained in this section 3.2 will interfere with the right of the Lender to arrange its tax affairs in whatever manner it may think fit and, in particular, it will not be under any obligation to claim relief from its tax liability in respect of its payments, deductions or withholdings in priority to any other claims, reliefs, credits or deductions available to them.

ARTICLE 4
INTEREST AND FEES

4.1 Interest Rates

Subject to section 4.4, the Loan will bear interest on the outstanding principal amounts thereof from, and including, the date hereof to, but excluding, the date on which the Loan is paid in full, at a rate per annum equal to 7.95%. Interest accrued hereunder shall be payable in arrears by the Borrower to the Lender on each Interest Payment Date.

4.2 Calculation and Payment of Interest

Interest on the Loan will accrue from day to day, both before and after default, demand, maturity and judgment, will be calculated semi-annually on the basis of a 360-day year of twelve 30-day months on a U.S. corporate bond basis, and will be payable to the Lender in arrears on each Interest Payment Date.

4.3 Payment of Costs, Expenses and Additional Amounts

The Borrower will pay to the Lender, on demand, all reasonable out-of-pocket costs and expenses of the Lender, its agents, officers and employees and any receiver or receiver-manager appointed by the Lender or by a court in connection with this Agreement or the Loan, including, without limitation, the defense, establishment, protection or enforcement of any of the rights or remedies of the Lender under this Agreement including, without limitation, all reasonable costs and expenses of establishing the validity and enforceability of, or of collection of amounts owing under this Agreement.

4.4 Interest on Overdue Amounts

All overdue amounts owing or deemed to be owing hereunder ("overdue amounts"), whether in respect of principal, interest, fees, expenses or otherwise, both before and after judgement, will bear interest thereon at a rate per annum equal to the Default Rate in each case calculated on the basis of a 360-day year of twelve 30-day months on a U.S. corporate bond basis. Such interest on overdue amounts will accrue from day to day and shall be payable in arrears on demand.

4.5 Notes as Evidence of Loan

The Lender may request that the Loan made by it be evidenced by a Note or Notes. In the event that the Lender requests a Note or Notes be issued to represent the Loan, the Borrower shall promptly prepare, execute and deliver to the Lender a Note or Notes. Thereafter, the Loan evidenced by such Note or Notes and interest thereon shall at all times be represented by one or more Notes in such form payable to the order of the payee named therein (or, if such Note is a registered note, to such payee and its registered assigns).

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties

In order to induce the Lender to enter into this Agreement and to make the Loan hereunder, each of the Loan Parties makes the following representations and warranties as set forth in relation to it below as of the date hereof:

5.1.1 *Creation and Status.* Such Loan Party is a partnership, limited partnership, corporation, limited liability company, as applicable, duly formed and validly existing under the laws of its jurisdiction of formation and is duly qualified to do business and has the power and capacity to own its properties and assets and to carry on its business.

5.1.2 *Power and Capacity.* Such Loan Party has the power and capacity to enter into this Agreement to which it is a party and to do all acts and things as are required or contemplated hereunder or thereunder to be done, observed and performed by it.

5.1.3 *Due Authorization.* Such Loan Party has taken all necessary action to duly authorize its execution, delivery and performance of this Agreement.

5.1.4 *No Contravention.* The execution and delivery of this Agreement and the performance by such Loan Party of its obligations hereunder do not and will not contravene, breach or result in any default under any organizational or constating document of such Loan Party.

5.1.5 *No Consents Required.* No authorization, consent or approval of, or filing with or notice to, any Person (including any Governmental Body) is required in connection with the execution, delivery or performance of this Agreement by such Loan Party which has not been obtained, filed or given, as applicable.

5.1.6 *Enforceability.* This Agreement constitutes a valid and binding obligation of such Loan Party, enforceable against it in accordance with its terms, subject only to bankruptcy and insolvency laws affecting the enforcement of creditors' rights generally and the availability, in the discretion of a court of competent jurisdiction, of equitable remedies.

5.1.7 *Litigation and Other Proceedings.* As at the date hereof and the date of the Advance, there is no court, administrative, regulatory or similar proceeding (whether civil, quasi-criminal, or criminal), arbitration or other dispute settlement procedure, or any similar matter or proceeding, (each a **"proceeding"**), against or involving such Loan Party which, if determined adversely, would reasonably be expected to have a Material Adverse Effect.

5.1.8 *Compliance with Laws.* Such Loan Party is conducting its business in compliance in all material respects with all Applicable Laws of each jurisdiction in which its business is carried on.

5.1.9 *No Actions or Proceedings*. There is no litigation, action, suit, investigation, claim, arbitration or other proceeding pending or, to the knowledge of such Loan Party, threatened against such Loan Party by or before any arbitrator or Governmental Body that: (a) in the aggregate, has had or, if adversely determined, would reasonably be expected to have a Material Adverse Effect or (b) purports to affect the legality, validity, binding effect or enforceability of the Agreement or the transactions contemplated hereby.

5.1.10 *Solvency*. Such Loan Party is Solvent, both before and after giving affect to the transactions contemplated by this Agreement and the incurrence of the Obligations to be incurred in connection herewith.

5.1.11 Ranking; Priority. The payment obligations of each Loan Party under this Agreement are and will at all times be unconditional general obligations of such Loan Party, and rank and will at all times rank at least *pari passu* in priority of payment with all other present and future unsubordinated and unsecured indebtedness of such Loan Party.

ARTICLE 6
COVENANTS

6.1 Borrower Affirmative Covenant

So long as any Obligations remain outstanding, and unless the Lender otherwise consents in writing, the Borrower or each Loan Party, as specified below, covenants and agrees that:

6.1.1 *Punctual Payment*. The Borrower will pay or cause to be paid all Obligations falling due hereunder on the dates and in the manner specified herein.

6.1.2 *Conduct of Business*. Each Loan Party will do or cause to be done all things necessary or desirable to maintain, or cause to be maintained, its existence or power and capacity to own its properties and assets, and to carry on its business in a commercially reasonable manner.

6.1.3 *Compliance with Applicable Laws etc*. Each Loan Party will comply with the requirements of all Applicable Laws where any non-compliance would reasonably be expected to have a Material Adverse Effect.

6.1.4 *Accounting Methods and Financial Records*. Each Loan Party will maintain a system of accounting which is established and administered in accordance with GAAP, keep adequate records and books of account in which accurate and complete entries will be made in accordance with such accounting principles reflecting all transactions required to be reflected by such accounting principles.

6.1.5 *Inspection of Records*. Each Loan Party will permit or will arrange for the Lender and its authorized employees, representatives and agents, upon giving at least two Business Days prior notice (or no notice in the event of an emergency) to inspect and make extracts from and copies of such Loan Party's books and records.

6.2 Lender Entitled to Perform Covenants

If any Loan Party fails to perform any covenant or any other provision of this Agreement, the Lender may, in its sole discretion and without obligation, perform any such covenant capable of being performed by it and if any such covenant requires the payment of money the Lender may make such payments. All sums so expended by the Lender will be added to the principal amount of the Loan then outstanding and will be immediately due and payable.

6.3 Negative Covenants

6.3.1 Each Loan Party will not, and will not permit any of its Subsidiaries to, create, incur, issue, assume or guarantee any obligations secured by a Lien upon any of its properties or assets, whether owned on the date hereof or thereafter acquired, without effectively providing concurrently that the Loan is secured equally and ratably with or prior to the incurrence of such obligations for so long as such obligations shall be so secured.

The foregoing restriction shall not apply to, and there shall be excluded from obligations in any computation under such restriction, obligations secured by:

(a) Liens on any property or assets existing at the time of the acquisition thereof by Ameristeel or any Subsidiary;

(b) Liens on property or assets of a Person existing at the time such Person is merged into or consolidated with Ameristeel or any of its Subsidiaries or at the time of a sale, lease or other disposition of the properties and assets of such Person (or a division thereof) as an entirety or substantially as an entirety to Ameristeel or any of its Subsidiaries; provided that any such Lien does not extend to any property or assets owned by Ameristeel or any of its Subsidiaries immediately prior to such merger, consolidation, sale, lease or disposition;

(c) Liens on property or assets of a Person existing at the time such Person becomes a Subsidiary of Ameristeel;

(d) Liens in favor of Ameristeel or any of its Subsidiaries;

(e) Liens on property or assets (including shares of Capital Stock of any Subsidiary formed to acquire, construct, develop or improve such property) to secure all or part of the cost of acquisition, construction, development or improvement of such property, or to secure obligations incurred to provide funds for any such purpose; provided that the commitment of the creditor to extend the credit secured by any such Lien shall have been obtained no later than 360 days after the later of (a) the completion of the acquisition, construction, development or improvement of such property or assets or (b) the placing in operation of such property or assets;

(f) Liens securing any obligations under the Amended and Restated Credit Agreement dated as of October 28, 2005, among Ameristeel and certain of its subsidiaries, various financial institutions named therein, as lenders, Bank of America, N.A., as administrative agent, and Bank of America, N.A. (acting through its Canada branch), as

Canadian administrative agent, as such agreement may be amended, restated, extended, refinanced or replaced from time to time;

(g) Liens in favor of the United States of America or any State thereof, or any department, agency or instrumentality or political subdivision thereof, to secure partial, progress, advance or other payments; and

(h) Liens existing on the date of this Agreement or any extension, renewal, replacement or refunding of any obligations secured by a Lien existing on the date of this Agreement or referred to in clauses (a), (b), (c) or (e); provided that any such extension, renewal, replacement or refunding of such obligations shall be created within 360 days of repaying the obligations secured by the Lien referred to in clauses (a), (b), (c) or (e) and the principal amount of the obligations secured thereby and not otherwise authorized by clauses (a), (b), (c) or (e) shall not exceed the principal amount of obligations plus any premium or fee payable in connection with any such extension, renewal, replacement or refunding, so secured at the time of such extension, renewal, replacement or refunding.

For purposes of determining compliance of any non-U.S. dollar-denominated obligations with this covenant, the amount outstanding under any U.S. dollar-equivalent principal amount of obligations denominated in a foreign currency shall at all times be calculated based on the relevant currency exchange rate in effect on the date such obligation was incurred, in the case of term obligations, or first committed, in the case of revolving credit obligations; provided, however, that if such obligations are incurred to refinance other obligations denominated in the same or different currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing obligation does not exceed the original principal amount of such obligations being refinanced.

For purposes of determining what category of excluded Liens in the foregoing clauses or the next paragraph in which any Lien shall be included, the Borrower in its sole discretion may classify such Lien on the date of its incurrence and later reclassify all or a portion of such Lien in any manner that complies with this covenant.

Notwithstanding the restrictions described above, Ameristeel and any of its Subsidiaries may create, incur, issue, assume or guarantee obligations secured by Liens without equally and ratably securing the Loan, if at the time of such creation, incurrence, issuance, assumption or guarantee, after giving effect thereto and to the retirement of any obligation which is concurrently being retired, the aggregate amount of all such obligations secured by Liens which would otherwise be subject to such restrictions (other than any obligations secured by Liens permitted as described in clauses (a) through (h) of the immediately preceding paragraph) plus all Attributable Debt of Ameristeel and any of its Subsidiaries in respect of Sale and Leaseback Transactions (with the exception of such transactions which are permitted under clauses (a) through (d) of Section 6.3.2 hereof) does not exceed 15% of Ameristeel's Consolidated Net Tangible Assets.

For avoidance of doubt, the provisions in the foregoing sentence may be used concurrently in connection with one or more of the Liens permitted as described in clauses (a) through (h) of this section in any single transaction and may be effectively deemed to have accrued after such other basket clause is used.

At the Borrower's option, Ameristeel or any of its Subsidiaries may treat the entire commitment of a revolving credit facility to be fully drawn on the date such agreement is executed, and thereafter the amount of such commitment shall be deemed to be fully borrowed at all times for the purposes of the foregoing covenant.

6.3.2 Ameristeel will not, and will not permit any of its Subsidiaries to, enter into any Sale and Leaseback Transaction unless:

(a) the Sale and Leaseback Transaction is solely with Ameristeel or any of its Subsidiaries;

(b) the lease is for a period not in excess of 24 months, including renewals;

(c) Ameristeel or such Subsidiary would (at the time of entering into such arrangement) be entitled as described in section 6.3.1 hereof to create, incur, issue, assume or guarantee obligations secured by a Lien on such property or assets in the amount of the Attributable Debt arising from such Sale and Leaseback Transaction;

(d) Ameristeel or such Subsidiary, within 360 days after the sale of property or assets in connection with such Sale and Leaseback Transaction is completed, applies an amount equal to the greater of (a) the net proceeds of the sale of such property or assets or (b) the fair market value of such property or assets to (i) the retirement of the Loan or (ii) the purchase of property or assets; or

(e) the Attributable Debt of Ameristeel and such Subsidiary in respect of such Sale and Leaseback Transaction and all other Sale and Leaseback Transactions entered into after the date hereof (other than any such Sale and Leaseback Transaction as would be permitted as described in paragraphs (a) through (d) of this section 6.3.2), plus the aggregate principal amount of Obligations secured by Liens then outstanding (not including any such Obligations secured by Liens described in section 6.3.1 hereof) which do not equally and ratably secure the Loan, would not exceed 15% of Ameristeel's Consolidated Net Tangible Assets.

6.4 Reporting Requirements

6.4.1 *Financial and Other Information.* The Loan Parties will provide to the Lender any financial statements or such other information regarding its property and assets as the Lender may from time to time reasonably request.

ARTICLE 7
CONDITIONS PRECEDENT

7.1 Conditions Precedent to the Advance

The obligation of the Lender to make available to the Borrower the Advance under Loan pursuant to section 2.1 is subject to compliance by the Borrower with each of the following conditions precedent, which conditions precedent are for the sole and exclusive benefit of the Lender and may be waived by the Lender in its sole discretion:

7.1.1 the representations and warranties set out in Article 6 will be true and correct on the date of Advance as if made on and as of such date;

7.1.2 no Default or Event of Default will have occurred and be continuing nor will there be any Default or Event of Default after giving effect to the Loan; and

7.1.3 the Lender will have received such other documentation or information as the Lender will have reasonably requested.

ARTICLE 8
GUARANTY

8.1 Guaranty.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Guarantor, jointly and severally, hereby unconditionally guarantees the full and punctual payment (whether at stated maturity, upon acceleration or otherwise) of the payment obligation of the Borrower under this Agreement, in each case as primary obligor and not merely as surety and with respect to all such obligations howsoever created, arising or evidenced, whether direct or indirect, absolute or contingent, now or hereafter existing, or due or to become due. This is a guaranty of payment and not merely of collection.

All payments made by any Guarantor under this Article 8 shall be payable in the manner required for payments by the Borrower hereunder, including: (i) the obligation to make all such payments free and clear of, and without deduction for, any Taxes (including withholding taxes), (ii) the obligation to pay interest at the Default Rate and (iii) the obligation to pay all amounts due hereunder in U.S. Dollars.

The obligations of the Guarantors under this Article 8 shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by: (a) any extension, renewal, settlement, compromise, waiver or release in respect of any Obligation(s) of the Borrower, by operation of law or otherwise, (b) any modification or amendment of or supplement to this Agreement, (c) any change in the corporate existence, structure or ownership of the Borrowers or any other Person, (d) the existence of any claim, set-off or other rights that any Guarantor may have at any time against the Borrower, the Lender or any other Person, whether in connection herewith or with any unrelated transactions, (e) any invalidity or unenforceability relating to or against the Borrower for any reason of this Agreement, or any provision of Applicable Law purporting to prohibit the performance by the

Borrower of any of its obligations hereunder, or (f) any other act or omission to act or delay of any kind by the Borrower, the Lender or any other Person or any other circumstance whatsoever that might, but for the provisions of this Section, constitute a legal or equitable discharge of the obligations of the Borrower under this Agreement.

The obligations of the Guarantors hereunder shall remain in full force and effect until all of the Obligations of the Borrower under this Agreement shall have been paid. If at any time any payment made under this Agreement is rescinded or must otherwise be restored or returned upon the insolvency, bankruptcy, reorganization or similar event of the Borrower or any other Person or otherwise, then the obligations of the Guarantors hereunder with respect to such payment shall be reinstated at such time as though such payment had been due but not made at such time.

Each Guarantor hereby irrevocably and unconditionally waives, to the fullest extent permitted by Applicable Law: (a) notice of acceptance of the Guaranty provided in this Article 8 and notice of any liability to which this Guaranty may apply; (b) all notices that may be required by Applicable Law or otherwise to preserve intact any rights of the Lender against the Borrower, including any demand, presentment, protest, proof of notice of non-payment, notice of any failure on the part of the Borrower to perform and comply with any covenant, agreement, term, condition or provision of any agreement and any other notice to any other party that may be liable in respect of the obligations guaranteed hereby (including the Borrower) except any of the foregoing as may be expressly required hereunder; (c) any right to the enforcement, assertion or exercise by the Lender of any right, power, privilege or remedy conferred upon such Person under this Agreement or otherwise; and (d) any requirement that the Lender exhaust any right, power, privilege or remedy, or mitigate any damages resulting from a default, under this Agreement, or proceed to take any action against the Borrower or any other Person under or in respect of this Agreement or otherwise.

Upon making a payment under this Article 8, each Guarantor shall be subrogated to the rights of the payee against the Borrower with respect to such obligation; *provided* that no Guarantor shall enforce any payment by way of subrogation, indemnity or otherwise, or exercise any other right, against the Borrower (or otherwise benefit from any payment or other transfer arising from any such right) so long as any payment obligations of the Borrower remain unpaid and/or unsatisfied under this Agreement.

If acceleration of the time for payment of any amounts payable under this Agreement is stayed due to any event described in Section 9.1.4, then all such amounts otherwise subject to acceleration under this Agreement shall nonetheless be payable by the Guarantors hereunder immediately upon demand by the Lender.

ARTICLE 9
EVENTS OF DEFAULT AND REMEDIES

9.1 Events of Default

The occurrence of any of the following events will constitute an Event of Default:

9.1.1 default by the Borrower in payment when due of principal, interest, or any other Obligations which require the payment of money to the Lender which is not remedied within 10 days;

9.1.2 default by any Loan Party in the performance or observance of any other covenant, condition or obligation contained in this Agreement that does not require the payment of money to the Lender unless such default is remedied within 60 days after notice thereof by the Lender to the Borrower or such longer period as the Lender may agree to;

9.1.3 any representation or warranty made by any Loan Party herein is found to be false or incorrect in any way so as to make it materially misleading when made, unless such Loan Party takes such actions within 60 Business Days (or such longer period as the Lender may agree to) after notice thereof is given by the Lender to the Borrower so that the representation or warranty as stated is no longer false or incorrect;

9.1.4 the Borrower institutes any proceeding or takes any corporate action or executes any agreement to authorize its participation in or commencement of any proceeding:

9.1.4.1 seeking to adjudicate it as bankrupt or insolvent, or

9.1.4.2 seeking liquidation, dissolution, winding up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws or any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation;

9.1.5 any proceeding is commenced against or affecting the Borrower;

9.1.5.1 seeking to adjudicate it a bankrupt or insolvent;

9.1.5.2 seeking liquidation, dissolution, winding up, reorganization, arrangement, protection, relief or composition of it or any of its property or debt or making a proposal with respect to it under any law relating to bankruptcy, insolvency, reorganization or compromise of debts or other similar laws (including, without limitation, any reorganization, arrangement or compromise of debt under the laws of its jurisdiction of incorporation); or

9.1.5.3 seeking appointment of a receiver, trustee, Lender, custodian or other similar official for it or for any substantial part of its properties and assets;

9.1.6 and such proceeding is not being contested in good faith by appropriate proceedings or, if so contested remains outstanding, undismissed and unstayed more than 60 days (or such longer period as the Lender may agree to) from the institution of such first mentioned proceeding.

9.2 Remedies Upon Default

Upon the occurrence of any Event of Default, the Lender may:

9.2.1 declare the availability of the Loan to be terminated and all Obligations to be immediately due and payable; and

9.2.2 take such actions and commence such proceedings as may be permitted at law or in equity at such times and in such manner as the Lender in its sole discretion may consider expedient,

all without, except as may be required by Applicable Laws, any additional notice, presentment, demand, protest, notice of protest, dishonor or any other action.

9.3 Remedies Cumulative and Waivers

For greater certainty, it is expressly understood and agreed that the respective rights and remedies of the Lender hereunder or under any other document or instrument executed pursuant to this Agreement, are cumulative and are in addition to and not in substitution for any rights or remedies provided by law or by equity; and any single or partial exercise by the Lender of any right or remedy for a default or breach of any term, covenant, condition or agreement contained in this Agreement or other document or instrument executed pursuant to this Agreement, will not be deemed to be a waiver of or to alter, affect or prejudice any other right or remedy or other rights or remedies to which the Lender may be lawfully entitled for such default or breach. Any waiver by the Lender of the strict observance, performance or compliance with any term, covenant, condition or agreement herein contained or any other instrument or document delivered hereunder or thereunder and any indulgence granted, either expressly or by course of conduct, by the Lender will be effective only in the specific instance and for the purpose for which it was given and will be deemed not to be a waiver of any rights and remedies of the Lender under this Agreement or under any other instrument or document delivered hereunto or thereunder as a result of any other default or breach hereunder or thereunder.

ARTICLE 10
GENERAL

10.1 Reliance and Non-Merger

All covenants, agreements, representations and warranties of the Borrower made herein or in any certificate or other document signed by any of its directors or officers and delivered by or on behalf of either of them pursuant hereto or thereto are material, will be deemed to have been relied upon by the Lender notwithstanding any investigation heretofore or hereafter made by the Lender or the Lenders' counsel or any employee or other representative of the Lender and will survive the execution and delivery of this Agreement and until the Borrower will have satisfied and performed all of their obligations hereunder.

10.2 Amendment

No amendment of any provision of this agreement is effective unless it is in writing and signed by officers of the Borrower and the Lender. Such amendment will be effective only in the specific instance and for the specific purpose for which it is given.

10.3 No Set-Off by the Borrower

The amounts payable by the Borrower hereunder will not be subject to any deduction, withholding, set-off or counterclaim by the Borrower without Lender's consent.

10.4 Set-Off

The Lender may at any time and from time to time, with notice to the Borrower, combine, consolidate or merge all or any of the Borrower's liabilities to it and may set off any other indebtedness and liability of the Lender to the Borrower, matured or unmatured, against and on account of the Obligations when due.

10.5 Employment of Experts

The Lender may, at any time and from time to time, retain and employ legal counsel, independent accountants and other experts in order to perform or assist it in the performance of its rights and powers under this Agreement, and neither it nor its directors, officers, employees or agents will be responsible to the Borrower or any other Person for or in respect of the negligence or misconduct of any such counsel, accountant, consultant or other expert selected by it in good faith and with reasonable care. The Borrower will pay to the Lender on demand all proper and reasonable compensation paid or payable to such counsel, accountant, consultant or other expert retained or employed pursuant to this provision.

10.6 Notices

Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by telecopier or other means of electronic communication or by hand-delivery as hereinafter provided. Any such notice, if sent by telecopier or other means of electronic communication unless received by 5:00 p.m. on a Business Day, will be deemed to have been received on the Business Day following the sending, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below either to the individual designated below or to a senior employee of the addressee at such address with responsibility for matters to which the information relates. Notice of change of address will also be governed by this section. Notices and other communications will be addressed as follows:

(a) if to the Borrower:

4221 W. Boy Scout Blvd.
Suite 600
Tampa, FL 33607

Attention: Vice President/General Counsel
Telecopier number: (813) 207-2251

(b) if to the Lender:

4221 W. Boy Scout Blvd.
Suite 600 Tampa, FL 33607

Attention: President
Telecopier number: (813) 207-2251

10.7 Further Assurances

Whether before or after the happening of an Event of Default, the Borrower will at its own expense do, make, execute or deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things in connection with the Loan as the Lender may reasonably require from time to time for the purpose of giving effect to the Loan and this Agreement.

10.8 Assignment

The Borrower may not assign any of its rights or benefits under this Agreement without the prior written consent of the Lender. The Lender may assign or grant participations in all or part of its rights in respect of the Obligations and have its corresponding obligations hereunder assumed by any such assignee. Any assignment by the Lender hereunder will become

effective when the Borrower has been notified thereof by the Lender and has received from the assignee an undertaking to be bound by this Agreement and to perform the obligations assumed by it. Any assignee of the Lender will be treated as a party to this Agreement for all purposes of this Agreement and will be entitled to the full benefit hereof and will be subject to the obligations of the Lender to the same extent as if it were an original party in respect of the rights assigned to it and obligations assumed by it the Lender who has assigned its interest hereunder will be released and discharged upon such assignment.

10.9 Counterparts

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

10.10 Entire Agreement

This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes and replaces any prior understandings or arrangements pertaining to the Loan. There are no warranties, conditions, or representations (including any that may be implied by statute) and there are no agreements in connection with such subject matter except as specifically set forth or referred to herein. No reliance is placed on any warranty, representation, opinion, advice or assertion of fact made either prior to, contemporaneous with, or after entering into this Agreement.

[*Signature page follows*]

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date first written above.

Borrower:

GUSAP PARTNERS II, GP

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Manager

Lender:

GERDAU HOLDINGS INC.

By: */s/ Mark Marcucci*
Name: Mark Marcucci
Title: President

Guarantors:

GERDAU AMERISTEEL SAYREVILLE INC.

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

GERDAU AMERISTEEL PERTH AMBOY INC.

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

GERDAU AMERISTEEL US INC.

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

SHEFFIELD STEEL CORPORATION

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President

CHAPARRAL STEEL COMPANY

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President

CHAPARRAL STEEL TEXAS, LLC

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President

CHAPARRAL (VIRGINIA), INC.

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President

CHAPARRAL STEEL MIDLOTHIAN, LP,
by its general partner:

CHAPARRAL STEEL TEXAS, LLC

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President

AMERICAN MATERIALS TRANSPORT, INC.

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President

ENCO MATERIALS, INC.

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

CO-STEEL C.S.M. CORP.

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

GERDAU USA INC.

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

RARITAN RIVER URBAN RENEWAL CORPORATION

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

SAND SPRINGS RAILWAY COMPANY

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

GERDAU AMERISTEEL WC, INC.

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

GERDAU AMERISTEEL ENERGY, INC.

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

3351 SOUTH WYATT, LLC

By: */s/ Robert E. Lewis*
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

Exhibit 99.8

CREDIT AGREEMENT

dated as of

December 21, 2009

among

GERDAU AMERISTEEL US INC.
GERDAU AMERISTEEL SAYREVILLE INC.
GERDAU AMERISTEEL PERTH AMBOY INC.
SHEFFIELD STEEL CORPORATION
CHAPARRAL STEEL COMPANY
CHAPARRAL STEEL TEXAS, LLC
CHAPARRAL (VIRGINIA) INC.
CHAPARRAL STEEL MIDLOTHIAN, LP
AMERICAN MATERIALS TRANSPORT, INC.
ENCO MATERIALS, INC.
as the US Borrowers

and

GERDAU AMERISTEEL CORPORATION
as the Canadian Borrower

CONSOLIDATED RECYCLING INCORPORATED
as a Canadian Credit Party

and

BANK OF AMERICA, N.A.,
as the Administrative Agent

and

BANK OF AMERICA, N.A. (acting through its Canada branch),
as the Canadian Administrative Agent,

and

BANC OF AMERICA SECURITIES LLC and
WACHOVIA CAPITAL FINANCE CORPORATION (NEW ENGLAND),
as the Joint Lead Arrangers and Joint Book Managers

and

BANK OF AMERICA, N.A., and **GENERAL ELECTRIC CAPITAL CORPORATION,**
as the Collateral Agents

and

CERTAIN FINANCIAL INSTITUTIONS,
NOW OR HEREAFTER PARTIES HERETO
as the Lenders

Multi-Currency Revolving Credit Facility

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this "**Agreement**") is made and entered into as of the 21st day of December, 2009, among Gerdau Ameristeel Corporation, a corporation amalgamated under the Canada Business Corporations Act (and the legal entity continuing from the amalgamation of a corporation of the same name and Gerdau Ameristeel MRM Special Sections Inc.)(the "**Company**" or the "**Canadian Borrower**"), and in its capacity as Borrower Agent pursuant to Section 2.1(i), Consolidated Recycling Incorporated, a corporation amalgamated under the laws of Ontario (and the legal entity continuing from the amalgamation of a corporation of the same name and Ivy League Investments Limited ("**Consolidated Recycling**")), in its capacity as a Canadian Credit Party and a Canadian Borrowing Base Party (as defined herein), Gerdau Ameristeel US Inc., a Florida corporation (including, without limitation, in its capacity as successor by merger to Gerdau Ameristeel Lake Ontario Inc., Porter Bros. Corporation and MFT Acquisition, Corp.)("**Ameristeel US**"), Gerdau Ameristeel Sayreville Inc., a Delaware corporation ("**Sayreville**"), Gerdau Ameristeel Perth Amboy Inc., a New Jersey corporation ("**Perth Amboy**"), Sheffield Steel Corporation, a Delaware corporation ("**Sheffield**"), Chaparral Steel Company, a Delaware corporation (including, without limitation, in its capacity as successor by merger to GCV Inc., 1201/5400 Elm Corporation, Chaparral Steel Holdings, LLC, Chaparral Steel Trust, and Chaparral Steel Investments, Inc.)("**Chaparral**"), Chaparral Steel Texas, LLC, a Delaware limited liability company ("**Chaparral Texas**"), Chaparral (Virginia) Inc., a Delaware corporation ("**Chaparral Virginia**"), Chaparral Steel Midlothian, LP, a Delaware limited partnership (including, without limitation, in its capacity as successor by merger to Chaparral Star Recycling LP)("**Chaparral Midlothian**"), American Materials Transport, Inc., a Delaware corporation ("**AMT**"), and Enco Materials, Inc., a Tennessee corporation (including, without limitation, in its capacity as successor by merger to Enco Materials of Georgia, Inc.)("**Enco**"; Ameristeel US, Sayreville, Perth Amboy, Sheffield, Chaparral, Chaparral Texas, Chaparral Virginia, Chaparral Midlothian, AMT and Enco are referred to herein collectively the "**US Borrowers**" and each individually as a "**US Borrower**"; the US Borrowers, the Canadian Borrower, and each other Person party from time to time thereto as a borrower are referred to herein collectively as the "**Borrowers**" and each individually as a "**Borrower**"), Bank of America, N.A., as the Administrative Agent, Bank of America, N.A. (acting through its Canada branch), as the Canadian Administrative Agent, Bank of America, N.A. and General Electric Capital Corporation, as the Collateral Agents, Banc of America Securities LLC and Wachovia Capital Finance Corporation (New England) as Joint Lead Arrangers and Joint Book Managers, the Issuing Banks (as defined below), each additional Issuing Bank hereunder from time to time, and each of the lenders that is a signatory hereto or which hereafter becomes a party hereto as provided in Section 10.7, including the US Swingline Lender and the Canadian Swingline Lender (as defined below) (individually, a "**Lender**" and, collectively, the "**Lenders**").

RECITALS:

Each Borrower has requested that Agents and Lenders make available a revolving credit facility to Borrowers, which facility shall be used by Borrowers to finance their mutual and collective enterprise of manufacturing, fabricating, placing, marketing and sale of steel and steel products. In order to utilize the financial powers of each Borrower in the most efficient and economical manner, and in order to facilitate the financing of each Borrower's needs, Agents and Lenders will, at the request of the Borrowers Agent, make loans to all US Borrowers under the credit facilities on a combined basis and to the Canadian Borrower, in each case in accordance with the provisions hereinafter set forth. Borrowers' business is a mutual and collective enterprise, and Borrowers believe that the consolidation of all loans under this Agreement will enhance the aggregate borrowing powers of each Borrower and ease the administration of their loan relationship with Agents and Lenders, all to the mutual advantage of Borrowers. Agents' and Lenders' willingness to extend credit to Borrowers and to administer each Borrower's collateral security therefor, on a combined basis, to the extent and as more fully set forth in

this Agreement, is done solely as an accommodation to Borrowers and at Borrowers' request in furtherance of Borrowers' mutual and collective enterprise.

Each Borrower has agreed to guarantee the obligations of each of the other Borrowers under this Agreement and each of the other Financing Documents.

AGREEMENTS:

In consideration of the mutual covenants and agreements herein contained, the Borrowers, the Lenders, the Issuing Banks and the Agents hereby agree to amend and restate the Existing Credit Agreement as follows:

ARTICLE 1
DEFINITIONS; CONSTRUCTION

Section 1.1 Definitions. As used herein, the following terms shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined). Reference to any party in a Financing Document means that party and its successors and permitted assigns.

"**2008 Term Loans**" means the term loans made to GNA Partners and Ameristeel US pursuant to the 2008 Term Loan Documents, in an aggregate principal amount not to exceed $2,750,000,000, which loans are not secured by any Liens on the assets of the Company or any of its Subsidiaries.

"**2008 Term Loan Documents**" means that certain Amended and Restated Senior Export and Working Capital Facility Agreement (the "Agreement") dated as of November 6, 2007 among Gerdau Ameristeel US Inc. and GNA Partners, GP, as Borrowers, Gerdau S.A., Gerdau Ameristeel Corporation, Gerdau Açominas S.A., Gerdau Açominas Overseas Limited, Gerdau Aços Longos S.A., Gerdau Aços Especiais S.A. and Gerdau Comercial de Aços S.A., as Guarantors, JPMorgan Chase Bank, N.A., as Administrative Agent and Collateral Agent, ABN AMRO Bank, N.V., HSBC Securities (USA) Inc. and J.P. Morgan Securities Inc, as Joint Lead Arrangers and Bookrunners.

"**2008 Term Loan Transactions**" means the transactions by which the lenders party to the 2008 Term Loan Documents made the 2008 Term Loans to GNA Partners and Ameristeel US.

"**ABR**" shall have the meaning provided in Section 2.6(a).

"**ABR Loan**" means a Revolving Credit Loan or US Swingline Loan bearing interest at the rate provided in Section 2.6(a).

"**account**" has the meaning given to such term in Section 9-102(a)(2) of the UCC or Section 1 of the PPSA, as applicable.

"**Account Party**" shall have the meaning assigned to such term in Section 2.3(d).

"**Acquisition**" means any transaction, or any series of related transactions, consummated after the Closing Date, by which any Credit Party, directly or indirectly, by means of a take-over bid, tender offer, amalgamation, merger, purchase of assets or otherwise (a) acquires any business or all or substantially all of the assets of any Person engaged in any business, (b) acquires control of securities of a Person engaged in a business representing more than 50% of the ordinary voting power for the election of directors or other governing position if the business affairs of such Person are managed by a board of

directors or other governing body, or (c) acquires control of more than 50% of the ownership interest in any Person engaged in any business that is not managed by a board of directors or other governing body.

"**Acquisition Excess Availability Requirement**" means, on any date of determination, an amount equal to the greater of (i) $180,000,000 or (ii) 30% of the aggregate Revolving Credit Commitments.

"**Adjusted Interest Expense**" means the total Interest Expense of the Company and the other Credit Parties on a consolidated basis for any period less any Interest Expense payable by issuance of additional Indebtedness (and not payable in cash).

"**Administrative Agent**" means Bank of America, acting in the capacity and to the extent described in Article 9, and any successor to Bank of America, acting in such capacity.

"**Advance Notice**" means, if requested by Agents, written or telecopy notice (with telephonic confirmation in the case of telecopy notice), which in each case shall be irrevocable, from the Borrower Agent or applicable Borrowers to be received by the Administrative Agent (or the Canadian Administrative Agent (with a copy to the Administrative Agent) in the case of any Borrowing, conversion, continuation or prepayment of Canadian Loans) before 11:00 a.m., Eastern Time, by the number of Business Days in advance of any Borrowing, conversion, continuation or prepayment of any Loan or Loans pursuant to this Agreement as respectively indicated below:

(a) LIBOR Loans — Three (3) Business Days;

(b) ABR Loans — Same Business Day;

(c) Canadian Prime Loans — Same Business Day; and

(d) B/A Loans — Three (3) Business Days

For the purpose of determining the applicable period of Advance Notice in the case of the conversion from one Type of Loan into another, the Loans into which there is to be a conversion shall control. The Administrative Agent, the Canadian Administrative Agent, each Issuing Bank and each Lender are entitled to rely upon and act upon telecopy notice made or purportedly made by the Borrower Agent or the Borrowers, and the Borrowers hereby waive the right to dispute the authenticity and validity of any such transaction once the Administrative Agent, the Canadian Administrative Agent or any Lender has advanced funds or any Issuing Bank has issued Letters of Credit, absent manifest error.

"**Affiliate**" means (a) any Person controlling, controlled by or under common control with any other Person, (b) with respect to any Person, any other Person who is an officer, director, managing member, partner, trustee or beneficiary of such Person, and (c) any Person who is a spouse, sibling, parent, grandparent, child or grandchild of a Person described in clauses (a) or (b) preceding. For purposes of this definition, "**control**" (including "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to either (a) vote 10% or more of the Voting Stock of such Person unless another Person has beneficial ownership of more than 50% of such Voting Stock or (b) direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"**After Tax Basis**" means on a basis such that any payment to be received or receivable by any Person is supplemented by a further payment or payments to that Person so that the sum of all such payments, after deducting all Taxes (taking into account any related credits or deductions) payable

by such Person under any law or Governmental Authority, is equal to the payment due to such Person, provided, that for these purposes, such Person shall be assumed to be subject to tax at the highest marginal rate(s) applicable to such Person with respect to the amounts in question.

"**Agent**" means either of the Administrative Agent or the Canadian Administrative Agent, and "**Agents**" means both such Agents collectively.

"**Agent Advances**" shall have the meaning given to such term in Section 2.28.

"**Aggregate Canadian Revolving Credit Exposure**" means the sum of all of the Canadian Revolving Lenders' Canadian Revolving Credit Exposures.

"**Aggregate US Revolving Credit Exposure**" means the sum of all of the US Revolving Lenders' US Revolving Credit Exposures.

"**Agreement**" means this Credit Agreement, as amended, supplemented or otherwise modified or restated from time to time.

"**Allocated US Revolving Credit Exposure**" means, in respect of a US Borrower, that portion of the Aggregate US Revolving Credit Exposure which, as a result of the allocation of Borrowings to a US Borrower in accordance with the terms hereof, is attributable to such US Borrower.

"**Ameristeel US Note**" means the promissory note of Ameristeel US, dated April 29, 2005, made payable to GANS, and subsequently assigned to Finco, in the original principal amount of $351,000,000.

"Anti-Terrorism Laws" means any laws relating to terrorism or money laundering, including Executive Order No. 13224, the USA Patriot Act and the Proceeds of Crime Act.

"**Applicable Commitment**" means the Canadian Revolving Credit Commitment or the US Revolving Credit Commitment, as applicable.

"**Applicable Margin**" means, on any day and with respect to any Loan, the applicable per annum percentage set forth at the appropriate intersection in the table shown below, based on the Average Excess Availability for the most recently ended Fiscal Quarter with respect to which the Borrowers have delivered financial statements in accordance with Section 6.10(b) and the related officer's certificate in accordance with Section 6.10(e)):

Average Excess Availability	LIBOR Loan and B/A Loan Applicable Margin Percentage	ABR Loan Applicable Margin Percentage	Canadian Prime Rate Loan Applicable Margin Percentage
Less than $200,000,000	4.00%	3.00%	3.00%
Greater than or equal to $200,000,000 but less than $400,000,000	3.75%	2.75%	2.75%
Greater than or equal to $400,000,000	3.50%	2.50%	2.50%

Any change in the Applicable Margin based on the Average Excess Availability during a Fiscal Quarter shall be effective as of the first day of the calendar month immediately following the Administrative Agent's receipt of the financial statements with respect to such Fiscal Quarter in accordance with Section 6.10(b) and the related officer's certificate in accordance with Section 6.10(e). Notwithstanding the foregoing, for the period from the Closing Date through April 30, 2010, the Applicable Margin for LIBOR Loans and B/A Loans will be 3.50%, the Applicable Margin for ABR Loans shall be 2.50%, and the Applicable Margin for Canadian Prime Rate Loans shall be 2.50%. If at any time the Borrowers fail to deliver financial statements or the related officer's certificate for any Fiscal Quarter as required by Sections 6.10(b) and (e) on or before the date required pursuant thereto (without regard to grace periods), the Applicable Margins will be the highest margins provided for in the above table from the date such financial statements and officer's certificate are due pursuant to Sections 6.10(b) and (e) (without regard to grace periods) through the date the Administrative Agent receives all financial statements and the officer's certificate with respect to such Fiscal Quarter which are then due pursuant to Sections 6.10(b) and (e).

"**Applicable Percentage**" means, (a) with respect to any US Revolving Lender, such US Revolving Lender's US Revolving Credit Percentage, and (b) with respect to any Canadian Revolving Lender, such Canadian Revolving Lender's Canadian Revolving Credit Percentage, as applicable.

"**Applicable US Borrower**" shall have the meaning given to such term in Section 2.2(a)(2).

"**Application**" means an "Application and Agreement for Letters of Credit," or similar instruments or agreements, entered into between Borrower Agent or the applicable Borrower and an Issuing Bank in connection with any Letter of Credit.

"**Arrangers**" means Banc of America Securities LLC and Wachovia Capital Finance Corporation (New England), acting in the capacities and to the extent described in Article 9, and any successor to Banc of America Securities LLC or Wachovia Capital Finance Corporation (New England), acting in such capacity.

"**Assignment and Acceptance**" shall have the meaning provided in Section 10.7(b).

"**Attributable Debt**" in respect of any sale and leaseback transaction, means, as of the time of determination, the total obligation (discounted to present value at the rate per annum equal to the discount rate which would be applicable to a capital lease obligation with like term in accordance with GAAP or IFRS) of the lessee for rental payments (other than amounts required to be paid on account of property taxes, maintenance, repairs, insurance, water rates and other items which do not constitute payments for property rights) during the remaining portion of the term of the lease included in such sale and leaseback transaction.

"**Availability Reserves**" means, as of any date of determination, such amounts as the Administrative Agent or the Canadian Administrative Agent may from time to time establish and revise in such Agent's reasonable discretion reducing the US Borrowing Base and/or the Canadian Borrowing Base which would otherwise be available to the Borrowers under the lending formulas provided for herein, without duplication, (a) to reflect criteria, events, conditions, contingencies or risks which, as determined by the Administrative Agent or the Canadian Administrative Agent in such Agent's reasonable discretion, do or may affect either (i) any component of the US Borrowing Base or the Canadian Borrowing Base or their value, (ii) the assets, business, financial performance, financial condition or prospects of any Borrower, or (iii) the security interests and other rights of the Administrative Agent and the Canadian Administrative Agent in the Collateral (including the

enforceability, perfection and priority thereof), or (b) to reflect the Administrative Agent's or the Canadian Administrative Agent's customary practice or such Agent's reasonable belief that any collateral report or financial information furnished by or on behalf of any Borrower to any Agent or any Lender is or may have been incomplete, inaccurate or misleading in any material respect, or (c) in respect of any state of facts which the Administrative Agent or the Canadian Administrative Agent determines constitutes a Default or an Event of Default. Without limiting the foregoing, the Administrative Agent or the Canadian Administrative Agent, in such Agent's reasonable discretion, may establish and/or increase Availability Reserves in respect of (A) fabrication accounts, (B) health insurance self-funding obligations, (C) rent at leased locations which may be subject to statutory or contractual landlord liens, (D) Dilution of accounts, (E) warehouseman's or bailee's charges, where no Bailee's Letter is in effect, (F) inventory shrinkage, (G) slow moving or obsolete Inventory, (H) Bank Product Reserves for liabilities of any Credit Party under any Bank Products constituting Lender Indebtedness, (I) statutory claims, deemed trusts or inventory subject to rights of suppliers under Section 81.1 of the Bankruptcy and Insolvency Act (Canada), (J) the Canadian Priority Payables Reserve (with respect to all Canadian Credit Parties); (K) employee or employee benefit related liabilities, and (L) any other claims which may have priority over the claims of the Agents and the Lenders. Any Availability Reserve resulting from the establishment of a new reserve category shall not become effective until the third Business Day after written notice of the establishment of such new reserve category has been given by the Administrative Agent or the Canadian Administrative Agent to the Borrower Agent; provided, that unless Borrowers elect to waive such three (3) Business Day period, no Borrowings shall be permitted by Borrowers during such three (3) Business Day period; and provided, further, that at any time that a Default exists, neither written notice nor the expiration of any time period shall be required before any Agent may establish a new reserve category.

"**Average Excess Availability**" means, for any Fiscal Quarter, the amount obtained by adding the Excess Availability at the end of each day for such Fiscal Quarter and by dividing such sum by the number of days in such Fiscal Quarter.

"**Average Monthly Excess Availability**" means, for any monthly period, the amount obtained by adding the Excess Availability at the end of each day for such month and by dividing such sum by the number of days in such month.

"**B/A Loan**" means a C$ Denominated Loan bearing interest based upon the CDOR Rate.

"**Bailee**" means any Person who is in possession of any inventory of any Credit Party on behalf of such Credit Party.

"**Bailee's Letter**" means a letter substantially in the form attached as Exhibit A (or in such other form as may be acceptable to the Administrative Agent) executed by any Bailee pursuant to which such Bailee acknowledges the Administrative Agent's Lien or the Canadian Administrative Agent's Lien, as applicable, with respect thereto.

"**Bank of America**" means Bank of America, N.A.

"**Bank of America — Canada Branch**" means Bank of America, N.A. (acting through its Canada branch).

"**Bank Product**" means any of the following products, services or facilities extended to any Borrower or Subsidiary by a Lender or any of its Affiliates: (a) Cash Management Services; (b) products under Swap Agreements; (c) commercial credit card, purchase cards, stored value cards, and merchant card services; and (d) leases and other banking products or services as may be requested by any

Borrower or Subsidiary, other than Letters of Credit; provided, that, (A) any such product with any Lender (or any Affiliate of a Lender) other than Bank of America (or its Affiliates) shall only constitute a Bank Product if Borrower Agent and such Lender provide the Administrative Agent with a written notice designating such product as a Bank Product and indicating the initial exposure of the Borrowers to such Lender (or any Affiliate of a Lender) under such Bank Products, and subsequently such Lender provides from time to time notice of any increase or decrease in such exposure since the last report and whenever requested by the Administrative Agent, and (B) if there is any exposure or increase in the exposure of the Borrowers to such Lender (or any Affiliate of a Lender) under such Bank Products and such Lender fails to report such exposure or increased exposure to the Administrative Agent as required in clause (A) above, then, notwithstanding anything to the contrary in this Agreement or any other Financing Document, the payment of such exposure or increased exposure shall not constitute Lender Indebtedness and shall not be secured by any of the Administrative Agent's or the Canadian Administrative Agent's Liens.

"**Bank Product Reserves**" means, an amount (reflected in Dollars) calculated as of the last day of each month or at such other frequency as determined by Agents, and separately for the US Borrowers and the Canadian Borrower, equal to (i) such Borrowers' liability under the Bank Products, (other than Swap Agreements covered in clause (iii)), (ii) any exposure of the Lenders or Secured Affiliates (as determined by Borrower Agent and the Administrative Agent or applicable Lender or Secured Affiliate) with respect to any Cash Management Agreements constituting Bank Products and the services performed thereunder on behalf of such Borrowers, and (iii) any mark to market exposure of the Lenders or Secured Affiliates with respect to any Swap Agreements constituting Bank Products.

"**Bankruptcy Code**" shall have the meaning provided in Section 8.7.

"**Block Event**" means the occurrence and continuance of a Default or if Excess Availability shall at any time be less than the Dominion Excess Availability Requirement.

"**Blocked Account**" means one or more demand deposit accounts established by the Canadian Borrower (or other Canadian Credit Parties) with a Canadian Lockbox Bank and the US Borrowers with a US Lockbox Bank which (a) the applicable Credit Parties and US Lockbox Bank or Canadian Lockbox Bank, as applicable, jointly designate as a "Blocked Account," (b) into which all cash receipts of the applicable Credit Parties from whatever source (including, without limitation, all currency, checks and drafts representing proceeds of the Collateral and further including any of the foregoing received in a Lockbox) shall be deposited pursuant to Section 4.3 and Section 4.4 hereof and pursuant to the Security Instruments, and (c) which are subject to the provisions of Section 4.5 and Section 4.6 hereof.

"**Blocked Person**" has the meaning specified in Section 5.31.

"**Board**" means the Board of Governors of the Federal Reserve System of the United States.

"**Bonding Obligations**" shall have the meaning given to such term in Section 7.3(f).

"**Borrower**" and "**Borrowers**" shall have the meanings set forth in the initial paragraph hereof.

"**Borrower Agent**" shall have the meaning given to such term in Section 2.1(i).

"**Borrowing**" means a borrowing pursuant to a Borrowing Request or a continuation or a conversion pursuant to Section 2.12 consisting, in each case, of the same Type of Loans having, in the case of LIBOR Loans or B/A Loans, the same Interest Period (except as otherwise provided in Section 2.15 and Section 2.16) and made previously or being made concurrently by all of the Lenders.

"**Borrowing Base Report**" means the report of each of the US Borrowers or the Canadian Borrower (or other Canadian Borrowing Base Parties) concerning the amount of the US Borrowing Base or the Canadian Borrowing Base, as applicable, to be delivered pursuant to Section 6.10(h), substantially in the form attached as Exhibit B-1 or B-2 (depending on which Borrowing Base is being computed).

"**Borrowing Request**" means a request for a Borrowing pursuant to Section 2.2(a) or (b), substantially in the form attached as Exhibit C-1 through C-5 hereof (depending on the Type of Loan with respect to which such Borrowing Request is being submitted).

"**Business Day**" means any day excluding Saturday, Sunday and any other day on which banks are required or authorized to close in New York, New York or Atlanta, Georgia and, if the applicable Business Day relates to LIBOR Loans, on which trading is carried on by and between banks in Dollar deposits in the London interbank market and, if the applicable Business Day relates to Canadian Revolving Credit Loans, including B/A Loans, or the Dollar Equivalent of any amount denominated in C$, shall also exclude any other day on which banks are required or authorized to close in Toronto, Ontario, Canada.

"**C$**" means lawful money of Canada.

"**C$ Denominated Loan**" means Canadian Revolving Credit Loans which are denominated in C$.

"**CAM**" — the mechanism for the allocation and exchange of interests in the Loans, participations in Letters of Credit and collections thereunder established under Section 9.16 of this Agreement.

"**CAM Exchange**" — the exchange of the US Revolving Lenders' interests and the Canadian Revolving Lenders' interests provided for in Section 9.16.

"**CAM Exchange Date**" — the first date after the Closing Date on which there shall occur (a) any event described in Sections 8.7 or 8.8 of this Agreement with respect to any Borrower, or (b) an acceleration of Loans and termination of the Commitments pursuant to Article 8 of this Agreement.

"**CAM Percentage**" — as to each Lender, a fraction, (a) the numerator of which shall be the aggregate amount of such Lender's Commitments immediately prior to the CAM Exchange Date and the termination of the Commitments and (b) the denominator shall be the amount of the Commitments of all the Lenders immediately prior to the CAM Exchange Date and the termination of the Commitments.

"**Canadian Administrative Agent**" means Bank of America — Canada Branch, acting in the capacity and to the extent described in Article 9, and any successor to Bank of America — Canada Branch acting in such capacity.

"**Canadian Agent Advance**" means each Agent Advance made to or with respect to the Canadian Borrower hereunder.

"**Canadian Availability**" means, as of any date, (a) the Canadian Borrowing Base as of such date, minus, without duplication, the Availability Reserves with respect to the Canadian Borrowing Base as of such date, minus (b) the aggregate outstanding balance of the Canadian Lender Indebtedness as of such date and the aggregate face amount of undrawn Canadian Letters of Credit as of such date. Canadian Availability shall always be determined on the basis that all debts and obligations shall be current, and all accounts payable shall be handled in the normal course of the Borrowers' business consistent with their past practices.

"**Canadian Base Rate**" means the rate of interest for Dollar denominated loans publicly announced by Bank of America — Canada Branch from time to time as its "Base Rate" in effect at its principal office in Toronto, Canada for commercial loans made in Dollars in Canada. Such rate is set by Bank of America — Canada Branch on the basis of various factors, including its costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such rate. Without notice to the Company or any other Person, the Canadian Base Rate shall change automatically from time to time as and in the amount by which such prime rate shall fluctuate. Any change in such rate announced by Bank of America — Canada Branch shall take effect at the opening of business on the day specified in the public announcement of such change. The Canadian Base Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer.

"**Canadian Blocked Account**" means a Blocked Account established by the Canadian Borrower (or other Canadian Credit Parties) with a Canadian Lockbox Bank.

"**Canadian Borrower**" shall have the meaning set forth in the initial paragraph hereof.

"**Canadian Borrowing Base**" means, only with respect to the Canadian Borrowing Base Parties, the Dollar Equivalent of the sum of:

(1) the Eligible Account Advance Percentage of the Canadian Borrowing Base Parties' Eligible Accounts, plus

(2) the lesser of (i) the Eligible Inventory Advance Percentage of the Canadian Borrowing Base Parties' Eligible Inventory, or (ii) 85% of the net orderly liquidation value of the Canadian Borrowing Base Parties' Eligible Inventory, determined by reference to the net orderly liquidation percentages determined by the Current Appraisal.

The Canadian Borrowing Base in effect under this Agreement at any time shall be the Canadian Borrowing Base reflected on the most recent Canadian Borrowing Base Report delivered to the Canadian Administrative Agent and the Administrative Agent pursuant to Section 6.10(h) hereof, subject to (a) immediate adjustment by the Canadian Administrative Agent or the Administrative Agent to the extent that the calculations of the Canadian Borrowing Base reflected on such report are not in accordance with this Agreement, and (b) immediate adjustment as a result of any changes in eligibility standards required by the Canadian Administrative Agent, acting reasonably.

"**Canadian Borrowing Base Party**" means the Canadian Borrower, Consolidated Recycling and any other Canadian Credit Party that is expressly permitted by Canadian Administrative Agent to have its assets included in the Canadian Borrowing Base.

"**Canadian Credit Party**" means the Canadian Borrower and each other Credit Party which is formed or organized under the federal laws of Canada or under the laws of any province or territory in Canada.

"**Canadian Excess Availability**" means, as of any date, the Dollar Equivalent of (a) the lesser of (i) the Canadian Borrowing Base as of such date, minus, without duplication, the Availability Reserves with respect to the Canadian Borrowing Base as of such date, or (ii) the aggregate Canadian Revolving Credit Commitments as of such date, minus (b) the aggregate outstanding balance of the Canadian Lender Indebtedness as of such date. In calculating Canadian Excess Availability, a deduction shall be made therefrom in an amount equal to the sum of all debts and obligations of the Canadian Borrower (or other Canadian Credit Parties) that are past due plus the outstanding amount of accounts payable of the Canadian Borrower (or other Canadian Credit Parties) that have not been handled in the normal course of the Canadian Borrower's (or other Canadian Credit Parties') business consistent with their past practices.

"**Canadian Guarantee**" means that certain Canadian Guarantee dated as of the date hereof and executed by each Credit Party in favor of the Canadian Administrative Agent and Canadian Lenders, as amended, modified, renewed, supplemented or restated from time to time.

"Canadian Lender" means a Canadian Revolving Lender or a Canadian Swingline Lender.

"**Canadian Lender Indebtedness**" means, without duplication, (a) any and all amounts owing or to be owing by any Canadian Credit Party to the Agents, the Collateral Agents, the Issuing Banks or any Lender with respect to or in connection with the Canadian Loans, any Canadian Letter of Credit Liabilities, the Notes, this Agreement (including Section 2.25) or any other Financing Document (including the Canadian Guarantee), and (b) as to Bank Products, any and all amounts owing or to be owing by any Canadian Credit Party thereunder to any Lender or any Secured Affiliate, as applicable.

"**Canadian Letter of Credit**" and "**Canadian Letters of Credit**" shall have the meanings assigned to such terms in Section 2.3(b).

"**Canadian Letter of Credit Liabilities**" means, at any time and in respect of any Canadian Letter of Credit, the Dollar Equivalent at such time of the sum of (a) the amount available for drawings under such Canadian Letter of Credit as of the date of determination plus (b) the aggregate unpaid amount of all Reimbursement Obligations due and payable as of the date of determination in respect of previous drawings made under such Canadian Letter of Credit, and shall include any obligations relating to any letter of credit guarantee or credit support provided by the Canadian Administrative Agent pursuant to Section 2.3(e).

"**Canadian Loans**" means the Canadian Revolving Credit Loans, the Canadian Swingline Loans and the Canadian Agent Advances.

"**Canadian Lockbox**" means any lockbox to be established and operated pursuant to Section 4.4 hereof and a Canadian Lockbox Agreement.

"**Canadian Lockbox Agreement**" means an agreement between a Canadian Borrowing Base Party and a Canadian Lockbox Bank governing a Canadian Lockbox.

"**Canadian Lockbox Bank**" means a financial institution designated by the Canadian Borrowing Base Parties or the Canadian Administrative Agent to act as a Canadian Lockbox Bank and consented to in writing by the Canadian Borrowing Base Parties and the Canadian Administrative Agent (which consents shall not be unreasonably withheld, provided, however that the consent of the Canadian Borrowing Base Parties shall not be required if a Default has occurred and is continuing) and which has entered into a Canadian Lockbox Agreement.

"**Canadian Lockbox Direction Period**" means the period commencing on the earlier of the occurrence and continuance of a Default or any date on which Excess Availability is less than the Dominion Excess Availability Requirement.

"**Canadian Maximum Available Amount**" means, at any date, an amount equal to the lesser of (a) the aggregate Canadian Revolving Credit Commitments as of such date, and (b) the remainder of (i) the Canadian Borrowing Base as of such date, minus (ii) the sum of (A) the Availability Reserves with respect to the Canadian Borrowing Base as of such date, plus (B) the Bank Product Reserves applicable to the Canadian Borrowing Base Parties.

"**Canadian Prime Rate**" means on any day, the annual rate of interest (rounded upwards, if necessary, to the nearest 1/16 of 1%) equal to the greater of: (a) the annual rate of interest announced from time to time by Bank of America — Canada Branch as its reference rate of interest for loans made in C$ to Canadian customers and designated as its "prime" rate (which "prime" rate is a rate set by Bank of America-Canada Branch based upon various factors, including Bank of America-Canada Branch's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans); and (b) the annual rate of interest equal to the sum of (i) the one-month CDOR Rate in effect on such day, and (ii) 1%. Any change in the Canadian Prime Rate due to a change in Bank of America-Canada Branch's "prime" rate shall be effective on the effective date of such change in Bank of America-Canada Branch's "prime" rate**.**

"**Canadian Prime Loans**" means C$ Denominated Loans which bear interest at a rate based upon the Canadian Prime Rate.

"**Canadian Priority Payables Reserve**" means, on any date of determination for Canadian Credit Parties, reserves established by the Administrative Agent or the Canadian Administrative Agent for amounts payable by Canadian Credit Parties and secured by any Liens, choate or inchoate, which rank or which would reasonably be expected to rank in priority to or *pari passu* with any Agent's Liens and/or for amounts which represent costs in connection with the preservation, protection, collection or realization of the Canadian Credit Parties' Collateral, including, without limitation, any such amounts due and not paid for wages, vacation pay, severance pay, amounts payable under the Wage Earner Protection Program Act (Canada), amounts due and not paid under any legislation relating to workers' compensation or to employment insurance, all amounts deducted or withheld and not paid and remitted when due under the Income Tax Act (Canada), sales tax, goods and services tax, value added tax, harmonized tax, excise tax, tax payable pursuant to Part IX of the Excise Tax Act (Canada) or similar applicable provincial legislation, government royalties, amounts currently or past due and not paid for realty, municipal or similar taxes and all amounts currently or past due and not contributed, remitted or paid to any Plan or otherwise as required to be contributed pursuant to any applicable law relating to Plans, or any similar statutory or other claims that would have or would reasonably be expected to have priority over or *pari passu* with any Liens granted to any Agent in the future.

"**Canadian Pro Rata Share**" means at any time, with respect to any Canadian Revolving Lender, a fraction (expressed as a percentage), the numerator of which is the amount of the Canadian Revolving Credit Commitment of such Canadian Revolving Lender, and the denominator of which is the sum of the amount of all Canadian Revolving Credit Commitments at such time.

"**Canadian Qualified Lender**" means a Lender that certifies (whether pursuant to Section 2.21(e) or 10.7) that it is either (A) a financial institution that is listed on Schedule I, II, or III of the Bank Act (Canada) or (B) is not a foreign bank for purposes of the Bank Act (Canada), and in either event if such financial institution is not resident in Canada and is not deemed to be resident in Canada for

purposes of the Income Tax Act (Canada), that financial institution deals at arm's length with the Canadian Borrower for purposes of the Income Tax Act (Canada).

"**Canadian Revolving Credit Commitment**" shall have the meaning assigned to such term in Section 2.1(d).

"**Canadian Revolving Credit Exposure**" means, at any time and as to each Canadian Revolving Lender, the Dollar Equivalent sum of (a) the aggregate principal amount of the Canadian Revolving Credit Loans made by such Canadian Revolving Lender outstanding as of such date, plus (b) other than for purposes of Section 2.1(d) and 2.11(b) hereof, unless the Canadian Administrative Agent or the Required Lenders otherwise direct, the accrued and unpaid interest on the Canadian Revolving Credit Loans made by such Canadian Revolving Lender outstanding as of such date, plus (c) such Canadian Revolving Lender's Canadian Revolving Credit Percentage of the aggregate amount of Canadian Letter of Credit Liabilities as of such date, plus (d) such Canadian Revolving Lender's Canadian Revolving Credit Percentage of the Canadian Swingline Exposure as of such date, plus (e) such Canadian Revolving Lender's Canadian Revolving Credit Percentage of the aggregate principal amount of the Canadian Agent Advances as of such date.

"**Canadian Revolving Credit Loan**" shall have the meaning provided in Section 2.1(a).

"**Canadian Revolving Credit Notes**" means the promissory notes of the Canadian Borrower described in Section 2.5(b) payable to any Canadian Revolving Lender and being substantially in the form of Exhibit D1 and D-2, evidencing the Indebtedness of the Canadian Borrower (or other Canadian Credit Parties) to such Canadian Revolving Lender resulting from Canadian Revolving Credit Loans made by such Lender.

"**Canadian Revolving Credit Percentage**" means, as to any Canadian Revolving Lender, the percentage of the aggregate Canadian Revolving Credit Commitments constituted by its Canadian Revolving Credit Commitment (or, if the Canadian Revolving Credit Commitments have terminated or expired, the percentage which such Canadian Revolving Lender's Canadian Revolving Credit Exposure at such time constitutes of the Aggregate Canadian Revolving Credit Exposure at such time).

"**Canadian Revolving Lender**" means a Lender with a Canadian Revolving Credit Commitment.

"**Canadian Securities Pledge Agreement**" means that certain Canadian Securities Pledge Agreement dated as of the Closing Date and executed by the Canadian Credit Parties required by Canadian Administrative Agent in favor of the Canadian Administrative Agent providing for and constituting a first-priority Lien in favor of the Canadian Administrative Agent on the Collateral described therein, as amended, modified, renewed, supplemented or restated from time to time.

"**Canadian Security Agreement**" means that certain Canadian Security Agreement dated as of the Closing Date and executed by the Canadian Credit Parties required by Canadian Administrative Agent in favor of the Canadian Administrative Agent providing for and constituting a first-priority Lien in favor of the Canadian Administrative Agent on the Collateral described therein, as amended, modified, renewed, supplemented or restated from time to time.

"**Canadian Swingline Availability**" means, on any date, an amount equal to the remainder of (a) the Canadian Swingline Commitment minus (b) the Canadian Swingline Exposure on such date.

"**Canadian Swingline Commitment**" shall have the meaning assigned to such term in Section 2.1(f).

"**Canadian Swingline Exposure**" means, at any time, the aggregate principal amount of all Canadian Swingline Loans made to the Canadian Borrower outstanding at such time.

"**Canadian Swingline Lender**" means Bank of America — Canada Branch, in its capacity as lender of Canadian Swingline Loans hereunder.

"**Canadian Swingline Loans**" shall have the meaning assigned to such term in Section 2.1(a).

"**Capital Expenditures**" means, as to any Person for any period, all expenditures (whether paid in cash or accrued as a liability, including the portion of Capital Lease Obligations originally incurred during such period that is capitalized on the consolidated balance sheet of the Company) by such Person and its Subsidiaries during such period, that, in conformity with GAAP or IFRS, are included in "capital expenditures," "additions to property, plant or equipment" or comparable items in the consolidated financial statements of such Person, but excluding expenditures for the restoration, repair or replacement of any fixed or capital asset that was destroyed or damaged, in whole or in part, in an amount equal to any insurance proceeds received in connection with such destruction or damage.

"**Capital Lease Obligations**" means, as to any Person, the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and/or personal property which obligations are required to be classified and accounted for as a capital lease for financial reporting obligations in accordance with GAAP or IFRS on a balance sheet of such Person and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof at the time of determination.

"**Cash Management Agreement**" means any document, instrument, agreement, arrangement or transaction with respect to Cash Management Services, and includes any of the foregoing related to deposit accounts, overdraft protection or automated clearing house transactions or services provided from time to time

"**Cash Management Services**" means any services provided from time to time by any Lender or any of its Affiliates to any Borrower or Subsidiary in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automated clearinghouse, e-payable, electronic funds transfer, wire transfer, controlled disbursement, overdraft, depository, information reporting, lockbox and stop payment services.

"**CDOR Rate**" means, for the Interest Period of each B/A Loan, the rate of interest per annum equal to the annual rates applicable to C$ bankers' acceptances having an identical or comparable term as the proposed B/A Loan displayed and identified as such on the display referred to as the "CDOR Page" (or any display substituted therefor) of Reuter Monitor Money Rates Service as at approximately 10:00 a.m. (Toronto Time) on such day (or, if such day is not a Business Day, as of 10:00 a.m. (Toronto Time) on the immediately preceding Business Day), plus five (5) basis points, provided that if such rates do not appear on the CDOR Page at such time on such date, the rate for such date will be the annual discount rate (rounded upward to the nearest whole multiple of 1/100 of 1%) as of 10:00 a.m. (Toronto Time) on such day at which a Canadian chartered bank listed on Schedule 1 of the Bank Act (Canada) as selected by the Canadian Administrative Agent is then offering to purchase C$ bankers' acceptances

accepted by it having such specified term (or a term as closely as possible comparable to such specified term), plus five (5) basis points.

"**Change of Control**" means:

(1) (A) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that, for the purpose of this clause, such person or group shall be deemed to have "beneficial ownership" of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 35% of the total voting power of the Voting Stock of the Company (for the purposes of this clause, such person or group shall be deemed to beneficially own any Voting Stock of the Company held by a parent entity, if such person or group "beneficially owns" (as defined above), directly or indirectly, more than 35% of the voting power of the Voting Stock of such parent entity) and (B) the Permitted Holders "beneficially own" (as defined in Rules 13d-3 and 13d-5 of the Exchange Act), directly or indirectly, in the aggregate a lesser percentage of the total voting power of the Voting Stock of the Company than such other person or group and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of the Company (for the purposes of this clause, such other person or group shall be deemed to beneficially own any Voting Stock of a specified entity held by a parent entity, if such other person or group "beneficially owns" directly or indirectly, more than 35% of the voting power of the Voting Stock of such parent entity and the Permitted Holders "beneficially own" directly or indirectly, in the aggregate a lesser percentage of the voting power of the Voting Stock of such parent entity and do not have the right or ability by voting power, contract or otherwise to elect or designate for election a majority of the Board of Directors of such parent entity); or

(2) during any period of two consecutive years, individuals who at the beginning of such period constituted the Board of Directors of the Company (together with any new directors whose election by such Board of Directors of the Company or whose nomination for election by the shareholders of the Company was approved by a vote of a majority of the directors of the Company then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors of the Company then in office; or

(3) the sale, lease, transfer, conveyance or other disposition, other than by way of a merger, amalgamation or consolidation permitted by Section 7.4, in one or a series of related transactions, of all or substantially all of the assets of the Company and the other Credit Parties taken as a whole to any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) other than a Permitted Holder; or

(4) the adoption by the stockholders of the Company of a plan or proposal for the liquidation or dissolution of the Company; or

(5) if any US Borrower or the Canadian Borrower (other than the Company) ceases to be, directly or indirectly, a wholly owned Subsidiary of the Company, other than by way of a merger, amalgamation, consolidation, sale or other disposition permitted by Section 7.4.

"**chattel paper**" has the meaning given to such term in Section 9-102(a)(11) of the UCC or Section 1 of the PPSA, as applicable.

"**Closing Date**" means December 21, 2009.

"**Code**" means the Internal Revenue Code of 1986, as amended, and any successor statute.

"**Collateral**" means the Credit Parties' Properties described in and subject to the Liens, privileges, priorities and security interests purported to be created by any Security Instrument.

"**Collateral Agent**" means each of Bank of America, and General Electric Capital Corporation, acting in the capacities and to the extent described in Article 9, and any successor to Bank of America or General Electric Capital Corporation, acting in such capacities.

"**Collateral Report**" has the meaning given to such term in Section 6.9.

"**Combined Interests**" means, in the case of any Revolving Lender, and its Related Affiliate, the aggregate amount of Revolving Credit Commitments of such Persons.

"**Combined Revolving Credit Commitment**" means, for any Revolving Lender, the aggregate amount of such Revolving Lender's US Revolving Credit Commitments and Canadian Revolving Credit Commitments, and for purposes of this definition, a Revolving Lender and its Related Affiliate shall be deemed to be one and the same Revolving Lender.

"**Commitment**" means any US Revolving Credit Commitment, US Swingline Commitment, Canadian Revolving Credit Commitment or Canadian Swingline Commitment and "**Commitments**" means all such Commitments collectively.

"**Commitment Increase**" shall have the meaning given to such term in Section 2.1(h).

"**Commitment Increase Acceptance Deadline**" shall have the meaning given to such term in Section 2.1(h).

"**Commitment Increase Effective Date**" shall have the meaning given to such term in Section 2.1(h).

"**Commitment Increase Notice**" shall have the meaning given to such term in Section 2.1(h).

"**Company**" shall have the meaning set forth in the initial paragraph hereof.

"**Consolidated Net Income**" means, for any period, the net income (loss) of the Company and the other consolidated Credit Parties determined in accordance with GAAP or IFRS and the net income (loss) associated with the Company's or any consolidated Credit Party's direct or indirect interest in the Gallatin Steel Company; provided, however, that there will not be included in such Consolidated Net Income:

(1) any net income (loss) of any Person if such Person is not the Company or another Credit Party, except that:

(A) subject to the limitations contained in clause (3) below, the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or another Credit Party as a dividend or other distribution (subject, in the case of a dividend or other

distribution to another Credit Party, to the limitations contained in clause (2) below); and

(B) the Company's equity in a net loss of any such Person (other than another Credit Party) for such period will be included in determining such Consolidated Net Income to the extent such loss has been funded with cash from the Company or another Credit Party;

(2) any net income (but not loss) of any Credit Party (other than the Company) if such Credit Party is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Credit Party, directly or indirectly, to the Company, except that the Company's equity in a net loss of any such Credit Party for such period will be included in determining such Consolidated Net Income;

(3) any gain (loss) realized upon the sale or other disposition of any property, plant or equipment of the Company or the other consolidated Credit Parties (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business;

(4) any extraordinary gain or loss;

(5) the cumulative effect of a change in accounting principles; and

(6) any one time expenses (including non-cash charges) relating to the write-off of deferred financing costs incurred in connection with the transactions contemplated by this Agreement.

"**Consolidated Recycling**" shall have the meaning set forth in the initial paragraph hereof.

"**Contingent Obligation**" shall mean, as to any Person, any obligation, agreement, understanding or arrangement of such Person guaranteeing or intended to guarantee any Indebtedness or other obligations ("primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly.

"**Credit Parties**" means the Company and each of its Subsidiaries (other than Pacific Coast Steel and Pinnacle Data International LLC, (unless such entities are joined as US Credit Parties at the option of Borrower Agent when 100% of the equity interests of Pacific Coast Steel have been acquired by the Credit Parties pursuant to the terms of this Agreement), Acierco S.A., Goldmarsh Enterprises, Germarsh, C-SBP, 351 South Wyatt, LLC (subject to dissolution on or before March 31, 2010) and PASUG LLC (subject to dissolution on or before March 31, 2010), collectively, and "Credit Party" means any such Person individually.

"**C-SBP**" means Co-Steel Benefit Plans, Inc., an Ontario corporation.

"**Current Appraisal**" means the appraisal of the Borrowers' (and Canadian Borrowing Base Parties') inventory provided to the Administrative Agent prior to the Closing Date or, in the case of appraisals of the Borrowers' (and Canadian Borrowing Base Parties') inventory provided to the Administrative Agent after the Closing Date, the most recent appraisal provided to the Administrative Agent in accordance with Section 2.29 or 6.10(n).

"**Current Information**" means, as of any day, the financial statements and other related information for any period most recently required to be delivered to the Administrative Agent pursuant to Section 6.10(a), Section 6.10(b), Section 6.10(c), and Section 6.10(d).

"**Dated Assets**" has the meaning assigned to such term in Section 2.25(c) hereof.

"**Dated Liabilities**" has the meaning assigned to such term in Section 2.25(c) hereof.

"**Default**" means an Event of Default or any condition or event which, with notice or lapse of time or both, would constitute an Event of Default.

"**Defaulting Lender**" means any Lender that (a) fails to make any payment or provide funds to the Administrative Agent or the Canadian Administrative Agent or to any Borrower as required hereunder or fails otherwise to perform its obligations under any Financing Document, and such failure is not cured within one (1) Business Day, or (b) is the subject of any bankruptcy or any insolvency proceeding; provided that, solely for the purpose of determining a Lender's right to vote on matters relating the Financing Documents and to share in payments, fees and Collateral proceeds thereunder, a Lender shall not be deemed to be a "**Defaulting Lender**" on any date of determination unless it has failed to make any payment or provide funds to the Administrative Agent or the Canadian Administrative Agent or to any Borrower as required hereunder or failed otherwise to perform its obligations under any Financing Document and such failure has not been cured on or before such date of determination.

"**Designated Obligations**" means all Lender Indebtedness of the Borrowers with respect to (a) principal and interest under the US Revolving Credit Loans, Canadian Credit Revolving Loans, Swingline Loans, and Agent Advances, (b) unreimbursed drawings under Letters of Credit and interest thereon, and (c) fees under Section 2.13.

"**Dilution**" means a reduction as determined by the Administrative Agent or the Canadian Administrative Agent, in its reasonable discretion, in the value of accounts caused by returns, allowances, discounts, credits, and/or any other offsets asserted by customers or granted by any Borrower having the effect of reducing the collections of accounts.

"**Disbursement Account**" means, in respect of each Borrower, the account at the Payment Office of the Administrative Agent or the Canadian Administrative Agent, as applicable, which such Borrower has designated for purposes of receiving deposits of the proceeds of Loans and other amounts directed to be deposited therein pursuant to Section 2.4(b) or Section 2.4(c), as applicable.

"**Documentary Letter of Credit**" means a Letter of Credit issued pursuant to this Agreement that supports payment or performance for a single identified purchase or exchange of products in the ordinary course of business of the Borrowers.

"**Dollar**" and the sign "**$**," without the letter "C" before it, means lawful money of the United States of America.

"**Dollar Denominated Loans**" means US Revolving Credit Loans, any Canadian Revolving Credit Loans which are denominated in Dollars, and any Swingline Loans which are denominated in Dollars.

"**Dollar Equivalent**" means, on any date of determination, with respect to any amount expressed in C$, the amount of Dollars that may be purchased with such amount of C$ at the Spot Exchange Rate on such date.

"**Dominion Excess Availability Requirement**" means, on any date of determination, an amount equal to the greater of (i) $100,000,000 or (ii) 15% of the aggregate Revolving Credit Commitments.

"**Eastern Time**" means, unless otherwise indicated, the time of day in Atlanta, Georgia.

"**EBITDA**" means, as to the Company for any period, without duplication, the amount equal to the following calculated for the Company, its wholly owned consolidated Subsidiaries and its other Subsidiaries (but the earnings of such other Subsidiaries shall only be included to the extent of cash actually received by the Company or one of its wholly owned Subsidiaries) on a consolidated basis: Consolidated Net Income, plus to the extent deducted from Consolidated Net Income, Interest Expense, depreciation, amortization, impairment charges under FAS 142 or IFRS and applicable accounting standards, income and franchise tax expenses and other non-cash charges which do not and will not result in a cash outlay in such period or any subsequent period, minus, without duplication, cash expenditures in such period in respect of any non-cash charges taken in any previous period; provided that extraordinary gains or losses for any such period, including gains or losses on the disposition of assets, shall not be included in EBITDA.

"**Eligible Account**" means, at any time with respect to any Canadian Borrowing Base Party or any US Borrower, the invoice amount, net of all goods and services taxes, harmonized taxes and sales taxes (which shall be the Dollar Equivalent at such time of any amount denominated in C$) owing on each account of such Canadian Borrowing Base Party or US Borrower (net of any credit balance, returns, trade discounts, unapplied cash, unbilled amounts or retention or finance charges) which meet such standards of eligibility as the Administrative Agent or the Canadian Administrative Agent shall establish from time to time in its reasonable discretion; provided that, no account shall be deemed an Eligible Account unless each of the following statements is accurate (and the Borrowers by including such account in any computation of the applicable Borrowing Base shall be deemed to represent and warrant to the Administrative Agent, each Issuing Bank and the Lenders the accuracy of such statements):

(1) Such account is a binding and valid obligation of the obligor thereon and is in full force and effect;

(2) Such account is evidenced by an invoice;

(3) Such account is genuine as appearing on its face or as represented in the books and records of the Person;

(4) Such account is free from claims regarding rescission, cancellation or avoidance, whether by operation of law or otherwise;

(5) Payment of such account is less than ninety (90) days past the original invoice date thereof and less than sixty (60) days past the original due date thereof;

(6) Such account is net of concessions, offset, deduction, contras, chargebacks or understandings with the obligor thereon that in any way could reasonably be expected to adversely affect the payment of, or the amount of, such account;

(7) The Administrative Agent, or the Canadian Administrative Agent, as the case may be, on behalf of the applicable Secured Parties, has a first-priority perfected Lien covering such account and such account is, and at all times will be, free and clear of all other Liens other than Permitted Liens under Section 7.3(c) or 7.3(d), subject to Availability Reserves in respect of such Permitted Liens;

(8) The obligor on such account is not (a) an Affiliate of any Credit Party, or (b) an employee of any Credit Party;

(9) Such account arose in the ordinary course of business of the applicable Borrower (or Canadian Borrowing Base Party) out of the sale of goods or services by such Borrower (or Canadian Borrowing Base Party);

(10) Such account is not payable by an obligor who is more than ninety (90) days past the original invoice date thereof or more than sixty (60) days past the original due date thereof with regard to 50% or more of the aggregate accounts owed to the Borrowers by such obligor and all of its Affiliates;

(11) All consents, licenses, approvals or authorizations of, or registrations or declarations with, any Governmental Authority required to be obtained, effected or given in connection with the execution, delivery and performance of such account by each party obligated thereunder, or in connection with the enforcement and collection thereof by the Administrative Agent or the Canadian Administrative Agent, have been duly obtained, effected or given and are in full force and effect;

(12) The obligor on such account is not an individual, and is not the subject of any bankruptcy or insolvency proceeding, does not have a trustee or receiver appointed for all or a substantial part of its property, has not made an assignment for the benefit of creditors, admitted its inability to pay its debts as they mature or suspended its business, and the Administrative Agent and the Canadian Administrative Agent, in their reasonable discretion, are otherwise satisfied with the credit standing of such obligor;

(13) The obligor of such account is organized and existing under the laws of the United States of America or a State thereof or the federal laws of Canada, a province or territory thereof, or if the obligor is not so organized and existing, such account is covered under letters of credit or export/import insurance reasonably satisfactory to the Administrative Agent and which has been collaterally assigned or hypothecated to the Administrative Agent or the Canadian Administrative Agent on terms reasonably satisfactory to the Administrative Agent;

(14) The obligor of such account is not a state, commonwealth, provincial, federal, foreign, territorial, or other court or governmental department, commission, board, bureau, agency or instrumentality other than the federal government of the United States of America, the federal government of Canada or the government of any province or territory of Canada or political subdivision thereof, and then only to the extent that such Person has complied in all respects with the relevant provisions of the Federal Assignment of Claims Act of 1940 (for a US account debtor) or the Financial Administration Act (Canada) or similar provincial or territorial legislation or municipal ordinance of similar purpose (for a Canadian account debtor);

(15) In the case of the sale of goods, the subject goods have been completed, sold and shipped, on a true sale basis on open account, or subject to contract, and not on consignment, on approval, on a "sale or return" basis, or on a "bill and hold" or "pre-sale" basis or subject to any other repurchase or return agreement; no material part of the subject goods has been returned, rejected, lost or damaged; and such account is not evidenced by chattel paper or a promissory note or an instrument of any kind;

(16) Each of the representations and warranties set forth herein and in the Security Instruments with respect to such account is true and correct on such date;

(17) A check, promissory note, draft, trade acceptance or other instrument has not been received with respect to such account (or with respect to any other account due from the same account debtor), presented for payment and returned uncollected for any reason;

(18) Such account is not in respect of a volume rebate or tooling account receivable;

(19) If such account arises in connection with any contract or project under which the applicable Borrower's obligations are covered in whole or in part by a performance, surety or other similar bond, the applicable Agent shall have received a duly executed subordination agreement from the bonding company in form and substance acceptable to such Agent; and

(20) The Administrative Agent or the Canadian Administrative Agent, as applicable, does not believe, in the exercise of its reasonable discretion, that the prospect of collection of such account is impaired or that the account may not be paid because of the account debtor's inability to pay;

provided that, if any Eligible Account, when added to all other accounts that are obligations of the same obligor and its Affiliates, results in a total sum that exceeds 10% of the total balance then due on all Eligible Accounts owed to the Borrowers (without giving effect to any reduction in Eligible Accounts pursuant to this proviso), unless the accounts of such obligors or group of Affiliated obligors are insured pursuant to credit insurance acceptable to the Administrative Agent or the Canadian Administrative Agent (as applicable) which has been collaterally assigned or hypothecated to the Administrative Agent or the Canadian Administrative Agent (as applicable) on terms reasonably satisfactory to the Administrative Agent, the amount of such accounts in excess of 10% of such total balance then due shall be excluded from Eligible Accounts of the Borrowers to whom such accounts are owed; provided that, if such accounts of such obligor (or group of Affiliated obligors) are owed to both the US Borrowers and the Canadian Borrowing Base Parties, such excess amount shall be excluded from the Eligible Accounts of the Canadian Borrowing Base Parties and the US Borrowers in the same proportion as all amounts from such obligor are owed to the Canadian Borrowing Base Parties and the US Borrowers. Any standards of eligibility established by the Administrative Agent or the Canadian Administrative Agent in addition to those enumerated above shall not become effective until the third (3rd) Business Day following written notice of the establishment of such new standard of eligibility has been given by the Administrative Agent or the Canadian Administrative Agent to the Borrower Agent provided, that unless Borrowers elect to waive such three (3) Business Day period, no Borrowings shall be permitted by Borrowers during such three (3) Business Day period; and provided, further, that at any time that a Default exists, neither written notice nor the expiration of any time period shall be required before any Agent may establish a new standard of eligibility.

"**Eligible Account Advance Percentage**" means 85%.

"**Eligible Institution**" means an association or a corporation that is (a) organized and doing business under the laws of Canada or any province thereof, or the United States of America or any State thereof or the District of Columbia, (b) authorized under such laws to accept deposits and otherwise carry on the business of banking, (c) has a combined capital and surplus of at least $250,000,000, (d) is subject to supervision or examination by federal or state banking authority, and (e) is an entity with a credit rating of at least "A" by Standard & Poor's Ratings Services, the equivalent thereof by Moody's Investors Service, Inc. or "AA(low)" by Dominion Bond Rating Service Limited.

"**Eligible Inventory**" means, at any time with respect to any Canadian Borrowing Base Party or any US Borrower, all inventory of such Borrower valued in Dollars on a lower of cost (on either a first-in, first out basis or an average cost basis and excluding any component of cost representing intercompany profit in the case of inventory acquired from an Affiliate) or market basis in accordance

with GAAP or IFRS, with detailed calculations of lower of cost or market to occur on at least a monthly basis, which meet such standards of eligibility as the Administrative Agent or the Canadian Administrative Agent shall establish from time to time in its reasonable discretion; provided that no inventory shall be deemed Eligible Inventory unless each of the following statements is accurate (and the Borrowers (or Canadian Borrowing Base Parties) by including such inventory in any computation of the applicable Borrowing Base shall be deemed to represent and warrant to the Administrative Agent, each Issuing Bank and the Lenders the accuracy of such statements):

(1) Such inventory is in good condition, merchantable, meets all standards imposed by any Governmental Authority having regulatory authority over it or its use and/or sale and is not obsolete and is either currently usable or currently salable in the normal course of business of such Person;

(2) Such inventory is either (a) in possession of such Person and (1) located on Real Property owned or leased by such Person, and (2) within the United States or Canada (provided that if such inventory is located on Real Property leased by such Person, the landlord of such Real Property shall have executed and delivered to the Administrative Agent or the Canadian Administrative Agent, as applicable, a Landlord Waiver Agreement) or (b) in the possession of a Bailee and such Bailee shall have executed and delivered to the Administrative Agent or the Canadian Administrative Agent, as applicable, a Bailee Letter or (c) in transit in Canada (provided that the Canadian jurisdiction in question is a jurisdiction where the Liens of the Canadian Administrative Agent and the Administrative Agent in such inventory are validly perfected first-priority Liens) or the United States and between Credit Parties, and upon arrival at its destination, will comply with either paragraph (a)(1) or (a)(2) above;

(3) Each of the representations and warranties set forth in the Security Instruments with respect to such inventory is true and correct on such date;

(4) The Administrative Agent or the Canadian Administrative Agent, as the case may be, on behalf of the applicable Secured Parties, has a first-priority perfected Lien covering such inventory, and such inventory is, and at all times will be, free and clear of all Liens other than Permitted Liens under Section 7.3(c) or 7.3(d), subject to Availability Reserves in respect of such Permitted Liens;

(5) Such inventory does not include goods that are not owned by such Borrower, that are held by such Borrower pursuant to a consignment agreement or which have been sold by such Borrower on a bill and hold basis;

(6) Such inventory is not subject to repossession under the Bankruptcy and Insolvency Act (Canada) or other applicable law, except to the extent the applicable vendor has entered into an agreement with the Canadian Administrative Agent waiving its right to repossession, which agreement shall be acceptable to the Canadian Administrative Agent;

(7) Such inventory does not consist of store room materials, supplies, parts, samples, prototypes, or packing and shipping materials, but may consist of billets;

(8) Such inventory does not consist of goods that are obsolete, slow-moving or returned or repossessed or used goods taken in trade;

(9) Any portion of the value of such inventory which results from a profit or gain resulting from an inter-company sale or other disposition of such inventory shall be excluded;

(10) Any “seconds” or scrap inventory shall be valued at scrap value;

(11) Such inventory is not evidenced by negotiable documents of title unless delivered to the Administrative Agent or the Canadian Administrative Agent, as applicable, with endorsements reasonably acceptable to the Administrative Agent;

(12) Such inventory does not constitute Hazardous Materials;

(13) Such inventory is covered by casualty insurance; and

(14) The Administrative Agent or the Canadian Administrative Agent, as applicable, has not determined in its reasonable discretion that it may not sell or otherwise dispose of such inventory in accordance with the terms of the applicable Security Instruments without infringing upon the rights of another Person or violating any contract with any other Person.

Any standards of eligibility established by the Administrative Agent or the Canadian Administrative Agent in addition to those enumerated above shall not become effective until the third (3rd) Business Day following written notice of the establishment of such new standard of eligibility has been given by the Administrative Agent or the Canadian Administrative Agent to the Borrower Agent provided, that unless Borrowers elect to waive such three (3) Business Day period, no Borrowings shall be permitted by Borrowers during such three (3) Business Day period; and provided, further, that at any time that a Default exists, neither written notice nor the expiration of any time period shall be required before any Agent may establish a new standard of eligibility.

"**Eligible Inventory Advance Percentage**" means 65%.

"**Environmental Laws**" means all federal, provincial, local or foreign laws, rules, regulations, treaties, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, whether or not having the force of law (but in the case of any such matter not having the force of law, responsible companies would customarily comply with such matter), relating in any way to the environment, preservation or reclamation of natural resources, the generation, use, handling, collection, treatment, storage, transportation, recovery, recycling, release, threatened release or disposal of any Hazardous Material, or to health and safety matters.

"**Equity**" means shares of capital stock or a partnership, profits, capital or member interest, or options, warrants, rights to purchase, participation rights or any other right to substitute for or otherwise acquire the capital stock or a partnership, profits, capital or member interest however designated, and whether voting or non-voting, of any Credit Party and shall expressly include all "stock appreciation rights", "phantom stock", "profit participations" and other similar interests.

"**Equity Distribution**" shall have the meaning provided in Section 7.5.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute.

"**ERISA Affiliate**" means each trade or business (whether or not incorporated) under common control with any Borrower or any subsidiary thereof within the meaning of Section 414(b) or (c) of the Code and Sections 414(m) and (o) of the Code for purpose of provisions relating to Section 412 of the Code.

"**ERISA Event**" shall mean any of the following: (a) any "reportable event," as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event

for which the thirty (30) day notice period is waived); (b) the incurrence by any Borrower or an ERISA Affiliate of any liability with respect to a withdrawal by any Borrower or any ERISA Affiliate from a Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) the incurrence by any Borrower or any ERISA Affiliate of any liability with respect to a complete or partial withdrawal by any Borrower or any ERISA Affiliate from a "multiemployer plan" (as defined in Section 3(37) or 4001(a)(3) of ERISA) or the receipt by any Borrower or an ERISA Affiliate of notification that such a multiemployer plan is in reorganization or insolvent; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Plan or multiemployer plan (as defined above); (e) an event or condition that constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan or multiemployer plan (as defined above); (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon Borrower or any ERISA Affiliate; (g) any Plan's failure to satisfy the minimum funding standard applicable to the Plan for a plan year (as defined in Section 412(a) of the Code or Section 302(a) of ERISA), whether or not waived; or (h) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard applicable with respect to any Plan; and, as regards any Canadian Credit Party, means (a) the whole or partial withdrawal of any Canadian Credit Party from a Plan during a plan year; or (b) the filing of a notice of intent to terminate in whole or in part a Plan or the treatment of a Plan amendment as a termination or partial termination; or (c) the institution of proceedings by any Governmental Authority to terminate in whole or in part or have a trustee appointed to administer a Plan; or (d) any other event or condition which might constitute grounds for the termination of, winding up or partial termination or winding up or the appointment of a trustee to administer.

"**Event of Default**" shall have the meaning provided in Article 8.

"**Excess Availability**" means, as of any date, the sum of (a) the Canadian Excess Availability as of such date, and (b) the US Excess Availability as of such date.

"**Exchange Act**" means the United States Securities Exchange Act of 1934.

"**Excluded Taxes**" means, with respect to any Indemnitee or any other recipient of any payment to be made by or on account of any obligation of any Borrower hereunder, income or franchise taxes imposed on (or measured by) such Indemnitee's net income by the United States of America or Canada, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located. Notwithstanding the foregoing, "**Excluded Taxes**" shall not include any Taxes imposed by means of withholding on or with respect to any payments made by any Borrower pursuant to the Financing Documents, except to the extent: (i) that withholding taxes would not have been imposed with respect to a Lender but for any failure of such Lender (after timely written notice from the Company accompanied by a draft form of any such requirement prepared by the Company at the Company's expense not earlier than ninety (90) days prior to a due date thereof) to comply with certification, information, documentation, reporting or other similar requirements concerning the nationality, residence, identity, connection with the jurisdiction imposing such withholding taxes or any other matters (including the delivery by a US Lender of Internal Revenue Service Form W-8BEN, W-8IMY or Form W-8ECI (or any substitute form)) that is required by law as a condition to exemption or the relief from, or reduction of, such withholding tax; or (ii) that such taxes solely relate to any certification of the applicable Lender as a Canadian Qualified Lender or Exempt US Lender, as applicable, that is or becomes incorrect other than as a result of a change in Tax law, the Treaty (or its interpretation) or administrative practice of a tax authority, a change in any Borrower, or any other change not directly caused by the applicable Lender (in

any such case the fact that the certification of a Lender became incorrect shall not result in any Taxes becoming Excluded Taxes). Notwithstanding anything to the contrary in this Agreement, "**Excluded Taxes**" shall specifically not include any Taxes imposed by withholding on or with respect to any payments made by a Borrower pursuant to the Financing Documents (1) to a Person that became a Lender at a time when an Event of Default existed, regardless of whether an Event of Default exists at the time any such payment is made, or (2) to a Lender at a time when an Event of Default has occurred and is continuing (in either of which cases the fact that any certification of a Lender is incorrect shall not result in any Taxes becoming Excluded Taxes).

"**Executive Order No. 13224**" means Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, as the same has been, or shall hereafter be, renewed, extended, amended or replaced.

"**Exempt US Lender**" means a Lender that certifies (whether pursuant to Section 2.21(e) or 10.7) that (a) such Lender is a "United States person" as that term is defined in Section 7701 of the Code; (b) such Lender is not a "United States person" as that term is defined in Section 7701 of the Code and all amounts payable to such Lender hereunder are effectively connected with the conduct of its trade or business within the United States; or (c) such Lender (or if such Lender is a "flow-through entity" within the meaning of United States Treasury Regulation Section 1.1441-1(c)(23), each of its beneficial owners and/or interest holders) (A) meets all the requirements under Code Section 871(h)(3) or Code Section 881(c)(3) or an applicable income tax treaty between the United States and such Lender's jurisdiction to be eligible for a complete exemption from withholding of United States taxes under Code Section 1441 or Code Section 1442 on interest payments made to it hereunder and (B) is a Person as to whom the US Revolving Credit Loan commitment fees are not subject to U.S. federal income taxation under an applicable income tax treaty.

"**Federal Funds Effective Rate**" means (a) the weighted average of interest rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on the applicable Business Day (or on the preceding Business Day, if the applicable day is not a Business Day), as published by the Federal Reserve Bank of New York on the next Business Day; or (b) if no such rate is published on the next Business Day, the average rate (rounded up, if necessary, to the nearest 1/8 of 1%) charged to Bank of America on the applicable day on such transactions, as determined by the Administrative Agent.

"**Fee Letter**" means (a) the letter agreement, dated the Closing Date, regarding fees payable by the US Borrowers to the Administrative Agent and by the Canadian Borrower to the Canadian Administrative Agent and (b) the letter agreement, dated the Closing Date, regarding fees payable by the US Borrowers and/or the Canadian Borrower to General Electric Capital Corporation, as Collateral Agent.

"**Financial Statements**" means the audited consolidated financial statements for the Fiscal Year ended December 31, 2008, and the unaudited consolidated financial statements for the Fiscal Quarters ended March 31, June 30 and September 30, 2009.

"**Financial Covenant Excess Availability Requirement**" means, on any date of determination, an amount equal to the greater of (i) $75,000,000 or (ii) 12.5% of the aggregate Revolving Credit Commitments.

"**Financing Documents**" means this Agreement, the Notes, the Security Instruments, the Applications, Borrowing Requests, Borrowing Base Reports, the Fee Letter, and the other documents, instruments or agreements described in Section 3.1 and Section 3.2 (other than the documents,

instruments or agreements described in Section 3.1(e), Section 3.1(f)(2), Section 3.1(f)(3), Section 3.1(i) or Section 3.1(j)), together with any other document, instrument or agreement (other than participation, agency or similar agreements among the Lenders or between any Lender and any other bank or creditor with respect to any indebtedness or obligations of the Company or any Credit Party hereunder or thereunder) now or hereafter entered into by a Credit Party in connection with the Loans, the Lender Indebtedness or the Collateral, as such documents, instruments or agreements may be amended, modified or supplemented from time to time.

"**Finco**" means GNA Financing Inc., a Delaware corporation.

"**Finco Preferred Equity**" means shares of preferred stock issued by GUSA.

"**Fiscal Quarter**" means the fiscal quarter of the Company and each of the Borrowers, ending on the last day of each of March, June, September and December of each year.

"**Fiscal Year**" means the fiscal year of the Company and each of the Borrowers, ending on the last day of December of each year.

"**Fixed Charge Coverage Ratio**" means, as to the Company and the other Credit Parties on a consolidated basis, determined for any period, the ratio of (a) EBITDA for such period minus Capital Expenditures made during such period (other than Capital Expenditures made during such period which are financed, within ninety (90) days of such Capital Expenditures, by one or more contributions of Equity or by Indebtedness permitted by any of Sections 7.2(g), (j), (k), (m) or (t)), to (b) the sum of (1) scheduled principal payments on Funded Indebtedness during such period, and any prepayment during such period of Indebtedness plus (2) Adjusted Interest Expense for such period, plus (3) cash taxes paid during such period, plus (4) Equity Distributions paid by the Company during such period (other than payments or distributions made in the ordinary course of business on account of "stock appreciation rights", "phantom stock", "profit participations" and other similar interests to the extent deducted in computing EBITDA), plus (5) the amount by which cash pension payments during such period exceeds pension accruals during such period.

"**Funded Indebtedness**" means, as to any Person, without duplication, all Indebtedness for borrowed money, all obligations evidenced by bonds, debentures, notes, or other similar instruments, all Capital Lease Obligations, and all guaranties of Funded Indebtedness of other Persons.

"**GAAP**" means generally accepted accounting principles in the United States of America as in effect from time to time (consistently applied), including those set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as approved by a significant segment of the accounting profession. All ratios and computations based on GAAP contained in this Agreement will be computed in conformity with GAAP.

"**GANS**" means GANS LLC, a Delaware limited liability company.

"**Governmental Authority**" means any federal, state, provincial, territorial, county, city, municipal or other political subdivision or government, department, commission, board, bureau, court, agency or any other instrumentality of any of them, which exercises jurisdiction over any Credit Party or any Property (including the use and/or sale thereof) of any Credit Party.

"**Governmental Requirement**" means any law, statute, code, ordinance, order, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, authorization or other direction or requirement (including any of the foregoing which relate to Environmental Laws, energy regulations and occupational, safety and health standards or controls) of any Governmental Authority, whether or not having the force of law (but in the case of any such matter not having the force of law, only to the extent responsible companies would customarily comply with such matter).

"**Guarantees**" means the Canadian Guarantee and the US Guaranty.

"**GUSA**" means Gerdau USA Inc., a Delaware corporation.

"**GUSA Guarantee**" means GUSA's guarantee in favor of 3100361 Nova Scotia Company, a Nova Scotia unlimited liability company (or any transferee of the Finco Preferred Equity) in respect of the distributions or dividends payable by Finco with respect to the Finco Preferred Equity.

"**Hazardous Materials**" means any substance, product, liquid, waste, pollutant, chemical, contaminant, insecticide, pesticide, gaseous or solid matter, organic or inorganic matter, fuel, micro-organism, ray, odor, radiation, energy, vector, plasma, constituent or material which (a) is or becomes listed, regulated or addressed under any Environmental Law, or (b) is, or is deemed to be, alone or in any combination, hazardous, hazardous waste, toxic, a pollutant, a deleterious substance, a contaminant or a source of pollution or contamination under any Environmental Law, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"**Highest Lawful Rate**" means, with respect to each Lender, the maximum non-usurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Notes or on other Lender Indebtedness, as the case may be, owed to it under the law of any jurisdiction whose laws may be mandatorily applicable to such Lender.

"**Hostile Acquisition**" means a proposed Acquisition by a Credit Party in circumstances in which the Person subject to such Acquisition shall not have evidenced its agreement or agreement in principle to such Acquisition by means of (i) a definitive agreement of purchase and sale, or (ii) a letter of intent in respect thereof.

"**IFRS**" means the International Financial Reporting Standards adopted by the International Accounting Standards Board as in effect from time to time, consistently applied. All ratios and computations based on IFRS contained in this Agreement will be computed in conformity with IFRS.

"**Indebtedness**" of any Person means, without duplication:

(a) all obligations of such Person for borrowed money and obligations evidenced by bonds, debentures (including convertible debentures), notes or other similar instruments;

(b) all obligations of such Person (whether contingent or otherwise) in respect of bankers' acceptances, letters of credit, surety or other bonds and similar instruments;

(c) all obligations of such Person to pay the deferred purchase price of Property or services (other than for borrowed money);

(d) all Capital Lease Obligations in respect of which such Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person otherwise assures a creditor against loss;

(e) all guaranties (direct or indirect), and other contingent obligations of such Person in respect of, or obligations to purchase or otherwise acquire or to assure payment of, Indebtedness of other Persons;

(f) Indebtedness of others secured by any Lien upon Property owned by such Person, whether or not assumed;

(g) all obligations or undertakings of such Person to maintain or cause to be maintained the financial position or financial covenants of other Persons;

(h) the net amount of obligations (measured on a mark-to-market basis) of such Person under agreements of the types described in the definition of Swap Agreements; and

(i) any "synthetic lease", "tax retained operating lease" or similar lease financing arrangements under which the tenant is treated as the owner of property for tax purposes but such lease is treated as an operating lease in accordance with GAAP or IFRS.

"**Indemnified Taxes**" means Taxes other than Excluded Taxes.

"**Indemnitee**" means each Agent, Collateral Agent, Lender, and Issuing Bank (as the case may be).

"**Interest Expense**" means, as to any Person for any period, without duplication, total interest expenses, whether paid or accrued as liabilities (including the interest component of Capital Lease Obligations), with respect to all outstanding Indebtedness, including, without limitation, all commissions, discounts and other fees and charges owed with respect to any financing or letters of credit and net costs under any Swap Agreement to the extent that such costs are included within interest expense in the Company's financial statements prepared in accordance with GAAP or IFRS; provided that "**Interest Expense**" shall not include any one time expenses (including non-cash charges) relating to the write-off of deferred financing costs in connection with the transactions contemplated by this Agreement.

"**Interest Period**" means, with respect to each Borrowing of LIBOR Loans or B/A Loans, an interest period complying with Section 2.7.

"**inventory**" has the meaning given to such term in Section 9-102(a)(48) of the UCC or Section 1 of the PPSA, as applicable.

"**Investment**" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan (other than advances or extensions of credit to customers in the ordinary course of business) or other extensions of credit (including by way of guarantee or similar arrangement, but excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or any purchase or acquisition of Equity, bonds, notes, debentures or other similar instruments issued by, such other Person and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP or IFRS; provided that none of the following will be deemed to be an Investment:

(1) obligations under Swap Agreements entered into in the ordinary course of business and in compliance with this Agreement; and

(2) endorsements of negotiable instruments and documents in the ordinary course of business.

"**Issuing Bank**" means (a) for each US Letter of Credit, the Lender or Lenders (or an Affiliate thereof) designated by the Borrower Agent and approved in writing by such Lender (or Affiliate) and the Administrative Agent (such approval by the Administrative Agent not to be unreasonably withheld) as the issuing bank for US Letters of Credit hereunder and (b) for each Canadian Letter of Credit, the Lender or Lenders (or an Affiliate thereof) designated by the Borrower Agent and approved in writing by such Lender (or Affiliate) and the Canadian Administrative Agent (such approval by the Canadian Administrative Agent not to be unreasonably withheld) as the issuing bank for Canadian Letters of Credit hereunder.

"**Landlord Waiver Agreement**" means an agreement executed and delivered by any landlord of Real Property leased by any Borrower pursuant to which such landlord subordinates or waives all of its Liens to the Liens of the Administrative Agent or the Canadian Administrative Agent (as applicable) in the Property of such Borrower located on the leased Real Property.

"**L/C Cover**", when required by this Agreement for Letter of Credit Liabilities of an Account Party, shall be effected by paying to the Administrative Agent in the case of US Letter of Credit Liabilities or the Canadian Administrative Agent in the case of Canadian Letter of Credit Liabilities, in immediately available funds, to be held by the Administrative Agent or the Canadian Administrative Agent, as applicable, in a collateral account maintained by the Administrative Agent or the Canadian Administrative Agent, as applicable, and which accounts shall be under the sole dominion and control of, the Administrative Agent or the Canadian Administrative Agent, as applicable, and collaterally assigned as security pursuant to the Financing Documents, an amount equal to 105% of the maximum amount of each applicable Letter of Credit issued for the account of such account party which is available for drawing at any time. Such amount shall be retained by the Administrative Agent or the Canadian Administrative Agent, as applicable, in such collateral account until such time as the applicable Letter of Credit shall have expired and the Reimbursement Obligations, if any, with respect thereto shall have been fully satisfied.

"**Lender**" and "**Lenders**" shall have the meanings set forth in the opening paragraph hereof.

"**Lender Indebtedness**" means, collectively, the Canadian Lender Indebtedness and the US Lender Indebtedness.

"Lending Office" means for each Lender the office specified opposite such Lender's name on the signature pages hereof, or in the Assignment and Acceptance pursuant to which it became a Lender, with respect to each Type of Loan, or such other office as such Lender may designate in writing from time to time to the Company and the Administrative Agent with respect to such Type of Loan; provided that Lending Offices for Canadian Revolving Lenders shall be in Canada.

"**Letter of Credit**" means any Canadian Letter of Credit or US Letter of Credit, and "**Letters of Credit**" means Canadian Letters of Credit and US Letters of Credit, collectively.

"**Letter of Credit Liabilities**" means the US Letter of Credit Liabilities and Canadian Letter of Credit Liabilities, collectively.

"**LIBOR Loan**" means a US Revolving Credit Loan or a Canadian Revolving Credit Loan that is a Dollar Denominated Loan bearing interest at the rate provided in Section 2.6(b).

"**LIBOR Rate**" means, for any Interest Period with respect to a LIBOR Loan, the rate of interest per annum determined pursuant to the following formula:

$$\text{LIBOR Rate} = \frac{\text{Offshore Base Rate}}{\text{1.00 - Eurodollar Reserve Percentage}}$$

Where,

"Offshore Base Rate" means the British Bankers Association LIBOR Rate, as published by Reuters (or other commercially available source designated by Administrative Agent) at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason the foregoing rate is unavailable, the Offshore Base Rate shall be, for any Interest Period, the rate per annum determined by the Administrative Agent as the rate of interest at which Dollar deposits in the approximate amount of the applicable LIBOR Loan would be offered by the Administrative Agent's London Branch to major banks in the offshore Dollar market at their request at or about 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period.

"Eurodollar Reserve Percentage" means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, rounded upward to the next 1/8th of 1%) in effect on such day applicable to member banks under regulations issued from time to time by the Board for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"). The Offshore Rate for each outstanding LIBOR Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

"**Lien**" means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on contract, constitutional, common, or statutory law, and including but not limited to the lien, security interest or hypothec arising from a mortgage, hypothec, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "**Lien**" shall include reservations, exceptions, encroachments, easements, servitudes, rights of way, covenants, conditions, restrictions, liens and other statutory, constitutional, or common law rights of landlords, leases and other title exceptions and encumbrances affecting Property. For the purposes of this Agreement, any Person shall be deemed to be the owner of any Property which it has acquired or holds subject to a conditional sale agreement, financing lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes.

"**Loan**" means a Revolving Credit Loan, a US Swingline Loan, a Canadian Swingline Loan or an Agent Advance and "**Loans**" means the Revolving Credit Loans, the US Swingline Loans, the Canadian Swingline Loans and the Agent Advances or one or more of them as provided herein.

"**Lockbox**" means any lockbox to be established and operated pursuant to Section 4.3 and Section 4.4 hereof and a Lockbox Agreement.

"**Lockbox Agreement**" means one or more lockbox agreements, tri-party agreements, or similar documents setting forth certain terms applicable to the establishment and operation of the applicable Lockbox to be entered into between the Borrowers (or any of them) and a US Lockbox Bank or a Canadian Lockbox Bank, in form and substance acceptable to, the Administrative Agent, the Canadian Administrative Agent, such US Lockbox Bank or such Canadian Lockbox Bank (acting reasonably).

"**Margin Stock**" shall have the meaning provided in Regulations T, U and X.

"**Material Adverse Change**" means any event, development or change in circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

"**Material Adverse Effect**" means any material and adverse effect on (a) the business, operations, assets, liabilities, condition (financial or otherwise), or results of operations of the Credit Parties taken as a whole, (b) the validity or enforceability of any of the Financing Documents or the rights and remedies of any Agent or Secured Party thereunder, or (c) the perfection or priority of any Liens securing the Lender Indebtedness.

"**Maturity Date**" means the earlier to occur of (i) December 21, 2012, or (ii) the date that is ninety (90) days prior to the scheduled maturity of the 2008 Term Loans, unless the 2008 Term Loans have been repaid in full prior to such date pursuant to Section 7.20(c), or refinanced, extended or renewed pursuant to a Permitted Refinancing to a date at least ninety (90) days following the date specified in clause (i).

"**Negative Covenant Excess Availability Requirement**" means, on any date of determination, an amount equal to the greater of (i) $120,000,000 or (ii) 20% of the aggregate Revolving Credit Commitments.

"**Non-Pledged Subsidiaries**" means Pacific Coast Steel (until the Credit Parties acquire 100% of its Equity), Pinnacle Data International LLC (unless Pacific Coast Steel is joined as a US Credit Party), Acierco S.A., Goldmarsh Enterprises, Germarsh, C-SBP, 351 South Wyatt, LLC and PASUG LLC.

"**Notes**" means the Revolving Credit Notes.

"**NSULC**" means 3038482 Nova Scotia Company, a Nova Scotia unlimited liability company.

"**Other Taxes**" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"**Pacific Coast Steel**" means Pacific Coast Steel, a Delaware general partnership.

"**Participant**" has the meaning specified in Section 10.7(e).

"**Payment Office**" means (a) with respect to US Loans, the Administrative Agent's office located at Atlanta, Georgia (or such other office or individual as the Administrative Agent may hereafter designate in writing to the other parties hereto), and (b) with respect to Canadian Loans, the Canadian Administrative Agent's office located at Toronto, Ontario (or such other office or individual as the Canadian Administrative Agent may hereafter designate in writing to the other parties hereto).

"**PBGC**" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"**Perfection Certificates**" means a Certificate from a Responsible Officer of each Credit Party substantially in the form of Exhibit E hereto to be delivered to the Administrative Agent on the Closing Date.

"**Perfection Certificate Update**" means a Certificate from a Responsible Officer of a Credit Party substantially in the form of Exhibit E hereto and setting forth all changes that would be required to be made to the Perfection Certificate of such Credit Party (as updated pursuant to any prior Perfection Certificate Update) to cause the Perfection Certificate of such Credit Party to be accurate and complete if reissued as of the last day of the Fiscal Quarter immediately preceding the date on which the Perfection Certificate is required to be delivered pursuant to Section 6.10(e) hereof.

"**Permitted Acquisition**" means any Acquisition by a Credit Party which is:

(i) of a Person carrying on a business which is the same as or related, ancillary or complementary to the business carried on by such Credit Party, or if an asset Acquisition, is of assets used or useful in a business which is the same as or related, ancillary or complementary to the business carried on by such Credit Party;

(ii) in respect of which such Credit Party has provided a certificate of the Chief Financial Officer of such Credit Party, at least twenty (20) days prior to the closing date for such Acquisition (or such shorter period as may be agreed by Administrative Agent in its sole discretion), containing information in format and detail satisfactory to the Administrative Agent, acting reasonably, regarding the cost of such Acquisition, the financial and acquisition structure of such Acquisition, audited financial statements (or, if not available, unaudited financial statements, or, if unaudited financial statements are not available, other financial information satisfactory to the Administrative Agent, acting reasonably) of the subject of such Acquisition for the previous two (2) years;

(iii) in respect of which the Administrative Agent or the Canadian Administrative Agent, as applicable, shall have received Lien search reports, in form and substance satisfactory to the Administrative Agent or the Canadian Administrative Agent, as applicable, and the Administrative Agent or the Canadian Administrative Agent, as applicable, will, upon consummation of such Acquisition, have a first priority, perfected Lien over any accounts and inventory to be acquired, subject only to Permitted Liens, and if such Acquisition is an Acquisition of Equity of any Person, such Person shall have executed and delivered a counterpart to the applicable Security Instruments and such other agreements, documents and instruments as the Administrative Agent or the Canadian Administrative Agent may reasonably request, in each case in form and substance satisfactory to the Administrative Agent and the Lenders;

(iv) if such Acquisition is an Acquisition of Equity of a Person and the accounts or inventory of such Person are to be included in the Canadian Borrowing Base or the US Borrowing Base, such Person shall have executed and delivered a joinder agreement to this Agreement becoming a Canadian Borrowing Base Party or a US Borrower, as applicable, hereunder and such other agreements, documents and instruments as the Administrative Agent or the Canadian Administrative Agent may reasonably request, in each case in form and substance satisfactory to the Administrative Agent and the Lenders;

(v) either (A) Excess Availability, immediately after giving effect to such Acquisition (including any Loan made hereunder in connection therewith), will be no less than the Acquisition Excess Availability Requirement (it being understood that the Administrative Agent may require a Collateral Report in respect of any assets forming a part of such Acquisition before the inclusion of such assets in

the US Borrowing Base or Canadian Borrowing Base for purposes of determining Excess Availability, and if a Collateral Report has not been delivered to the Administrative Agent within ninety (90) days prior to the date of such Acquisition, the Administrative Agent may also require a new Collateral Report in respect of the assets of all of the Credit Parties); or (B) (I) Excess Availability, immediately after giving effect to such Acquisition (including any Loan made hereunder in connection therewith), will be no less than the Negative Covenant Excess Availability Requirement (it being understood that the Administrative Agent may require a Collateral Report in respect of any assets forming a part of such Acquisition before the inclusion of such assets in the US Borrowing Base or Canadian Borrowing Base for purposes of determining Excess Availability, and if a Collateral Report has not been delivered to the Administrative Agent within ninety (90) days prior to the date of such Acquisition, the Administrative Agent may also require a new Collateral Report in respect of the assets of all of the Credit Parties), and (II) both before and after giving effect to such Acquisition, Borrowers shall have maintained a Fixed Charge Coverage Ratio, measured for the 12-month period most recently ended, both before and after giving effect to such Acquisition (regardless of whether a Trigger Date has then occurred) of at least 1.1 to 1.0;

(vi) if such Acquisition is an Acquisition of Equity of any Person, such Credit Party acquires more than 50% of the Equity of such Person;

(vii) not a Hostile Acquisition; and

(vii) both before and after giving effect to such Acquisition, no Default shall then exist.

In addition to the normal criteria for accounts or inventory to be an Eligible Account or Eligible Inventory, respectively, no account or inventory acquired in connection with any Acquisition shall be an Eligible Account or Eligible Inventory, respectively, until the Administrative Agent or the Canadian Administrative Agent, as applicable, shall have completed a field examination of such Person and received a Collateral Report in respect of such accounts or inventory, as applicable, to the extent required by the Administrative Agent; however, upon completion of a Permitted Acquisition, and following receipt by the Administrative Agent or the Canadian Administrative Agent, as applicable, of the required Collateral Report, any acquired accounts or inventory which constitute Eligible Accounts or Eligible Inventory, as applicable, will be included in the Canadian Borrowing Base or the US Borrowing Base, as applicable.

"**Permitted Holder**" means Gerdau S.A. or any of its wholly-owned subsidiaries.

"**Permitted Liens**" shall have the meaning assigned in Section 7.3 hereof.

"**Permitted New Affiliate Subordinated Debt**" means Indebtedness incurred by a Credit Party at any time after the Closing Date, provided that (i) the creditor under such Indebtedness is an Affiliate of such Credit Party which is not also a Credit Party, (ii) such Indebtedness is not assignable by the creditor thereunder, except to another Affiliate of such Credit Party, (iii) such Indebtedness is unsecured and, in any bankruptcy, insolvency, liquidation, receivership, winding up or other similar proceeding, is subordinated in right of payment to the prior payment of all Lender Indebtedness, (iv) such Indebtedness accrues interest at a rate determined in good faith by the Board of Directors (or applicable governing authority) of such Credit Party to be a market rate of interest for such Indebtedness at the time of issuance thereof, (v) no amount is payable on account of such Indebtedness (whether on account of principal, interest, fees or otherwise) if a Default has occurred and is continuing or if Excess Availability is less than $75,000,000, either before or immediately after giving effect to the payment, (vi) if at the time of the incurrence of such Indebtedness the 2008 Term Loan Documents remain in effect, such Indebtedness is permitted under the 2008 Term Loan Documents as in effect on the date hereof without

the need to obtain any waivers thereunder, and (vii) such Indebtedness is otherwise on terms and conditions satisfactory to the Administrative Agent, acting reasonably.

"**Permitted New Debt**" means Indebtedness incurred by a Credit Party at any time after the Closing Date, provided that (i) the material terms applicable to such Indebtedness (including covenants and events of default) are on market terms, as determined in good faith by the board of directors of the applicable Credit Party, (ii) such Indebtedness is unsecured, matures on a date not earlier than six (6) months after the Maturity Date and does not include any amortization payments, (iii) such Indebtedness accrues interest at a rate determined in good faith by the board of directors (or applicable governing authority) of such Credit Party to be a market rate of interest for such Indebtedness at the time of issuance thereof, (iv) if at the time of the incurrence of such Indebtedness the 2008 Term Loan Documents remain in effect, such Indebtedness is permitted under the 2008 Term Loan Documents as in effect on the date hereof without the need to obtain any waivers thereunder, and (v) such Indebtedness is otherwise on terms and conditions satisfactory to the Administrative Agent, acting reasonably.

"**Permitted Refinancing**" means with respect to any of the Indebtedness permitted pursuant to Section 7.2(b), (c), (l) or (m), any refinancing, refunding, renewal or extension thereof, provided that (a) the principal amount of such refinancing, refunding, renewal or extension shall not exceed the principal amount of the original Indebtedness except by an amount equal to any premium or other similar amount reasonably determined by the Company to be required to be paid in connection therewith, accrued and unpaid interest thereon, and fees and expenses reasonably incurred, in connection with such refinancing and by an amount equal to any existing commitments unutilized thereunder and (b) the final maturity date and weighted average life of such refinancing, refunding, renewal or extension shall not be prior to or shorter than that applicable to the original Indebtedness.

"**Person**" includes any natural person, corporation, company, limited liability company, unlimited liability company, trust, joint venture, association, incorporated organization, partnership, Governmental Authority or other entity.

"**Plan**" means any employee pension benefit plan, as defined in Section 3(2) of ERISA (including, but not limited to, an employee pension benefit plan, such as a foreign plan, which is not subject to the provisions of ERISA), which (a) is currently or hereafter sponsored, maintained or contributed to by any Credit Party or an ERISA Affiliate, or (b) was at any time during the six preceding Fiscal Years sponsored, maintained or contributed to by any Credit Party or an ERISA Affiliate.

"**PPSA**" means the *Personal Property Security Act* (Ontario) as from time to time in effect in the Province of Ontario or where applicable to a specific Credit Party or Collateral, any other relevant province.

"**Prime Rate**" means the rate which Bank of America announces from time to time as its prime rate for Dollar-denominated Loans made in the United States of America, effective as of the date announced as the effective date of any change in such prime rate. Such rate is set by Bank of America on the basis of various factors, including its costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such rate. Without notice to the Company or any other Person, the Prime Rate shall change automatically from time to time as and in the amount by which such prime rate shall fluctuate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer.

"**Pro Rata Share**" means at any time, with respect to any Lender, a fraction (expressed as a percentage), the numerator of which is the amount of the Revolving Credit Commitments of such Lender and its Related Affiliate at such time, and the denominator of which is the sum of the amount of all Revolving Credit Commitments at such time. If no Commitments are outstanding at such time, "**Pro Rata Share**" shall mean at any time, with respect to any Lender, a fraction (expressed as a percentage), the numerator of which is the amount of the Revolving Credit Exposure of such Lender and its Related Affiliate at such time, and the denominator of which is the sum of the amount of all Revolving Credit Exposure at such time.

"**Proceeds of Crime Act**" means the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), or any successor statute, as amended from time to time, and includes all regulations thereunder.

"**Projections**" means the consolidated projections of the results of operations and financial condition of the Company and its consolidated Subsidiaries for the Fiscal Year ending on December 31, 2010, a copy of which has been provided to the Administrative Agent and the Lenders and is attached hereto as Schedule 1.1(A).

"**Property**" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"**Real Property**" means any right, title or interest in and to real property (and to fixtures or improvements thereon), including any fee interest, leasehold interest, easement, or license and any other right to use or occupy real property, including any right arising by contract.

"**Register**" shall have the meaning assigned in Section 10.7(c).

"**Regulation D**", "**Regulations T, U and X**" means, respectively, Regulation D under the Securities Act of 1933, as amended or modified from time to time, and Regulations T, U and X of the Board of Governors of the Federal Reserve System, as such regulations are from time to time in effect and any successor regulations thereto.

"**Reimbursement Obligations**" means, at any date, the obligation of the Canadian Borrower (or other Canadian Credit Parties) then outstanding in respect of Canadian Letters of Credit and the obligation of the US Borrowers then outstanding in respect of US Letters of Credit, to reimburse the Administrative Agent or the Canadian Administrative Agent, as applicable, for the account of the Issuing Bank for the amount paid by the Issuing Bank in respect of any drawings under such Letters of Credit.

"**Related Affiliate**" means (a) with respect to any US Revolving Lender, such Lender's Affiliate, if any, which is a Canadian Revolving Lender hereunder, and (b) with respect to any Canadian Revolving Lender, such Lender's Affiliate, if any, which is a US Revolving Lender hereunder.

"**Required Lenders**" means Lenders whose Pro Rata Shares aggregate more than 50%; provided, however, that if any Lender shall constitute a Defaulting Lender in accordance with the terms of this Agreement, then, for so long as such Lender remains a Defaulting Lender, the term "**Required Lenders**" shall mean Lenders (excluding each Defaulting Lender) whose Pro Rata Shares aggregate more than 50%.

"**Responsible Officer**" means, with respect to any Person, the chairman of the board, the president, the chief executive officer or the chief operating officer, or any equivalent officer (regardless of his or her title), and, in respect of financial or accounting matters, the chief financial officer, the vice

president of finance, the treasurer, the controller, or any equivalent officer (regardless of his or her title). Unless otherwise specified, all references to a Responsible Officer herein means a Responsible Officer of the Company or with respect to Loans made directly by the Lender to a US Borrower, a Responsible Officer of such US Borrower.

"**Revolving Credit Commitments**" means collectively, the US Revolving Credit Commitments and the Canadian Revolving Credit Commitments.

"**Revolving Credit Exposure**" means, at any time for each Revolving Lender, the sum of such Lender's US Revolving Credit Exposure and Canadian Revolving Credit Exposure at such time.

"**Revolving Credit Loan**" means, collectively, the US Revolving Credit Loans and the Canadian Revolving Credit Loans.

"**Revolving Credit Notes**" means, collectively, the US Revolving Credit Notes and the Canadian Revolving Credit Notes.

"**Revolving Lenders**" means, collectively, the US Revolving Lenders and the Canadian Revolving Lenders.

"**Secured Affiliate**" means any Affiliate of any Lender that has entered into any Bank Products, including any Swap Agreement or Cash Management Agreement, constituting Lender Indebtedness with a Credit Party.

"**Secured Parties**" means each Agent, Collateral Agent, Lender, Issuing Bank, and Secured Affiliate.

"**Securities Pledge Agreements**" means the Canadian Securities Pledge Agreement and the US Securities Pledge Agreement.

"**Security Agreements**" means the Canadian Security Agreement and the US Security Agreement.

"**Security Instruments**" means any and all agreements or instruments now or hereafter executed and delivered by any Credit Party or any other Person as security for the payment or performance of the Lender Indebtedness or the Canadian Lender Indebtedness, as any of the foregoing may be amended, modified or supplemented and includes, without limitation, the Guarantees, the Security Agreements and the Securities Pledge Agreements.

"**Solvent**" means with respect to any Person on a particular date, the condition that, on such date, (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liabilities of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small amount of capital.

"**Spot Exchange Rate**" means, on any day, the spot rate at which Dollars are offered on such day by Bank of America — Canada Branch in Toronto, Ontario, Canada for C$ at the opening of

business on such day (Toronto Time) or at such other time as the Administrative Agent or Canadian Administrative Agent may deem appropriate in accordance with its customary practices.

"**Standby Letter of Credit**" means a letter of credit that (a) is used in lieu or in support of performance guarantees or performance, surety or other similar bonds (but expressly excluding stay and appeal bonds) arising in the ordinary course of business, (b) is used in lieu or in support of stay or appeal bonds, (c) supports the payment of insurance premiums for reasonably necessary casualty insurance carried by any of the Borrowers, or (d) supports payment or performance for identified purchases or exchanges of products or services in the ordinary course of business.

"**subsidiary**" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, unlimited liability company, partnership, limited partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP or IFRS as of such date, as well as any other corporation, limited liability company, unlimited liability company, partnership, limited partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

"**Subsidiary**" means a subsidiary of the Company.

"**Swap Agreement**" means any interest rate, currency or commodity swap, cap, floor, collar, forward agreement, futures contract or other protection agreement or option with respect to any such transaction, designed to hedge against fluctuations in interest rates, currency exchange rates or commodity prices.

"**Swingline Loans"** means, collectively, the Canadian Swingline Loans and the US Swingline Loans.

"**Taxes**" means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments, or similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, unemployment insurance payments and workers' compensation premiums, together with any installments with respect thereto, and any interest, fines and penalties with respect thereto, imposed by any Governmental Authority (including federal, state, provincial, municipal and foreign Governmental Authorities), and whether disputed or not.

"**Toronto Time**" means the time of day in Toronto, Ontario, Canada.

"**Transactions**" means the transactions provided for in and contemplated by this Agreement and the other Financing Documents.

"**Treaty**" means the Canada-United States Income Tax Convention, as amended.

"**Type**" of Loan means an ABR Loan, a LIBOR Loan, a Canadian Prime Loan, or a B/A Loan and shall also refer to a C$ Denominated Loan or a Dollar Denominated Loan.

"**UCC**" means the Uniform Commercial Code as from time to time in effect in the State of New York or, where applicable to a specific Credit Party or Collateral, any other relevant state.

"**UCP**" shall have the meaning set forth in Section 2.3(d).

"**US Agent Advance**" means each Agent Advance made to or with respect to a US Borrower hereunder.

"**US Blocked Account**" means a Blocked Account established by the US Borrowers with a US Lockbox Bank.

"**US Borrowers**" shall have the meaning set forth in the initial paragraph hereof.

"**US Borrowing Base**" means, only with respect to a US Borrower, the amount equal to the sum of:

(1) the Eligible Account Advance Percentage of such US Borrower's Eligible Accounts, plus

(2) the lesser of (i) the Eligible Inventory Advance Percentage of such US Borrower's Eligible Inventory, or (ii) 85% of the net orderly liquidation value of such US Borrower's Eligible Inventory, determined by reference to the net orderly liquidation percentages determined by the Current Appraisal.

The US Borrowing Base in effect under this Agreement at any time shall be the US Borrowing Base reflected on the most recent US Borrowing Base Report delivered to the Administrative Agent and the Canadian Administrative Agent pursuant to Section 6.10(h) hereof subject to (a) immediate adjustment by the Administrative Agent or the Canadian Administrative Agent, to the extent that the calculation of any components thereof is not in accordance with this Agreement, and (b) immediate adjustment as a result of any changes in eligibility standards required by the Administrative Agent, acting reasonably.

"**US Credit Party**" means the US Borrowers and any other Credit Party which is organized or formed under the laws of any state of the United States or any state thereof.

"**US Excess Availability**" means, as of any date, (a) the lesser of (i) the US Borrowing Base as of such date, minus, without duplication, Availability Reserves with respect to the US Borrowing Base as of such date, or (ii) the aggregate US Revolving Credit Commitments as of such date, minus (b) the aggregate outstanding balance of the US Lender Indebtedness as of such date. In calculating US Excess Availability, a deduction shall be made therefrom in an amount equal to the sum of all debts and obligations of the US Borrowers that are past due plus the outstanding amount of accounts payable of the US Borrowers that have not been handled in the normal course of the US Borrowers' business consistent with their past practices.

"**US Guaranty**" means that certain US Guaranty dated as of the date hereof and executed by each Credit Party in favor of the Administrative Agent and US Lenders, as amended, modified, renewed, supplemented or restated from time to time.

"US Lender" means a US Revolving Lender or a US Swingline Lender.

"**US Lender Indebtedness**" means, without duplication, (a) any and all amounts owing or to be owing by any US Credit Party to the Agents, the Collateral Agents, the Issuing Banks or any

Lender with respect to or in connection with the US Loans, any US Letter of Credit Liabilities, the US Revolving Credit Notes, this Agreement (including Section 2.25) or any other Financing Document (including the US Guaranty), (b) any and all amounts owing or to be owing by any US Credit Party pursuant to Section 2.21 or 10.4, and (c) as to Bank Products, including Swap Agreements and Cash Management Agreements, with any Lender or any Secured Affiliate, any and all amounts owing or to be owing by any US Credit Party thereunder to any Lender or any Secured Affiliate, as applicable.

"**US Letter of Credit**" and "**US Letters of Credit**" shall have the meanings assigned to such terms in Section 2.3(a).

"**US Letter of Credit Liabilities**" means, at any time and in respect of any US Letter of Credit, the sum of (a) the amount available for drawings under such US Letter of Credit as of the date of determination, plus (b) the aggregate unpaid amount of all Reimbursement Obligations due and payable as of the date of determination in respect of previous drawings made under such US Letter of Credit, and shall include any obligations relating to any letter of credit guarantee or credit support provided by the Administrative Agent pursuant to Section 2.3 (e).

"**US Loans**" means the US Revolving Credit Loans, the US Swingline Loans and the US Agent Advances.

"**US Lockbox**" means any lockbox to be established and operated pursuant to Section 4.3 hereof and a US Lockbox Agreement.

"**US Lockbox Bank**" means any financial institution designated by the US Borrowers or the Administrative Agent to act as the US Lockbox Bank and consented to in writing by the US Borrowers and the Administrative Agent (which consents shall not be unreasonably withheld, provided, however that the consent of the US Borrowers shall not be required if a Default has occurred and is continuing) and which has entered into a US Lockbox Agreement.

"**US Lockbox Agreement**" means an agreement between one or more US Borrowers and a US Lockbox Bank governing a US Lockbox.

"**US Maximum Available Amount**" means, at any date, an amount equal to the lesser of (a) the aggregate US Revolving Credit Commitments as of such date, and (b) the remainder of (i) the US Borrowing Base as of such date, minus (ii) the sum of (A) Availability Reserves with respect to the US Borrowing Base as of such date, plus (B) the portion of the Bank Product Reserves applicable to the US Borrowers.

"**US Pro Rata Share**" means at any time, with respect to any US Revolving Lender, a fraction (expressed as a percentage), the numerator of which is the amount of the US Revolving Credit Commitment of such US Revolving Lender, and the denominator of which is the sum all US Revolving Credit Commitments at such time.

"**US Revolving Credit Commitment**" shall have the meaning assigned to such term in Section 2.1(c).

"**US Revolving Credit Exposure**" means, at any time and as to each US Revolving Lender, the sum of (a) the principal amount of US Revolving Credit Loans made by such US Revolving Lender outstanding as of such date, plus (b) other than for purposes of Section 2.1(c) and 2.11(a) hereof, unless the Administrative Agent or the Required Lenders otherwise direct, the accrued and unpaid interest on US Revolving Credit Loans made by such US Revolving Lender outstanding as of such date, plus

(c) such US Revolving Lender's US Revolving Credit Percentage of the aggregate amount of all US Letter of Credit Liabilities as of such date, plus (d) such US Revolving Lender's US Revolving Credit Percentage of the US Swingline Exposure as of such date, plus (e) such US Revolving Lender's US Revolving Credit Percentage of the aggregate principal amount of the US Agent Advances as of such date.

"**US Revolving Credit Loan**" shall have the meaning provided in Section 2.1(a).

"**US Revolving Credit Note**" means a promissory note of the US Borrowers described in Section 2.5(a) payable to any US Revolving Lender and being substantially in the form of Exhibit F, evidencing the aggregate joint and several Indebtedness of the US Borrowers to such US Revolving Lender resulting from US Revolving Credit Loans made by such US Revolving Lender.

"**US Revolving Credit Percentage**" means, as to any US Revolving Lender, the percentage of the aggregate US Revolving Credit Commitments constituted by its US Revolving Credit Commitment (or, if the US Revolving Credit Commitments have terminated or expired, the percentage which such US Revolving Lender's Revolving Credit Exposure at such time constitutes of the Aggregate US Revolving Credit Exposure at such time).

"**US Revolving Lender**" means a Lender with a US Revolving Credit Commitment.

"**US Securities Pledge Agreement**" means that certain US Securities Pledge Agreement dated as of the Closing Date and executed by the Credit Parties required by Administrative Agent in favor of the Administrative Agent providing for and constituting a first-priority Lien in favor of the Administrative Agent on the Collateral described therein, as amended, modified, renewed, supplemented or restated from time to time.

"**US Security Agreement**" means that certain US Security Agreement dated as of the Closing Date and executed by each the Credit Parties required by Administrative Agent in favor of the Administrative Agent providing for and constituting a first-priority Lien in favor of the Administrative Agent on the Collateral described therein, as amended, modified, renewed, supplemented or restated from time to time.

"**US Swingline Availability**" means, on any date, an amount equal to the remainder of (a) the US Swingline Commitment, minus (b) the US Swingline Exposure on such date.

"**US Swingline Commitment**" shall have the meaning assigned to such term in Section 2.1(e).

"**US Swingline Exposure**" means, at any time, the aggregate principal amount of all US Swingline Loans made to the US Borrowers outstanding at such time.

"**US Swingline Lender**" means Bank of America, in its capacity as lender of US Swingline Loans hereunder.

"**US Swingline Loans**" shall have the meaning assigned to such term in Section 2.1(a).

"USA Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001).

"**Voting Stock**" of any Person means Equity of such Person which ordinarily has voting power for the election of directors (or persons performing similar functions) of such Person, whether at all times or only so long as no senior class of securities has such voting power by reason of any contingency.

Section 1.2 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". The word "or" is disjunctive; the word "and" is conjunctive. The word "shall" is mandatory; the word "may" is permissive. The words "to the knowledge of" means, when modifying a representation, warranty or other statement of any Person, that the fact or situation described therein is known by the Person (or, in the case or a Person other than a natural Person, known by any Responsible Officer of that Person) making the representation, warranty or other statement, or with the exercise of reasonable due diligence under the circumstances (in accordance with the standard of what a reasonable Person in similar circumstances would have done) would have been known by the Person (or, in the case of a Person other than a natural Person, would have been known by such Responsible Officer of that Person). Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any statute or any section thereof shall, unless otherwise expressly stated, be deemed to be a reference to such statute or section as amended, restated or re-enacted from time to time, (c) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement, and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. All references to time will be to Eastern Time unless otherwise expressed herein. Any reference to a specific bank account shall include any replacement, substitution or redesignation of such bank account provided that (x) the Administrative Agent and the Canadian Administrative Agent are provided with prior written notice of such replacement, substitution or redesignation, (y) the Canadian Administrative Agent and the Administrative Agent provide their written consent to such replacement, substitution or redesignation to the applicable Credit Party (such consent not to be unreasonably withheld) and (z) the Canadian Administrative Agent and the Administrative Agent are satisfied, acting reasonably, that the replacement, substituted or redesignated bank account is or will be subject to a validly perfected first-priority Lien in favor of the Canadian Administrative Agent and/or the Administrative Agent. Any reference herein to a security interest shall be construed to include a hypothec.

Section 1.3 Accounting Terms and Standards. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP or IFRS, consistently applied for all purposes under this Agreement. All calculations for the purposes of determining compliance with the financial ratios and financial covenants contained herein shall be made on a basis consistent with GAAP or IFRS (as applicable), as then in effect and used in the preparation of the financial statements of the Borrowers referred to in Section 5.6, and consistently applied with respect to all components of each such calculation. Any financial ratios required to be maintained by the Borrowers pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed in this Agreement and rounding the result up or down to the nearest number (with a round-up if there is no nearest number) to the number of places by which such ratio is expressed in this Agreement.

Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made, without giving effect to any election under Statement of Financial Accounting Standards 159 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of any Credit Party or any Subsidiary of any Credit Party at "fair value," as defined therein.

ARTICLE 2
AMOUNT AND TERMS OF LOANS

Section 2.1 Loans and Commitments.

(a) **Loans**. Subject to the terms and conditions and relying on the representations and warranties contained herein, (A) on any Business Day from and after the Closing Date, but prior to the Maturity Date, each US Revolving Lender severally, but not jointly, agrees to make revolving credit loans in Dollars (each a "**US Revolving Credit Loan**") to the US Borrowers, (B) on any Business Day from and after the Closing Date, but prior to the Maturity Date, each Canadian Revolving Lender severally, but not jointly, agrees to make revolving credit loans in either Dollars or C$ (each a "**Canadian Revolving Credit Loan**") to the Canadian Borrower, (C) on any Business Day from and after the Closing Date, but prior to the Maturity Date, the US Swingline Lender agrees to make revolving swingline loans in Dollars (each a "**US Swingline Loan**") to the US Borrowers, and (D) on any Business Day from and after the Closing Date, but prior to the Maturity Date, the Canadian Swingline Lender agrees to make revolving swingline loans in Dollars or C$ (each a "**Canadian Swingline Loan**") to the Canadian Borrower.

(b) **Types of Loans**. (1) The Dollar Denominated Loans made pursuant hereto shall, at the option of the US Borrowers or the Canadian Borrower, as applicable, be either ABR Loans or LIBOR Loans and may be continued or converted pursuant to Section 2.12, (2) the C$ Denominated Loans made pursuant hereto shall, at the option of the Canadian Borrower, be either Canadian Prime Loans or B/A Loans and may be continued or converted pursuant to Section 2.12, (3) the US Swingline Loans made pursuant hereto shall be ABR Loans, (4) the Dollar Denominated Canadian Swingline Loans made pursuant hereto shall be ABR Loans, and (5) the C$ Denominated Canadian Swingline Loans made pursuant hereto shall be Canadian Prime Loans; provided, that, except as otherwise specifically provided herein, all Loans made pursuant to the same Borrowing shall be of the same Type.

(c) **US Revolving Credit Commitments**. Each US Revolving Lender's US Revolving Credit Exposure shall not exceed at any one time the amount set forth opposite such US Revolving Lender's name on Annex I under the caption "US Revolving Credit Commitment" (as the same may be increased pursuant to Section 2.1(h), adjusted pursuant to Section 2.10(a), or reduced pursuant to Section 2.10(e), or otherwise from time to time modified pursuant to Section 10.7, its "**US Revolving Credit Commitment**," and collectively for all US Revolving Lenders, the "**US Revolving Credit Commitments**"; the term "**US Revolving Credit Commitments**" includes the obligations of each US Revolving Lender to purchase participations in the US Swingline Loans pursuant to Section 2.26 hereof and in US Agent Advances pursuant to Section 2.28(b)); provided, however, that the Aggregate US Revolving Credit Exposure at any one time outstanding shall not exceed the US Maximum Available Amount in effect at such time, except that US Agent Advances may result in the Aggregate US Revolving Credit Exposure exceeding the amount contemplated in clause (b) of the definition of "US Maximum Available Amount" so long as the Aggregate US Revolving Credit Exposure shall not exceed the amount contemplated in clause (a) of the definition of "US Maximum Available Amount". Within the foregoing limits and subject to Section 2.2(a) and the conditions set forth in Article 3, the US Borrowers may obtain Borrowings of US Revolving Credit Loans, repay or prepay such US Revolving Credit Loans, and reborrow such US Revolving Credit Loans.

(d) **Canadian Revolving Credit Commitments**. The Dollar Equivalent of each Canadian Revolving Lender's Canadian Revolving Credit Exposure shall not exceed at any one time the amount set forth opposite such Canadian Revolving Lender's name on Annex I under the caption "Canadian Revolving Credit Commitment" (as the same may be increased pursuant to Section 2.1(h), or otherwise from time to time modified pursuant to Section 10.7, adjusted pursuant to Section 2.10(a), or reduced pursuant to Section 2.10(e), its "**Canadian Revolving Credit Commitment**," and collectively for all Canadian Revolving Lenders, the "**Canadian Revolving Credit Commitments**"; the term "**Canadian Revolving Credit Commitments**" includes the obligations of the Canadian Revolving Lenders to purchase participations in the Canadian Swingline Loans pursuant to Section 2.27 hereof and in Canadian Agent Advances pursuant to Section 2.28(c)); provided, however, that the Dollar Equivalent of the Aggregate Canadian Revolving Credit Exposure at any one time outstanding shall not exceed the Canadian Maximum Available Amount in effect at such time, except that Canadian Agent Advances may result in the Aggregate Canadian Revolving Credit Exposure exceeding the amount contemplated in clause (b) of the definition of "Canadian Maximum Available Amount" so long as the Aggregate Canadian Revolving Credit Exposure shall not exceed the amount contemplated in clause (a) of the definition of "Canadian Maximum Available Amount". Within the foregoing limits and subject to the conditions set forth in Article 3, the Canadian Borrower may obtain Borrowings of Canadian Revolving Credit Loans, repay or prepay such Canadian Revolving Credit Loans, and reborrow such Canadian Revolving Credit Loans.

(e) **US Swingline Loans**. The US Swingline Lender's US Swingline Exposure shall not exceed at any one time the amount set forth opposite the US Swingline Lender's name on Annex I under the caption "US Swingline Loan Commitment" (as the same may be adjusted pursuant to Section 2.10(b)) (the "**US Swingline Commitment**"); provided, however, the Aggregate US Revolving Credit Exposure at any one time outstanding shall not exceed the US Maximum Available Amount in effect at such time. Within the foregoing limits set forth herein, the US Borrowers may obtain Borrowings of US Swingline Loans, repay or prepay such US Swingline Loans, and reborrow such US Swingline Loans.

(f) **Canadian Swingline Loans**. The Dollar Equivalent of Canadian Swingline Lender's Canadian Swingline Exposure shall not exceed at any one time the amount set forth opposite the Canadian Swingline Lender's name on Annex I under the caption "Canadian Swingline Loan Commitment" (as the same may be adjusted pursuant to Section 2.10(b)) (the "**Canadian Swingline Commitment**"); provided, however, the Aggregate Canadian Revolving Credit Exposure at any one time outstanding shall not exceed the Canadian Maximum Available Amount in effect at such time. Within the foregoing limits set forth herein, the Canadian Borrower may obtain Borrowings of Canadian Swingline Loans, repay or prepay such Canadian Swingline Loans, and reborrow such Canadian Swingline Loans.

(g) **Amounts of Borrowings, etc**. The aggregate principal amount of each Borrowing from all Lenders (1) of LIBOR Loans shall be in a minimum amount of $5,000,000 and in an integral multiple of $1,000,000, (2) of US Revolving Credit Loans which are ABR Loans shall be in any amount, (3) of Canadian Revolving Credit Loans which are ABR Loans shall be in a minimum amount of $1,000,000 and in an integral multiple of $100,000, (4) of Canadian Prime Loans shall be in any amount, (5) of B/A Loans shall be in a minimum aggregate amount of C$5,000,000 and in an integral multiple of C$1,000,000, (6) of US Swingline Loans shall be in any amount, and (7) of Canadian Swingline Loans shall be in any amount. Borrowings of more than one Type of Loan may be outstanding at the same time; provided, however, that the Borrowers shall not be entitled to request any Borrowing that, if made, would result in an aggregate of more than ten (10) separate Borrowings of LIBOR Loans (of which no more than seven (7) separate Borrowings of LIBOR Loans may be made under the Canadian Revolving Commitment or the US Revolving Commitment) or more than four (4) B/A Loans being outstanding at

any one time. For purposes of the foregoing, Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(h) **Commitment Increases.**

(i) To the extent that any requested increase in the Revolving Credit Commitments is permitted under and will not violate the 2008 Term Loan Documents, and provided that Agent has received evidence satisfactory to it from Borrowers that such requested increase and Agent's Liens securing the same are permitted under and will not violate the 2008 Term Loan Documents, then subject to the terms and conditions hereof, at any time after the Closing Date and up to the Maturity Date, provided that no Default has occurred and is continuing, the Borrowing Agent, on behalf of the Borrowers, may request that the Lenders increase the Commitments by an aggregate amount of up to $300,000,000 (each such commitment increase, a **"Commitment Increase"**) by notifying the Administrative Agent, the Canadian Administrative Agent, and each Lender of the amount of the proposed Commitment Increase and the allocation of such Commitment Increase between the US Revolving Credit Commitments and the Canadian Revolving Credit Commitments (the **"Commitment Increase Notice"**). Notwithstanding anything in this Agreement, no Commitment Increase shall require the approval of any Lender other than any Lender providing all or part of the Commitment Increase, no Lender shall be required to provide all or part of any Commitment Increase unless it agrees to do so in its sole discretion, no Commitment Increase shall be in an amount less than $75,000,000, and the aggregate amount of all Commitment Increases shall not exceed $300,000,000.

(ii) Any Commitment Increase shall be offered by the Borrowers to the Lenders pro rata in accordance with the Applicable Percentages of the Lenders on the date that the Commitment Increase is requested. The Lenders shall have fifteen (15) Business Days to respond to any request for a Commitment Increase (by notice to the Borrower Agent and the Administrative Agent) and may elect to accept all, a portion or none of their respective Applicable Percentages of the proposed Commitment Increase. Any Lender which fails to respond to a request for a Commitment Increase by the end of such fifteen (15) Business Day period (the "**Commitment Increase Acceptance Deadline**") will be deemed to have declined the request for its Applicable Percentage of the requested Commitment Increase. If any portion of a requested Commitment Increase is not provided by the Lenders, then the Borrower Agent, on behalf of the Borrowers, may request that one or more Persons acceptable to the Administrative Agent and the Canadian Administrative Agent provide such Commitment Increase. In any such case, the Person providing such portion of the requested Commitment Increase shall execute and deliver to the Administrative Agent, the Canadian Administrative Agent and the Borrowers all such documentation as may be reasonably required by the Administrative Agent and the Canadian Administrative Agent to evidence such Commitment Increase (including the fact that such Person shall have become a Lender under this Agreement). Upon the addition of any Lender hereunder, or the increase in the Commitment of any Lender, the Commitments set forth on Annex I shall be amended by the Administrative Agent to reflect each such addition and increase. Any Person added as a new Lender pursuant to this Section 2.1(h) shall be required to have a Combined Revolving Credit Commitment of not less than $10,000,000.

(iii) If any requested Commitment Increase is agreed to in accordance with this Section 2.1(h), the Administrative Agent and the Borrower Agent, on behalf of the Borrowers, shall determine the effective date of such Commitment Increase (the "**Commitment Increase Effective Date**"). The Administrative Agent, with the consent and approval of the Borrower Agent, shall promptly confirm in writing to the Lenders the final allocation of such Commitment Increase and the Commitment Increase Effective Date. Each new Lender, and each existing

Lender that has increased its Commitment, shall purchase Revolving Credit Loans and participations in outstanding Letters of Credit from each other Lender in an amount such that, after such purchase or purchases, the amount of outstanding Revolving Credit Loans and outstanding Letter of Credit participations of each Lender shall equal such Lender's Applicable Percentage of the Commitments, as modified to give effect to such Commitment Increase, multiplied by the aggregate amount of outstanding Revolving Credit Loans and Letter of Credit participations of all Lenders. The Borrowers shall prepay any Revolving Credit Loans which are LIBOR Loans or B/A Loans and which are outstanding on the Commitment Increase Effective Date (and pay any and all costs and other required payments in connection with such prepayment pursuant to Section 2.19 hereof) to the extent necessary to keep the outstanding Revolving Credit Loans and Letters of Credit ratable with any revised Applicable Percentages of the Commitments arising from any non-ratable increase in the Commitments.

(iv) As a condition precedent to the effectiveness of any such Commitment Increase, the Borrower Agent shall deliver to the Administrative Agent a certificate dated as of the Commitment Increase Effective Date (in sufficient copies for each Lender) signed by a Responsible Officer of the Borrower Agent, including a certification that, before and after giving effect to such Commitment Increase, the representations and warranties contained in Article 5 hereof are true and correct in all material respects on and as of the Commitment Increase Effective Date (except to the extent any such representation or warranty is stated to relate solely to an earlier date) and no Default has occurred and is continuing.

(i) **Borrower Agent.** Each Borrower hereby designates the Company ("Borrower Agent"), as its representative and agent for all purposes under the Financing Documents, including requests for Loans and Letters of Credit, designation of interest rates, delivery or receipt of communications with any Agent, any Collateral Agent, any Issuing Bank or any Lender, preparation and delivery of Borrowing Base and financial reports, receipt and payment of Lender Indebtedness, requests for waivers, amendments or other accommodations, actions under the Financing Documents (including in respect of compliance with covenants), and all other dealings with any Agent, any Collateral Agent, any Issuing Bank or any Lender. Borrower Agent hereby accepts such appointment. Agents, Collateral Agents, Issuing Banks and Lenders shall be entitled to rely upon, and shall be fully protected in relying upon, any notice or communication (including any notice of borrowing) delivered by Borrower Agent on behalf of any Borrower. Agents, Collateral Agents, Issuing Banks and Lenders may give any notice or communication with a Borrower hereunder to Borrower Agent on behalf of such Borrower. Each Agent and Collateral Agent shall have the right, in its discretion, to deal exclusively with Borrower Agent for any or all purposes under the Financing Documents. Each Borrower agrees that any notice, election, communication, representation, agreement or undertaking made on its behalf by Borrower Agent shall be binding upon and enforceable against it.

Section 2.2 Borrowing Requests.

(a) **US Revolving Credit Borrowing Requests.**

(1) Whenever a US Borrower desires to make a Borrowing of US Revolving Credit Loans hereunder, the Borrower Agent shall give Advance Notice to the Administrative Agent in the form of a Borrowing Request, specifying, subject to the provisions hereof, (i) the aggregate principal amount of the US Revolving Credit Loans to be made pursuant to such Borrowing, (ii) the date of Borrowing (which shall be a Business Day), (iii) whether the Dollar Denominated Loans being made pursuant to such Borrowing are to be ABR Loans or LIBOR Loans, and (iv) in the case of LIBOR Loans, the Interest Period to be applicable thereto.

(2) The US Borrowers acknowledge and agree that availability of US Revolving Credit Loans hereunder shall be determined by reference to the US Borrowing Base in accordance with this Section 2.2(a). However, any Borrowing Request issued pursuant to this Section 2.2(a) shall, if requested by Administrative Agent at any time that Excess Availability is less than $75,000,000, in addition to the information required to be specified above, also (i) specify the US Borrowing Base of the US Borrower (the "Applicable US Borrower") to which the requested Borrowing shall be allocated (and any such allocation shall be irrevocable), (ii) certify that, both before and after giving effect to the requested Borrowing, the Allocated US Revolving Credit Exposure of the Applicable US Borrower will not exceed the US Borrowing Base of such Applicable US Borrower minus Availability Reserves applicable to such Applicable US Borrower, and (iii) be executed by a Responsible Officer of the Borrower Agent.

(b) **US Swingline Borrowing Requests.**

(1) Whenever the US Borrowers desire to make a Borrowing of US Swingline Loans hereunder, the Borrower Agent shall give Advance Notice to the Administrative Agent in the form of a Borrowing Request, specifying, subject to the provisions hereof, (i) the aggregate principal amount of the US Swingline Loan to be made pursuant to such Borrowing, and (ii) the date of Borrowing (which shall be a Business Day).

(2) The US Borrowers acknowledge and agree that availability of US Swingline Loans hereunder shall be determined by reference to the US Borrowing Base in accordance with this Section 2.2(b). However, any Borrowing Request issued pursuant to this Section 2.2(b) shall, if requested by Administrative Agent at any time that that Excess Availability is less than $75,000,000, in addition to the information required to be specified above, also (i) specify the Applicable US Borrower to which the requested Borrowing shall be allocated (and any such allocation shall be irrevocable), (ii) certify that, both before and after giving effect to the requested Borrowing, the Allocated US Revolving Credit Exposure of the Applicable US Borrower will not exceed the US Borrowing Base minus Availability Reserves and (iii) be executed by a Responsible Officer of the Borrower Agent.

(c) **Modifications to Credit Facility**. Each US Borrower agrees and acknowledges that the present structure of the credit facility detailed in this Agreement is based in part upon the financial and other information presently known to the Administrative Agent, the Canadian Administrative Agent and the Lenders regarding each Borrower, the corporate structure of the Borrowers, and the present financial condition of each Borrower. In the event that Excess Availability shall at any time be less than $75,000,000, the Administrative Agent, at its discretion or at the direction of the Required Lenders, shall have the right, by notice to the Borrower Agent, to require that any or all of the following changes be made to the credit facility detailed in this Agreement: (1) restrict future loans and advances among the Borrowers, (2) establish separate Lockboxes and Blocked Accounts for each US Borrower, and (3) establish such other procedures as shall be determined by the Administrative Agent or the Required Lenders, acting reasonably, to ensure the proper administration of any further US Revolving Credit Loans and US Swingline Loans. The Borrowers shall execute and deliver such agreements and acknowledgments as the Administrative Agent, acting reasonably, may request in connection with any of the foregoing changes to the credit facility detailed in this Agreement. The Administrative Agent will notify the Lenders promptly upon entering into any such written agreement. Upon five (5) Business Days written notice by the Borrower Agent, any such changes shall be reversed if, at the time of such written notice, (i) Excess Availability is greater than $75,000,000 on such Business Day, and has been greater than $75,000,000 for a period of at least ninety (90) consecutive days ending on such Business Day, (ii) the US Borrowers deliver projections satisfactory to the Administrative

Agent, acting reasonably, demonstrating that Excess Availability shall continue to be at least $75,000,000 for the three (3) consecutive month period commencing on such Business Day, and (iii) no Default has occurred and is continuing on such Business Day.

(d) **Canadian Revolving Credit Borrowing Requests**. Whenever the Canadian Borrower desires to make a Borrowing hereunder, Borrower Agent shall give Advance Notice to the Canadian Administrative Agent (with a simultaneous copy to the Administrative Agent) in the form of a Borrowing Request, specifying, subject to the provisions hereof, (1) the aggregate principal amount of the Loan to be made pursuant to such Borrowing, (2) whether such Loan is a Canadian Revolving Credit Loan or a Canadian Swingline Loan, (3) whether such Loan is to be a Dollar Denominated Loan or a C$ Denominated Loan, (4) the date of Borrowing (which shall be a Business Day), (5) whether the Dollar Denominated Loans being made pursuant to such Borrowing are to be ABR Loans, B/A Loans or LIBOR Loans, (6) whether the C$ Dollar Denominated Loans being made pursuant thereto are to be Canadian Prime Loans or B/A Loans, and (7) in the case of LIBOR Loans or B/A Loans, the Interest Period to be applicable thereto.

(e) **Notice by the Administrative Agent**. The Administrative Agent or the Canadian Administrative Agent (as applicable) shall promptly give to the other, and to each applicable Lender, telecopy or telephonic notice (and, in the case of telephonic notices, confirmed by telecopy or otherwise in writing) of the proposed Borrowing (other than Borrowings of US Swingline Loans or Canadian Swingline Loans, in which case notice shall only be given to the US Swingline Lender or the Canadian Swingline Lender, as applicable), of such Lender's Applicable Percentage thereof and of the other matters covered by the Advance Notice. The Borrowers hereby waive the right to dispute the Administrative Agent's record of the terms of such telephonic notice, absent manifest error.

Section 2.3 Letters of Credit.

(a) **Issuance of US Letters of Credit** . Subject to the terms and conditions hereof, the US Borrowers shall have the right, in addition to US Revolving Credit Loans provided for in Section 2.1, to utilize the US Revolving Credit Commitments from time to time prior to the Maturity Date to obtain issuance of either Documentary Letters of Credit or Standby Letters of Credit for the account of any US Borrower from an Issuing Bank if Borrower Agent shall so request in the notice referred to in Section 2.3(d)(1) (each such letter of credit being referred to as a "**US Letter of Credit**", and collectively referred to as the "**US Letters of Credit**"); provided, however, that, after giving effect to the issuance of any US Letter of Credit, (1) the Allocated US Revolving Credit Exposure of the applicable US Borrower to which such Letter of Credit relates shall not exceed the US Borrowing Base minus Availability Reserves applicable to US Borrowers, (2) the Aggregate US Revolving Credit Exposure at any one time outstanding shall not exceed the US Maximum Available Amount in effect at such time, and (3) the aggregate of all US Letter of Credit Liabilities and the Dollar Equivalent of all Canadian Letter of Credit Liabilities at any one time outstanding shall not exceed $200,000,000. US Letters of Credit shall be denominated in Dollars and may be issued to support the obligations of the US Borrowers only. Upon the date of the issuance of a US Letter of Credit, the applicable Issuing Bank shall be deemed, without further action by any party hereto, to have sold to each US Revolving Lender, and each US Revolving Lender shall be deemed, without further action by any party hereto, to have purchased from such Issuing Bank, a participation, to the extent of such applicable Lender's US Revolving Credit Percentage, in such US Letter of Credit and the related US Letter of Credit Liabilities. The parties hereto acknowledge and agree that it is intended that in respect of US Letters of Credit, the Account Party will be one of the US Borrowers and that all US Letter of Credit Liabilities under each such US Letter of Credit shall be allocated to the US Borrowing Base.

(b) **Issuance of Canadian Letters of Credit** . Subject to the terms and conditions hereof, the Canadian Borrower shall have the right, in addition to Canadian Revolving Credit Loans provided for in Section 2.1, to utilize the Canadian Revolving Credit Commitments from time to time prior to the Maturity Date to obtain issuance of either Documentary Letters of Credit or Standby Letters of Credit for the account of any Canadian Credit Party from an Issuing Bank if the Borrower Agent shall so request in the notice referred to in Section 2.3(d)(1) (each such letter of credit being referred to as a "**Canadian Letter of Credit**", and collectively referred to as the "**Canadian Letters of Credit**"); provided, however, that, after giving effect to the issuance of any Canadian Letter of Credit, (1) the Dollar Equivalent of the Aggregate Canadian Revolving Credit Exposure at any one time outstanding shall not exceed the Canadian Maximum Available Amount in effect at such time, and (2) the aggregate Dollar Equivalent of all Canadian Letter of Credit Liabilities and US Letter of Credit Liabilities at any one time outstanding shall not exceed $200,000,000. Canadian Letters of Credit shall be denominated in Dollars or C$ as the Canadian Borrower shall elect and may be issued to support the obligations of the Canadian Borrower (or other Canadian Credit Parties) only. Upon the date of the issuance of a Canadian Letter of Credit, the Issuing Bank shall be deemed, without further action by any party hereto, to have sold to each Canadian Revolving Lender, and each Canadian Revolving Lender shall be deemed, without further action by any party hereto, to have purchased from such Issuing Bank, a participation, to the extent of such applicable Lender's Canadian Revolving Credit Percentage, in such Canadian Letter of Credit and the related Canadian Letter of Credit Liabilities.

(c) **Limitations on Letters of Credit; Certain Existing Letters of Credit**. No Letter of Credit issued or extended pursuant to this Agreement shall have an expiry date beyond the earlier of one year after the date of issuance or sixty (60) days prior to the Maturity Date unless Borrowers have established L/C Cover for such Letter of Credit on the date sixty (60) days prior to the Maturity Date and maintain such L/C Cover until termination of the applicable Letter of Credit. No Letter of Credit shall be issued within sixty (60) days of the Maturity Date unless Borrowers have established L/C Cover for such Letter of Credit and maintain such L/C Cover until termination of the applicable Letter of Credit. The parties hereto acknowledge and agree that (i) the letters of credit listed in Schedule 2.3 were issued by the issuer(s) identified thereon at the request and for the account of certain of the Credit Parties and remain outstanding on the date hereof, (ii) such letters of credit shall be deemed to be Letters of Credit issued and outstanding under this Agreement, (iii) the issuer(s) of such letters of credit shall be deemed to be an Issuing Bank under this Agreement in respect of such Letters of Credit, and (iv) the obligations owing by the Credit Parties with respect to such letters of credit shall constitute Letter of Credit Liabilities and Lender Indebtedness hereunder and shall be secured by all of the Collateral.

(d) **Additional Letter of Credit Provisions** . The following additional provisions shall apply to each Letter of Credit:

(1) Borrower Agent, on behalf of any of the US Borrowers or the Canadian Borrower which desires an Issuing Bank to issue a Letter of Credit for its account (an "**Account Party**"), shall give the Administrative Agent (or the Canadian Administrative Agent in the event such Letter of Credit is a Canadian Letter of Credit) and the Issuing Bank at least five (5) Business Days prior notice in the form of a Borrowing Request (effective upon receipt), or in each case, such shorter period as may be agreed to by the Administrative Agent (or the Canadian Administrative Agent, as applicable) and such Issuing Bank, specifying the date such Letter of Credit is to be issued (which shall be a Business Day) and describing: (A) the face amount of the Letter of Credit and, in the case of any Canadian Letter of Credit, the currency (Dollars or C$) in which such Letter of Credit is to be denominated, (B) the expiration date of the Letter of Credit, (C) the name and address of the beneficiary, (D) information concerning the transaction proposed to be supported by such Letter of Credit as the Administrative Agent (or the Canadian Administrative Agent, as applicable) or such Issuing Bank may reasonably request, (E) such other

information and documents relating to the Letter of Credit as the Administrative Agent (or the Canadian Administrative Agent, as applicable) or such Issuing Bank may reasonably request, and (F) a precise description of documents and the verbatim text of any certificate to be presented by the beneficiary, which, if presented prior to the expiry date of the Letter of Credit, would require such Issuing Bank to make payment under the Letter of Credit; provided that such Issuing Bank may require changes in such documents and certificates; and provided further that such Issuing Bank shall not be required to issue any Letter of Credit that conflicts with the Issuing Bank's policies and procedures relating to the issuance and content of letters of credit. Each such notice shall be accompanied by the applicable Issuing Bank's Application and by a certificate executed by a Responsible Officer of Borrower Agent setting forth calculations evidencing availability for such Letter of Credit pursuant to Section 2.3(d)(2) and stating that all conditions precedent to such issuance have been satisfied. Each Letter of Credit shall, to the extent not inconsistent with the express terms hereof or the applicable Application, be subject to the Uniform Customs and Practice for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500 (together with any subsequent revisions thereof approved by a Congress of the International Chamber of Commerce, the "**UCP**"), and shall, as to matters not governed by the UCP, be governed by, and construed and interpreted in accordance with, the laws of the State of New York.

(2) No US Letter of Credit or Canadian Letter of Credit may be issued if, after giving effect thereto, the Aggregate US Revolving Credit Exposure or the Aggregate Canadian Revolving Credit Exposure would exceed the US Maximum Available Amount or the Canadian Maximum Available Amount, respectively, or if the US Borrowing Base or Canadian Borrowing Base, as applicable, of the applicable Borrower (or Canadian Borrowing Base Party) is insufficient to cover the Letter of Credit. On each day during the period commencing with the issuance of any Letter of Credit and until such Letter of Credit shall have expired or have been terminated, the US Revolving Credit Commitment or Canadian Revolving Credit Commitment (as applicable) of each Lender shall be deemed to be utilized for all purposes hereof in an amount equal to such Lender's Revolving Credit Percentage of the amount of the Letter of Credit Liabilities related to such Letter of Credit.

(3) Upon receipt from the beneficiary of any Letter of Credit of any demand for payment thereunder, the Issuing Bank shall promptly notify the Account Party for whose account such Letter of Credit was issued and the Administrative Agent (or the Canadian Administrative Agent if such Letter of Credit is a Canadian Letter of Credit) of such demand (provided that the failure of an Issuing Bank to give such notice shall not affect the Reimbursement Obligations of the Account Party hereunder) and the Account Party shall immediately, and in any event no later than 10:00 a.m. (Eastern Time) on the date of such drawing, reimburse the Administrative Agent (or the Canadian Administrative Agent, as applicable) for the account of the applicable Issuing Bank for any amount paid by the Issuing Bank upon any drawing under such Letter of Credit, without presentment, demand, protest or other formalities of any kind in an amount, in same day funds, equal to the amount of such drawing. Unless prior to 10:00 a.m. (Eastern Time) on the date of such drawing, the Account Party shall have either notified the Issuing Bank and the Administrative Agent (or the Canadian Administrative Agent, as applicable) that the Account Party intends to reimburse the Administrative Agent (or the Canadian Administrative Agent, as applicable) for the account of the applicable Issuing Bank for the amount of such drawing with funds other than the proceeds of Loans or delivered to the Administrative Agent (or the Canadian Administrative Agent, as applicable) a Borrowing Request for Loans in an amount equal to such drawing, the Account Party will be deemed to have given a Borrowing Request to the Administrative Agent (or the Canadian Administrative Agent, as applicable) requesting that the Lenders make Revolving

Credit Loans on the date on which such drawing is honored in an amount equal to the amount of such drawing. Any Loans made pursuant to the preceding sentence shall be (A) US Revolving Credit Loans which are ABR Loans if the underlying Letter of Credit was a US Letter of Credit, or Canadian Revolving Credit Loans if the underlying Letter of Credit was a Canadian Letter of Credit, and (B) Dollar Denominated Loans and ABR Loans if the underlying Letter of Credit was denominated in Dollars, and (C) C$ Denominated Loans and Canadian Prime Loans if the underlying Letter of Credit was denominated in C$. The obligation of Lenders to make Revolving Credit Loans pursuant to this Section 2.3 (but not the participation obligations of the Lenders pursuant to Section 2.3(d)(4) below) shall be subject to the satisfaction of the conditions in Article 3 and the existence of availability of the US Maximum Available Amount or Canadian Maximum Available Amount (as applicable) pursuant to Section 2.1(c) or Section 2.1(d) hereof (after giving effect to repayment of the applicable Reimbursement Obligations with the proceeds of the proposed Revolving Credit Loans). Subject to the preceding sentence, if so requested by the Administrative Agent (or the Canadian Administrative Agent, as applicable), each of the US Revolving Lenders or the Canadian Revolving Lenders (as applicable) shall, on the date of such drawing, make such Revolving Credit Loans in an amount equal to such Lender's US Revolving Credit Percentage or Canadian Revolving Credit Percentage (as applicable) of such drawing or the full amount of the unused US Maximum Available Amount or Canadian Maximum Available Amount pursuant to Section 2.1(c) or Section 2.1(d) as applicable, the proceeds of which shall be applied directly by the Administrative Agent (or the Canadian Administrative Agent, as applicable) to reimburse the applicable Issuing Bank to the extent of such proceeds.

(4) If the appropriate Account Party fails to reimburse the applicable Issuing Bank as provided in Section 2.3(d)(3) above for any reason, including failure to satisfy the conditions in Article 3 or insufficient availability under the Maximum Available Amount pursuant to Section 2.1(c) or Section 2.1(d), such Issuing Bank shall promptly notify the Administrative Agent (or the Canadian Administrative Agent, as applicable) and the Administrative Agent (or the Canadian Administrative Agent, as applicable) shall notify each US Revolving Lender or Canadian Revolving Lender (as applicable) of the unreimbursed amount of such drawing and of such Lender's respective participation therein based on such Lender's US Revolving Credit Percentage or Canadian Revolving Credit Percentage (as applicable). Each such Lender will pay to the Administrative Agent (or the Canadian Administrative Agent, as applicable) for the account of the applicable Issuing Bank on the date of such notice an amount equal to such Lender's US Revolving Credit Percentage or Canadian Revolving Credit Percentage (as applicable) of such unreimbursed drawing (or, if such notice is made after 1:00 p.m. (Eastern Time) on such date, on the next succeeding Business Day). If any Lender fails to make available to such Issuing Bank the amount of such Lender's participation in such Letter of Credit as provided in this Section 2.3(d)(4), such Issuing Bank shall be entitled to recover such amount on demand from such Lender together with interest at the Federal Funds Effective Rate for one Business Day and thereafter at the ABR. Nothing in this Section 2.3(d)(4) shall be deemed to prejudice the right of any Lender to recover from such Issuing Bank any amounts made available by such Lender to such Issuing Bank pursuant to this Section 2.3(d)(4) if it is determined by a court of competent jurisdiction that the payment with respect to a Letter of Credit by such Issuing Bank was wrongful and such wrongful payment was the result of gross negligence or willful misconduct on the part of such Issuing Bank. The applicable Issuing Bank shall pay to the Administrative Agent (or the Canadian Administrative Agent, as applicable) and the Administrative Agent (or the Canadian Administrative Agent, as applicable) shall pay to each Lender such Lender's US Revolving Credit Percentage or Canadian Revolving Credit Percentage (as applicable) of all amounts received from the Account Party for payment, in whole or in part, of the Reimbursement Obligation in respect of any Letter of Credit, but only to the extent such

Lender has made payment to such Issuing Bank in respect of such Letter of Credit pursuant to this Section 2.3(d)(4).

(5) The issuance by the applicable Issuing Bank of each Letter of Credit shall, in addition to the conditions precedent set forth in Article 3, be subject to the conditions precedent that such Letter of Credit shall be in the form and contain such terms as shall be satisfactory to such Issuing Bank and the Administrative Agent, and that the Account Party shall have executed and delivered such other instruments and agreements relating to the Letter of Credit as such Issuing Bank shall have requested and that are not inconsistent with the terms of this Agreement including the applicable Issuing Bank's Application therefor. In the event of a conflict between the terms of this Agreement and the terms of any Application, the terms of this Agreement shall control.

(6) As between any Account Party and any Issuing Bank, the Account Party assumes all risks of the acts and omissions of or misuse of the Letters of Credit issued by such Issuing Bank by the respective beneficiaries of such Letters of Credit. In furtherance and not in limitation of the foregoing, such Issuing Bank shall not be responsible: (A) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any Person in connection with the application for or issuance of such Letters of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (B) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any such Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (C) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they are in cipher; (D) for errors in interpretation of technical terms; (E) for any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any such Letter of Credit or of the proceeds thereof; (F) for the misapplication by the beneficiary of any such Letter of Credit of the proceeds of any drawing under such Letter of Credit; and (G) for any consequences arising from causes beyond the control of such Issuing Bank, including, without limitation, the actions of any Governmental Authority. None of the above shall affect, impair, or prevent the vesting of any of such Issuing Bank's rights or powers hereunder. Notwithstanding anything to the contrary contained in this Section 2.3(d)(6), no Account Party shall assume any risk, and shall have no obligation to indemnify any Issuing Bank, in respect of any liability incurred by such Issuing Bank arising primarily out of the gross negligence or willful misconduct of such Issuing Bank, as finally determined by a court of competent jurisdiction.

(7) Each Issuing Bank will send to the applicable Account Party and the Administrative Agent (or the Canadian Administrative Agent, as applicable) immediately upon issuance of any Letter of Credit, or an amendment thereto, a true and complete copy of such Letter of Credit, or such amendment thereto. Upon issuance of any Letter of Credit or an amendment thereto, the Administrative Agent (or the Canadian Administrative Agent, as applicable) shall promptly notify each Lender of such Lender's US Revolving Credit Percentage or Canadian Revolving Credit Percentage (as applicable) of the amount of such Letter of Credit or amendment thereto. Upon cancellation or termination of any Letter of Credit, the applicable Issuing Bank shall promptly notify the Administrative Agent (or the Canadian Administrative Agent, as applicable) and the applicable Account Party, and the Administrative Agent (or the Canadian Administrative Agent, as applicable) will then promptly notify each Lender of such cancellation or termination.

(8) The obligation of each Account Party to reimburse each Issuing Bank for Reimbursement Obligations with regard to the Letters of Credit issued by such Issuing Bank for such Account Party and the obligations of the US Revolving Lenders and the Canadian Revolving Lenders under Section 2.3(d)(4) shall be unconditional and irrevocable and shall be paid strictly in accordance with the terms of this Agreement and under all circumstances, including the following circumstances:

(A) any lack of validity or enforceability of any Letter of Credit;

(B) the existence of any claim, set-off, defense or other right that any of the Borrowers may have at any time against a beneficiary or any transferee of any Letter of Credit (or any Persons for whom any such transferee may be acting), any Lender or any other Person, whether in connection with this Agreement, the transactions contemplated herein or any unrelated transaction (including any underlying transaction between the Account Party and the beneficiary for which the Letter of Credit was procured) other than a defense based on the gross negligence (as opposed to ordinary negligence) or willful misconduct of such Issuing Bank, as determined by a court of competent jurisdiction;

(C) any draft, demand, certificate or any other document presented under any Letter of Credit is proved to be forged, fraudulent, invalid or insufficient in any respect or any statement therein is untrue or inaccurate in any respect;

(D) any adverse change in the condition (financial or otherwise) of any Credit Party;

(E) any breach of this Agreement or any other Financing Document by any of the Borrowers, any Agent, any Collateral Agent, or any Lender (other than the applicable Issuing Bank);

(F) any other circumstance or happening whatsoever; provided that such other occurrence or happening is not the result of the gross negligence (as opposed to ordinary negligence) or willful misconduct of such Issuing Bank, as determined by a court of competent jurisdiction; or

(G) the fact that a Default shall have occurred and be continuing.

(9) Notwithstanding anything to the contrary set forth herein, the Issuing Bank shall have no obligation to issue any Letter of Credit at any time that a Defaulting Lender exists and such Defaulting Lender or Borrowers have not entered into arrangements satisfactory to the Administrative Agent or the Canadian Administrative Agent, as applicable, to eliminate any funding risk associated with the Defaulting Lender. In the event any Defaulting Lender exists, Borrowers shall, on demand by the Administrative Agent or the Canadian Administrative Agent, as applicable, establish L/C Cover or otherwise deposit with the Administrative Agent or the Canadian Administrative Agent, as applicable, cash or Cash Equivalents as collateral, in form and substance satisfactory to the Administrative Agent or the Canadian Administrative Agent, as applicable, in an amount equal to each Defaulting Lender's Pro Rata Share of the face amount of each issued Letter of Credit or applicable to such Defaulting Lender.

Section 2.4 Disbursement of Funds.

(a) **Availability**. No later than 3:00 p.m. (Eastern Time) on the date of each Borrowing (other than Borrowings consisting of US Swingline Loans or Canadian Swingline Loans), each US

Revolving Lender (in the case of any Borrowing of US Revolving Credit Loans) and each Canadian Revolving Lender (in the case of any Borrowing of Canadian Loans) will make available to the Administrative Agent (or the Canadian Administrative Agent, in the case of a Borrowing of Canadian Loans) such Lender's Applicable Percentage of the principal amount of the Borrowing requested to be made on such date in immediately available funds at the Payment Office (unless such Borrowing is to be made under the Canadian Revolving Credit Facility and the Canadian Borrower has requested a Borrowing in C$, in which case such funds shall be C$).

(b) **Disbursement of US Loans.**

(A) The Administrative Agent will make available directly to the Applicable US Borrowers at the Payment Office of the Administrative Agent the aggregate of the amounts made available by the US Revolving Lenders pursuant to Section 2.4(a) by depositing such amounts, in immediately available funds, to the Disbursement Account of such US Borrower. To the extent that any Loans mature or Reimbursement Obligations are due and owing on the date of a requested Borrowing of Revolving Credit Loans, the Administrative Agent may, at its discretion, prior to giving effect to the directions set out in this Section 2.4(b), apply the proceeds of the Revolving Credit Loans then being made, to the extent thereof, to the repayment of such maturing Loans or Reimbursement Obligations, such Loans or Reimbursement Obligations and repayments intended to be a contemporaneous exchange.

(B) The US Swingline Lender will make available directly to the applicable US Borrower at the Payment Office of the Administrative Agent the amount of requested US Swingline Loans by depositing such amounts, in immediately available funds, to the Disbursement Account of such US Borrower.

(c) **Disbursement of Canadian Loans**. The Canadian Administrative Agent will make available to the Canadian Borrower at the Payment Office of the Canadian Administrative Agent the aggregate of the amounts (if any) made available by the Canadian Revolving Lenders pursuant to Section 2.4(a) by depositing such amounts, in immediately available funds, to the Disbursement Account of the Canadian Borrower. To the extent that any Loans mature or Reimbursement Obligations are due and owing on the date of a requested Borrowing of Canadian Revolving Credit Loans, the Canadian Revolving Credit Lenders shall apply the proceeds of the Canadian Revolving Credit Loans then being made, to the extent thereof, to the repayment of such maturing Loans or Reimbursement Obligations, such Loans or Reimbursement Obligations and repayments intended to be a contemporaneous exchange. In respect of Canadian Swingline Loans, the Canadian Swingline Lender will make available to the Canadian Borrower (or, in the case of a Canadian Swingline Loan made to pay Reimbursement Obligations of the Canadian Borrower, by remittance to the applicable Issuing Bank) the proceeds of such Canadian Swingline Loan in accordance with this Section 2.4(c) on or before 3:00 p.m. (Toronto Time) on the date requested for such Borrowing.

(d) **Funds to the Administrative Agent or the Canadian Administrative Agent**. Unless the Administrative Agent or the Canadian Administrative Agent shall have been notified by any Lender prior to the date of a Borrowing (other than a Borrowing consisting of US Swingline Loans or Canadian Swingline Loans) that such Lender does not intend to make available to the Administrative Agent or the Canadian Administrative Agent (as applicable) such Lender's US Revolving Credit Percentage or Canadian Revolving Credit Percentage (as applicable) of the Borrowing to be made on such date, the Administrative Agent or the Canadian Administrative Agent (as applicable) may assume that such Lender has made such amount available to the Administrative Agent or the Canadian Administrative Agent (as applicable) on such date, and the Administrative Agent or the Canadian Administrative Agent (as applicable) may make available to or for the account of the applicable Borrowers a corresponding

amount. If such corresponding amount is not in fact made available to the Administrative Agent or the Canadian Administrative Agent (as applicable) by such Lender on the date of a Borrowing, the Administrative Agent or the Canadian Administrative Agent (as applicable) shall be entitled to recover such corresponding amount on demand from such Lender together with interest at such Agent's cost of funds (as determined by such Agent). If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's or the Canadian Administrative Agent's (as applicable) demand therefor, the Administrative Agent or the Canadian Administrative Agent (as applicable) shall promptly notify the Borrower Agent, and the applicable Borrowers shall immediately pay such corresponding amount to the Administrative Agent or the Canadian Administrative Agent (as applicable) together with interest at the rate specified for the Borrowing which includes such amount paid. Nothing in this Section 2.4 shall be deemed to relieve any Lender from its obligation to fulfill its Revolving Credit Commitments hereunder or to prejudice any rights which the Borrowers may have against any Lender as a result of any default by such Lender hereunder.

(e) **Lenders' Responsibilities**. No Lender shall be responsible for any default by any other Lender in its obligation to make Loans hereunder, and each Lender shall be obligated to make only such Loans provided to be made by it hereunder, regardless of the failure of any other Lender to fulfill its Commitment hereunder. If any Lender fails to pay any amount when due by it to the Administrative Agent or the Canadian Administrative Agent pursuant to the terms hereof, such amount shall bear interest from the due date until paid at the rate determined by the Administrative Agent or the Canadian Administrative Agent as customary in the banking industry for interbank compensation. In no event shall Borrowers be entitled to receive credit for any interest paid by a Lender to the Administrative Agent or the Canadian Administrative Agent, nor shall any Defaulting Lender be entitled to interest on any amounts held by Agent pursuant to Section 2.30.

Section 2.5 Notes and Maturity.

(a) **US Revolving Credit Notes**. The US Borrowers' obligations to pay the principal of, and interest on, the US Revolving Credit Loans made by each US Revolving Lender shall, at the written request of any US Revolving Lender, be further evidenced by the US Borrowers' issuance, execution and delivery of a US Revolving Credit Note payable to the order of each such US Revolving Lender in the amount of such US Revolving Lender's US Revolving Credit Commitment and shall be dated as of the date of issuance of such US Revolving Credit Note. The principal amount of each US Revolving Credit Note shall be payable on or before the Maturity Date.

(b) **Canadian Revolving Credit Notes**. The Canadian Borrower's obligations to pay the principal of, and interest on, the Canadian Revolving Credit Loans made by each Canadian Revolving Lender shall, at the written request of any Canadian Revolving Lender, be further evidenced by the Canadian Borrower's issuance, execution and delivery of (i) a Canadian Revolving Credit Note (C$), and (ii) a Canadian Revolving Credit Note (US$), each payable to the order of each such Canadian Lender in the amount of such Canadian Revolving Lender's Canadian Revolving Credit Commitment and shall be dated as of the date of issuance of such Canadian Revolving Credit Notes. The principal amount of each Canadian Revolving Credit Note shall be payable on or before Maturity Date.

(c) **US Swingline Loans**. All US Swingline Loans shall be due and payable on the last Business Day of the month in which such US Swingline Loans are borrowed or on such earlier or later date as may be determined from time to time by US Swingline Lender; provided, however, in the event such US Swingline Loans are borrowed on the last Business Day of any month, such US Swingline Loans shall be due and payable on the first Business Day of the next succeeding month or on such earlier or later date as may be determined from time to time by US Swingline Lender; provided, further, that the principal amount of all outstanding US Swingline Loans shall be payable on or before the Maturity Date.

(d) **Canadian Swingline Loans**. All Canadian Swingline Loans shall be due and payable on the last Business Day of the month in which such Canadian Swingline Loans are borrowed or on such earlier or later date as may be determined from time to time by Canadian Swingline Lender; provided, however, in the event such Canadian Swingline Loans are borrowed on the last Business Day of any month, such Canadian Swingline Loans shall mature on the first Business Day of the next succeeding month or on such earlier or later date as may be determined from time to time by Canadian Swingline Lender; provided, further, that the principal amount of all outstanding Canadian Swingline Loans shall be payable on or before the Maturity Date.

(e) **Agent Advances**. All Agent Advances shall be repayable upon demand by the Administrative Agent or the Canadian Administrative Agent, as applicable.

Section 2.6 Interest. In all cases subject to Section 10.13:

(a) **ABR Loans**. Subject to Section 2.6(e), each of the Borrowers agrees to pay interest in respect of the unpaid principal amount of each ABR Loan made to such Borrowers from the date thereof until payment in full thereof at a rate per annum which shall be, for any day, equal to the sum of the Applicable Margin plus the ABR in effect on such day, but in no event to exceed the Highest Lawful Rate. The term "**ABR**" means, for any day (1) for any US Loan and US Swingline Loan which is an ABR Loan, the highest of (A) the Prime Rate in effect on such day, (B) one-half of one percent (1/2%) plus the Federal Funds Effective Rate in effect for such day (rounded upwards, if necessary, to the nearest 1/16th of 1%), and (C) LIBOR for a 30-day interest period as determined on such day, plus one percent (1%); and (2) for any Canadian Loan and Canadian Swingline Loan denominated in Dollars which is an ABR Loan, the highest of (A) the Canadian Base Rate in effect on such day, (B) one-half of one percent (1/2%) plus the Federal Funds Effective Rate in effect for such day (rounded upwards in necessary, to the nearest 1/16th of 1%); and (C) LIBOR for a 30-day interest period as determined on such day, plus one percent (1%). For purposes of this Agreement, any change in the ABR due to a change in the Federal Funds Effective Rate, the Prime Rate, or the Canadian Base Rate shall be effective as of the opening of business on the effective date of such change in the Federal Funds Effective Rate, the Prime Rate, or the Canadian Base Rate, as the case may be.

(b) **LIBOR Loans**. Subject to Section 2.6(e), each of the Borrowers agrees to pay interest in respect of the unpaid principal amount of each LIBOR Loan made to such Borrowers from the date thereof until payment in full thereof at a rate per annum which shall be the sum of the relevant Applicable Margin plus the LIBOR Rate, but in no event to exceed the Highest Lawful Rate. No Borrower shall be entitled to borrow any Loans hereunder as LIBOR Loans, or convert Loans to LIBOR Loans, or continue any LIBOR Loans, if the Required Lenders or the Administrative Agent determine, during the continuance of any Event of Default, that LIBOR Loans are to be unavailable.

(c) **Canadian Prime Loans**. Subject to Section 2.6(e), the Canadian Borrower agrees to pay interest in respect of the unpaid principal amount of each Canadian Prime Loan from the date thereof until payment in full thereof at a rate per annum which shall be, for any day, equal to the sum of the Applicable Margin plus the Canadian Prime Rate in effect on such day, but in no event to exceed the Highest Lawful Rate.

(d) **B/A Loans**. Subject to Section 2.6(e), the Canadian Borrower agrees to pay interest in respect of the unpaid principal amount of each B/A Loan from the date thereof until payment in full thereof at a rate per annum which shall be, for any day, equal to the sum of the Applicable Margin plus the CDOR Rate in effect on such day, but in no event to exceed the Highest Lawful Rate. No Borrower shall be entitled to borrow any Loans hereunder as B/A Loans, or convert Loans to B/A Loans, or

continue any B/A Loans, if the Required Lenders or the Canadian Administrative Agent determine, following any Event of Default, that B/A Loans are to be unavailable.

(e) **Default Interest**. After the occurrence and during the continuance of any Default, the US Borrowers shall, on demand from time to time, pay interest, to the extent permitted by law, on the outstanding US Lender Indebtedness, and the Canadian Borrower shall, on demand from time to time, pay interest, to the extent permitted by law, on the Canadian Lender Indebtedness (after as well as before judgment) at a rate per annum equal to (i) in the case of any LIBOR Loan, the rate that would be applicable under Section 2.6(b) to such LIBOR Loan, plus 2% per annum, (ii) in the case of any Canadian Prime Loan, the rate that would be applicable under Section 2.6(c) to such Canadian Prime Loan, plus 2% per annum, (iii) in the case of any B/A Loan, the rate that would be applicable under Section 2.6(d) to such B/A Loan, plus 2% per annum, and (iv) in the case of any other amount, the rate that would be applicable under Section 2.6(a) to an ABR Loan, plus 2% per annum, but, in any case, in no event to exceed the Highest Lawful Rate.

(f) **Interest Payment Dates**. Interest on each ABR Loan, LIBOR Loan and Canadian Prime Loan shall accrue from and including the date of such Loan to but excluding the date of payment in full thereof. Interest on each LIBOR and B/A Loan shall be payable in arrears, in the case of a LIBOR Loan or B/A Loan with an Interest Period of more than three (3) months' duration, on each day prior to the last day of such Interest Period that occurs at intervals of three (3) months' duration after the first day of such Interest Period, and on the last Business Day of each Interest Period applicable thereto, and on any prepayment (on the amount prepaid), at maturity (whether by acceleration or otherwise) and, after maturity, on demand. Interest on each ABR Loan and Canadian Prime Loan shall be payable in arrears on the first Business Day of each calendar month, commencing on the first of such days to occur after such Loan is made, at maturity (whether by acceleration or otherwise) and, after maturity, on demand.

Section 2.7 Interest Periods. In connection with each Borrowing of LIBOR Loans or B/A Loans, the Borrower Agent, on behalf of the applicable Borrowers shall elect an Interest Period to be applicable to such Borrowing, which Interest Period shall begin on and include, as the case may be, the date selected by the Borrower Agent pursuant to Section 2.2(a) or (b), the conversion date or the date of expiration of the then current Interest Period applicable thereto, and end on but exclude the date which is (i) in the case of LIBOR Loans, either one, two, three or six months thereafter, as selected by such Borrowers, and (ii) in the case of B/A Loans, either 30 days, 60 days, 90 days or 180 days; provided further:

(a) **Business Days**. If any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next Business Day, provided, further, that if any Interest Period (other than in respect of a Borrowing of LIBOR Loans the Interest Period of which is expiring pursuant to Section 2.16(b) hereof) would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the immediately preceding Business Day;

(b) **Month End**. Any Interest Period for any LIBOR Loan which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall, subject to Section 2.7(c) below, end on the last Business Day of a calendar month; and

(c) **Payment Limitations**. No Interest Period shall extend beyond any date that any principal payment or prepayment is scheduled to be due unless the aggregate principal amount of Borrowings which are Borrowings of LIBOR Loans or B/A Loans which have Interest Periods which will expire on or before such date, less the aggregate amount of any other principal payments or prepayments

due during such Interest Period, is equal to or in excess of the amount of such principal payment or prepayment.

Section 2.8 [Intentionally Deleted.]

Section 2.9 Repayment of Loans.

(a) The US Borrowers hereby unconditionally, jointly and severally promise to pay to the Administrative Agent for the account of each US Revolving Lender, (1) the then unpaid principal amount of each US Revolving Credit Loan of such Lender on the Maturity Date (or such earlier date on which the Revolving Credit Loans become due and payable pursuant to Article 8); (2) the amounts specified in Section 2.11 on the dates specified in Section 2.11; and (3) the L/C Cover. The US Borrowers hereby unconditionally, jointly and severally promise to pay to the US Swingline Lender the then unpaid principal amount of each US Swingline Loan on the date on which such US Swingline Loan becomes due and payable as provided in Section 2.5(c) hereof (or such earlier date on which such US Swingline Loans become due and payable pursuant to Article 8). The US Borrowers hereby unconditionally, jointly and severally promise to pay to the Administrative Agent the then unpaid principal amount of each US Agent Advance on demand (or such earlier date on which such US Agent Advances become due and payable pursuant to Article 8). The US Borrowers hereby unconditionally, jointly and severally agree to pay interest on the unpaid principal amount of the Loans, the US Swingline Loans and the US Agent Advances, from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 2.6.

(b) The Canadian Borrower hereby unconditionally promises to pay to the Canadian Administrative Agent for the account of each Canadian Revolving Lender, (1) the then unpaid principal amount of each Canadian Revolving Credit Loan of such Lender on the Maturity Date (or such earlier date on which the Revolving Credit Loans become due and payable pursuant to Article 8); and (2) the amounts specified in Section 2.11 on the dates specified in Section 2.11. The Canadian Borrower hereby unconditionally promises to pay to the Canadian Swingline Lender the then unpaid principal amount of each Canadian Swingline Loan on the date on which such Canadian Swingline Loan becomes due and payable as provided in Section 2.5(d) hereof (or such earlier date on which such Canadian Swingline Loan becomes due and payable pursuant to Article 8). The Canadian Borrower hereby unconditionally promises to pay to the Canadian Administrative Agent the then unpaid principal amount of each Canadian Agent Advance on demand (or such earlier date on which such Canadian Agent Advances become due and payable pursuant to Article 8). The Canadian Borrower hereby unconditionally agrees to pay interest on the unpaid principal amount of the Loans, the Canadian Swingline Loans and the Canadian Agent Advances from time to time, outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 2.6.

(c) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Borrowers to such Lender resulting from each Loan of such Lender from time to time, including, without limitation, the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(d) The Administrative Agent shall maintain a Register pursuant to Section 10.7(c), and a subaccount therein for each US Revolving Lender, in which shall be recorded (1) the amount of each US Loan made hereunder, the Type thereof and each Interest Period, if any, applicable thereto, (2) the amount of any principal or interest due and payable or to become due and payable from the US Borrowers to each US Revolving Lender hereunder, and (3) both the amount of any sum received by the Administrative Agent hereunder from the US Borrowers and each US Revolving Lender's

Applicable Percentage thereof. The Administrative Agent shall maintain a separate register with respect to the US Swingline Loans, which Register shall contain the same information as the Register with respect to the US Loans.

(e) The Canadian Administrative Agent shall maintain a Register pursuant to Section 10.7(c), and a subaccount therein for each Canadian Revolving Lender, in which shall be recorded (1) the amount of each Canadian Loan made hereunder, the Type thereof and each Interest Period, if any, applicable thereto, (2) the amount of any principal or interest due and payable or to become due and payable from the Canadian Borrower to each Canadian Revolving Lender hereunder, and (3) both the amount of any sum received by the Canadian Administrative Agent hereunder from the Canadian Borrower and each Canadian Revolving Lender's Applicable Percentage thereof. The Canadian Administrative Agent shall maintain a separate register with respect to the Canadian Swingline Loans, which Register shall contain the same information as the Register with respect to the Canadian Loans.

(f) The entries made in the Registers and the accounts of the Administrative Agent and the Canadian Administrative Agent and each Lender maintained pursuant to Section 2.9 (c), Section 2.9(d) or Section 2.9(e) shall, absent manifest error, be conclusive evidence of the existence and amounts of the obligations of the Borrowers therein recorded; provided, however, that the failure of any Lender or Agent to maintain a Register or any such account, or any error therein, shall not in any manner affect the obligations of each Borrower to repay (with applicable interest) the Loans made to such Borrower by such Lender in accordance with the terms of this Agreement.

(g) The Administrative Agent shall render to the Borrower Agent each month a statement of the US Borrowers' account setting forth the following information for the period from the date of the most recent preceding statement: the aggregate principal amount of new US Revolving Credit Loans and US Swingline Loans (if any) made to the US Borrowers, the aggregate amount of new Reimbursement Obligations which have not been reimbursed, the aggregate face amount of new US Letters of Credit issued for the account of the US Borrowers, the amount of remittances and payments actually collected and applied by the Administrative Agent to reduce the outstanding principal balance of the US Swingline Loans and US Revolving Credit Loans, to reimburse Reimbursement Obligations and establish L/C Cover during such period, the outstanding principal balances of the US Swingline Loans and US Revolving Credit Loans, and the aggregate US Letter of Credit Liabilities outstanding at the end of such period. Such statement shall be deemed to be correct and accepted by and be binding upon the US Borrowers unless the Administrative Agent receives a written statement of the US Borrowers' exceptions to such account statement within twenty (20) days after such statement was rendered to the Borrower Agent, and then only those items disclosed on such statement will be considered to be disputed by the Borrower Agent.

(h) The Canadian Administrative Agent shall render to the Canadian Borrower each month a statement of the Canadian Borrower's account setting forth the following information for the period from the date of the most recent preceding statement: the aggregate principal amount of new Canadian Revolving Credit Loans and Canadian Swingline Loans made to the Canadian Borrower, the aggregate amount of new Reimbursement Obligations which have not been reimbursed, the aggregate face amount of new Canadian Letters of Credit issued for the account of the Canadian Borrower, the amount of remittances and payments actually collected and applied by the Canadian Administrative Agent to reduce the outstanding principal balance of the Canadian Revolving Credit Loans and Canadian Swingline Loans, to reimburse Reimbursement Obligations during such period and establish L/C Cover, the outstanding principal balances of the Canadian Revolving Credit Loans and Canadian Swingline Loans, and the aggregate Canadian Letter of Credit Liabilities outstanding at the end of such period. Such statement shall be deemed to be correct and accepted by and be binding upon the

Canadian Borrower unless the Canadian Administrative Agent receives a written statement of the Canadian Borrower's exceptions to such account statement within twenty (20) days after such statement was rendered to the Canadian Borrower, and then only those items disclosed on such statement will be considered disputed by the Canadian Borrower.

Section 2.10 Voluntary Adjustment, Termination or Reduction of Revolving Credit Commitments; Extensions.

(a) So long as a Default has not occurred and is not continuing and subject to this Section 2.10(a), the Borrower Agent may, upon at least five (5) Business Days notice to the Administrative Agent and the Canadian Administrative Agent, elect to have the US Revolving Credit Commitments and the Canadian Revolving Credit Commitments adjusted such that the Revolving Credit Commitment designated by the Borrower Agent to be increased shall be increased by, subject to this Section 2.10(a), the amount designated by the Borrower Agent and the other Revolving Credit Commitment shall be simultaneously decreased by the same amount. The Administrative Agent and the Lenders shall not be required to give effect to any adjustment under this Section 2.10(a) which (i) is requested prior to one hundred eighty (180) days following the Closing Date, (ii) is in an amount less than $10,000,000, (iii) is requested within one hundred eighty (180) days of any prior adjustment under this Section 2.10(a), or (iv) would result, after giving effect to such adjustment, in the Aggregate US Revolving Credit Exposure or the Aggregate Canadian Revolving Credit Exposure exceeding, respectively, the US Maximum Available Amount or the Canadian Maximum Available Amount. Any adjustment of the Revolving Credit Commitments under this Section 2.10(a) shall be applied proportionately to the Combined Revolving Credit Commitments for each Lender, and the Combined Revolving Credit Commitments of each Lender (or each Lender and its Related Affiliate, if any) shall not be increased or reduced as a result of such adjustment.

(b) So long as a Default has not occurred and is not continuing and subject to this Section 2.10(b), the Borrower Agent may, upon at least five (5) Business Days notice to the Administrative Agent, the Canadian Administrative Agent, the US Swingline Lender and the Canadian Swingline Lender, elect to have the US Swingline Commitment and the Canadian Swingline Commitment adjusted such that the Swingline Commitment designated by the Borrower Agent to be increased shall be increased by, subject to this Section 2.10(b), the amount designated by the Borrower Agent and the other Swingline Commitment shall be simultaneously decreased by the same amount. The Administrative Agent and the Swingline Lenders shall not be required to give effect to any adjustment under this Section 2.10(b) which (i) is requested prior to one hundred eighty (180) days following the Closing Date, (ii) is in an amount less than $10,000,000, (iii) is requested within one hundred eighty (180) days of any prior adjustment under this Section 2.10(b), or (iv) would result, after giving effect to such adjustment, in the US Swingline Exposure or the Canadian Swingline Exposure exceeding, respectively, the US Swingline Availability or the Canadian Swingline Availability .

(c) The Borrower Agent, on behalf of the Borrowers may, upon at least three (3) Business Days prior written notice to the Administrative Agent and the Canadian Administrative Agent, terminate the Commitments entirely at any time. Neither the US Revolving Credit Commitments, the Canadian Revolving Credit Commitments, the US Swingline Commitment nor the Canadian Swingline Commitment may be partially terminated by the US Borrowers or the Canadian Borrower and each of the US Swingline Commitment and the Canadian Swingline Commitment may only be entirely terminated by the US Borrowers and the Canadian Borrower in connection with the entire termination of the Commitments. If the Commitments are terminated, all accrued commitment fees with respect thereto shall be payable on the effective date of such termination. Upon termination of the US Revolving Credit Commitments and the Canadian Revolving Credit Commitments in full, the commitments of the US

Swingline Lender to make US Swingline Loans and the commitments of the Canadian Swingline Lender to make Canadian Swingline Loans shall terminate as well.

(d) Subject to the other terms and conditions of this Agreement and unless the Commitments have been earlier terminated, the Commitments shall be available hereunder from the Closing Date until the Maturity Date (the "**Commitment Period**").

(e) The Borrower Agent, on behalf of Borrowers, may upon at least five (5) Business Days' prior written notice to the Administrative Agent and the Canadian Administrative Agent (but at least one hundred eighty (180) days after the Closing Date), permanently reduce the US Revolving Credit Commitments and the Canadian Revolving Credit Commitments, on a pro rata basis, which notice shall be irrevocable once given and shall specify the amount of the reduction of each of the US Revolving Credit Commitments and the Canadian Revolving Credit Commitments. Each such reduction shall be a minimum amount of $1,000,000, or an increment of $5,000,000 in excess thereof.

Section 2.11 Mandatory Prepayments; Voluntary Prepayments; Order of Application.

(a) **Mandatory Prepayments of US Revolving Credit Loans**. If at any time (i) the Aggregate US Revolving Credit Exposure is in excess of the US Maximum Available Amount (including as a result of a voluntary reduction of the Revolving Credit Commitments under Section 2.10(e)) or (ii) Excess Availability is less than $75,000,000 and the Allocated US Credit Exposure in respect of a US Borrower is in excess of such US Borrower's US Borrowing Base, the US Borrowers shall immediately jointly and severally pay to the Administrative Agent, for the account of the US Revolving Lenders, the amount of such excess to be applied (1) as a prepayment of the US Revolving Credit Loans and Reimbursement Obligations with respect to US Letters of Credit (with such payment to be applied first to the obligations of any US Borrower having Allocated US Credit Exposure in excess of its US Borrowing Base at any time Excess Availability is less than $75,000,000), and (2) after payment in full of the US Revolving Credit Loans and Reimbursement Obligations, as L/C Cover for the US Letter of Credit Liabilities in an amount of such remaining excess. The foregoing prepayment requirement is subject to the Administrative Agent's authority, in its sole discretion, to make Agent Advances pursuant to Section 2.28(a).

(b) **Mandatory Prepayment of Canadian Revolving Credit Loans**. If at any time the Dollar Equivalent of the Aggregate Canadian Revolving Credit Exposure is in excess of the Canadian Maximum Available Amount, the Canadian Borrower shall immediately pay to the Canadian Administrative Agent, for the account of the Canadian Revolving Lenders, the amount of such excess to be applied (1) as a prepayment of the Canadian Revolving Credit Loans and Reimbursement Obligations with respect to Canadian Letters of Credit, and (2) after payment in full of the Canadian Revolving Credit Loans and Reimbursement Obligations, as L/C Cover for the Canadian Letter of Credit Liabilities in an amount of such remaining excess. The foregoing prepayment requirement is subject to the Canadian Administrative Agent's authority, in its sole discretion, to make Agent Advances pursuant to Section 2.28(a).

(c) **Application of Proceeds from US Blocked Account**. Upon and during the continuance of a Block Event, on or before 11:00 a.m. (Eastern Time) on each Business Day, the Administrative Agent shall disburse (or cause each US Lockbox Bank to disburse) to the appropriate Agent for application in accordance with Section 2.11(f) and Section 2.11(h), all amounts then on deposit in each US Blocked Account which the Administrative Agent shall have determined constitute "collected funds" in accordance with the policies of the Administrative Agent then in effect.

(d) **Application of Proceeds from Canadian Blocked Account**. Upon and during the continuance of a Block Event, on or before 11:00 a.m. (Toronto Time) on each Business Day, the Canadian Administrative Agent shall disburse (or cause the Canadian Lockbox Bank to disburse) to the appropriate Agent or Lenders for application in accordance with Section 2.11(g) and Section 2.11(i) hereof all amounts then on deposit in the Canadian Blocked Account which the Canadian Administrative Agent shall have determined constitute "collected funds" in accordance with the policies of the Canadian Administrative Agent then in effect.

(e) **Voluntary Prepayments**. Each of the Borrowers may, at their option, at any time and from time to time, prepay the Loans and the Reimbursement Obligations, in whole or in part, without premium or penalty except for breakage costs with respect to LIBOR Loans as provided in Section 2.19, upon giving, in the case of any LIBOR Loan or B/A Loan, three (3) Business Days irrevocable prior written from the Borrower Agent notice to the Administrative Agent, and, in the case of any ABR Loan or Canadian Prime Loan, prior written notice from the Borrower Agent on the same Business Day to the Administrative Agent (in the case of prepayment of US Loans) or the Canadian Administrative Agent (in the case of a prepayment of Canadian Loans). Such notice shall specify, (i) in the case of any prepayment of Loans, the date and amount of prepayment and whether the prepayment is (A) of US Revolving Credit Loans, Canadian Revolving Credit Loans, US Swingline Loans or Canadian Swingline Loans, or a combination thereof, and (B) of LIBOR Loans, ABR Loans, B/A Loans or Canadian Prime Loans, or a combination thereof, and, in each case if a combination thereof, the principal amount allocable to each, and (ii) in the case of any prepayment of Reimbursement Obligations, the date and amount of prepayment, the identity of the applicable Letter of Credit or Letters of Credit and the amount allocable to each of such Reimbursement Obligations. In addition, the Borrower Agent shall, in the case of US Loans or Reimbursement Obligations related to US Letters of Credit, specify the Applicable US Borrower to which such prepayment should be allocated. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (if a LIBOR Loan is prepaid other than at the end of the Interest Period applicable thereto) any amounts payable pursuant to Section 2.19. Each prepayment of US Revolving Credit Loans which are ABR Loans may be in any amount; each prepayment of Canadian Revolving Credit Loans which are Prime Rate Loans shall be in any amount; each prepayment of LIBOR Loans or B/A Loans shall be in the minimum principal amount of $5,000,000 and in an integral multiple of $100,000; each prepayment of B/A Loans shall be in any amount; or, in any case, the aggregate principal balance outstanding on such Loans.

(f) **Order of Payments Prior to Default (US Borrowers)**. Unless a payment relates to a specific item of Lender Indebtedness (including as directed by the Borrower Agent) or an Event of Default has occurred and is continuing, any payment by any of the US Borrowers (including, without limitation, any application of the proceeds of Collateral of the US Borrowers) in respect of the Lender Indebtedness, including, without limitation, amounts applied pursuant to Section 2.11(c), shall be applied to the Lender Indebtedness in the following order (i) first, to the payment in full of all costs, expenses and other charges (but not fees) of the Administrative Agent and Collateral Agents then due and payable by the Borrowers under the Financing Documents and all indemnities payable by the Borrowers under the Financing Documents then due to the Administrative Agent and Collateral Agents, (ii) second, to the payment in full of all costs, expenses and other charges (but not fees) of the US Revolving Lenders payable by the Borrowers under the Financing Documents and all indemnities payable by the Borrowers under the Financing Documents then due to any US Lender, (iii) third, to the payment in full of all fees payable by the Borrowers to the Administrative Agent and Collateral Agents in their capacities as such, (iv) fourth, to the payment in full of all interest then due and payable in respect of the US Swingline Loans and US Agent Advances, (v) fifth, to the payment in full of all interest then due and payable in respect of the US Revolving Credit Loans, (vi) sixth, to the payment in full of all fees then due and payable to the US Revolving Lenders pursuant to Section 2.13(a) hereof, (vii) seventh, to the payment in full of all principal then due and payable under Section 2.11(a) above (for application first to US Agent

Advances to the extent necessary to pay such US Agent Advances in full, then to US Swingline Loans to the extent necessary to pay the US Swingline Loans in full, and then to the US Revolving Credit Loans), (viii) eighth, to the payment of principal of US Agent Advances to the extent necessary to pay such US Agent Advances in full, then to the payment of principal of the US Swingline Loans, (ix) ninth, to the payment of principal of the US Revolving Credit Loans, (x) tenth, to any other Lender Indebtedness to the extent then due and payable (including with respect to any Bank Products constituting Lender Indebtedness), and (xi) eleventh, after giving effect to the payment in full of all amounts due and payable pursuant to clauses (i) through (x) preceding, to US Borrowers by depositing the net amount thereof in the Disbursement Account of US Borrowers. In applying any amounts under this Section 2.11(f): (x) amounts on deposit in the US Blocked Account which represent amounts that have been deposited to the US Blocked Account as amounts payable to the US Borrowers; and (y) proceeds of Collateral of the US Borrowers shall, in each case, only be applied against such portion of the relevant Lender Indebtedness as has been allocated to the US Borrowers.

(g) **Order of Payments Prior to Default (Canadian Borrower).** Unless a payment relates to a specific item of Lender Indebtedness (including as directed by the Borrower Agent) or an Event of Default has occurred and is continuing, any payment by the Canadian Borrower (including, without limitation, any application of the proceeds of Collateral of the Canadian Credit Parties) in respect of the Canadian Lender Indebtedness, including, without limitation, amounts applied pursuant to Section 2.11(d), shall be applied to the Canadian Lender Indebtedness in the following order (i) first, to the payment in full of all costs, expenses and other charges (but not fees) of the Canadian Administrative Agent and Collateral Agents then due and payable by the Canadian Borrower (or any other Canadian Credit Party) under the Financing Documents and all indemnities payable by the Borrowers under the Financing Agreements then due to the Canadian Administrative Agent and Collateral Agents, (ii) second, to the payment in full of all costs, expenses and other charges (but not fees) of the Canadian Revolving Lenders payable by the Canadian Borrower (or any other Canadian Credit Party) under the Financing Agreements and all indemnities payable by the Canadian Borrower (or any other Canadian Credit Party) under the Financing Agreements then due to any Canadian Lender, (iii) third, to the payment in full of all fees payable by the Canadian Borrower to the Canadian Administrative Agent and Collateral Agents in their capacities as such, (iv) fourth, to the payment in full of all interest then due and payable in respect of Canadian Agent Advances and the Canadian Swingline Loans, (v) fifth, to the payment in full of all interest then due and payable in respect of the Canadian Revolving Credit Loans, (vi) sixth, to the payment in full of all fees then due and payable to the Canadian Revolving Lenders pursuant to Section 2.13(b) hereof, (vii) seventh, to the payment in full of all principal then due and payable under Section 2.11(b) above (for application first to Canadian Agent Advances to the extent necessary to pay such Canadian Agent Advances in full, then to the Canadian Swingline Loans to the extent necessary to pay the Canadian Swingline Loans in full, and then to the Canadian Revolving Credit Loans), (viii) eighth, to the payment of principal of Canadian Agent Advances to the extent necessary to pay such Canadian Agent Advances in full, then to the payment of principal of the Canadian Swingline Loans, (ix) ninth, to the payment of principal of the Canadian Revolving Credit Loans, (x) tenth, to any other Canadian Lender Indebtedness to the extent then due and payable (including with respect to any Bank Products constituting Lender Indebtedness), and (ix) eleventh, after giving effect to the payment in full of all amounts due and payable pursuant to clauses (i) through (x) preceding, to the Canadian Borrower by depositing the net amount thereof in the Disbursement Account for the Canadian Borrower.

(h) **Order of Payments During Default (US Borrowers)**. During the existence of any Event of Default, any payments in respect of the Lender Indebtedness by or for the account of any of the US Borrowers or in respect of any of the proceeds of Collateral of the US Borrowers, including amounts applied pursuant to Section 2.11(c), shall be applied to the Lender Indebtedness (1) first, to the payment in full of all costs, expenses and other charges (but not fees) of the Agents and Collateral Agents incurred in connection with the collection and enforcement of the Lender Indebtedness and for the protection,

preservation or sale, disposition or other realization upon the Collateral, including all expenses, liabilities and advances incurred or made by or on behalf of the Agents and Collateral Agents in their capacities as such, including attorneys' fees and legal expenses, (2) second, to the remaining US Lender Indebtedness (including to establish L/C Cover for all outstanding US Letters of Credit) on a pro rata basis in such order as the Administrative Agent shall determine in its sole discretion in order to minimize tax or other costs to the Lenders, but expressly excluding any amounts to be paid pursuant to clause (4) of this Section 2.11(h), (3) third, to the remaining Canadian Lender Indebtedness (including to establish L/C Cover for all outstanding Canadian Letters of Credit) on a pro rata basis in such order as the Canadian Administrative Agent shall determine in its sole discretion in order to minimize tax or other costs to the Lenders, but expressly excluding any amounts to be paid pursuant to clause (4) of this Section 2.11(h), and (4) fourth, on a pro rata basis to any amounts owed by any Credit Party in respect of any Bank Products constituting Lender Indebtedness. In applying any amounts under this Section 2.11(h), amounts on deposit in the US Blocked Account which represent amounts that have been deposited to the US Blocked Account as amounts payable to the US Borrowers, and proceeds of Collateral of the US Borrowers, shall, in each case, be applied first against such portion of the relevant Lender Indebtedness as has been allocated to the US Borrowers, and second, against such portion of the relevant Lender Indebtedness as has been guaranteed by the US Borrowers.

(i) **Order of Payment During Default (Canadian Borrower)**. During the existence of any Event of Default, any payments in respect of the Lender Indebtedness by or for the account of the Canadian Borrower or in respect of any of the proceeds of Collateral of the Canadian Borrower (or any other Canadian Credit Party), including amounts applied pursuant to Section 2.11(d), shall be applied to the Lender Indebtedness (1) first, to the payment in full of all costs, expenses and other charges (but not fees) of the Agents and Collateral Agents incurred in connection with the collection and enforcement of the Lender Indebtedness and for the protection, preservation or sale, disposition or other realization upon the Collateral provided by the Canadian Borrower (or any other Canadian Credit Party), including all expenses, liabilities and advances incurred or made by or on behalf of the Agents and Collateral Agents in their capacities as such, including attorneys' fees and legal expenses, (2) second, to the remaining Canadian Lender Indebtedness (including to establish L/C Cover for all outstanding Canadian Letters of Credit) on a pro rata basis in such order as the Canadian Administrative Agent shall determine in its sole discretion in order to minimize tax or other costs to the Lenders (but expressly excluding any amounts to be paid pursuant to clause (4) of Section 2.11(h)), (3) third, to the remaining US Lender Indebtedness (including to establish L/C Cover for all outstanding US Letters of Credit) on a pro rata basis in such order as the Administrative Agent shall determine in its sole discretion in order to minimize tax or other costs to the Lenders, but expressly excluding any amounts to be paid pursuant to clause (4) of this Section 2.11(i), and (4) fourth, on a pro rata basis to any amounts owed by any Canadian Credit Party in respect of any Bank Products constituting Lender Indebtedness. In applying any amounts under this Section 2.11(i), amounts on deposit in the Canadian Blocked Account which represent amounts that have been deposited to the Canadian Blocked Account as amounts payable to the Canadian Borrower(or any other Canadian Credit Party), and proceeds of Collateral of the Canadian Borrower (or any other Canadian Credit Party), shall, in each case, be applied, first, against such portion of the relevant Canadian Lender Indebtedness, and second, against such portion of the relevant Lender Indebtedness as has been guaranteed by the Canadian Borrower (or any other Canadian Credit Party).

Section 2.12 Continuation and Conversion Options.

(a) **Continuation**. The Borrower Agent, on behalf of the Borrowers, may elect to continue all or any part of any Borrowing of LIBOR Loans or B/A Loans beyond the expiration of the then current Interest Period relating thereto by giving Advance Notice (which shall be irrevocable) to the Administrative Agent, in the case of LIBOR Loans, or the Canadian Administrative Agent (with a simultaneous copy to the Administrative Agent), in the case of B/A Loans, of such election, specifying

the LIBOR Loans or B/A Loans or portion thereof to be continued and the Interest Period therefor. In the absence of such a timely and proper election with regard to LIBOR Loans, the Borrowers shall be deemed to have elected to convert such LIBOR Loans to ABR Loans pursuant to Section 2.12(d). In the absence of such a timely and proper election with regard to B/A Loans, the Borrowers shall be deemed to have elected to convert such B/A Loans to Canadian Prime Loans pursuant to Section 2.12(f).

(b) **Amount of Continuations**. All or part of any LIBOR Loans may be continued as provided herein, provided that any continuation of such Loans shall not be (as to each Borrowing of such Loans as continued for an applicable Interest Period) less than $5,000,000 for all Lenders and shall be in an integral multiple of $1,000,000. All or part of any B/A Loans may be continued as provided herein, provided that any continuation of such Loans shall not be (as to each Borrowing of such Loans as continued for an applicable Interest Period) less than C$5,000,000 for all Lenders and shall be in an integral multiple of C$1,000,000.

(c) **Continuation or Conversion Upon Default**. If, but only if, no Default shall have occurred and be continuing, each LIBOR Loan or B/A Loan may be continued or converted as provided in this Section 2.12.

(d) **Conversion to ABR or Canadian Prime Rate**. The Borrower Agent, on behalf of the Borrowers, may elect to convert any LIBOR Loan on the last day of the then current Interest Period relating thereto to an ABR Loan by giving Advance Notice to the Administrative Agent of such election. The Borrower Agent, on behalf of the Canadian Borrower, may elect to convert any B/A Loan on the last day of the then current Interest Period relating thereto to a Canadian Prime Loan by giving Advance Notice to the Canadian Administrative Agent (with a simultaneous copy to the Administrative Agent) of such election.

(e) **Conversion to LIBOR Rate**. If, but only if, no Default shall have occurred and be continuing, the Borrower Agent, on behalf of the Borrowers, may elect to convert any ABR Loan at any time or from time to time to a LIBOR Loan by giving Advance Notice (which shall be irrevocable) to the Administrative Agent of such election, specifying each Interest Period therefor.

(f) **Conversion to B/A Loan**. If, but only if, no Default shall have occurred and be continuing, the Borrower Agent, on behalf of the Canadian Borrower, may elect to convert any Canadian Prime Loan at any time or from time to time to a B/A Loan by giving Advance Notice to the Canadian Administrative Agent (with a simultaneous copy to the Administrative Agent) of such election, specifying each Interest Period therefor.

Section 2.13 Fees.

(a) **US Revolving Credit Commitments**. The US Borrowers shall jointly and severally pay to the Administrative Agent for the account of and distribution to each US Revolving Lender in accordance with its US Revolving Credit Percentage a commitment fee, for the period commencing on the Closing Date to and including the Maturity Date (or such earlier date as the US Revolving Credit Commitments shall have been terminated entirely), computed at a rate per annum equal to (i) 0.50% on the average daily excess amount of the US Revolving Credit Commitments over the US Revolving Credit Exposure in the event the Average Monthly Excess Availability for the applicable month was less than or equal to 50% of the aggregate US Revolving Credit Commitments, and (ii) 0.75% on the average daily excess amount of the US Revolving Credit Commitments over the US Revolving Credit Exposure in the event the Average Monthly Excess Availability for the applicable month exceeded 50% of the aggregate US Revolving Credit Commitments. The commitment fees on the US Revolving Credit Commitments

earned from and after the Closing Date shall be payable in arrears on the first Business Day of each month commencing after the Closing Date.

(b) **Canadian Revolving Credit Commitments**. The Canadian Borrower shall pay to the Canadian Administrative Agent for the account of and distribution to each Canadian Revolving Lender in accordance with its Canadian Revolving Credit Percentage a commitment fee, for the period commencing on the Closing Date to and including the Maturity Date (or such earlier date as the Canadian Revolving Credit Commitments shall have been terminated entirely), computed at a rate per annum equal to (i) 0.50% on the average daily excess amount of the Canadian Revolving Credit Commitments over the Canadian Revolving Credit Exposure in the event the Average Monthly Excess Availability for the applicable month was less than or equal to 50% of the aggregate Canadian Revolving Credit Commitments, and (ii) 0.75% on the average daily excess amount of the Canadian Revolving Credit Commitments over the Canadian Revolving Credit Exposure in the event the Average Monthly Excess Availability for the applicable month exceeded 50% of the aggregate Canadian Revolving Credit Commitments. The commitment fees on the Canadian Revolving Credit Commitments earned from and after the Closing Date shall be payable in arrears on the first Business Day of each month commencing after the Closing Date.

(c) **US Letters of Credit.**

(1) The US Borrowers shall jointly and severally pay to the applicable Issuing Bank, with respect to any issuance, amendment, transfer, or cancellation prior to expiration of any US Letter of Credit and for each drawing made thereunder, documentary and processing charges in accordance with such Issuing Bank's standard schedule for such charges in effect at the time of, and payable at the time of, such issuance, amendment, transfer, cancellation or drawing, as the case may be, as well as a 0.125% fronting fee (or such other amount as may be agreed upon from time to time between the Borrower Agent, on behalf of the US Borrowers and the applicable Issuing Bank). All fees payable pursuant to this Section 2.13(c)(1) shall be retained by the applicable Issuing Bank.

(2) The US Borrowers will jointly and severally pay to the Administrative Agent for the account of and pro rata distribution to each US Revolving Lender a fee on the daily average amount available for drawings under each US Letter of Credit, in each case for the period from and including the date of issuance of such US Letter of Credit to and excluding the date of expiration or termination thereof computed at a per annum rate for each day equal to the Applicable Margin for LIBOR Loans. Such fees shall be payable in arrears on the first Business Day of each month.

(d) **Canadian Letters of Credit.**

(1) The Canadian Borrower shall pay to the applicable Issuing Bank, with respect to any issuance, amendment, transfer, or cancellation prior to expiration of any Canadian Letter of Credit and for each drawing made thereunder, documentary and processing charges in accordance with such Issuing Bank's standard schedule for such charges in effect at the time of, and payable at the time of, such issuance, amendment, transfer, cancellation or drawing, as the case may be, as well as a 0.125% fronting fee (or such other amount as may be agreed upon from time to time between the Borrower Agent, on behalf of the Canadian Borrower and the applicable Issuing Bank). All fees payable pursuant to this Section 2.13(d)(1) shall be retained by the applicable Issuing Bank.

(2) The Canadian Borrower will pay to the Canadian Administrative Agent for the account of and pro rata distribution to each Canadian Revolving Lender a fee on the daily average amount available for drawings under each Canadian Letter of Credit, in each case for the period from and including the date of issuance of such Canadian Letter of Credit to and excluding the date of expiration or termination thereof computed at a per annum rate for each day equal to the Applicable Margin for B/A Loans. Such fees shall be payable in arrears on the first Business Day of each month.

(e) **Audit and Due Diligence Fees**. On the Closing Date, the Borrowers shall pay to the Administrative Agent (i) all reasonable fees and/or verification costs incurred by the Administrative Agent or the Canadian Administrative Agent in connection with audits conducted against the Borrowers' property and assets prior to the Closing Date (up to a maximum of $1,000 per person, per day), and (ii) any reasonable out-of-pocket expenses related to the foregoing.

(f) **Fee Letter**. The US Borrowers shall jointly and severally pay, as applicable, to the Administrative Agent or General Electric Capital Corporation, as Collateral Agent such fees as are set forth in the Fee Letter, on the dates and in the manner specified therein, and the Canadian Borrower shall pay, as applicable, to the Canadian Administrative Agent or General Electric Capital Corporation, as Collateral Agent such fees as are set forth in the Fee Letter, on the dates and in the manner set forth therein.

Section 2.14 Payments, etc.

(a) **Without Setoff, etc**. Except as otherwise specifically provided herein, all payments under this Agreement shall be made to the Administrative Agent (if such payment is made on or in respect of US Loans or US Commitments) or to the Canadian Administrative Agent (if such payment is made on or in respect of Canadian Loans or Canadian Commitments) for the account of the appropriate Lenders without defense, set-off or counterclaim not later than 1:00 p.m. Eastern Time on the date when due and shall be made in Dollars (unless such payment is a payment of principal or interest on C$ Denominated Loans or Reimbursement Obligations (including any fees related thereto) with respect to Canadian Letters of Credit denominated in C$, in which case such payments shall be in C$) in immediately available funds at the Payment Office of the appropriate Agent. Except with respect to Swingline Loans and Agent Advances, the Administrative Agent or the Canadian Administrative Agent will promptly thereafter distribute funds in the form received relating to the payment of principal or interest or commitment fees ratably to the appropriate Lenders for the account of their respective Lending Offices, and funds in the form received relating to the payment of any other amount payable to any Lender to such Lender for the account of its applicable Lending Office.

(b) **Non-Business Days**. Whenever any payment to be made hereunder or under any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day (except as otherwise provided in Section 2.7 hereof) and, with respect to payments of principal, interest thereon shall be payable at the applicable rate during such extension.

(c) **Computations**. All computations of interest (other than interest on LIBOR Loans, B/A Loans and ABR Loans) and fees shall be made on the basis of a year of three hundred sixty five (365) days, for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable. All computations of interest on LIBOR Loans, B/A Loans and ABR Loans shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable. Each determination by the Administrative Agent or the Canadian Administrative Agent of an interest rate or fee hereunder shall, except for manifest error, be final, conclusive and binding for all

purposes. If the Administrative Agent or the Canadian Administrative Agent and the Borrowers determine that manifest error exists, said parties shall correct such error by way of an adjustment to the next payment due hereunder. For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever interest or fees to be paid hereunder is to be calculated on the basis of a year of three hundred sixty (360) days or any other period of time that is less than a calendar year, the yearly rate of interest to which the rate determined pursuant to such calculation is equivalent is the rate so determined multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by either three hundred sixty (360) or such other period of time, as the case may be. Calculations of interest shall be made using the nominal rate method of calculation, and will not be calculated using the effective rate method of calculation or any other basis that gives effect to the principle of deemed reinvestment of interest.

Section 2.15 Interest Rate Not Ascertainable, etc. In the event that the Administrative Agent shall have determined (which determination shall be reasonably exercised and shall, absent manifest error, be final, conclusive and binding upon all parties) that on any date for determining the LIBOR Rate for any Interest Period, by reason of any changes affecting the London interbank LIBOR market, or any Lender's position in such market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of LIBOR Rate, then, and in any such event, the Administrative Agent shall forthwith give notice (by telephone confirmed in writing) to the Borrower Agent and to the Lenders of such determination. Until the Administrative Agent notifies the Borrowers that the circumstances giving rise to the suspension described herein no longer exist, the obligations of the Lenders to make LIBOR Loans shall be immediately suspended, any Borrowing of LIBOR Loans that is requested (by continuation, conversion or otherwise) shall instead be made as a Borrowing of ABR Loans, and any outstanding LIBOR Loan shall be converted, on the last day of the then current Interest Period applicable thereto, to an ABR Loan.

Section 2.16 Illegality.

(a) **Determinations of Illegality of LIBOR Loan**. In the event that any Lender shall have determined (which determination shall be reasonably exercised and shall, absent manifest error, be final, conclusive and binding upon all parties) at any time that the making or continuance of any LIBOR Loan has become unlawful as a result of compliance by such Lender in good faith with any applicable law, governmental rule, regulation, guideline or order (whether or not having the force of law and whether or not failure to comply therewith would be unlawful), then, in any such event, such Lender shall give prompt notice (by telephone confirmed in writing) to the Borrower Agent, and the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to the other Lenders).

(b) **LIBOR Loans Suspended**. Upon the giving of the notice to the Borrower Agent referred to in Section 2.16(a) above, (1) the Borrowers' right to request (by continuation, conversion or otherwise) and such Lender's obligation to make LIBOR Loans shall be immediately suspended, and thereafter, any requested Borrowing of LIBOR Loans shall, as to such Lender only, be deemed to be a request for a ABR Loan, and (2) if the affected LIBOR Loan or Loans are then outstanding, the Borrowers shall immediately, or if permitted by applicable law, no later than the date permitted thereby, upon at least one (1) Business Day's written notice to the Administrative Agent and the affected Lender, convert each such LIBOR Loan into an ABR Loan, provided that if more than one Lender is affected at any time, then all affected Lenders must be treated the same pursuant to this subsection.

(c) **Determinations of Illegality of Dollar Denominated Loans**. In the event that any Canadian Revolving Lender shall have determined (which determination shall be reasonably exercised and shall, absent manifest error, be final, conclusive and binding upon all parties) at any time that the

making or continuance of any Dollar Denominated Loan has become unlawful as a result of compliance by such Canadian Revolving Lender in good faith with any applicable law, governmental rule, regulation, guideline or order (whether or not having the force of law and whether or not failure to comply therewith would be unlawful), then, in any such event, such Canadian Revolving Lender shall give prompt notice (by telephone confirmed in writing) to the Borrower Agent and to the Canadian Administrative Agent (with a simultaneous copy to the Administrative Agent) of such determination (which notice the Canadian Administrative Agent shall promptly transmit to the other Canadian Revolving Lenders).

(d) **Dollar Denominated Loan Suspended**. Upon the giving of the notice to the Borrower Agent referred to in Section 2.16(c) above, (1) the Canadian Borrower's right to request (by continuation, conversion or otherwise) and such Canadian Revolving Lender's obligation to make Dollar Denominated Loans shall be immediately suspended, and thereafter, any requested Borrowing of Dollar Denominated Loans shall, as to such Canadian Revolving Lender only, be deemed to be a request for a Canadian Revolving Credit Loan denominated in C$, and (2) if the affected Dollar Denominated Loan or Loans are then outstanding, the Canadian Borrower shall immediately, or if permitted by applicable law, no later than the date permitted thereby, upon at least one (1) Business Day's written notice to the Canadian Administrative Agent (with a simultaneous copy to the Administrative Agent) and the affected Canadian Revolving Lender, convert each such Dollar Denominated Loan which is a LIBOR Loan into a B/A Loan and convert each such Dollar Denominated Loan which is an ABR Loan into a Canadian Prime Loan, provided that if more than one Lender is affected at any time, then all affected Lenders must be treated the same pursuant to this subsection.

Section 2.17 Increased Costs.

(a) **LIBOR Regulations, etc**. If, by reason of (x) the introduction of or any change (including any change by way of imposition or increase of reserve requirements) in or in the interpretation of any law or regulation, or (y) the compliance with any guideline or request issued by any central bank or other governmental authority or quasi-governmental authority exercising control over banks or financial institutions generally (whether or not having the force of law):

(1) any Lender (or its applicable Lending Office) shall be subject to any Tax or other charge with respect to its LIBOR Loans or its obligation to make LIBOR Loans, or shall change the basis of taxation of payments to any Lender of the principal of or interest on its LIBOR Loans or its obligation to make LIBOR Loans (except for changes in the rate of tax on the overall net income or gross receipts of such Lender or its applicable Lending Office imposed by the jurisdiction in which such Lender's principal executive office or applicable Lending Office is located); or

(2) any reserve (including any imposed by the Board), special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or its applicable Lending Office shall be imposed or deemed applicable or any other condition affecting its LIBOR Loans or its obligations to make LIBOR Loans shall be imposed on any Lender or its applicable Lending Office or the interbank LIBOR market or the secondary certificate of deposit market;

and as a result thereof there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining LIBOR Loans or there shall be a reduction in the amount received or receivable by such Lender or its applicable Lending Office, then the applicable Borrowers shall from time to time, upon written notice from and demand by such Lender (with a copy of such notice and demand to the Administrative Agent), pay to such Lender on demand additional amounts determined by such Lender to be sufficient to indemnify such Lender against such increased cost. A certificate as to the amount of

such increased cost and the calculation thereof, submitted to Borrower Agent and the Administrative Agent by such Lender, shall, except for manifest error, be final, conclusive and binding for all purposes.

(b) **Costs**. If any Lender shall advise the Administrative Agent that at any time, because of the circumstances described in clauses (x) or (y) in Section 2.17(a) or any other circumstances affecting such Lender or the London interbank market or such Lender's position in such market, the LIBOR Rate, as determined in good faith by the Administrative Agent, will not adequately and fairly reflect the cost to such Lender of funding its LIBOR Loans, then, and in any such event:

(1) the Administrative Agent shall forthwith give notice (by telephone confirmed in writing) to the Borrower Agent and to the Lenders of such advice; and

(2) the Borrowers' right to request a Borrowing of LIBOR Loans from such Lender and such Lender's obligation to make LIBOR Loans shall be immediately suspended, any such Borrowing of LIBOR Loans that is requested (by continuation, conversion or otherwise) shall, as to such Lender only, be deemed to be a request for an ABR Loan, and any such outstanding LIBOR Loan from such Lender shall be converted, on the last day of the then current Interest Period applicable thereto, to an ABR Loan.

(c) **Capital Adequacy**. If (1) the introduction of or any change after the date hereof (including any change by way of imposition or increase of reserve requirements) in or in the interpretation of any law or regulation, or (2) the compliance with any guideline or request issued by any central bank or other Governmental Authority or other authority exercising control over banks or financial institutions generally (whether or not having the force of law), affects or would affect the amount of capital required to be maintained by any Lender or any corporation controlling such Lender, and the amount of such capital is increased by or based upon the existence of such Lender's Loans or such Lender's Commitment hereunder and other commitments to lend or of the Letters of Credit (or similar contingent obligations), then, upon written request therefor by such Lender (with a copy of such request to the Administrative Agent), the applicable Borrowers shall pay to such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender for the increased cost of such additional capital in light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's Loans or such Lender's commitment to lend hereunder or to the issuance or maintenance of the Letters of Credit. A certificate as to such amounts and the calculation thereof, submitted to the Borrowers and the Administrative Agent by such Lender, shall be conclusive and binding for all purposes, absent manifest error.

(d) **Issuing Bank**. The rights and benefits of the Lenders under this Section 2.17 shall also apply to any Issuing Bank in its capacity as such.

Section 2.18 Change of Lending Office. Each Lender agrees that it will use reasonable efforts to designate an alternate Lending Office with respect to any of its LIBOR Loans affected by the matters or circumstances described in Section 2.15, Section 2.16 or Section 2.17 to reduce the liability of the Borrowers or avoid the results provided thereunder, so long as such designation is not disadvantageous to such Lender as determined by such Lender in its sole discretion.

Section 2.19 Funding Losses. Each of the Borrowers shall compensate each Lender, upon its written request (which request shall set forth the basis for requesting such amounts and shall, absent manifest error, be final, conclusive and binding upon all of the parties hereto), for all losses, expenses and liabilities (including any interest paid by such Lender to lenders of funds borrowed by it to make or carry its LIBOR Loans to such Borrowers), which the Lender may sustain: (a) if for any reason (other than a default by such Lender) a Borrowing of LIBOR Loans does not occur on the date specified therefor in a

Borrowing Request (whether or not withdrawn), including a failure by the applicable Borrowers to fulfill on the date of any Borrowing of LIBOR Loans the conditions set forth in Article 3, or to convert or continue any LIBOR Loan hereunder after irrevocable notice of such conversion or continuation has been given pursuant to Section 2.12; (b) if any payment, prepayment or conversion of any of its LIBOR Loans required or permitted by any other provision of this Agreement or otherwise, or any assignment of a LIBOR Loan pursuant to Section 2.23, in each case is made or deemed made on a date which is not the last day of the Interest Period applicable thereto; or (c) if, for any reason, any of the Borrowers defaults in its obligation to repay its LIBOR Loans or B/A Loans as and when due and payable (at the due date thereof, whether at scheduled maturity, by acceleration, irrevocable notice of prepayment or otherwise).

Section 2.20 Sharing of Payments, etc.

(a) If any US Revolving Lender shall obtain any payment or reduction (including any amounts received as adequate protection of a deposit treated as cash collateral under the Bankruptcy Code) of any obligations of the US Borrowers hereunder (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share of payments or reductions on account of such obligations obtained by all the US Revolving Lenders, such US Revolving Lender shall forthwith notify each of the other US Revolving Lenders and the Administrative Agent of such receipt, and purchase from the other US Revolving Lenders such participations in the affected obligations as shall be necessary to cause such purchasing US Revolving Lender to share the excess payment or reduction, net of costs incurred in connection therewith, ratably with each of them; provided that, if all or any portion of such excess payment or reduction is thereafter recovered from such purchasing US Revolving Lender or additional costs are incurred, the purchase shall be rescinded and the purchase price restored to the extent of such recovery or such additional costs, but without interest. The US Borrowers agree that any US Revolving Lender so purchasing a participation from another US Revolving Lender pursuant to this Section 2.20 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such US Revolving Lender were the direct creditor of the US Borrowers in the amount of such participation.

(b) If any Canadian Revolving Lender shall obtain any payment or reduction of any obligation of the Canadian Borrower hereunder (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share of payments or reductions on account of such obligations obtained by all the Canadian Revolving Lenders, such Canadian Revolving Lender shall forthwith notify each of the other Canadian Revolving Lenders and the Canadian Administrative Agent (with a simultaneous copy to the Administrative Agent) of such receipt, and purchase from the other Canadian Revolving Lenders such participations in the affected obligations as shall be necessary to cause such purchasing Canadian Revolving Lender to share the excess payment or reduction, net of costs incurred in connection therewith, ratably with each of them; provided that, if all or any portion of such excess payment or reduction is thereafter recovered from such purchasing Canadian Revolving Lender or additional costs are incurred, the purchase shall be rescinded and the purchase price restored to the extent of such recovery or such additional costs, but without interest. The Canadian Borrower agrees that any Canadian Revolving Lender so purchasing a participation from another Canadian Revolving Lender pursuant to this Section 2.20 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Canadian Revolving Lender were the direct creditor of the Canadian Borrower in the amount of such participation.

Section 2.21 Taxes.

(a) **Payments Free and Clear**. Any and all payments by or on account of any obligation of any of the Borrowers hereunder shall be made free and clear of and without deduction or withholding for any Indemnified Taxes or Other Taxes; provided, that, if any of the Borrowers shall be required to deduct, withhold, pay or be assessed any Indemnified Taxes or Other Taxes in respect of such payments, or any Indemnitee that receives any payments shall be required to deduct, withhold, pay or be assessed any Indemnified Taxes or Other Taxes in respect of such payments, then (1) the amounts payable by the Borrowers shall be increased so that, after taking into account all assessments or making all required deductions, withholdings, payments and assessments (including deductions, withholdings, payments and assessments applicable to additional sums payable under this Section 2.21), each Indemnitee receives and retains an amount equal to the sum it would have received had no such deduction, withholding, payment or assessment been made, and (2) the applicable Borrowers shall make all such deductions, withholdings, payments and assessments and such Borrowers shall pay the full amount deducted, withheld, paid or assessed to the relevant Governmental Authority in accordance with applicable law.

(b) **Other Taxes**. In addition, the applicable Borrowers shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) **Indemnification**. Each of the Borrowers shall indemnify each Indemnitee on an After Tax Basis, upon written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by or on behalf of such Indemnitee on or with respect to or otherwise deducted, withheld or remitted from any payment by or on account of any obligation of such Borrowers hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.21) and any penalties, interest or additions thereto and all reasonable costs and expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the applicable Borrowers by any Indemnitee, on its own behalf or on behalf of any Lender or an Issuing Bank, shall be conclusive absent manifest error.

(d) **Receipts**. As soon as practicable after any payment of Indemnified Taxes or Other Taxes by any of the Borrowers to a Governmental Authority, the Borrower Agent shall deliver to the Administrative Agent or the Canadian Administrative Agent, as applicable, the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) **Tax Certifications**. Each Lender shall provide to the Borrower Agent, on the Closing Date, all such certifications and other confirmations as may be reasonably required by the Borrowers to evidence or confirm that (i) in the case of a Canadian Lender, such Canadian Lender is a Canadian Qualified Lender, or (ii) in the case of a US Lender, such US Lender is an Exempt US Lender. Each Canadian Lender party hereto on the Closing Date, by its signature of the Credit Agreement, confirms to the Borrowers that it is a Canadian Qualified Lender.

(f) **[Intentionally Deleted.]**

(g) **Survival**. Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.21 shall survive the payment in full of principal and interest hereunder.

Section 2.22 Pro Rata Treatment. Subject to Section 2.4(d), each Borrowing of US Revolving Credit Loans shall be made, and each payment on account of any commitment fee in respect of the US Revolving Credit Commitments hereunder and any reduction of the US Revolving Credit Commitments of the US Revolving Lenders shall be allocated, by the Administrative Agent pro rata according to the US Revolving Credit Percentages of the US Revolving Lenders. Subject to Section 2.4(d) and Section 2.11, each payment (including each prepayment) on account of principal of and interest on any US Revolving Credit Loans shall be allocated by the Administrative Agent pro rata according to the respective outstanding principal amounts of such US Revolving Credit Loans then held by the US Revolving Lenders. Subject to Section 2.4(d), each Borrowing of Canadian Revolving Credit Loans shall be made, and each payment on account of any commitment fee in respect of the Canadian Revolving Credit Commitments hereunder, and any reduction of the Canadian Revolving Credit Commitments of the Canadian Revolving Lenders shall be allocated, by the Canadian Administrative Agent pro rata according to the Canadian Revolving Credit Percentages of the Canadian Revolving Lenders. Subject to Section 2.4(d) and Section 2.11, each payment (including each prepayment) on account of principal of and interest on any Canadian Revolving Credit Loans shall be allocated by the Canadian Administrative Agent pro rata according to the respective outstanding principal amounts of such Canadian Revolving Credit Loans then held by the Canadian Revolving Lenders.

Section 2.23 Replacement of Lenders. If (i) any Lender does not make a LIBOR Loan pursuant to Section 2.16 or fails to designate an alternate Lending Office pursuant to Section 2.18, (ii) if any Lender seeks indemnification for increased costs pursuant to Section 2.17, or is owed additional amounts pursuant to Section 2.21, which increased costs or additional amounts are not being incurred generally by the other Lenders, or (iii) if any Lender otherwise constitutes a Defaulting Lender hereunder, then either (A) the Administrative Agent or the Canadian Administrative Agent or (B) so long as no Default then exists or would exist after giving effect to such replacement, Borrowers, shall have the right to replace such Lender with another bank or financial institution (in the case of Borrowers, with the consent of the Administrative Agent and the Canadian Administrative Agent, which consent shall not be unreasonably withheld), provided that (a) the obligations of the Borrowers owing hereunder or under any other Financing Document to the Lender being replaced (including such increased costs and additional amounts) that are not being assigned to the replacement lender shall be paid in full to the Lender being replaced concurrently with such replacement, (b) the replacement lender shall execute an Assignment and Acceptance pursuant to which it shall become a party hereto as provided in Section 10.7 and such assignment shall be effectuated in accordance with Section 10.7, (c) upon compliance with the provisions for assignment provided in Section 10.7 and the payment of amounts referred to in clause (a), the replacement lender shall constitute a "Lender" hereunder and the Lender being so replaced shall no longer constitute a "Lender" hereunder, and (d) any such replacement shall be effected within ninety (90) days after the Borrowers became aware of circumstances giving rise to such right of replacement.

Section 2.24 Bank Charges; Advances of Revolving Credit Loans to Satisfy Lender Indebtedness. The Borrowers shall pay to the Agents, on demand, any and all fees, costs or expenses which either Agent pays to a bank or other similar institution (including any fees paid by an Agent to any Participant) arising out of or in connection with (i) the forwarding to a Borrower or any other Person on behalf of a Borrower by an Agent of proceeds of Loans made to a Borrower pursuant to this Agreement and (ii) the depositing for collection by an Agent of any check or other payment item received or delivered to an Agent on account of the Lender Indebtedness (collectively, "**Bank Charges**"). Each of the Borrowers and each Lender hereby agrees with the Administrative Agent, the Canadian Administrative Agent and each other Lender that, on each date on which Bank Charges are due hereunder or on which any other payment of interest, fees, principal or other amounts are due and owing hereunder or under any of the other Financing Documents, the Administrative Agent or the Canadian Administrative Agent may, in its sole discretion, but without any obligation to do so and subject to all other terms of this Agreement (other than any request for delivery of a Borrowing Request hereunder), cause a Borrowing of

(a) US Swingline Loans to the extent of the remaining US Swingline Availability, and thereafter such Borrowings shall be US Revolving Credit Loans which shall be ABR Loans, or (b) Dollar Denominated Canadian Swingline Loans to the extent of the remaining Canadian Swingline Availability, and thereafter such Borrowings shall be Dollar Denominated Canadian Revolving Credit Loans which shall be ABR Loans, each to be made on such date in an amount sufficient to satisfy in full all such Bank Charges and payments of interest, fees or other amounts which are then due hereunder (including principal, interest, and other amounts owing in respect of Agent Advances), and the Administrative Agent or the Canadian Administrative Agent may disburse the proceeds of such Borrowing to each other Agent and Lender to satisfy all such obligations and liabilities which are then due. The Administrative Agent or the Canadian Administrative Agent, as applicable, shall notify the Borrower Agent promptly after any Borrowing is made in accordance with this Section 2.24; provided that any failure by the Administrative Agent or the Canadian Administrative Agent to provide any such notice shall not relieve the applicable Borrowers from their obligation to repay any such Borrowing in accordance with this Agreement.

Section 2.25 Joint and Several Liability of US Borrowers and of Canadian Borrower; Rights of Contribution among US Borrowers.

(a) Each US Borrower states and acknowledges that: (i) pursuant to this Agreement, the US Borrowers desire to utilize their borrowing potential on a consolidated basis to the same extent possible as if they were merged into a single corporate entity; (ii) each US Borrower has determined that it will benefit specifically and materially from the advances of credit contemplated by this Agreement; (iii) it is both a condition precedent to the obligations of the Agents, the Collateral Agents, the Lenders, and the Issuing Banks hereunder and a desire of each US Borrower that each US Borrower execute and deliver this Agreement; and (iv) each US Borrower has requested and bargained for the structure and terms of and security for the advances contemplated by this Agreement.

(b) Each US Borrower hereby irrevocably and unconditionally: (i) agrees that it is jointly and severally liable to the Administrative Agent, the Collateral Agents, the Lenders, and each Issuing Bank for the full and prompt payment and performance of the obligations of each US Borrower under this Agreement and each other Financing Document that may specify that a particular US Borrower is responsible for a given payment or performance and all other US Lender Indebtedness; (ii) agrees to fully and promptly perform all of its obligations hereunder with respect to each advance of credit hereunder as if such advance had been made directly to it; and (iii) agrees as a primary obligation to indemnify each Agent, each Collateral Agent, each Lender, and each Issuing Bank, on demand, for and against any loss incurred by any Agent, any Collateral Agent, any Issuing Bank, or any Lender as a result of any of the obligations of any US Borrower (the "**subject US Borrower**") being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever, whether or not known to the subject US Borrower or any Person, the amount of such loss being the amount which the Agents (or any of them), Collateral Agents (or any of them), any Issuing Bank, or the Lenders (or any of them) would otherwise have been entitled to recover from the subject Borrower.

(c) It is the intent of each US Borrower that the indebtedness, obligations and liabilities hereunder of no one of them be subject to challenge on any basis related to any federal or state law dealing with fraudulent conveyances or any other law related to transfers for less than fair or reasonably equivalent value. Accordingly, as of the date hereof, the liability of each US Borrower under this Section 2.25, together with all of its other liabilities to all Persons as of the date hereof and as of any other date on which a transfer is deemed to occur by virtue of this Agreement, calculated in amount sufficient to pay its probable net liabilities on its existing indebtedness as the same become absolute and matured ("**Dated Liabilities**") is and is to be, less than the amount of the aggregate of a fair valuation of its property as of such corresponding date ("**Dated Assets**"). To this end, each US Borrower under this Section 2.25 (i) grants to and recognizes in each other US Borrower ratably, rights

of subrogation and contribution in the amount, if any, by which the Dated Assets of such US Borrower, but for the aggregate rights of subrogation and contribution in its favor recognized herein, would exceed the Dated Liabilities of such US Borrower, and (ii) acknowledges receipt of and recognizes its right to subrogation and contribution ratably from the other US Borrowers in the amount, if any, by which the Dated Liabilities of such US Borrower, but for the aggregate of subrogation and contribution in its favor recognized herein, would exceed the Dated Assets of such US Borrower under this Section 2.25. In recognizing the value of the Dated Assets and the Dated Liabilities, it is understood that each US Borrower will recognize, to at least the same extent of their aggregate recognition of liabilities hereunder, their rights to subrogation and contribution hereunder. It is a material objective of this Section 2.25 that each US Borrower recognizes rights to subrogation and contribution rather than be deemed to be insolvent (or in contemplation thereof) by reason of an arbitrary interpretation of its joint and several obligations hereunder.

(d) The Canadian Borrower states and acknowledges that: (i) pursuant to this Agreement, the Canadian Borrower desires to utilize the Canadian Credit Parties' borrowing potential on a consolidated basis to the same extent possible as if they were merged into a single corporate entity; (ii) the Canadian Borrower has determined that the Canadian Credit Parties will benefit specifically and materially from the advances of credit contemplated by this Agreement; (iii) it is both a condition precedent to the obligations of the Agents, the Collateral Agents, the Lenders, and the Issuing Banks hereunder and a desire of the Canadian Credit Parties that the Canadian Borrower execute and deliver this Agreement; and (iv) the Canadian Borrower and the other Canadian Credit Parties have requested and bargained for the structure and terms of and security for the advances contemplated by this Agreement.

(e) Each of the Canadian Borrower and the other Canadian Credit Parties hereby irrevocably and unconditionally: (i) agrees that it is jointly and severally liable to the Canadian Administrative Agent, the Collateral Agents, the Lenders, and each Issuing Bank for the full and prompt payment and performance of the obligations of Canadian Credit Parties under this Agreement and each other Financing Document that may specify that a particular Canadian Credit Party is responsible for a given payment or performance, and all other Canadian Lender Indebtedness; (ii) agrees to fully and promptly perform all of its obligations hereunder with respect to each advance of credit hereunder as if such advance has been made directly to it; and (iii) agrees as a primary obligation to indemnify each Agent, each Collateral Agent, each Lender, and each Issuing Bank, on demand, for and against any loss incurred by any Agent,, any Collateral Agent, any Issuing Bank, or any Lender as a result of any of the obligations of any Canadian Credit Party (the "**subject Canadian Credit Party**") being or becoming void, voidable, unenforceable or ineffective for any reason whatsoever whether or not known to the subject Canadian Credit Party or any Person, the amount of such loss being the amount which the Agents (or any of them),, Collateral Agents (or any of them), any Issuing Bank, or the Lenders (or any of them) would otherwise have been entitled to recover from the subject Canadian Credit Party.

(f) The foregoing provisions are in addition to and not limitation of the terms of any Guarantees executed by any Credit Party.

Section 2.26 Participations in US Swingline Loans. The US Swingline Lender may by written notice given to the Administrative Agent (such notice to be given not less frequently than weekly if US Swingline Loans are outstanding) not later than 10:00 a.m. (Eastern Time), on any Business Day require the US Revolving Lenders to acquire participations within one (1) Business Day in all or a portion of the US Swingline Loans outstanding. Such notice to the Administrative Agent shall specify the aggregate amount of US Swingline Loans in which the US Revolving Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each US Revolving Lender, specifying in such notice such US Revolving Lender's Revolving Credit Percentage of such US Swingline Loans. Each US Revolving Lender hereby absolutely and unconditionally agrees, upon receipt

of notice as provided above in this paragraph, to pay to the Administrative Agent, for account of the US Swingline Lender, such US Revolving Lender's US Revolving Credit Percentage of such US Swingline Loans. Each US Revolving Lender acknowledges and agrees that its obligation to acquire participations in US Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Aggregate US Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each US Revolving Lender shall comply with its obligation under this Section 2.26 by wire transfer of immediately available funds, in the same manner as provided in Section 2.4(a) with respect to Loans made by such US Revolving Lender (and Section 2.4(a) shall apply, *mutatis mutandis*, to the payment obligations of the US Revolving Lenders), and the Administrative Agent shall promptly pay to the US Swingline Lender the amounts so received by it from the US Revolving Lenders. The Administrative Agent shall notify the Borrower Agent of any participations in any US Swingline Loan acquired pursuant to this Section 2.26, and thereafter payments in respect of such US Swingline Loan shall be made to the Administrative Agent and not to the US Swingline Lender. Any amounts received by the US Swingline Lender from the US Borrowers (or any other party on behalf of the US Borrowers) in respect of a US Swingline Loan after receipt by the US Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent and, thereafter, shall be promptly remitted by the Administrative Agent to the US Revolving Lenders that shall have made their payments pursuant to this paragraph and to the US Swingline Lender, as their interests may appear. The purchase of participations in a US Swingline Loan pursuant to this Section 2.26 shall not relieve the US Borrowers of any default in the payment thereof.

Section 2.27 Participations in Canadian Swingline Loans. The Canadian Swingline Lender may by written notice given to the Canadian Administrative Agent (such notice to be given not less frequently than weekly if Canadian Swingline Loans are outstanding) not later than 10:00 a.m. (Toronto Time), on any Business Day require the Canadian Revolving Lenders to acquire participations within one (1) Business Day in all or a portion of the Canadian Swingline Loans outstanding. Such notice to the Canadian Administrative Agent shall specify the aggregate amount of Canadian Swingline Loans in which the Canadian Revolving Lenders will participate. Promptly upon receipt of such notice, the Canadian Administrative Agent will give notice thereof to each Canadian Revolving Lender, specifying in such notice such Canadian Revolving Lender's Revolving Credit Percentage of such Canadian Swingline Loans. Each Canadian Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above in this paragraph, to pay to the Canadian Administrative Agent, for account of the Canadian Swingline Lender, such Canadian Revolving Lender's Canadian Revolving Credit Percentage of such Canadian Swingline Loans. Each Canadian Revolving Lender acknowledges and agrees that its obligation to acquire participations in Canadian Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Aggregate Canadian Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Canadian Revolving Lender shall comply with its obligation under this Section 2.27 by wire transfer of immediately available funds, in the same manner as provided in Section 2.4(a) with respect to Loans made by such Canadian Revolving Lender (and Section 2.4(a) shall apply, *mutatis mutandis*, to the payment obligations of the Canadian Revolving Lenders), and the Canadian Administrative Agent shall promptly pay to the Canadian Swingline Lender the amounts so received by it from the Canadian Revolving Lenders. The Canadian Administrative Agent shall notify the Borrower Agent of any participations in any Canadian Swingline Loan acquired pursuant to this Section 2.27, and thereafter payments in respect of such Canadian Swingline Loan shall be made to the Canadian Administrative Agent and not to the Canadian Swingline Lender. Any amounts received by the Canadian Swingline Lender from the Canadian Borrower (or any other party on behalf of the Canadian Borrower) in respect of a Canadian Swingline Loan after receipt by the Canadian Swingline

Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Canadian Administrative Agent and, thereafter, shall be promptly remitted by the Canadian Administrative Agent to the Canadian Revolving Lenders that shall have made their payments pursuant to this paragraph and to the Canadian Swingline Lender, as their interests may appear. The purchase of participations in a Canadian Swingline Loan pursuant to this Section 2.27 shall not relieve the Canadian Borrower of any default in the payment thereof.

Section 2.28 Agent Advances; Participations.

(a) Subject to the limitations set forth below, the Administrative Agent and the Canadian Administrative Agent are authorized by the Borrowers and the Revolving Lenders, from time to time in the sole discretion of the Administrative Agent or the Canadian Administrative Agent, as applicable (A) during the continuance of a Default, or (B) at any time that any of the other conditions precedent set forth in Article 3 have not been satisfied, to make ABR Loans to the US Borrowers or Canadian Prime Loans to the Canadian Borrower on behalf of the applicable Revolving Lenders in an aggregate amount outstanding at any time not to exceed the lesser of (i) three percent (3%) of the US Borrowing Base or the Canadian Borrowing Base, as applicable, or (ii) $20,000,000 in the aggregate, which the Administrative Agent or the Canadian Administrative Agent, as applicable, in its reasonable judgment, deems necessary or desirable (1) to preserve or protect the Collateral, or any portion thereof, (2) to enhance the likelihood of, or maximize the amount of, repayment of the Loans and other Lender Indebtedness, or (3) to pay any other amount chargeable to the Borrowers pursuant to the terms of this Agreement, including costs, fees and expenses as described in Section 10.4 (any of such advances are herein referred to as "**Agent Advances**"); provided, that (x) Agent Advances will not at any time cause the Aggregate Canadian Revolving Credit Exposure to exceed the Canadian Revolving Credit Commitments or the Aggregate US Revolving Credit Exposure to exceed the US Revolving Credit Commitments; (y) notwithstanding any other provision of this Agreement, the Required Lenders may at any time revoke this authorization to make Agent Advances, and (z) no Agent Advance shall remain outstanding for more than sixty (60) days from the date of advance. Any such revocation must be in writing and shall become effective prospectively upon receipt thereof by the Administrative Agent or the Canadian Administrative Agent, as applicable. Any Agent Advances shall be secured by the Liens in and to the Collateral granted to the Administrative Agent or the Canadian Administrative Agent, as applicable, and shall constitute Lender Indebtedness hereunder.

(b) The Administrative Agent may by written notice given to the US Revolving Lenders not later than noon (Eastern Time) on any Business Day require the US Revolving Lenders to acquire participations within one (1) Business Day in all or a portion of US Agent Advances then outstanding. Such notice shall specify the aggregate amount of US Agent Advances in which the US Revolving Lenders will participate and each US Revolving Lender's Revolving Credit Percentage of such US Agent Advances. Each US Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above in this Section 2.28(b), to pay to the Administrative Agent such US Revolving Lender's US Revolving Credit Percentage of such US Agent Advances. Each US Revolving Lender acknowledges and agrees that its obligation to acquire participations in US Agent Advances pursuant to this Section 2.28(b) is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Aggregate US Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each US Revolving Lender shall comply with its obligation under this Section 2.28(b) by wire transfer of immediately available funds, in the same manner as provided in Section 2.4(a) with respect to Loans made by such US Revolving Lender (and Section 2.4(a) shall apply, *mutatis mutandis*, to the payment obligations of the US Revolving Lenders). Any amounts received by the Administrative Agent from any US Borrower (or other party on behalf of any US Borrower) in respect of US Agent Advances after receipt

by the Administrative Agent of the proceeds of a sale of participations therein shall be promptly remitted to the US Revolving Lenders that shall have made their payments pursuant to this Section 2.28(b), as their interests may appear. The purchase of participations in a US Agent Advance pursuant to this Section 2.28(b) shall not relieve the US Borrowers of any default in the payment thereof.

(c) The Canadian Administrative Agent may by written notice given to the Canadian Revolving Lenders not later than noon (Toronto Time) on any Business Day require the Canadian Revolving Lenders to acquire participations within one (1) Business Day in all or a portion of Canadian Agent Advances then outstanding. Such notice shall specify the aggregate amount of Canadian Agent Advances in which the Canadian Revolving Lenders will participate and each Canadian Revolving Lender's Revolving Credit Percentage of such Canadian Agent Advances. Each Canadian Revolving Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above in this Section 2.28(c), to pay to the Canadian Administrative Agent such Canadian Revolving Lender's Canadian Revolving Credit Percentage of such Canadian Agent Advances. Each Canadian Revolving Lender acknowledges and agrees that its obligation to acquire participations in Canadian Agent Advances pursuant to this Section 2.28(c) is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Aggregate Canadian Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Canadian Revolving Lender shall comply with its obligation under this Section 2.28(c) by wire transfer of immediately available funds, in the same manner as provided in Section 2.4(a) with respect to Loans made by such Canadian Revolving Lender (and Section 2.4(a) shall apply, *mutatis mutandis*, to the payment obligations of the Canadian Revolving Lenders). Any amounts received by the Canadian Administrative Agent from the Canadian Borrower (or other party on behalf of the Canadian Borrower) in respect of Canadian Agent Advances after receipt by the Canadian Administrative Agent of the proceeds of a sale of participations therein shall be promptly remitted to the Canadian Revolving Lenders that shall have made their payments pursuant to this Section 2.28(c), as their interests may appear. The purchase of participations in a Canadian Agent Advance pursuant to this Section 2.28(c) shall not relieve the Canadian Borrower of any default in the payment thereof.

Section 2.29 New Appraisals. Subject to the rights of the Administrative Agent to conduct appraisals as set forth in Section 6.10(n), the Borrower Agent, on behalf of Borrowers, may request, not more frequently than twice in any Fiscal Year, that the Administrative Agent obtain a new appraisal of the inventory of the Borrowers and Canadian Borrowing Base Parties to determine whether it is appropriate to adjust the appraised net recovery values used to calculate the Canadian Borrowing Base and the US Borrowing Base. Any such appraisals shall be at the sole cost and expense of the Borrowers. The appraiser which will perform any such appraisal will be selected by the Administrative Agent from a list of three appraisal firms (each of which shall have recognized expertise in the asset-based lending appraisal business, and will not have provided services to the Borrowers at any time during the previous two years) to be provided by the Borrower Agent, on behalf of the Borrowers to the Administrative Agent, provided that if none of the appraisal firms provided by the Borrower Agent are acceptable to the Administrative Agent, the appraiser shall be the same appraiser that conducted the appraisal of inventory most recently delivered to the Administrative Agent. After receiving a written report confirming the results of any such appraisal, the Administrative Agent shall make, within three weeks of receipt of such written report, any adjustment which the Administrative Agent, in its reasonable discretion, considers appropriate as a result of such appraisal.

Section 2.30 Defaulting Lenders. In the event that a Lender constitutes a Defaulting Lender at any time hereunder, Administrative Agent or the Canadian Administrative Agent, as applicable, may (but shall not be required to), in its discretion, retain any payments or other funds received by Administrative Agent or the Canadian Administrative Agent, as applicable, that are to be provided to a

Defaulting Lender hereunder, and may apply such funds to such Lender's defaulted obligations or readvance the funds to Borrowers in accordance with this Agreement. The failure of any Lender to fund a Loan, to make any payment in respect of Letter of Credit Liabilities or to otherwise perform its obligations hereunder shall not relieve any other Lender of its obligations, and no Lender shall be responsible for default by another Lender.

ARTICLE 3
CONDITIONS TO BORROWINGS

Section 3.1 Closing. The obligation of each Lender to make Loans and each Issuing Bank to issue Letters of Credit hereunder is subject to (x) receipt by the Administrative Agent or the Canadian Administrative Agent, as applicable, of the following items which are to be delivered, in form and substance satisfactory to each Lender, with a copy (except for the Notes) for each Lender, and (y) the satisfaction of the following conditions prior to or simultaneously with the making of the initial Loan and the issuance of such initial Letter of Credit hereunder:

(a) **Credit Agreement**. Either (i) a counterpart of this Agreement signed on behalf of each party hereto, or (ii) written evidence satisfactory to the Administrative Agent and the Canadian Administrative Agent (which may include facsimile transmission of a signed signature page of this Agreement) that each such party has signed a counterpart of this Agreement.

(b) **US Revolving Credit Notes**. A duly completed and executed US Revolving Credit Note for each US Revolving Lender requesting same, dated as of the Closing Date, and payable to the order of such US Revolving Lender.

(c) **Canadian Revolving Credit Notes**. A duly completed and executed Canadian Revolving Credit Note (C$) and a duly completed and executed Canadian Revolving Credit Note (US$) for each Canadian Revolving Lender requesting same, dated as of the Closing Date, and payable to the order of such Canadian Revolving Lender.

(d) **Resolutions and Incumbency Certificates**.

(1) certified copies of the resolutions of the Board of Directors (or applicable governing authority) of each Credit Party dated as of the Closing Date and approving, as appropriate, the Loans, the Notes, this Agreement and the other Financing Documents, and all other documents, if any, to which each Credit Party is a party and evidencing corporate authorization with respect to such documents;

(2) a certificate of the Secretary or an Assistant Secretary of each Credit Party dated as of the Closing Date and certifying (A) the name, title and true signature of each officer of such Person authorized to execute the Notes, this Agreement, Applications and the other Financing Documents to which it is a party, (B) the name, title and true signature of each officer of such Person authorized to provide the certifications required pursuant to this Agreement including, but not limited to, certifications required pursuant to Section 6.10, Borrowing Requests, and Borrowing Base Reports, and (C) that attached thereto is a true and complete copy of the certificate of incorporation, certificate of organization, certificate of formation or certificate of limited partnership, as applicable, certified by the appropriate Governmental Authority of the jurisdiction of incorporation or organization of each Credit Party and the bylaws, limited partnership agreement,

operating agreement or limited liability company agreement, as applicable, of each Credit Party, each as amended to date, recent good standing certificates and/or certificates of existence for each Credit Party and certificates of foreign qualification for each Credit Party in such jurisdictions as the Administrative Agent shall require; and

(3) certain letter agreements certifying to the names and signatures of officers of the Borrower Agent, or any other Borrowers authorized to issue Borrowing Requests, issue Borrowing Base Reports, initiate wire transfers and take other actions with respect to the credit facilities contemplated hereby.

(e) **Opinions of Counsel**.

(1) An opinion of Torys LLP, US counsel to the Credit Parties dated as of the Closing Date addressed to the Agents, the Issuing Banks, the Lenders and covering such matters as the Agents, the Issuing Banks, or the Lenders may reasonably request;

(2) An opinion of Torys LLP, Canadian counsel to the Credit Parties dated as of the Closing Date addressed to the Agents, the Issuing Banks, and the Lenders and covering such matters as the Agents, the Issuing Banks, or the Lenders may reasonably request; and

(3) Opinions of counsel to the Canadian Credit Parties and the US Credit Parties, respectively, in each jurisdiction required to perfect the Agents' Liens in inventory comprising part of the Collateral is located, dated as of the Closing Date, addressed to the Agents, the Issuing Banks, and the Lenders and covering such matters as the Agents, the Issuing Banks, or the Lenders may reasonably request.

(f) **Security Instruments**.

(1) duly executed copies of the Security Agreement, the Guarantees, the Securities Pledge Agreement and such other Security Instruments as may be necessary to grant, affirm, continue, preserve, perfect and protect the Liens of the Administrative Agent and the Canadian Administrative Agent in the Collateral in all jurisdictions designated by the Agents;

(2) the original stock certificates listed in Schedule 3.1(f) and duly executed corresponding stock powers to perfect the Administrative Agent's and the Canadian Administrative Agent's Liens in the equity securities represented by such stock certificates; and

(3) all Property in which the Administrative Agent or the Canadian Administrative Agent shall, at such time, be entitled to have a Lien pursuant to this Agreement or any other Financing Document (including, without limitation, all promissory notes which evidence any intercompany advances permitted to be made by the Credit Parties hereunder) shall have been physically delivered to the possession of the Administrative Agent or the Canadian Administrative Agent to the extent that such possession is necessary or desirable for the purpose of perfecting, or

ensuring priority of, the Administrative Agent's or the Canadian Administrative Agent's Liens in such Collateral.

(g) **Regulatory Approval; Consents; Waivers**. The Administrative Agent and the Canadian Administrative Agent shall be satisfied that all material authorizations required in connection with the Transactions contemplated hereby have been obtained and are in full force and effect (including all approvals listed in Schedule 3.1(g)), and that all consents and waivers required to consummate the Transactions have been obtained, to the extent that consummation of the Transactions would otherwise be restricted or prohibited under the terms of any material contract to which any Credit Party is a party, or by which it is bound, in each case without the imposition of any burdensome provisions.

(h) **Indebtedness**. The transactions contemplated in this Agreement and the other Financing Documents shall not have caused any event or condition to occur which has resulted, or which will result, in any material Indebtedness becoming due prior to its scheduled maturity or that permits (with or without the giving of notice, the lapse of time, or both) the holder or holders of any material Indebtedness or any trustee or agent on its or their behalf to cause any material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, or which will result in the creation of any Liens under any Indebtedness.

(i) **Insurance**. The Administrative Agent and the Canadian Administrative Agent shall have received a certificate of insurance coverage, dated not more than thirty (30) days prior to the Closing Date, evidencing that the Credit Parties are carrying insurance in accordance with Section 6.5 hereof, along with the loss payable endorsements contemplated by Section 6.5.

(j) **Financial Statements and Projections**. The Financial Statements and the other financial information and Projections of the Borrowers shall not be changed as of the Closing Date in such a way as to cause or result in a Material Adverse Effect.

(k) **Borrowing Base Report**. A Borrowing Base Report prepared as of the Closing Date and setting forth the US Borrowing Base for the US Borrowers and the Canadian Borrowing Base for the Canadian Borrowing Base Parties to be in effect under this Agreement on the Closing Date and, after giving effect to the consummation of the transactions contemplated herein, and the initial Loans hereunder, Excess Availability shall not be less than $450,000,000. For these purposes, all Existing Indebtedness not permitted to remain outstanding under Section 7.2 must be repaid, all debts and obligations shall be current, and all accounts payable shall be handled in the normal course of the Borrowers' business consistent with their past practices.

(l) **Certificates of Chief Financial Officer; Perfection Certificate**. (i) A certificate of the Chief Financial Officer of the Borrower Agent dated as of the Closing Date and certifying, before and after the making of the initial Loans and the issuance of the initial Letters of Credit, that (1) each Borrower and each Credit Party is Solvent, (2) no Default then exists, or thereafter would exist, (3) each of the conditions to Closing have been satisfied, and (4) each representation and warranty of the Borrowers contained herein and in the other Financing Documents is true and correct in all material respects, (ii) a certificate of the Chief Financial Officer of the Borrower Agent certifying that the Company and each of its Subsidiaries are in compliance with the minimum funding requirements with respect to each Plan maintained by the Company and/or its Subsidiaries, or to which the Company or any of its Subsidiaries is a member, and that the Company and its Subsidiaries are in compliance in all respect with Section 7.9 of this Agreement, and (iii) a Perfection Certificate for each of the Credit Parties dated as of the Closing Date.

(m) **Corporate Structure**. Each Lender shall be satisfied in its sole judgment with the corporate, capital, legal and management structure and Tax liabilities of each Borrower and the flow of funds among the Borrowers and the other Credit Parties.

(n) **No Material Adverse Effect**. The Administrative Agent, the Canadian Administrative Agent, and the Lenders shall be satisfied that since December 31, 2008, there has been no event, condition or occurrence that is not disclosed to the Lenders in this Agreement and that has had or could reasonably be expected to have a Material Adverse Effect.

(o) **Fees and Expenses**. Payment and/or reimbursement of (1) the Administrative Agent's, the Canadian Administrative Agent's, and Banc of America Securities LLC's respective counsel's reasonable fees and expenses (limited to one US outside counsel and one Canadian counsel (and its local counsel in provinces where Collateral may be located)) incurred through the Closing Date, to the extent invoiced, and (2) any fees or expenses required to be paid pursuant to the Fee Letter or this Agreement.

(p) **Documentation**. (i) Each Financing Document and all other documents required hereunder and (ii) all other documents, instruments and agreements as may be required by the Administrative Agent or the Canadian Administrative Agent, acting reasonably, shall have been duly authorized, executed and delivered by each of the parties thereto, all in form and substance satisfactory to the Administrative Agent, acting reasonably, and all of the Security Instruments shall have been registered in all offices in which, in the opinion of the Administrative Agent or its counsel, registration is necessary or of advantage to preserve the priority of the Liens intended to be created thereby, and duplicate copies of such Security Instruments bearing or accompanied by appropriate endorsements or certificates of registration shall have been delivered to the Administrative Agent. The Administrative Agent shall have received and be satisfied with the results of all personal property, pending litigation, judgment, bankruptcy, bulk sale, tax, execution and other searches with respect to the Credit Parties in all jurisdictions selected by the Administrative Agent and its counsel.

(q) **Blocked Accounts; Control Agreements**. Blocked Accounts and other appropriate account arrangements shall have been established for each Credit Party and in respect of each bank account maintained by a Credit Party in the United States or Canada to the extent required under Section 7.18.

(r) **Cash Management Arrangements**. The Administrative Agent and the Canadian Administrative Agent shall be satisfied in their sole discretion with all material aspects of the Borrowers' actual and agreed upon cash management arrangements.

Section 3.2 Conditions Precedent to All Loans and Letters of Credit. The obligation of each Lender to make each Loan hereunder (including the initial Loan) and the obligation of each Issuing Bank to issue each Letter of Credit (including the initial Letter of Credit) is subject to fulfillment of the following conditions immediately prior to or contemporaneously with each such Loan or issuance (provided, however, that the following conditions are not conditions to each Revolving Lender participating in or reimbursing either of the Agents for such Revolving Lender's US Revolving Credit Percentage or Canadian Revolving Credit Percentage, as applicable, of any Agent Advance made in accordance with Section 2.28 hereof or any Swingline Loan made in accordance with Sections 2.26 and 2.27 hereof):

(a) **Representations and Warranties**. All representations and warranties contained herein and in the other Financing Documents executed and delivered on or after the Closing Date shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Loan (unless such representation and warranty is expressly

limited to an earlier date) except such representations and warranties under Section 5.6(c) to the extent of any such effect resulting or arising from or relating to a: (i) any changes generally affecting other companies that manufacture, fabricate, place, market or sell steel or steel products; (ii) any changes in the United States or Canadian general economy or the general economy in other geographic areas in which any Credit Party operates; (iii) any changes generally effecting the U.S., Canadian or international debt or capital markets; or (iv) changes in political conditions, including acts of war (whether or not declared), armed hostilities and terrorism, or developments or changes therein.

(b) **No Default**. There shall not exist a Default hereunder.

(c) **Maximum Available Amount**. The Aggregate US Revolving Credit Exposure and the Aggregate Canadian Revolving Credit Exposure, after giving effect to such proposed Loan or Letter of Credit, shall not exceed the US Maximum Available Amount and Canadian Maximum Available Amount, respectively, then in effect.

(d) **Borrowing Requests**. The Borrower Agent shall have provided Advance Notice of the requested Borrowing by completion, execution and delivery of a Borrowing Request.

ARTICLE 4
SECURITY

Section 4.1 Security Granted by US Credit Parties. The Lender Indebtedness is and shall continue to be secured by perfected, first priority Liens (except as otherwise specified herein) in and encumbering the following property and assets of each US Credit Party, in each case whether now owned or hereafter acquired and wherever located: (a) all accounts (including, without limitation, inter-company loans), (b) all inventory (including "rolls inventory") and other goods held for sale or lease, (c) all chattel paper, documents of title (but excluding documents of title in respect of assets which do not constitute inventory) and instruments, (d) all general intangibles (including, without limitation, intellectual property rights), (e) all bank accounts (including, without limitation, collateral proceeds accounts and investment accounts), (f) all books and records, and (g) all capital stock in its Subsidiaries (other than the Non-Pledged Subsidiaries). In furtherance of the foregoing, the US Borrowers shall execute and deliver, and shall cause each of the other US Credit Parties to execute and deliver, the US Guaranty, the US Security Agreement and the US Securities Pledge Agreement and shall hereafter execute and deliver (and cause each other US Credit Party and any other appropriate Person to execute and deliver) to the Administrative Agent, promptly upon request by the Administrative Agent, such Security Instruments and other documents, instruments, agreements and certificates, as the Administrative Agent, acting reasonably, shall determine to be necessary or appropriate to create, evidence, perfect, ensure the priority of and protect the Liens contemplated by this Section 4.1.

Section 4.2 Security Granted by Canadian Credit Parties. The Lender Indebtedness is and shall continue to be secured by perfected, first priority Liens (except as otherwise specified herein) in and encumbering the following property and assets of each Canadian Credit Party, in each case whether now owned or hereafter acquired and wherever located: (a) all accounts receivable (including, without limitation, inter-company loans), (b) all inventory (including "rolls inventory") and other goods, (c) all chattel paper, documents of title (but excluding documents of title in respect of assets which do not constitute inventory) and instruments, (d) all intangibles (including, without limitation, intellectual property rights), (e) all bank accounts (including, without limitation, collateral proceeds accounts and investment accounts), (f) all books and records, and (g) all capital stock in its Subsidiaries (other than the Non-Pledged Subsidiaries). In furtherance of the foregoing, the Canadian Borrower shall execute and deliver (and shall cause each of the other Canadian Credit Parties to execute and deliver) the Canadian Guarantee, the Canadian Security Agreement and the Canadian Securities Pledge Agreement and shall

hereafter execute and deliver (cause each other Canadian Credit Party and any other appropriate Person to execute and deliver) to the Canadian Administrative Agent, promptly upon request by the Canadian Administrative Agent, such Security Instruments and other documents, instruments, agreements and certificates, as the Canadian Administrative Agent, acting reasonably, shall determine to be necessary or appropriate to create, evidence, perfect, ensure the priority of and protect the Liens contemplated by this Section 4.2.

Section 4.3 Establishment of US Lockboxes. On or prior to the date hereof, the US Borrowers have established one or more US Lockboxes to be operated by the US Lockbox Banks and have entered into a Lockbox Agreement with respect to each US Lockbox with the Administrative Agent and each applicable US Lockbox Bank. At all times from and after the date hereof, each US Credit Party shall direct all account debtors with respect to such US Credit Party's accounts and all other Persons obligated to make payments of any type to any US Credit Party to direct such payments to the US Lockboxes. All invoices issued by any US Credit Party after the date hereof shall contain a notation requiring the accounts evidenced by such invoice to be paid to a US Lockbox. Subject to Section 4.5, the US Lockbox Banks, for the benefit of the US Borrowers, shall have sole and exclusive access to the US Lockboxes. All monies, checks and other drafts received in the US Lockboxes shall be endorsed in accordance with the applicable Lockbox Agreements and deposited by the US Lockbox Banks each Business Day in the US Blocked Account.

Section 4.4 Establishment of Canadian Lockboxes. On or prior to the date hereof, the Canadian Credit Parties have established one or more Canadian Lockboxes to be operated by the Canadian Lockbox Banks and have entered into a Lockbox Agreement with respect to each Canadian Lockbox with the Canadian Administrative Agent and each applicable Canadian Lockbox Bank. At all times during a Canadian Lockbox Direction Period, each Canadian Credit Party shall direct all account debtors with respect to such Canadian Credit Party's accounts and all other Persons obligated to make payments of any type to any Canadian Credit Party to direct such payments to the Canadian Lockbox. All invoices issued by any Canadian Credit Party during a Canadian Lockbox Direction Period shall contain a notation requiring the accounts evidenced by such invoice to be paid to the Canadian Lockbox. Subject to Section 4.6, the Canadian Lockbox Bank, for the benefit of the Canadian Credit Parties, shall have sole and exclusive access to the Canadian Lockbox. All monies, checks and other drafts received in the Canadian Lockbox shall be endorsed in accordance with the Lockbox Agreement and deposited by Canadian Lockbox Bank each Business Day in the Canadian Blocked Account.

Section 4.5 Establishment of US Blocked Account; Dominion and Control; Operation of US Blocked Account.

(a) So long as this Agreement is in effect, the US Borrowers acknowledge and agree that all funds received by any US Credit Party from any source have been and shall continue to be deposited in a US Blocked Account not later than one Business Day following the date of receipt. Such deposit shall be made in the exact form received subject only to any necessary endorsements. The US Borrowers hereby acknowledge and agree (i) that each US Credit Party has granted a Lien on and pledged to Administrative Agent, as additional collateral security for the US Lender Indebtedness, each US Blocked Account and all funds on deposit therein and "control" has been established (or will be established as set forth in Section 4.3 hereof) with respect to such US Blocked Account as defined in Section 9-104 of the UCC, and (ii) no US Credit Party may unilaterally terminate a US Blocked Account.

(b) Except as otherwise provided in this Agreement, the US Borrowers shall have exclusive power and authority to withdraw funds from time to time on deposit in the US Blocked Accounts and to otherwise exercise dominion and control over the US Blocked Accounts and the funds on deposit

therein. Upon the occurrence of a Block Event, then immediately upon written notice from the Administrative Agent (i) all power and authority of withdrawal of funds from the US Blocked Accounts of the US Borrowers or any other Credit Party shall cease and (ii) the US Blocked Accounts and all funds on deposit therein shall be subject to the absolute dominion and control of the Administrative Agent. Upon five (5) Business Days written notice by the Borrower Agent, dominion and control of the US Blocked Accounts and the power of withdrawal of funds on deposit therein shall revert to the US Borrowers if, at the time of such written notice, (i) Excess Availability is greater than the Dominion Excess Availability Requirement on such Business Day, and has been greater than the Dominion Excess Availability Requirement for a period of at least ninety (90) consecutive days ending on such Business Day, (ii) the Borrower Agent deliver projections satisfactory to the Administrative Agent, acting reasonably, demonstrating that Excess Availability shall continue to be at least equal to the Dominion Excess Availability Requirement for the three (3) consecutive month period commencing on such Business Day, and (iii) no Default has occurred and is continuing on such Business Day.

(c) Each of the US Borrowers and the Administrative Agent agree that each US Blocked Account is a "deposit account" within the meaning of Section 9-102(a)(29) of the UCC. The parties hereby further agree that, notwithstanding anything to the contrary contained herein, each US Blocked Account shall be subject to "control" sufficient to enable the Administrative Agent to have a perfected, first priority Lien in such US Blocked Account, as and to the extent required by the UCC.

(d) At all times the US Borrowers shall ensure that each US Blocked Account are operated in such a manner as to permit the Administrative Agent or any other Person from time to time to identify which deposits thereto and amounts on deposit therein are attributable to the applicable US Borrower for its account and shall provide evidence of such attribution to the Administrative Agent promptly upon request.

Section 4.6 Establishment of Canadian Blocked Account; Dominion and Control.

(a) So long as this Agreement is in effect, the Canadian Credit Parties acknowledge and agree that all funds received by any Canadian Credit Party from any source (including without limitation items of payment and other amounts deposited in a Canadian Lockbox) have been and shall continue to be deposited in a Canadian Blocked Account not later than one (1) Business Day following the date of receipt. The Canadian Credit Parties hereby acknowledge and agree that (i) each Canadian Credit Party has granted a Lien on and pledged to the Canadian Administrative Agent as additional collateral security for the Canadian Lender Indebtedness, the Canadian Blocked Account and all funds on deposit therein, and (ii) no Canadian Credit Party may unilaterally terminate a Canadian Blocked Account.

(b) Except as otherwise provided in this Agreement, the Canadian Credit Parties shall have exclusive power and authority to withdraw funds from time to time on deposit in the Canadian Blocked Accounts and to otherwise exercise dominion and control over the Canadian Blocked Accounts and the funds on deposit therein. Upon the occurrence of a Block Event, then (i) all power and authority of withdrawal of funds from the Canadian Blocked Accounts of the Canadian Credit Parties shall cease and (ii) the Canadian Blocked Accounts and all funds on deposit therein shall be subject to the absolute dominion and control of the Canadian Administrative Agent. Upon five (5) Business Days written notice by the Borrower Agent, dominion and control of the Canadian Blocked Accounts and the power of withdrawal of funds on deposit therein shall revert to the Canadian Credit Parties if, at the time of such written notice, (i) Excess Availability is greater than the Dominion Excess Availability Requirement on such Business Day, and has been greater than the Dominion Excess Availability Requirement for a period of at least ninety (90) consecutive days ending on such

Business Day, (ii) the Borrower Agent delivers projections satisfactory to the Canadian Administrative Agent, acting reasonably, demonstrating that Excess Availability shall continue to be at least equal to the Dominion Excess Availability Requirement for the three (3) consecutive month period commencing on such Business Day, and (iii) no Default has occurred and is continuing on such Business Day.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

In order to induce the Agents, the Collateral Agents, and the Lenders to enter into this Agreement, each Borrower and each Canadian Credit Party hereby represents and warrants to each Agent, each Collateral Agent, and each Lender that each statement set forth in this Article 5 is true and correct on the date hereof (other than representations and warranties that, by their terms, refer to a specific date, in which case as of such specific date) and will be true and correct on the date each Borrowing and each Letter of Credit is requested hereunder and on the date each Borrowing is disbursed and each Letter of Credit is issued hereunder. Each such representation and warranty shall survive the execution and delivery of this Agreement and any Borrowing or issuance of any Letter of Credit hereunder and shall not be qualified or limited by any investigation undertaken by any Agent, any Collateral Agent, or any Lender or any actual or constructive knowledge any Agent, any Collateral Agent, or any Lender may have or be charged with indicating that any such representation or warranty is inaccurate or incomplete in any respect.

Section 5.1 Corporate Existence. Each Credit Party is duly organized, validly existing and in good standing under the laws of the jurisdictions in which it is organized and is duly licensed or qualified to transact business and in good standing in all jurisdictions wherein the Property owned or the business transacted by it makes such qualification necessary, except where the failure to be so licensed or qualified could not reasonably be expected to have a Material Adverse Effect.

Section 5.2 Corporate Power and Authorization. Each Borrower is authorized and empowered to create and issue the Notes; each Credit Party is duly authorized and empowered to execute, deliver and perform the Financing Documents, including this Agreement, to which it is a party; and all corporate, partnership or other action on any Credit Party's part requisite for the due creation and issuance of the Notes and for the due execution, delivery and performance of the Financing Documents, including this Agreement, to which the Credit Parties (or any of them) are parties has been duly and effectively taken.

Section 5.3 Binding Obligations. This Agreement does, and the Notes and other Financing Documents to which any Credit Party is a party will, when issued and delivered under this Agreement, constitute legal, valid and binding obligations of each Credit Party that is a party thereto, and will be enforceable against such Credit Party in accordance with their respective terms (except that enforcement may be subject to any applicable bankruptcy, insolvency, reorganization, moratorium or similar laws generally affecting the enforcement of creditors' rights and subject to the availability of equitable remedies).

Section 5.4 No Legal Bar or Resultant Lien. The execution, delivery and performance of the Notes and the other Financing Documents, including this Agreement, to which the Credit Parties (or any of them) are parties do not violate or create a default under (a) any provisions of the Articles or certificate of incorporation, bylaws, partnership agreement or other organizational documents of any Credit Party, or (b) any material contract, agreement, instrument or Governmental Requirement to which any Credit Party is subject (including, without limitation, the 2008 Term Loan Documents), or result in the creation or imposition of any Lien upon any Properties of any Credit Party.

Section 5.5 No Consent. Each Credit Party's execution, delivery and performance of the Notes and the other Financing Documents, including this Agreement, to which such Credit Party (or any of them) is a party, and the consummation of the Transactions contemplated herein do not require notice to or filing or registration with, or the authorization, consent or approval of or other action by any other Person, including, but not limited to, any Governmental Authority.

Section 5.6 Financial Information.

(a) **Financial Statements**. The Financial Statements and the Current Information were prepared in accordance with GAAP or IFRS (subject, in the case of unaudited statements, to normal year-end adjustments and the absence of footnotes) and fairly present in all material respects the consolidated and consolidating financial condition and results of operations of the Company and its Subsidiaries as of the dates and for the periods reflected therein.

(b) **Projections**. The Projections set forth the Company's good faith estimate as of the date hereof of the Company's and its Subsidiaries' consolidated and consolidating financial condition and results of operations as of the dates and for the periods covered thereby. The Projections were prepared in good faith on the basis of the assumptions stated therein, which assumptions were believed by management of the Company to be reasonable at the time made and which the Company continues to believe are reasonable on the date hereof.

(c) **No Material Adverse Effect**. Since December 31, 2008, there has been no event, condition or occurrence that has had or could reasonably be expected to have a Material Adverse Effect.

Section 5.7 Litigation. Except as set forth in Schedule 5.7, there is no action, suit, claim, grievance or proceeding, or any governmental investigation or any arbitration proceeding, in each case pending (including any unsatisfied settlement, judgment decree or order) or, to the knowledge of any Borrower, threatened against any Credit Party or any Property of any Credit Party before any court or arbitrator or any Governmental Authority, or pursuant to any collective bargaining agreement, which (a) challenges the validity of this Agreement, any Note, any Application, any Security Instrument or any of the other Financing Documents or (b) could reasonably be expected to have a Material Adverse Effect.

Section 5.8 Use of Proceeds; Distribution of Proceeds. The Canadian Borrower will use the proceeds of the Canadian Loans only to refinance certain existing indebtedness of the Canadian Credit Parties, to support working capital requirements of the Canadian Borrower (and other Canadian Credit Parties) and for other lawful purposes not prohibited hereunder. Each US Borrower will use all proceeds of all US Revolving Loans to support its own working capital requirements, and for other lawful purposes of such US Borrower not prohibited hereunder. The Letters of Credit will be used only for the purposes provided in Section 2.3.

Section 5.9 US Employee Benefits.

(a) Except as could not reasonably be expected to have a Material Adverse Effect, (i) each US Credit Party and each ERISA Affiliate has complied with all applicable laws regarding each Plan and (ii) each Plan is, and has been, maintained and administered in compliance with its terms, applicable collective bargaining agreements, and all applicable laws. No act, omission or transaction has occurred which could result in an imposition on any US Credit Party or any ERISA Affiliate (whether directly or indirectly) of (A) either a civil penalty assessed pursuant to Subsections (c), (i) or (l) of Section 502 of ERISA or a tax imposed pursuant to Chapter 43 of Subtitle D of the Code or (B) breach of fiduciary duty liability damages under Section 409 of ERISA which, in any case, could reasonably be expected to have a Material Adverse Effect.

(b) There exists no outstanding material liability of any US Credit Party or any ERISA Affiliate with respect to any Plan that has been terminated. No material liability to the PBGC (other than for the payment of current premiums which are not past due) by any US Credit Party or any ERISA Affiliate has been or is expected by any US Credit Party or any ERISA Affiliate to be incurred with respect to any Plan. No ERISA Event with respect to any Plan has occurred or could reasonably be expected to occur.

(c) Except as set forth on Schedule 5.9, full payment when due has been made of all amounts which any US Credit Party or any ERISA Affiliate is required under the terms of each Plan or applicable law to have paid as contributions to such Plan (excluding any non-payment involving an amount that is not material), and no Plan has failed to satisfy the minimum funding standard applicable to the Plan for a plan year (as defined in Section 302 of ERISA and Section 412 of the Code), whether or not waived, exists with respect to any Plan.

(d) No Lien as described in Section 412(n) of the Code exists with respect to any Plan and there has been no failure to make a required contribution to any Plan which would result in the imposition of a Lien as described in Section 430(k) of the Code to exist.

(e) On the Closing Date, neither any US Credit Party nor any ERISA Affiliate sponsors, maintains or contributes to any "multiemployer plan" (as defined in Section 3(37) or 4001(a)(3) of ERISA) nor has incurred or expects to incur any material liability under Sections 4201 or 4243 of ERISA with respect to any multiemployer plan.

(f) Neither any US Credit Party nor any ERISA Affiliate is required to provide security to a Plan pursuant to Section 412(c)(4) or Section 436(f).

Section 5.10 Canadian Employee Benefits.

(a) Except as could not reasonably be expected to have a Material Adverse Effect, (i) each Canadian Credit Party has complied in all material respects with all applicable laws regarding each Plan (including, where applicable, the Income Tax Act (Canada)) (ii) and each Plan is, and has been, maintained and administered in compliance with its terms, applicable collective bargaining agreements, and all applicable laws (including, where applicable, the Income Tax Act (Canada)).

(b) There exists no material outstanding liability of any Canadian Credit Party with respect to any Plan that has been terminated.

(c) Full payment when due has been made of all amounts which any Canadian Credit Party is required under the terms of each Plan or applicable law to have paid as contributions to such Plan (excluding any nonpayment involving an amount that is not material), and except with respect to the Plans set out on Schedule 5.10, no funding deficiency, whether or not waived, resulting from the action or inaction of any Canadian Credit Party exists with respect to any Plan which is a registered pension plan.

(d) Each Plan relating to a Canadian Credit Party is funded, on a going concern basis and a solvency basis, in accordance with its terms, all regulatory and administrative requirements and applicable law, except to the extent any failure to do so could not reasonably be expected to have a Material Adverse Effect. Any assessments owed to the Pension Benefits Guarantee Fund established under the Pension Benefits Act (Ontario), or other assessments or payments required under similar legislation in any other jurisdiction, have been paid when due.

Section 5.11 Taxes; Governmental Charges. Each Credit Party has filed all material tax returns and reports required by law to be filed and has paid all material taxes, assessments, fees and other governmental charges levied upon any of them or upon any of their respective Properties or income which are due and payable, including interest and penalties, except to the extent being diligently contested in good faith by appropriate proceedings and with respect to which such Credit Party has provided adequate reserves for the payment thereof if required in accordance with GAAP or IFRS.

Section 5.12 Titles, etc. The Properties of each Credit Party are free and clear of all Liens except Permitted Liens.

Section 5.13 Defaults. On the Closing Date, no Credit Party is in default nor has any event or circumstance occurred which, but for the passage of time or the giving of notice, or both, would constitute a default under any material loan or credit agreement, indenture, mortgage, deed of trust, security agreement or other instrument or agreement evidencing or pertaining to any Indebtedness of any Credit Party, or under any material agreement or instrument to which any Credit Party is a party or by which any Credit Party is bound. No Default hereunder has occurred and is continuing.

Section 5.14 Casualties; Taking of Properties. Neither the business nor the Properties of any Credit Party has been affected in a manner that has or could reasonably be expected to have a Material Adverse Effect as a result of any fire, explosion, earthquake, flood, drought, windstorm, accident, strike or other labor disturbance, embargo, requisition or taking of Property or cancellation of contracts, permits or concessions by any domestic or foreign government or any agency thereof, riot, activities of armed forces or acts of God or of any public enemy.

Section 5.15 Compliance with the Law. Except as set forth in Schedule 5.15, no Credit Party:

(a) is in violation of any Governmental Requirement; or

(b) has failed to obtain any license, permit, right-of-way, franchise or other right or governmental authorization necessary to the ownership of any of their respective Properties or the conduct of their respective business;

which violation or failure could, individually or in the aggregate, reasonably be expected to have (in the event that such a violation or failure were asserted by any Person through appropriate action) a Material Adverse Effect.

Section 5.16 No Material Misstatements. This Agreement (including the Schedules hereto) does not contain any material misstatement of fact or omit to state a material fact necessary to make the statements contained herein not misleading; provided, that, except as provided in Section 5.6(b), no representation or warranty is made with respect to the Projections.

Section 5.17 Investment Company Act. No Credit Party is an "investment company" or a company "controlled" by an "investment company," as those terms are defined in the Investment Company Act of 1940, and no Credit Party is registered or required to be registered under the Investment Company Act of 1940. The execution and delivery by the Credit Parties of this Agreement and the other Financing Documents to which they respectively are parties and their respective performance of the obligations provided for therein, will not result in a violation of the Investment Company Act of 1940.

Section 5.18 Margin Stock. No Credit Party is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate,

of purchasing or carrying Margin Stock (within the meaning of Regulation T, U or X) and no part of the proceeds of any Loan hereunder will be used to purchase or carry any Margin Stock in violation of Regulation T, U or X.

Section 5.19 Capital Structure. Schedule 5.19 hereto accurately reflects, as of the date hereof, (a) the jurisdiction of incorporation or organization of each Credit Party, (b) each jurisdiction in which each Credit Party is qualified to transact business as a foreign corporation, foreign partnership or foreign limited liability company, (c) the authorized, issued and outstanding Equity of each Credit Party, including the names of (and number of shares or other Equity interest held by) the record and beneficial owners of such securities (other than with respect to the Company). As of the date hereof, except as set forth in Schedule 5.19 hereto, there are no outstanding shareholder agreements, voting agreements or other agreements of any nature which in any way restrict or effect the transfer, pledge or voting of any of the Equity securities of any Credit Party or subject any of such securities to any put, call, redemption obligation or similar right or obligation of any nature.

Section 5.20 Insurance. All policies of fire, liability, workmen's compensation, casualty, flood, business interruption and other forms of insurance owned or held by each Credit Party are sufficient for compliance with all material requirements of law and of all material agreements to which each Credit Party is a party; are valid, outstanding and enforceable policies; provide adequate insurance coverage which is, to the knowledge of the Borrowers, in at least such amounts and against at least such risks (but including in any event public liability) as are usually insured against in the same general area by companies engaged in the same or a similar business for the assets and operations of the Credit Parties; and will not in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement. All such policies are in full force and effect, all premiums with respect thereto have been paid in accordance with their respective terms, and if a notice of cancellation or termination has been received with respect to any such policy, the applicable Credit Parties are using reasonable best efforts to replace the relevant insurance and have no reason to believe that such insurance will not be replaced. Except as provided on Schedule 5.20 hereto, no Credit Party maintains any formalized self-insurance program with respect to its material assets or operations or risks with respect thereto. The certificate of insurance delivered to the Lenders pursuant to Section 3.1(i) contains an accurate and complete description of all material policies of insurance owned or held by each Credit Party on the Closing Date.

Section 5.21 Environmental Matters.

(a) **Environmental Laws, etc**. Except as disclosed in Schedule 5.21 hereto, neither any Property of any Credit Party nor the operations conducted thereon violate any applicable order of any court or Governmental Authority or Environmental Laws, which violation could reasonably be expected to have a Material Adverse Effect or which could reasonably be expected to result in remedial obligations having a Material Adverse Effect assuming disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to the relevant Property.

(b) **No Litigation**. Except as disclosed in Schedule 5.21 hereto, no Property of any Credit Party nor the operations currently conducted thereon are subject to any existing, pending or, to the knowledge of the Company and each Borrower, threatened action, suit, investigation, inquiry or proceeding by or before any court or Governmental Authority or to any remedial obligations under Environmental Laws, which action, suit, investigation, inquiry or proceeding could reasonably be expected to have a Material Adverse Effect.

(c) **Notices, Permits, etc**. Except as disclosed in Schedule 5.21 hereto, all notices, permits, licenses or similar authorizations, if any, required to be obtained or filed by any Credit Party in connection with the operation or use of any and all Property of the Credit Parties, including but not

limited to past or present treatment, storage, disposal or release of a hazardous substance or solid waste into the environment, have been duly obtained or filed except for those notices, permits, licenses or authorizations the failure of which to obtain could not reasonably be expected to have a Material Adverse Effect assuming disclosure to the applicable Governmental Authority of all relevant facts, conditions and circumstances, if any, pertaining to such operations or use.

(d) **Hazardous Substances Carriers**. Except as disclosed in Schedule 5.21 hereto, to the knowledge of the Borrowers, all hazardous substances or solid waste generated at any and all Property of any Credit Party have in the past been transported, treated and disposed of only by carriers maintaining valid permits under applicable Environmental Laws, and only at treatment, storage and disposal facilities maintaining valid permits under applicable Environmental Laws, which carriers and facilities have been and are operating in material compliance with such permits.

(e) **Hazardous Substances Disposal**. Except as disclosed in Schedule 5.21 hereto, each Credit Party has taken all reasonable steps necessary to determine and has determined that no hazardous substances or solid waste has been disposed of or otherwise released and there has been no threatened release of any hazardous substances on or to any Property of any Credit Party except in material compliance with Environmental Laws or where such disposal, release or threatened release could not reasonably be expected to have a Material Adverse Effect.

(f) **No Contingent Liability**. Except as disclosed in Schedule 5.21, the Credit Parties have no contingent liability in connection with any release or threatened release of any hazardous substance or solid waste into the environment, other than such contingent liabilities at any one time and from time to time which could not reasonably be expected to have a Material Adverse Effect in the aggregate in excess of the insurance coverage maintained by the Credit Parties in respect of such risks.

Section 5.22 Solvency. Each Credit Party is Solvent, both before and after giving affect to the transactions contemplated by this Agreement and the incurrence of all Lender Indebtedness in connection therewith.

Section 5.23 Employee Matters. Except as disclosed in Schedule 5.23, there are no strikes, slowdowns, work stoppages, union organizing campaigns or representation petitions, unfair labor practices or labor disputes pending or, to the best knowledge of the Borrowers, threatened against any Credit Party, or their respective employees, which could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

Section 5.24 Real Property. Schedule 5.24 hereto accurately reflects, as of the date hereof, all Real Property in which any Credit Party holds any right, title or interest, including any leasehold interest. Schedule 5.24 further accurately reflects, in respect of each parcel of Real Property described thereon, the name of the Credit Party which is the owner and holder of record title or leasehold interest thereto, the nature of the interest of the Credit Parties therein (fee, leasehold or other), and, in the case of any leasehold interest of Real Property where any Collateral is or may be located, the monthly rent and the name of the landlord under such lease.

Section 5.25 Perfection Certificate; Schedules to other Financing Documents. As of the date hereof, all information in each Perfection Certificate and all information set forth in all disclosure schedules to each of the other Financing Documents is true, correct and complete in all material respects.

Section 5.26 Existing Indebtedness. Schedule 5.26 hereto contains an accurate and complete list of all Existing Indebtedness of the Credit Parties on the Closing Date (other than Indebtedness permitted under Section 7.2 owing solely among the Credit Parties) after giving effect to the repayment of

any such Indebtedness to be repaid on the Closing Date, and including, with respect to each such item of Existing Indebtedness which will remain outstanding after the Closing Date: (a) the current lender or holder of such Indebtedness, (b) the principal amount of such Indebtedness on the Closing Date, (c) identifying the material loan agreements, promissory notes and other documents evidencing, governing or otherwise pertaining to such Indebtedness, and (d) a summary description of all property which stands as security for such Indebtedness.

Section 5.27 2008 Term Loan Documents. This Agreement, the Indebtedness incurred hereunder, and each of the Liens granted under any Security Instrument or other Financing Document shall at all times be permitted under the 2008 Term Loan Documents.

Section 5.28 Material Contracts. No Credit Party is in default under or in breach of any term or condition of any material contract, nor is any Credit Party aware of any default under or breach of any term or condition of any material contract by any other party thereto, in either case where the default could reasonably be expected to have a Material Adverse Effect.

Section 5.29 Accounts. Other than the accounts specifically permitted by Section 7.18 hereof, none of the Borrowers maintains any account with any bank or other depository institution into which any cash or cash equivalents are deposited or cash or cash equivalents or maintained.

Section 5.30 [Intentionally Deleted.]

Section 5.31 Anti-Terrorism Laws.

(a) No Borrower nor any of its Affiliates is in violation of any Anti-Terrorism Law or engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(b) No Borrower nor any of its Affiliates is any of the following (each a **"Blocked Person"**): (1) a Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (2) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224; (3) a Person or entity with which any bank or other financial institution is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law; (4) a Person or entity that commits, threatens or conspires to commit or supports "terrorism" as defined in Executive Order No. 13224; (5) a Person or entity that is named as a "specially designated national" on the most current list published by the US Treasury Department Office of Foreign Asset Control at its official website or any replacement website or other replacement official publication of such list; (6) a Person or entity who is affiliated with a Person or entity listed above; or (7) an agency of the government of, an organization directly or indirectly controlled by, or a Person resident in, a country on any official list maintained by the Office of Foreign Assets Control of the United States Department of Treasury (or any successor thereto).

(c) Without limiting Section 5.31(a) above, no Borrower nor any of its Affiliates (1) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Blocked Person, (2) has more than 10% of its assets in a Blocked Person, (3) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224, or (4) derives more than 10% of its operating income from investments in or transactions with a Blocked Person.

ARTICLE 6
AFFIRMATIVE COVENANTS

So long as any Lender has any Commitment hereunder or any Loan remains unpaid or any Revolving Credit Exposure remains outstanding, each Borrower and each Canadian Credit Party will at all times comply with the following covenants.

Section 6.1 Maintenance and Compliance, etc. Each Borrower will and will cause each other Credit Party to (a) observe and comply in all material respects with all Governmental Requirements and with all of its material contractual obligations, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, (b) except as permitted by Section 7.4, preserve and maintain its corporate existence, and (c) obtain, preserve, renew and keep in full force and effect any and all rights, licenses, permits, privileges and franchises material to the conduct of its business, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 6.2 Payment of Taxes and Claims, etc. Each Borrower will pay, and cause each other Credit Party to pay, (a) all material taxes, assessments and governmental charges imposed upon it or upon its Property, and (b) all material claims (including, but not limited to, claims for labor, materials, supplies or services) which could reasonably be expected, if unpaid, to become a Lien upon its Property, unless, in each case, such Lien is a Permitted Lien or the validity or amount thereof is being contested in good faith by appropriate action or proceedings and if the Borrowers have made adequate reserves for the payment thereof if required in accordance with GAAP or IFRS.

Section 6.3 Further Assurances. Each Borrower will and will cause each other Credit Party to promptly cure upon the reasonable request by the Administrative Agent any defects in the creation and issuance of the Notes, or in the execution and delivery of the Financing Documents. Each Borrower at its expense will, as promptly as practical, execute and deliver to the Administrative Agent or the applicable Issuing Bank, following reasonable request, all such other and further documents, agreements and instruments (or cause any of the other Credit Parties to take such action) in order to carry out to the Administrative Agent's reasonable satisfaction the transactions contemplated by the Financing Documents, including this Agreement, or to further evidence and more fully describe the Collateral, or to correct any omissions in the Financing Documents, or more fully to state the security obligations set out herein or in any of the Financing Documents, or to perfect, protect or preserve any Liens created pursuant to any of the Financing Documents, or to make any recordings, to file any notices, or obtain any consents, all as may be necessary or appropriate in connection therewith.

Section 6.4 Bank Accounts. Without limitation of the provisions of Section 7.18, in order to facilitate the administration of this Agreement and the Agents', the Collateral Agents' and the Lenders' rights hereunder and under the other Financing Documents (including the Liens of the Agents), the Borrowers and Canadian Credit Parties will maintain one or more of the Lenders as the Borrowers' and Canadian Credit Parties' principal depository bank, including for the maintenance of operating, administrative, cash management, collection activity and other deposit accounts for the conduct of the Borrowers' business, provided (a) such services offered by the Lenders are competitive with the corresponding services offered by other banks, and (b) the foregoing shall not restrict the Borrowers or Canadian Credit Parties from maintaining and using any bank accounts that are used by the Borrowers or Canadian Credit Parties as of the Closing Date for the same purpose after the Closing Date or from establishing and using new bank accounts with any bank at which the Borrowers or Canadian Credit Parties maintain one or more bank accounts as of the Closing Date to the extent approved by the Administrative Agent.

Section 6.5 Insurance. Except as provided in Schedule 6.5, each Borrower will and will cause each of the other Credit Parties to maintain or cause to be maintained, with insurers believed by the Borrowers in good faith to be financially sound and reputable insurers having a rating of at least A- or better by Best Rating Guide, insurance with respect to their respective Properties and business against such liabilities, casualties, risks and contingencies and in such types (including business interruption insurance, marine insurance, and flood insurance) and amounts as the Administrative Agent may reasonably require or as may be required in accordance with any Governmental Requirement. Each Borrower will obtain endorsements to the policies naming the Administrative Agent or the Canadian Administrative Agent, as applicable, as a loss payee as their interests may appear, and containing provisions that such policies will not be canceled without thirty (30) days prior written notice having been given by the insurance company to the Administrative Agent or the Canadian Administrative Agent, as applicable.

Section 6.6 Accounts and Records. Each Borrower will keep and will cause each of the other Credit Parties to keep proper books of record and account in accordance with GAAP or IFRS.

Section 6.7 Right of Inspection. In addition to any other inspection or audit rights of the Administrative Agent, including, without limitation, those in Section 6.9, the Canadian Administrative Agent or any Lender hereunder, each Borrower will permit and will cause each of the other Credit Parties to permit any officer, employee or agent of the Administrative Agent, the Canadian Administrative Agent or any Lender to visit and inspect any of the Properties of the Credit Parties, examine any Credit Party's books of record and accounts, take copies and extracts therefrom, and discuss the affairs, finances and accounts of the Credit Parties with any Credit Party's executive officers, accountants and auditors, as often and all at such reasonable times during normal business hours and upon reasonable advance notice by the Administrative Agent or the Canadian Administrative Agent, all as may be reasonably requested by the Administrative Agent or the Required Lenders; provided, that (a) such inspection rights shall not be limited or conditioned by reasonable prior notice or reasonable times during the existence of a Default, and (b) the Administrative Agent and the Canadian Administrative Agent shall be limited to two (2) such visitations and inspections in each Fiscal Year unless a Default or an Event of Default shall have occurred and be continuing. Without limiting the foregoing, the Borrowers agree to hold a meeting (including by conference call) with all Lenders at least once a year, if requested by the Administrative Agent, to discuss the business and affairs of the Borrowers.

Section 6.8 [Intentionally Deleted.]

Section 6.9 Collateral Reports. During each Fiscal Year, as of a date or dates to be designated by the Administrative Agent, the Borrowers will, at the cost of the Borrowers, provide such assistance as the Administrative Agent and the Canadian Administrative Agent may reasonably request in connection with the preparation by the Administrative Agent and the Canadian Administrative Agent of up to two (2) reports (each, a "**Collateral Report**") of a collateral field examiner (the cost of which shall be for the account of the Borrowers) selected by the Administrative Agent in writing (which may be the Administrative Agent or an affiliate thereof) with respect to the Eligible Accounts and Eligible Inventory components included in the US Borrowing Base and the Canadian Borrowing Base and such other matters regarding the Credit Parties or the Collateral as the Administrative Agent or the Canadian Administrative Agent shall reasonably require; provided, that (a) for so long as Excess Availability is less than or equal to 20% of the aggregate Revolving Credit Commitments, or at any time an Event of Default has occurred and is continuing, the Administrative Agent shall be entitled to receive at the cost of the Borrowers any number of Collateral Reports as the Administrative Agent determines in its discretion, (b) the Administrative Agent shall also be entitled, in its discretion, to receive, at no cost to the Borrowers, Collateral Reports in addition to those set out above, and (c) any Collateral Report provided in

connection with a Permitted Acquisition shall be in addition to the Collateral Reports required to be provided pursuant to this Section 6.9.

Section 6.10 Reporting Covenants. The Company and the Borrowers will furnish the following to each of the Lenders:

(a) **Annual Financial Statements**. As soon as available and in any event within one hundred twenty (120) days after the end of each Fiscal Year, consolidated balance sheets of the Company and its Subsidiaries as at the end of such year and the related consolidated statements of income, retained earnings and cash flows of the Company and its Subsidiaries for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all in reasonable detail and accompanied by the unqualified report thereon of independent public accountants of recognized national standing, which report shall state that such consolidated financial statements present fairly in all material respects the consolidated financial condition as at the end of such Fiscal Year, and the consolidated results of operations and cash flows for such Fiscal Year, of the Company and its Subsidiaries in accordance with GAAP or IFRS, applied on a consistent basis.

(b) **Quarterly Financial Statements.** As soon as available and in any event within forty-five (45) days after the end of each Fiscal Quarter of the Company, unaudited consolidated balance sheets of the Company and its Subsidiaries as at the end of such Fiscal Quarter and the related unaudited consolidated statements of income, retained earnings and cash flows of the Company and its Subsidiaries for such Fiscal Quarter and for the portion of the Company's Fiscal Year ended at the end of such Fiscal Quarter, setting forth in each case in comparative form the figures for the corresponding Fiscal Quarter and the corresponding portion of the Company's previous Fiscal Year, all in reasonable detail and certified by a Responsible Officer that such financial statements present fairly in all material respects the consolidated financial condition as at the end of such Fiscal Quarter, and the consolidated results of operations and cash flows for such Fiscal Quarter and such portion of the Company's Fiscal Year, of the Company and its Subsidiaries in accordance with GAAP or IFRS (subject to normal, year-end adjustments and the absence of footnotes).

(c) **Monthly Financial Statements**. For so long as Excess Availability is less than or equal to 50% of the aggregate Revolving Credit Commitments or at any time an Event of Default has occurred and is continuing, as soon as available and in any event within thirty (30) days after the end of each calendar month, unaudited consolidated balance sheets of the Company and its Subsidiaries as at the end of such month and the related unaudited consolidated statements of income, retained earnings and cash flows of the Company and its Subsidiaries for such calendar month and for the portion of the Company's Fiscal Year ended at the end of such month, setting forth in each case in comparative form the figures for the corresponding month and the corresponding portion of the Company's previous Fiscal Year, all in reasonable detail and certified by a Responsible Officer that such financial statements present fairly in all material respects the consolidated financial condition as at the end of such calendar month, and the consolidated results of operations and cash flows for such calendar month and such portion of the Company's Fiscal Year, of the Company and its Subsidiaries in accordance with GAAP or IFRS (subject to normal, year-end adjustments and the absence of footnotes).

(d) **Management Discussion and Analysis** The Borrower Agent shall provide to the Administrative Agent, for distribution to the Lenders, a management discussion and analysis of the financial performance of the Company and its Subsidiaries on an annual and quarterly basis, at the same time as such management discussion and analysis is disclosed publicly to the shareholders of the Company.

(e) **No Default/Compliance Certificate**. Together with the financial statements required pursuant to Section 6.10(a), Section 6.10(b) and Section 6.10(c) above, a certificate of the Borrower Agent, which shall be substantially in the form of Exhibit G hereto and signed by a Responsible Officer: (1) stating that a review of such financial statements during the period covered thereby and of the activities of the Company and its Subsidiaries has been made under such Responsible Officer's supervision with a view to determining whether the Company and its Subsidiaries have fulfilled in all material respects all of their obligations under this Agreement, and the other Financing Documents; (2) stating that no Default exists and that the Company and its Subsidiaries have fulfilled in all respects their obligations under such instruments, or if there shall be a Default, specifying the nature and status thereof and the Company's proposed response thereto; (3) demonstrating in reasonable detail compliance (including, but not limited to, showing all material calculations) as at the end of such Fiscal Year or such quarter with Section 6.12 (provided, that, such calculations shall not be required more frequently than quarterly unless a Trigger Date has occurred); (4) containing or accompanied by such financial or other details, information and material as the Administrative Agent may reasonably request to evidence such compliance; and (5) certifying that the Company and its Subsidiaries have complied with the minimum funding requirements with respect to each Plan maintained by the Company and/or its Subsidiaries, or to which the Company or any of its Subsidiaries is a member, and that the Company and its Subsidiaries have complied in all respects with Section 7.9 of this Agreement. At the same time, the Borrower Agent shall deliver both an accounts receivable aging and an accounts payables aging prepared as of the close of business on the last Business Day of the preceding calendar month in each case satisfactory to the Collateral Agents, and such other information related thereto requested by the Collateral Agents.

(f) **Title Information**. Promptly after a request by the Administrative Agent, additional title information in form and substance acceptable to the Required Lenders as is reasonably requested and reasonably necessary covering the Collateral so that the Lenders shall have received, together with the title information previously received by the Lenders, satisfactory title information covering all of the Collateral.

(g) **Events or Circumstances with respect to Collateral**. Promptly after the occurrence of any event or circumstance concerning or changing any of the Collateral that could reasonably be expected to have a Material Adverse Effect, notice of such event or circumstance in reasonable detail.

(h) **Borrowing Base Reports**. As soon as available, and in any event on or before the 20th day of each calendar month (or the next succeeding Business Day if such day is not a Business Day): (1) a Borrowing Base Report for the US Borrowing Base and a Borrowing Base Report for the Canadian Borrowing Base, reflecting the US Borrowing Base and US Maximum Available Amount on a combined basis for all US Borrowers (and to the extent required pursuant to Section 2.2(a)(2), the US Borrowing Base for each US Borrower, and US Maximum Available Amount on a individual basis for each US Borrower), and the Canadian Borrowing Base and Canadian Maximum Available Amount as of the close of business on the last Business Day of the preceding calendar month; provided, however, at any time Excess Availability is less than or equal to 20% of the aggregate Revolving Credit Commitments, the Administrative Agent, in its discretion, may require the delivery of Borrowing Base Reports for the US Borrowing Base and Borrowing Base Reports for the Canadian Borrowing Base and other reports more frequently than monthly, in which event the US Borrowing Base and Canadian Borrowing Base (as applicable) would be adjusted immediately upon delivery (subject to the right of the Administrative Agent and the Canadian Administrative Agent to review such reports and confirm that they have been prepared in accordance with the terms of this Agreement) of such reports based on the information reflected in such reports; and (2) a certificate of the Borrower Agent signed by a Responsible Officer setting out the aggregate mark to market exposure, as at the end of the preceding month, under all Swap Agreements entered into by the Credit Parties.

(i) **Notice of Certain Events**. Promptly, and in any event within five (5) days, after any Borrower learns of the receipt or occurrence of any of the following, a certificate of the Borrowers, signed by a Responsible Officer of Borrower Agent specifying: (1) any official written notice of any material violation, possible violation, non-compliance or possible non-compliance, or claim made by any Governmental Authority pertaining to all or any part of the Properties of any Credit Party where Collateral in excess of $10,000,000 is located; (2) any event which constitutes a Default, together with a statement specifying the nature thereof and the steps being taken to cure such Default; (3) the creation, dissolution, merger or acquisition of any Credit Party; (4) any event or condition not previously disclosed to the Administrative Agent, which violates any Environmental Law and which could reasonably be expected to have a Material Adverse Effect; (5) any release or threatened release of any hazardous substance or solid waste into the environment where any contingent liabilities associated with such release or threatened could reasonably be expected to exceed $25,000,000; (6) any material amendment to, termination of, or material default under any material contract or any execution of, or material amendment to, termination of, or material default under, any material collective bargaining agreement, in each case, as such materiality relates to the Credit Parties as a whole when such events are considered either individually or in the aggregate; or (7) any event or condition which may reasonably be expected to have a Material Adverse Effect.

(j) **Shareholder Communications, Filings**. Promptly upon the mailing, filing, or making thereof, copies of all registration statements, periodic reports and other documents (excluding the related exhibits except to the extent expressly requested by the Administrative Agent) required to be filed by any Credit Party with the Securities and Exchange Commission (or any successor thereto) or any securities exchange or Canadian provincial securities commission; provided that, the filing of any such materials with the SEC's electronic data gathering, analysis and retrieval (EDGAR) database, together with written notice to the Administrative Agent of such filing, shall satisfy the requirements of this covenant; including with respect to the financial statements required to be delivered pursuant to Section 6.10(a) and (b).

(k) **Litigation**. Promptly after the occurrence thereof, notice of the institution of or any material adverse development in any material action, suit, claim or proceeding or any governmental investigation or any arbitration, before any arbitrator or any Governmental Authority, in which the amount involved is $20,000,000 or more, or which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

(l) **ERISA**. Promptly after (1) any Credit Party obtaining knowledge of the occurrence thereof, notice that an ERISA Event has occurred, a "prohibited transaction," as such term is defined in Section 406 of ERISA or Section 4975 of the Code or similar provision of any other applicable law (for which there is no exemption) with respect to any Plan has occurred that could reasonably be expected to have a Material Adverse Effect, or the assertion of a material claim (other than a routine claim for benefits) against a Plan or against any Credit Party or any ERISA Affiliate with respect to a Plan has occurred, which such notice shall specify the nature thereof, the Borrowers' proposed response thereto (and, if applicable, the proposed response thereto of any Subsidiary of the Borrowers and of any ERISA Affiliate) and, where known, any action taken or proposed by the Internal Revenue Service, the Department of Labor, the PBGC or other applicable Governmental Authority with respect thereto, (2) any Credit Party's obtaining knowledge thereof, copies of any notice of the PBGC's or other applicable Governmental Authority's intention to terminate or to have a trustee appointed to administer any Plan, (3) any Credit Party's obtaining knowledge thereof, notice of the imposition of a Lien pursuant to Sections 412(c)(4), 436(f) or 430(k) of the Code or pursuant to ERISA or other applicable law with respect to any Plan, and (4) the filing thereof with any Governmental Authority copies of each annual and other report (including applicable schedules) with respect to each Plan or any trust created thereunder (if requested by the Administrative Agent).

(m) **Annual Budget**. As soon as available and in any event not later than sixty (60) days after the end of each Fiscal Year, a budget of the Company on a consolidated basis for the next Fiscal Year (prepared on a monthly basis), together with written confirmation that such budget has been reviewed and approved by the Board of Directors of the Company. Each such budget shall set forth in reasonable detail the projected revenues and expenses of the Company for such next Fiscal Year, projected Availability and Borrowing Base information, and projected balance sheets and cash flow statements.

(n) **Inventory Appraisals**. If Excess Availability is less than or equal to 60% of the aggregate US Revolving Credit Commitments, the Administrative Agent may require, at the cost of the Borrowers, one (1) appraisal of the Borrowers' (and Canadian Borrowing Base Parties') during any Fiscal Year inventory in scope and detail and prepared by an independent appraisal firm selected by the Administrative Agent; provided, that if Excess Availability is less than or equal to 20% of the aggregate US Revolving Credit Commitments, the Administrative Agent may require, at the cost of Borrowers two (2) such appraisals during any Fiscal Year provided, further, that during any time a Default exists there shall be no limitation on the number of appraisals which may be required at the cost of Borrowers during any Fiscal Year. The Administrative Agent may also require, at its own cost, and as frequently as the Administrative Agent determines, additional appraisals of the Borrowers' inventory in scope and detail and prepared by an independent appraisal firm selected by the Administrative Agent. The Borrowers and other Credit Parties will cooperate with the Administrative Agent and the appraiser in the conduct of any such appraisal.

(o) **Other Information**. With reasonable promptness, such other information about the business and affairs and financial condition of any Credit Party as the Administrative Agent (or, with respect to Collateral related information, the Collateral Agents) may reasonably request from time to time, including, without limitation, monthly accounts receivable aging and reconciliation, accounts payable aging and reconciliation, sales reports and inventory designations.

Section 6.11 [Intentionally Deleted.]

Section 6.12 Fixed Charge Coverage Ratio. On each date during the term of this Agreement that Excess Availability is less than the Financial Covenant Excess Availability Requirement (each such date being a "**Trigger Date**"), the Borrowers shall have demonstrated that the Fixed Charge Coverage Ratio, measured as of the immediately preceding fiscal month end for which financial statements have been (or were required to be) delivered hereunder for the twelve fiscal month period then ended, was at least 1.1 to 1.0. If the Borrowers fail to deliver financial statements on the due date therefor (without giving effect to any cure periods), such that the Fixed Charge Coverage Ratio required by this Section 6.12 cannot be calculated, the Fixed Charge Coverage Ratio shall be deemed to be less than 1.1 to 1.0 until such time as the required financial statements are actually delivered. Following a Trigger Date, the requirement to comply with the Fixed Charge Coverage Ratio covenant shall remain in effect unless and until the Borrowers have maintained Excess Availability of at least equal to the Financial Covenant Excess Availability Requirement for a period of at least ninety (90) consecutive days, after which time the requirement to comply with the Fixed Charge Coverage Ratio shall not apply unless a subsequent Trigger Date occurs.

Section 6.13 Post Closing Obligations. Notwithstanding anything to the contrary set forth herein, the Borrowers shall take the following actions and deliver the following items, in each case, in form and substance reasonably satisfactory to Administrative Agent or Canadian Administrative Agent, with the applicable timeframes set forth below following the Closing Date, and any breach of the provisions of this Agreement or any other Financing Document solely as a result of any Credit Party's

failure to take any such action or make any such delivery on an earlier date shall not constitute a Default or an Event of Default:

(a) Within sixty (60) days after the Closing Date (or such later date as may be acceptable to the Administrative Agent or Canadian Administrative Agent, as applicable), the Borrowers shall deliver to the Administrative Agent or Canadian Administrative Agent, as applicable, a control agreement with respect to each bank account maintained by a Credit Party in the United States or Canada (other than those accounts with respect to which the Administrative Agent or Canadian Administrative Agent, as applicable, may elect not to require a control agreement), duly executed and delivered by the applicable Credit Party and depository bank in a form sufficient to perfect the Liens of the applicable Agent in each such bank account and otherwise in form acceptable to the Administrative Agent or the Canadian Administrative Agent, as applicable, acting reasonably.

(b) Within sixty (60) days after the Closing Date (or such later date as may be acceptable to the Administrative Agent or Canadian Administrative Agent, as applicable), the Borrowers shall deliver to the Administrative Agent or Canadian Administrative Agent, as applicable, a control agreement with respect to each securities account maintained by a Credit Party in the United States or Canada (other than those accounts with respect to which the Administrative Agent or Canadian Administrative Agent, as applicable, may elect not to require a control agreement), duly executed and delivered by the applicable Credit Party and securities intermediary in a form sufficient to perfect the Liens of the applicable Agent in each such securities account and otherwise in form acceptable to the Administrative Agent or the Canadian Administrative Agent, as applicable, acting reasonably.

(c) Within one hundred twenty (120) days after the Closing Date (or such later date as may be acceptable to the Administrative Agent), the Borrowers shall deliver to the Administrative Agent evidence of the termination and / or release of those filings appearing in Schedule 7.3 in favor of Citibank, N.A., with respect to certain accounts receivables of Borrowers, in each case in form acceptable to the Administrative Agent, as applicable, acting reasonably.

(d) Within sixty (60) days after the Closing Date (or such later date as may be acceptable to the Canadian Administrative Agent), the Borrowers shall deliver to the Canadian Administrative Agent estoppel letters from each secured party with a PPSA registration in Canada appearing in Schedule 7.3, in each case in form and substance acceptable to the Canadian Administrative Agent, as applicable, acting reasonably.

ARTICLE 7
NEGATIVE COVENANTS

So long as any Lender has any Commitment hereunder or any Loan remains unpaid or any Revolving Credit Exposure remains outstanding, neither the Company nor any other Credit Party will:

Section 7.1 Anti-Terrorism Laws. Conduct any business or engage in any transaction or dealing with any Blocked Person, including the making or receiving of any contribution of funds, goods

or services to or for the benefit of any Blocked Person; deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224; or engage in on conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224 or the USA Patriot Act. The Borrower Agent, or on behalf of the Borrowers, shall deliver to the Administrative Agent and the Lenders any certification or other evidence requested from time to time by the Administrative Agent or any Lender, acting reasonably, confirming each Borrower's compliance with this Section 7.1.

Section 7.2 Indebtedness. Create, incur, assume or suffer to exist, any Indebtedness, other than:

(a) the Lender Indebtedness;

(b) Indebtedness which does not exceed the principal amount of $2,750,000,000 and which has been incurred under the 2008 Term Loans by the GNA Partners and Ameristeel US and the guaranty thereof by other Subsidiaries in connection with the 2008 Term Loan Transaction and any Permitted Refinancing thereof;

(c) Indebtedness outstanding on the date hereof which is set forth on Schedule 5.26 and any Permitted Refinancing thereof;

(d) trade or accounts payable (for the deferred purchase price of Property or services) from time to time incurred in the ordinary course of business;

(e) obligations for current taxes, assessments and other governmental charges and taxes, assessments or other governmental charges which are not yet due or are being contested in good faith by appropriate action or proceeding promptly initiated and diligently conducted, if reserves required pursuant to Section 6.2 hereof have been established with respect thereto;

(f) Indebtedness owing pursuant to Swap Agreements entered into in the ordinary course of business for the purpose of hedging against risks actually incurred by the Borrowers with respect to interest rates, exchange rates and commodity prices;

(g) Indebtedness in respect of Capital Lease Obligations and purchase money Indebtedness in an aggregate amount not in excess of $100,000,000 outstanding at any time;

(h) [Intentionally Deleted;]

(i) [Intentionally Deleted;]

(j) Permitted New Debt;

(k) Permitted New Affiliate Subordinated Debt;

(l) (i) Indebtedness provided by a Person which is not an Affiliate of a Credit Party to finance a Permitted Acquisition, (ii) Indebtedness of a Person or any of its Subsidiaries existing at the time such Person is acquired pursuant to a Permitted Acquisition, and (iii) Indebtedness assumed in connection with an acquisition of assets from a Person in a Permitted Acquisition, which in each case may be secured by Liens on assets not included in the Collateral, provided that the aggregate of all

Indebtedness contemplated by paragraphs (i), (ii) and (iii) shall not exceed $100,000,000 outstanding at any time; and any Permitted Refinancing thereof;

(m) Indebtedness provided by a Person which is not an Affiliate of a Credit Party which may be secured by Liens (i) on machinery and equipment, in an aggregate amount, together with the amount of Attributable Debt incurred pursuant to Section 7.7(x), not in excess of $150,000,000 outstanding at any time, and (ii) on Real Property, together with the amount of Attributable Debt incurred pursuant to Section 7.7 (y), in an aggregate amount not in excess of $50,000,000 outstanding at any time, and any Permitted Refinancing thereof;

(n) (i) advances made by any Canadian Credit Party to any other Credit Party, (ii) advances made by any US Credit Party to any other US Credit Party or (iii) any advances made by any US Credit Party to any Canadian Credit Party, provided in the case of clause (iii) that, both before and after giving effect to any such advance, (A) no Default has occurred and is continuing, (B) Excess Availability is not less than $75,000,000 and (C) such advance is not made from the proceeds of Loans made to a Borrower pursuant to this Agreement.

(o) Bonding Obligations not in contravention of Section 7.3(f) below;

(p) guarantees by a Credit Party (other than NSULC or any US Borrower) of Indebtedness of a Credit Party otherwise permitted hereby;

(q) Indebtedness from Ameristeel US to Finco, as evidenced by and in the amounts set forth in the Ameristeel US Note and refinancings thereof; provided, however, that (i) the Ameristeel US Note shall be delivered and pledged to the Administrative Agent pursuant to a collateral assignment of promissory note, with the Ameristeel US Note and such collateral assignment being in form and substance satisfactory to the Administrative Agent in its sole discretion, (ii) such Indebtedness shall be subordinated to the Lender Indebtedness pursuant to an intercreditor and subordination agreement, in form and substance satisfactory to the Administrative Agent in its sole discretion, and (iii) the principal amount of such Indebtedness shall in no event exceed $351,000,000;

(r) the GUSA Guarantee; and

(s) other unsecured Indebtedness incurred by a Credit Party so long as, at the time such Indebtedness is incurred, no Default exists.

Section 7.3 Liens. Create, incur, assume or suffer to exist, any Lien on any of its Property now owned or hereafter acquired to secure any Indebtedness of any Credit Party or any other Person, other than (collectively, the "**Permitted Liens**"):

(a) Liens existing on the date hereof and set forth on Schedule 7.3 and Liens securing any Indebtedness incurred to refinance, refund, renew or extend the Indebtedness secured by Liens set forth on such Schedule 7.3; provided that the collateral subject to such Liens is not expanded;

(b) Liens securing the Lender Indebtedness;

(c) Liens for taxes, assessments or other governmental charges or levies not yet due or which are being contested in good faith by appropriate action or proceedings and with respect to which reserves required by Section 6.2 hereof are maintained;

(d) statutory and contractual Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen, repairmen, workmen, and other Liens imposed by law created in the ordinary course of business for amounts which are not past due for more than sixty (60) days or which are being contested in good faith by appropriate action or proceedings and with respect to which reserves required by Section 6.2 are maintained;

(e) Liens incurred in connection with or deposits or pledges made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, old age or other similar obligations;

(f) Liens incurred in connection with or deposits or pledges made in the ordinary course of business to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, government contracts, performance and return-of-money bonds, insurance and other similar obligations (exclusive of obligations for the payment of borrowed money) (collectively, the "**Bonding Obligations**"); provided, that, to the extent Pacific Coast Steel is at any time joined as a Credit Party at Borrower Agent's option in accordance with the terms of this Agreement, the aggregate amount outstanding of Bonding Obligations secured by Liens on the assets of Pacific Coast Steel shall not at any time exceed $250,000,000;

(g) minor irregularities in title, easements, rights-of-way, restrictions, servitudes, permits, reservations, exceptions, conditions, covenants and other similar charges or encumbrances not materially interfering with the occupation, use and enjoyment by any Credit Party of any of its respective Real Property in the normal course of business or materially impairing the value thereof;

(h) any obligations or duties affecting any of the Real Property of any Credit Party to any municipality or public authority with respect to any franchise, grant, license or permit which do not materially impair the use of such Real Property for the purposes for which it is held;

(i) Liens securing Indebtedness permitted by Section 7.2(g) provided that (1) such Liens cover only the Property (which, for purposes of this Section 7.3(i), shall not include inventory) being leased or acquired, (2) the creation of such Lien or the incurrence of the Indebtedness secured by such Lien does not violate this Agreement or any of the other Financing Documents and (3) in the case of any such Lien securing purchase money Indebtedness, the principal amount of the purchase money Indebtedness being secured does not exceed the total purchase price of the Property being leased or acquired;

(j) exceptions, qualifications and reservations in respect of title to Real Property under applicable federal, state, provincial, territorial, municipal and local statutes, regulations, laws, by-laws and ordinances but only to the extent of the general application of such matters and not arising as a result of the failure of Borrowers to comply with such matters;

(k) Liens on assets not forming part of the Collateral, securing Indebtedness permitted by Section 7.2(l) or Section 7.2(m);

(l) [Intentionally Deleted]; and

(m) deposits or pledges made to secure operating leases of real property or newly acquired equipment entered into on a commercially reasonable basis and on commercially reasonable terms and conditions;

provided, however, that the foregoing list of Permitted Liens is not intended to, and shall not be construed as, subordinating or postponing, or as an agreement to subordinate or postpone, any Lien created by any of the Financing Documents to any such Permitted Lien.

Section 7.4 Mergers, Sales, Etc. Merge into or with or consolidate or amalgamate with, or permit any other Credit Party to merge into or with or consolidate or amalgamate with, any other Person, or sell, lease or otherwise dispose of, or permit any other Credit Party to sell, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or any part of its Property to any other Person. Notwithstanding the foregoing limitation: (a) the Credit Parties may sell inventory in the ordinary course of business; (b) any Credit Party may sell, redeem or trade cash equivalent investments permitted under Section 7.6; (c) any US Credit Party shall be permitted to consolidate, amalgamate or merge into or with any US Credit Party, and any Canadian Credit Party may consolidate, amalgamate or merge into or with any other Canadian Credit Party; (d) any Credit Party shall be permitted to sell, assign or convey all or any part of its Property to any other Credit Party that is a US Credit Party, but only so long as any such sale, assignment or conveyance is made for reasonably equivalent value; (e) GANS shall be permitted to consolidate, amalgamate or merge into or with any Credit Party or to liquidate or dissolve in accordance with applicable laws; provided that all of its assets are transferred to one or more Credit Parties; (f) any Canadian Credit Party shall be permitted to sell, assign or convey all or any part of its Property to any other Canadian Credit Party, but only so long as any such sale, assignment or conveyance is made for reasonably equivalent value and in compliance with all applicable laws, including bulk sales acts or laws, (g) any Credit Party (other than a Borrower) may consolidate, amalgamate or merge into or with any Borrower provided no Default has occurred and is continuing, (h) any Credit Party may sell, assign or convey to any Credit Party assets consisting solely of Investments in or to any other Credit Party provided (A) such sale, assignment or conveyance is made for reasonably equivalent value, (B) no Default has occurred and is continuing, (C) Excess Availability is not less than $75,000,000 and (D) the purchase is not made from the proceeds of Loans made to a Borrower pursuant to this Agreement; (i) the Credit Parties may sell assets which are obsolete, worn out, surplus or not necessary to the operations and business of the Credit Parties so long as the aggregate sale price for all assets sold in any Fiscal Year does not exceed $50,000,000; (j) any Credit Party may sell or otherwise dispose of any of its Property; provided that: (w) no Default has occurred and is continuing or would result therefrom; (x) the Borrower Agent has provided at least ten (10) days' notice to the Administrative Agent and the Canadian Administrative Agent of the proposed sale or other disposition together with the material terms and conditions thereof, Borrowing Base Reports reflecting the proposed sale or other disposition on a pro forma basis and such other information as the Administrative Agent or the Canadian Administrative Agent, acting reasonably, may request; (y) if any of the Property which is sold or otherwise disposed of consists of any accounts or inventory, then an amount equal to the book value of such accounts or inventory shall be paid to the Administrative Agent or the Canadian Administrative Agent for application against the outstanding principal amount of the US Revolving Loans (if such accounts and inventory were sold or otherwise disposed of by a US Credit Party) or the Canadian Revolving Loans (if such accounts or inventory were sold or otherwise disposed of by a Canadian Credit Party), in each case on a pro rata basis and in accordance with Section 2.11; and (z) any such sale or other disposition of Property shall require the prior written consent of the Required Lenders if the net book value of any Collateral subject to such sale or other disposition, when aggregated with the net book value of any other Collateral sold or otherwise disposed of by the Credit Parties pursuant to this Section 7.4(j) in the same Fiscal Year, would exceed $50,000,000; and (k) transfers of any or all of the Equity of GUSA owned by NSULC to another Credit Party, provided that the Borrowers shall deliver to the Administrative Agent (y) all such Security Instruments, amendments thereto and other items as the as the Administrative Agent may require in order to maintain or establish the first-priority Lien of the applicable Agent in such Equity and (z) such evidence as the Administrative Agent may request in order to confirm that such transfer will not have any material adverse Tax or other material adverse consequences to any Agent or other Secured Party.

Section 7.5 Equity Distributions. Declare or pay any dividend, make any payment to purchase, redeem, retire or otherwise acquire any of its Equity now or hereafter outstanding, return any capital to its stockholders, partners or members, or make any distribution of its assets, Equity, obligations or securities to its stockholders, partners or members (an "**Equity Distribution**"), except that (a) the Company may declare and pay dividends with respect to its Equity payable solely in additional Equity, (b) any Credit Party other than the Company may make Equity Distributions to any other Credit Party so long as, both before and immediately after giving effect to the Equity Distribution, no Default has occurred and is continuing and the Credit Party making the Equity Distribution is Solvent, (c) this Section 7.5 shall not restrict payments or distributions made in the ordinary course of business on account of "stock appreciation rights", "phantom stock", "profit participations" and other similar interests, and (d) the Company may make Equity Distributions if, both before and immediately after any such Equity Distribution (including any Loan made hereunder in connection therewith), no Default has occurred and is continuing and Excess Availability is not less than the Negative Covenant Excess Availability Requirement.

Section 7.6 Investments, Loans, etc. Make, permit or hold any Investments in any Person, or permit any other Credit Party to make, permit or hold any Investments in any Person, other than:

(a) Investments listed on Schedule 7.6;

(b) Investments in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America or Canada (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America or Canada), in each case maturing within one year from the date of acquisition thereof;

(c) Investments in certificates with deposit of maturities less than one year, issued by commercial banks in the United States or Canada having capital and surplus in excess of $500,000,000 and having short-term credit ratings of at least A1 and P1 by Standard & Poor's Ratings Group and Moody's Investors Service, Inc., respectively;

(d) Investments in commercial paper with maturities of not more than one hundred eighty (180) days with credit ratings of at least A2 and P2 by Standard & Poor's Ratings Group and Moody's Investors Service, Inc., respectively;

(e) Investments in securities that are obligations of the United States or Canadian government purchased by any Credit Party under fully collateralized repurchase agreements pursuant to which arrangements are made with selling financial institutions (being a financial institution having unimpaired capital and surplus of not less than $500,000,000 and with short-term credit ratings of at least A2 and P2 by Standard & Poor's Ratings Group and Moody's Investors Service, Inc., respectively) for such financial institutions to repurchase such securities within thirty (30) days from the date of purchase by any Credit Party;

(f) Investments in money market mutual funds having assets in excess of $2,000,000,000;

(g) Investments by any US Credit Party to or in any other US Credit Party and Investments by any Canadian Credit Party to or in any other Credit Party;

(h) (1) Investments in direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the Government of Canada or of any Canadian province (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the Government of Canada or of such Canadian province), in each case maturing within one (1) year from

the date of acquisition thereof; (2) Investments in commercial paper maturing within one hundred eighty (180) days from the date of acquisition thereof and having, at such date of acquisition, the highest credit rating obtainable from CBRS Inc., Dominion Bond Rating Service, Moody's Investor Service, Inc. or Standard and Poor's Corporation; (3) Investments in certificates of deposit, banker's acceptances and time deposits maturing within one hundred eighty (180) days from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of Canada or of any Canadian province which has a combined capital surplus and undivided profits of not less than C$250,000,000; and (4) Investments in fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (1) above and entered into with a financial institution satisfying the criteria described in clause (3) above;

(i) Investments comprising loans made by a Credit Party to any employee, officer or director of such Credit Party, provided that the aggregate outstanding principal balance of all such loans made by all of the Credit Parties shall not at any time exceed $2,000,000;

(j) Investments constituting an Acquisition paid for solely with Equity or the proceeds of Equity of the Company issued after the Closing Date for the purpose of funding such Acquisition, provided that (i) such Acquisition is a Permitted Acquisition and (ii) any such Equity is not redeemable before the Maturity Date;

(k) any Investments if, both before and immediately after giving effect to any such Investment (including any Loan made hereunder in connection therewith), no Default shall have occurred and is continuing and Excess Availability is not less than the Negative Covenant Excess Availability Requirement;

(l) Investments in the nature of guarantees permitted by Section 7.2; and

(m) Investments by any US Credit Party in any Canadian Credit Party, provided that, both before and after giving effect to such Investment, (A) no Default has occurred and is continuing, (B) Excess Availability is not less than $75,000,000 and (C) such Investment is not made from the proceeds of Loans made to a Borrower pursuant to this Agreement.

Any Contingent Obligation constituting an Investment shall be deemed to be made, on the date such Contingent Obligation is incurred, in an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such person may be liable, whether singly or jointly, pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such person is required to perform thereunder) as determined by such person in good faith.

Notwithstanding the foregoing, Investments of the type described in clauses (b), (c), (d), (e), (f) and (h) shall not be permitted to be made or maintained (1) by the Canadian Borrower at any time that the outstanding principal balance of all Canadian Loans is $40,000,000 or greater (based on the Dollar Equivalent of any C$ Denominated Loans on the date of determination), (2) by any US Borrower at any time that the aggregate outstanding principal balance of all US Loans is $40,000,000 or greater, or (3) by any Borrower at any time that the aggregate outstanding principal balance of all Loans is $60,000,000, unless in each such case a validly perfected first-priority Lien in such Investments has been granted by the applicable Borrower in favor of the Administrative Agent or the Canadian Administrative Agent, as applicable.

Section 7.7 Sales and Leasebacks. Enter into any arrangement, directly or indirectly, with any Person whereby any Credit Party shall sell or transfer any Property, whether now owned or hereafter acquired, and whereby any Credit Party shall then or thereafter rent or lease as lessee such Property or any part thereof or other Property which a Credit Party intends to use for substantially the same purpose or purposes as the Property sold or transferred, other than (x) sale-leaseback transactions with respect to equipment and machinery for which the Attributable Debt of the Credit Parties in respect of such sale and leaseback transactions, together with the aggregate principal amount of Indebtedness permitted under Section 7.2(m)(i), does not exceed $150,000,000, and (y) sale-leaseback transactions with respect to Real Property for which the Attributable Debt of the Credit Parties in respect of such sale and leaseback transactions, together with the aggregate principal amount of Indebtedness permitted under Section 7.2(m)(ii), does not exceed $50,000,000.

Section 7.8 Nature of Business. Engage in, or permit any other Credit Party to engage in, any business other than the businesses in which they are engaged as of the Closing Date or that are related, complementary or ancillary thereto.

Section 7.9 ERISA/Pension Compliance.

(a) Engage in, or permit any ERISA Affiliate to engage in, any transaction in connection with which any US Credit Party or any ERISA Affiliate could be subjected to either a civil penalty assessed pursuant to Sections 502(c), (i) or (l) of ERISA or a tax imposed by Chapter 43 of Subtitle D of the Code, in either case which could reasonably be expected to have a Material Adverse Effect;

(b) Terminate, or permit any other US Credit Party or any ERISA Affiliate to terminate, any Plan in a manner, or take any other action with respect to any Plan, which would reasonably be expected to result in any material liability of any US Credit Party or any ERISA Affiliate to the PBGC or any other Governmental Authority;

(c) Fail to make, or permit any other US Credit Party or any ERISA Affiliate to fail to make, full payment when due of all amounts which, under the provisions of any Plan, agreement relating thereto or applicable law, any US Credit Party or any ERISA Affiliate is required to pay as contributions thereto (excluding non-payment or late payment of an amount that is not material);

(d) Fail to make a required contribution to any Plan which may result in the imposition of a Lien as described in Section 430(k) of the Code;

(e) Fail to pay, or cause to be paid, to the PBGC in a timely manner, and without incurring any late payment or underpayment charge or penalty, all premiums required pursuant to Sections 4006 and 4007 of ERISA, except where such failure could not reasonably be expected to have Material Adverse Effect;

(f) Amend, or permit any other US Credit Party or any ERISA Affiliate to amend, a Plan resulting in an increase in current liability such that any US Credit Party or any ERISA Affiliate is required to provide security to such Plan under Section 412(c)(4) or Section 436 of the Code;

(g) Incur, or permit any other US Credit Party or any ERISA Affiliate to incur, a material liability to or on account of a Plan under Sections 515, 4062, 4063, 4064, 4201 or 4204 of ERISA; or

(h) As regards to any Canadian Credit Party:

(1) Terminate, or permit the termination of, any Plan in a manner, or take any other action with respect to any Plan, which could reasonably be expected to result in any material liability of such Canadian Credit Party to any Governmental Authority;

(2) Fail to make, or permit any other Canadian Credit Party to fail to make, full payment when due of all amounts which, under the provisions of any Plan, agreement relating thereto or applicable law, such Canadian Credit Party is required to pay as contributions thereto, except where the failure to make such payments could not reasonably be expected to have Material Adverse Effect or does not result in the creation of any Lien; or

(3) contribute to or assume an obligation to contribute to, or permit any Subsidiary to contribute to or assume an obligation to contribute to, any "multi-employer pension plan" as such term is defined in the Pension Benefits Act (Ontario).

Section 7.10 Sale or Discount of Receivables. Sell, or allow any other Credit Party to sell, with or without recourse, for discount or otherwise, any accounts, other than in connection with a sale or other disposition permitted by Section 7.4.

Section 7.11 Negative Pledge Agreements. Create, incur, assume or suffer to exist any contract, agreement or understanding which in any way prohibits or restricts the granting, conveying, creation or imposition of any Lien on any Property of any Credit Party, or which requires the consent of or notice to other Persons in connection therewith, other than (a) this Agreement and the other Financing Documents, (b) any agreements governing any purchase money Indebtedness or Capital Lease Obligations otherwise permitted hereby provided that any such prohibition or limitation is only effective against the Property financed thereby, and (c) any agreements governing any Indebtedness incurred pursuant to any of Sections 7.2(c), (f), (j), (l), (m) or (s) provided that any such prohibition or limitation does not apply to any of the Collateral.

Section 7.12 Transactions with Affiliates. Sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) on terms and conditions not less favorable to it than could be obtained on an arm's-length basis from unrelated third parties, and (b) to the extent not prohibited herein. Neither the Company nor the Borrowers will enter into any transaction or series of transactions, or permit any Credit Party to enter into any transaction or series of transactions, with their respective Affiliates which involve an outflow of money or other Property from a Credit Party to an Affiliate who is not a Credit Party, including repayment of Indebtedness of an Affiliate who is not a Credit Party, or payment of management fees, affiliation fees, administration fees, compensation, salaries, asset purchase payments or any other type of fees or payments similar in nature, other than on terms and conditions substantially as favorable to the Credit Parties as would be obtainable by the Credit Parties in a reasonably comparable arm's-length transaction with a Person not an Affiliate, provided, however, that, in any event, the aggregate amount of all management fees, affiliation fees, administration fees and other similar fees (i) paid by the Credit Parties in any Fiscal Year to an Affiliate who is not a Credit Party shall not exceed $2,000,000 other than reasonable amounts paid to Gerdau S.A. or any of its subsidiaries in exchange for information technology systems and support as well as servers and storage space, and (ii) paid by the US Credit Parties (x) in any Fiscal Year to the Canadian Credit Parties shall not exceed $20,000,000 (excluding reasonable allocations of overhead costs and other shared expenses among Credit Parties) or (y) if no Default exists, Excess Availability is not less than $75,000,000 and such fees are not made with proceeds of any Loans to a Borrower. The foregoing restrictions shall not apply to: (i) the payment of reasonable and customary fees to directors of a Credit Party who are not employees of such

Credit Party, (ii) any other transaction with any employee, officer or director of a Credit Party pursuant to employee profit sharing and/or benefit plans and compensation and non-competition arrangements in amounts customary for corporations similarly situated to such Credit Party and entered into in the ordinary course of business and approved, in respect of officers and directors, by the board of directors of such Credit Party, (iii) any reimbursement of reasonable out-of-pocket costs incurred by an Affiliate of a Credit Party on behalf of or for the account of such Credit Party, (iv) any Equity Distribution (other than for purposes of paying the fees described above) permitted under Section 7.5, or (v) amounts paid to Pacific Coast Steel to pay a percentage of Pacific Coast Steel's cash taxes not exceed the percentage of the Company's indirect ownership in Pacific Coast Steel.

Section 7.13 [Intentionally Deleted.]

Section 7.14 Equity. After the Closing Date, authorize or issue, or permit any other Credit Party to authorize or issue Equity to any Person other than (i) issuances of Equity of the Company if no Change of Control results therefrom, and (ii) issuance of Equity by any other Credit Party to any of the Borrowers or other Credit Parties.

Section 7.15 [Intentionally Deleted.]

Section 7.16 [Intentionally Deleted.]

Section 7.17 Acquisitions; Creation of Subsidiaries. (1) Make any Acquisition, other than a Permitted Acquisition; or (2) create any subsidiary unless (i) such subsidiary is a wholly owned subsidiary of a Credit Party and the shares in the capital of such subsidiary have been pledged to the Administrative Agent or the Canadian Administrative Agent, as applicable, pursuant to the applicable Security Instruments, and (ii) such subsidiary shall have executed and delivered a counterpart to the applicable Security Instruments and such other agreements, documents and instruments as the Agents may reasonably request, and shall have delivered such certificates, Lien search reports, opinions of counsel and other items as the Administrative Agent may reasonably require, in each case in form and substance satisfactory to the Administrative Agent. Notwithstanding that an acquisition is a Permitted Acquisition, the Borrowers shall not be permitted to include in the US Borrowing Base or the Canadian Borrowing Base any components which would, but for this Section 7.17, be included therein until the conditions set out in the last sentence of the definition of "Permitted Acquisition" has been satisfied.

Section 7.18 Accounts. Neither the Borrowers nor any other Credit Parties will maintain accounts with any bank or other depository institution or otherwise maintain cash or cash equivalents other than (a) as permitted by Section 7.6 hereof, (b) the Disbursement Accounts and Blocked Accounts maintained with the Canadian Lockbox Banks and the US Lockbox Banks, (c) those accounts identified in Schedule 7.18 hereto on the Closing Date, (d) those accounts maintained with an Eligible Institution (or another financial institution reasonably acceptable to the Administrative Agent) but only so long as a first-priority Lien therein has been perfected in favor of the Administrative Agent or the Canadian Administrative Agent, as applicable, and (e) static balance accounts used for payroll encashment and payroll accounts and other zero balance accounts used for disbursement and payroll maintained in the ordinary course of business. In no event will the Borrowers maintain in any payroll account permitted pursuant to this Section 7.18 funds in an amount in excess of the aggregate payroll for one pay period for the employees of such Borrowers paid from such accounts.

Section 7.19 Other Restrictive Agreements. Directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of any Credit Party (other than the Company) to pay dividends or other distributions with respect to any Equity or with respect to, or measured by, its profits or to make or repay loans or advances

to any other Credit Party or to provide a guarantee of any Indebtedness of the Borrowers or any other Credit Party, (b) the ability of the Borrowers to make any loan or advance to any other Borrower, or (c) the ability of a Credit Party to sell, lease or transfer any of its property to another Credit Party or any of the wholly-owned Subsidiaries; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by applicable law, by this Agreement or by the 2008 Term Loan Documents, (ii) the foregoing shall not apply to restrictions and conditions imposed by any agreements governing any Indebtedness incurred pursuant to any of Sections 7.2(c), (f), (j), (l) or (m), (iii) the foregoing clauses (b) and (c) shall not apply to restrictions and conditions imposed by any agreements governing any Indebtedness incurred pursuant to Section 7.2(s), (iv) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Credit Party pending such sale, provided that such restrictions and conditions apply only to the Credit Party that is to be sold and such sale is permitted hereunder, (v) the foregoing clause (c) shall not apply to any agreement setting forth customary restrictions on the subletting, assignment, or transfer of any Property that is a lease, license, conveyance or contract of similar Property, and (vi) the foregoing clause (c) shall not apply to any agreement, instrument or other document evidencing a Permitted Lien from restricting on customary terms the transfer of any Property subject to such Permitted Lien.

Section 7.20 Modifications and Prepayments of Indebtedness.

(a) Amend, modify, or waive any covenant contained in any instrument, document or agreement governing the Indebtedness of the Credit Parties set forth on Schedule 5.26 hereto (other than the 2008 Term Loans) if the effect of such amendment, modification, or waiver would be to make the terms of such Indebtedness (taken as a whole) materially more onerous to any Credit Party;

(b) Make any prepayment of, or redeem, or make any payment in defeasance of, or repurchase, in any such case in cash, any part of the Indebtedness of the Credit Parties (other than mandatory prepayments of Indebtedness incurred pursuant to Section 7.2(c), (g, (j), (l), (m) or (s), and prepayments of Lender Indebtedness) unless, immediately after giving effect to such prepayment, optional redemption, payment in defeasance or repurchase (including any Loan made hereunder in connection with any of the foregoing), Excess Availability is not less than the Negative Covenant Excess Availability Requirement.

(c) Without limitation of the foregoing clause (b), at least ninety (90) days prior to the scheduled maturity of the 2008 Term Loans, the Borrower Agent shall provide to the Administrative Agent evidence of the repayment in full of the 2008 Term Loans through a payment in cash permitted under clause (b) or a Permitted Refinancing of the 2008 Term Loans to a date at least ninety (90) days following December 21, 2012.

Section 7.21 Fiscal Year. Change its Fiscal Year without the prior written consent of the Administrative Agent.

Section 7.22 Modification of 2008 Term Loan Documents. Amend, modify or waive any provision of any of the 2008 Term Loan Documents or any other material document, instrument or agreement entered into by any Credit Party in connection with the 2008 Term Loan Transactions if the effect of such amendment, modification or waiver would be to advance the scheduled payment dates for the 2008 Term Loans, to increase the rate of interest payable under the 2008 Term Loans, or to effect any other change which could reasonably be expected to be materially adverse to the interests of the Lenders (including granting a Lien over any Property of any Credit Party to secure the 2008 Term Loans).

ARTICLE 8
EVENTS OF DEFAULT

Upon the occurrence and during the continuance of any of the following specified events (each an "**Event of Default**"):

Section 8.1 Payments. Any of the Borrowers shall fail to pay (A) when due (including, but not limited to, any mandatory prepayment required pursuant to Section 2.11) any principal of any Loan, any Note or any Reimbursement Obligations, or (B) within five (5) Business Days after the applicable due date therefor, any interest on any Loan or any Note or any Reimbursement Obligations, or any fee or any other amount payable hereunder or under the Fee Letter or any other Financing Document;

Section 8.2 Other Covenants. Any Borrower or other Credit Party shall fail to observe or perform any covenant or agreement contained in Sections 6.1(b), 6.7, 6.10(h)(1), 6.10(i)(2), 6.12 or Article 7;

Section 8.3 Other Financing Document Obligations. Any Borrower shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in Section 8.1 or Section 8.2) or any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in any Financing Document other than this Agreement and such failure continues unremedied, (A) in the case of Section 6.5 (other than with respect to a rating change for the applicable insurance company), Section 6.9 or Section 6.10(e) (with respect to the requirements of the final sentence thereof), for a period of five (5) days after the earlier of (i) written notice thereof from the Administrative Agent to the Borrower Agent, and (ii) the date on which a Credit Party becomes aware of such failure, and (B) in all other cases (including Section 6.5 (as to a rating change for the applicable insurance company), and Section 6.10(e)(with respect to all requirements other than those set forth in the final sentence thereof)), for a period of thirty (30) days after the earlier of (i) written notice thereof from the Administrative Agent to the Borrower Agent, and (ii) the date on which a Credit Party becomes aware of such failure;

Section 8.4 Representations. Any representation, warranty or statement made or deemed to be made by any Borrower or any other Credit Party or any of any Borrower's or any other Credit Party's officers herein or in any other Financing Document, or in any certificate, request or other document furnished pursuant to or under this Agreement or any other Financing Document, shall have been incorrect in any material respect (or in the case of any representation, warranty or statement that contains a materiality qualifier, in any respect) as of the date when made or deemed to be made;

Section 8.5 Non-Payments of Other Indebtedness. Any Credit Party shall fail to make any payment or payments of principal of or interest on any Indebtedness of such Credit Party which Indebtedness is in an aggregate amount of $50,000,000 or greater after giving effect to any applicable grace period;

Section 8.6 Defaults Under Other Agreements. Any Credit Party shall fail to observe or perform any covenant or agreement contained in any agreement(s) or instrument(s) relating to Indebtedness of any Credit Party of $50,000,000 or more in the aggregate within any applicable grace period, or any other event shall occur, if the effect of such failure or other event is to accelerate, or to permit the holder of such Indebtedness or any other Person to accelerate, the maturity of $50,000,000 or more in the aggregate of such Indebtedness; or $50,000,000 or more in the aggregate of any such Indebtedness shall be, or if as a result of such failure or other event may be, required to be prepaid (other than prepayments resulting from excess cash flow) in whole or in part prior to its stated maturity;

Section 8.7 Bankruptcy Under US Law. Any Credit Party shall commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy" as now or hereafter in effect, or any successor thereto (the "**Bankruptcy Code**"); or an involuntary case is commenced against any Credit Party and the petition is not controverted within ten (10) days, or is not stayed or dismissed within sixty (60) days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or any substantial part of the property of any Credit Party; or any Credit Party commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to any Credit Party or there is commenced against any Credit Party any such proceeding which remains unstayed or undismissed for a period of sixty (60) days; or any Credit Party is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or any Credit Party suffers any appointment of any custodian or the like for it or any substantial part of its Property to continue undischarged or unstayed for a period of sixty (60) days; or any Credit Party makes a general assignment for the benefit of creditors; or any Credit Party shall fail to pay, or shall state in writing that it is unable to pay, or shall be unable to pay, its debts generally as they become due; or any Credit Party shall by any act or failure to act indicate its consent to, approval of or acquiescence in any of the foregoing; or any action is taken by any Credit Party for the purpose of effecting any of the foregoing;

Section 8.8 Bankruptcy Under Canadian Law.

(a) Any Canadian Credit Party (1) becomes insolvent, or generally does not or becomes unable to pay its debts or meet its liabilities as the same become due, or admits in writing its inability to pay its debts generally, or declares any general moratorium on its indebtedness, or proposes a compromise or arrangement between it and any class of its creditors; (2) commits an act of bankruptcy under the Bankruptcy and Insolvency Act (Canada), or makes an assignment of its property for the general benefit of its creditors under such Act, or makes a proposal (or files a notice of its intention to do so) under such Act; (3) institutes any proceeding seeking to adjudicate it an insolvent, or seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of it or its debts or any other relief, under any federal, provincial or foreign Law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors (including the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) and any applicable winding up or corporations legislation) or at common law or in equity, or files an answer admitting the material allegations of a petition filed against it in any such proceeding; (4) applies for the appointment of, or the taking of possession by, a receiver, interim receiver, receiver/manager, national receiver, sequestrator, conservator, custodian, administrator, trustee, monitor, liquidator or other similar official for it or any substantial part of its property; or (5) takes any action, corporate or otherwise, to approve, effect, consent to or authorize any of the actions described in this Section 8.8, or otherwise acts in furtherance thereof or fails to act in a timely and appropriate manner in defense thereof; or

(b) Any petition is filed, application made or other proceeding instituted against or in respect of any Canadian Credit Party: (1) seeking to adjudicate it an insolvent; (2) seeking a receiving order against it under the Bankruptcy and Insolvency Act (Canada); (3) seeking liquidation, dissolution, winding-up, reorganization, compromise, arrangement, adjustment, protection, moratorium, relief, stay of proceedings of creditors generally (or any class of creditors), or composition of it or its debts or any other relief under any federal, provincial or foreign Law now or hereafter in effect relating to bankruptcy, winding-up, insolvency, reorganization, receivership, plans of arrangement or relief or protection of debtors (including the Bankruptcy and Insolvency Act (Canada), the Companies' Creditors Arrangement Act (Canada) and any applicable winding up or corporations legislation) or at

common law or in equity; or (4) seeking the entry of an order for relief or the appointment of, or the taking of possession by, a receiver, interim receiver, receiver/manager, national receiver, sequestrator, conservator, custodian, administrator, trustee, monitor, liquidator or other similar official for it or any substantial part of its property; and in any case described in clause (b)(1) through (4) such petition, application or proceeding continues undismissed, or unstayed and in effect, for a period of sixty (60) days after the institution thereof, provided that if an order, decree or judgment is granted or entered (whether or not entered or subject to appeal) against any Canadian Credit Party thereunder in the interim, such 60-day period will cease to apply, and provided further that if any Canadian Credit Party files an answer admitting the material allegations of a petition filed against it in any such proceeding, such 60-day period will cease to apply;

Section 8.9 Money Judgment. Judgments or orders for the payment of money involving in the aggregate at any time a liability (net of any insurance proceeds or indemnity payments actually received in respect thereof prior to or within thirty (30) days from the entry thereof) of more than $25,000,000 (or the Dollar Equivalent thereof), shall be rendered against any Credit Party and such judgment or order shall continue unsatisfied in accordance with the terms of such judgment or order and in effect for a period of thirty (30) days during which execution shall not be effectively discharged, stayed or deferred (whether by action of a court, by agreement or otherwise);

Section 8.10 Financing Documents. Any material provision of any of the Financing Documents after delivery thereof shall for any reason cease to be in full force and effect and valid, binding and enforceable (except as enforceability may be limited as stated in Section 5.3) in accordance with its terms, or, in the case of any of the Security Instruments, cease to create a valid and perfected Lien of the priority contemplated thereby on any material portion of the collateral purported to be covered thereby, or any Credit Party shall so state in writing;

Section 8.11 [Intentionally Deleted].

Section 8.12 Criminal Activity; Forfeiture. A Credit Party or any of its Responsible Officers is criminally indicted or convicted for (i) a felony committed in the conduct of the Credit Party's business, or (ii) violating any state, provincial or federal or foreign law (including the Controlled Substances Act, Money Laundering Control Act of 1986 and Illegal Exportation of War Materials Act and the Proceeds of Crime Act) that, in the case of (i) or (ii) above, has resulted in could lead to the forfeiture of any material Property or any Collateral in an aggregate amount in excess of $25,000,000 unless entitlement to the use of such Property continues with any Credit Party, and the Credit Party is contesting the same in good faith and by appropriate proceedings, provided that if the Property is removed from the use of the Credit Party or is sold in the interim, such exception will cease to apply; or

Section 8.13 Change of Control. The occurrence of a Change of Control;

then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent or the Canadian Administrative Agent, upon the written request of the Required Lenders, shall, by written notice to the Borrower Agent, take any or all of the following actions, without prejudice to the rights of any Agent, any Collateral Agent, any Lender or the holder of any Note to enforce its claims against any Credit Party: (i) declare the Revolving Credit Commitments, the US Swingline Commitments, the Canadian Swingline Commitments and other lending obligations, if any, terminated, whereupon the Revolving Credit Commitments and other lending obligations, if any, of each Lender hereunder shall terminate immediately; (ii) declare the entire principal amount of and all accrued interest on all Lender Indebtedness then outstanding to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest, notice of protest or dishonor, notice of acceleration, notice of intent to accelerate or other notice of any kind, all of which are hereby expressly

waived by each Credit Party, and thereupon take such action as it may deem desirable under and pursuant to the Financing Documents; provided, that, if an Event of Default specified in Section 8.7 or Section 8.8 shall occur, the result which would occur upon the giving of written notice by the Administrative Agent or the Canadian Administrative Agent to the Borrower Agent, as specified in clauses (i) and (ii) above, shall occur automatically without the giving of any such notice; (iii) if any US Letter of Credit shall then be outstanding, demand L/C Cover which the US Borrowers shall immediately pay to the Administrative Agent for deposit in a cash collateral account maintained by the Administrative Agent; and (iv) if any Canadian Letter of Credit shall then be outstanding, demand L/C Cover which the Canadian Borrower shall immediately pay to the Canadian Administrative Agent for deposit in a cash collateral account maintained by the Canadian Administrative Agent. Without limiting the foregoing, if any Event of Default shall then be continuing, the Administrative Agent or the Canadian Administrative Agent may, and at the request of the Required Lenders, shall (A) reduce the Commitments, (B) restrict the amount of further Loans or refuse to make any further Loans, or add new limitations on the Canadian Borrowing Base and the US Borrowing Base, (C) limit Letter of Credit availability, (D) apply the default interest rate contemplated by Section 2.6(e), (E) exercise dominion and control over Blocked Accounts, (F) require the establishment of new Lockboxes, one for each US Borrower, (G) require cash collateral for Letters of Credit, (H) exercise any other remedies available in the other Financing Documents, including foreclosure upon and sale of Collateral, and (I) exercise any other remedies as may be available at law or in equity. Following any Event of Default, the Administrative Agent and the Canadian Administrative Agent shall have the right, at their sole discretion, to make Agent Advances as provided in Section 2.28(a).

ARTICLE 9
AGENTS

Section 9.1 Appointment of Agents. Each Lender (and each Secured Affiliate, by and through its affiliated Lender), and each Issuing Bank, hereby designates Bank of America as Administrative Agent and Bank of America - Canada Branch as Canadian Administrative Agent, and Bank of America and General Electric Capital Corporation as the Collateral Agents, as herein specified and as specified in the other Financing Documents. Each Lender (and each Secured Affiliate by and through its affiliated Lender), and each Issuing Bank, hereby irrevocably authorizes each of the respective Agents and Collateral Agents to take such action on its behalf under the provisions of this Agreement, the Notes, and the other Financing Documents and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the respective Agents and Collateral Agents by the terms hereof and thereof and such other powers as are reasonably incidental thereto. Bank of America agrees to act as Administrative Agent hereunder and Bank of America — Canada Branch agrees to act as Canadian Administrative Agent hereunder, and Bank of America and General Electric Capital Corporation agree to act as Collateral Agents, in each case on the express terms and conditions contained in this Article 9. Each of the Agents and Collateral Agents may perform any of its duties hereunder by or through its agents, employees or attorneys-in-fact, and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The provisions of this Article 9 are solely for the benefit of the Agents, the Collateral Agents, the Lenders, and the Lenders' Affiliates. The Borrowers and the other Credit Parties shall have no rights as third party beneficiaries of any of the provisions contained herein. Except as expressly otherwise provided in this Agreement and the other Financing Documents, the Agents and Collateral Agents shall have and may use their sole discretion with respect to exercising or refraining from exercising any discretionary rights or taking or refraining from taking any actions which any of the Agents or Collateral Agents is entitled to take or assert under this Agreement and the other Financing Documents, including the determination of the applicability of ineligibility criteria with respect to calculation of any portion of the US Borrowing Base or the Canadian Borrowing Base, the making of Agent Advances pursuant to Section 2.28, and the exercise of remedies hereunder and under the other Financing Documents. Any action so taken or not taken shall be deemed to be consented to by the Lenders.

Section 9.2 Limitation of Duties of Agents. Notwithstanding anything to the contrary contained in this Agreement or any of the other Financing Documents, none of the Agents nor the Collateral Agents shall have any duties or responsibilities except those expressly set forth in this Agreement and as specified in the other Financing Documents. None of the Agents or Collateral Agents, nor any of their respective officers, directors, employees or agents shall be liable for any action taken or omitted by it as such hereunder or in connection herewith, unless caused by its or their gross negligence or willful misconduct. The duties of each of the Agents and the Collateral Agents shall be mechanical and administrative in nature; no Agent and no Collateral Agent shall have by reason of this Agreement a fiduciary relationship in respect of any Lender, and nothing in this Agreement, expressed or implied, is intended to or shall be so construed as to impose upon any Agent or any Collateral Agent any obligations in respect of this Agreement except as expressly set forth herein.

Section 9.3 Lack of Reliance on the Agents.

(a) **Independent Investigation**. Independently and without reliance upon any of the Agents or the Collateral Agents, each Lender hereby acknowledges that, by becoming a party to this Agreement as a Lender hereunder, to the extent it deems appropriate, it has made and shall continue to make its own independent investigation of the financial condition and affairs of the Credit Parties in connection with the taking or not taking of any action in connection herewith, and its own appraisal of the creditworthiness of the Credit Parties, and, except as expressly provided in this Agreement, and the other Financing Documents, none of the Agents or Collateral Agents shall have any responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto, whether coming into its possession before the consummation of the transactions contemplated herein or at any time or times thereafter.

(b) **Agents Not Responsible** . None of the Agents or Collateral Agents shall be responsible to any Lender or any Issuing Bank for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, collectability, priority or sufficiency of this Agreement, the Notes, the Letters of Credit or the other Financing Documents or the financial condition of any Credit Party or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement, the Notes or the other Financing Documents, or the financial condition of any Credit Party, or the existence or possible existence of any Default.

Section 9.4 Certain Rights of the Agents. If any of the Agents or Collateral Agents shall request instructions from the Required Lenders with respect to any act or action (including the failure to act) in connection with this Agreement, the Notes and the other Financing Documents, then it shall be entitled to refrain from such act or taking such action unless and until it shall have received instructions from the Required Lenders; and none of the Agents nor the Collateral Agents shall incur such liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever against either of the Agents or any Collateral Agent as a result of either Agent or Collateral Agent, as applicable, acting or refraining from acting under this Agreement, the Notes and the other Financing Documents in accordance with the instructions of the Required Lenders, or to the extent required by Section 10.2, all of the Lenders.

Section 9.5 Reliance by Agents. Each of the Agents and the Collateral Agents shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, radiogram, order or other documentary teletransmission, telephone message or other communication believed by it to be genuine and correct and to have been signed, sent or made by the proper Person. Each of the Agents and the

Collateral Agents may consult with legal counsel (including counsel for any Credit Party), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts. Each of the Agents and the Collateral Agents shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any of the other Financing Documents in accordance with a request or consent of the Required Lenders (or all or any portion of the Lenders, as required under Section 10.2) and such request and any action taken or any failure to act pursuant thereto shall be binding upon all of the Lenders.

Section 9.6 Notice of Default. None of the Agents or Collateral Agents shall be deemed to have knowledge or notice of the occurrence of any Default, unless such Agent or Collateral Agent shall have received written notice from a Lender or the Borrower Agent referring to this Agreement, describing such Default and stating that such notice is a "notice of Default". The Agents will notify the Lenders of their receipt of any such notice, and the Agents shall take such action with respect to such Default as may be requested by the Required Lenders in accordance with Article 8 hereof; provided, however, that unless and until the Agents have received any such request, the Agents, or either of them, may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as the Agents, or either of them, shall deem advisable.

Section 9.7 Indemnification of Agents. To the extent any of the Agents or Collateral Agents is not reimbursed and indemnified by the Borrowers, each Lender will reimburse and indemnify each of the Agents and the Collateral Agents in accordance with its Pro Rata Share for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including reasonable counsel fees and disbursements) or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against such Agent or Collateral Agent, or any of them, in performing its duties hereunder as an Agent or Collateral Agent, in any way relating to or arising out of this Agreement; provided that no Lender shall be liable to the Agents nor the Collateral Agents for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from, as to such Agents or Collateral Agents, such Agent's or such Collateral Agent's gross negligence or willful misconduct. The undertakings in this Section 9.7 shall survive the payment of all Lender Indebtedness hereunder and the resignation or replacement of either or all of the Agents and the Collateral Agents.

Section 9.8 Agents in their Individual Capacity. With respect to its obligations under this Agreement, the Loans made by it and the Notes issued to it, each of the Agents, Collateral Agents and each of their respective Affiliates shall have the same rights and powers hereunder as any other Lender or holder of a Note and may exercise the same as though it were not performing the duties, if any, specified herein; and the terms "Required Lenders," "holders of Notes" or any similar terms shall, unless the context clearly otherwise indicates, include each of the Agents and the Collateral Agents in its individual capacity. Each of the Agents and the Collateral Agents may accept deposits from, lend money to, and generally engage in any kind of banking, trust, financial advisory or other business with any Credit Party or any Affiliate of any Credit Party as if it were not performing the duties, if any, specified herein, and may accept fees and other consideration from any Credit Party for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

Section 9.9 Treatment of Lenders. Each Borrower, each Agent, each Collateral Agent, and each Issuing Bank may deem and treat each Lender as the owner of such Lender's Commitments, Loans, Notes and other interests hereunder for all purposes hereof unless and until a written notice of the assignment or transfer thereof shall have been filed with the Administrative Agent and the Canadian Administrative Agent.

Section 9.10 Payments by Agents to Lenders.

(a) [Intentionally deleted]

(b) All payments to be made by either of the Agents to the Lenders shall be made by bank wire transfer or internal transfer of immediately available funds to each Lender pursuant to wire transfer instructions delivered in writing to the Administrative Agent or the Canadian Administrative Agent, as applicable, on or prior to the Closing Date (or if such Lender has become a Lender hereunder pursuant to Section 10.7 (b), in the applicable Assignment and Acceptance), or pursuant to such other wire transfer instructions as each party may designate for itself by written notice to the Administrative Agent or the Canadian Administrative Agent, as applicable. Concurrently with each such payment, the Administrative Agent or the Canadian Administrative Agent, as applicable, shall identify whether such payment (or any portion thereof) represents principal, premium or interest on the Loans or otherwise. Unless the Agents receive notice from the Company prior to the date on which any payment is due to the Lenders, that the Borrowers will not make such payment in full as and when required, the Agents may assume that the Borrowers have made such payment in full to the applicable Agent on such date in immediately available funds and the Agents may (but shall not be so required), in reliance upon such assumption, distribute to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrowers have not made such payment in full to the Agents, each Lender shall repay to the Agents on demand such amount distributed to such Lender, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Lender until the date repaid.

Section 9.11 Restrictions on Actions by Lenders; Sharing of Payments.

(a) Each of the Lenders agrees that it shall not, unless it is specifically requested to do so by the Agents, set off against the Lender Indebtedness, any amounts owing by such Lender to any Borrower or any other Credit Party, or any accounts of any Borrower or any other Credit Party, in any such case whether now or hereafter maintained with such Lender. Each of the Lenders further agrees that it shall not, unless specifically requested to do so by the Agents, take or cause to be taken any action to enforce its rights under this Agreement or against the Borrowers and the other Credit Parties, including the commencement of any legal or equitable proceedings, to foreclose any Lien on, or otherwise enforce any security interest in, any of the Collateral.

(b) If at any time or times any Lender shall receive (i) by payment, foreclosure, setoff or otherwise, any proceeds of Collateral or any payments with respect to the Lender Indebtedness owing to such Lender arising under, or relating to, this Agreement or the other Financing Documents, except for any such proceeds or payments received by such Lender from the Agents pursuant to the terms of this Agreement, or (ii) payments from the Agents in excess of such Lender's ratable portion of all such distributions by the Agents, such Lender shall promptly (1) turn the same over to the Agents, in kind, and with such endorsements as may be required to negotiate the same to the Agents, or in same day funds, as applicable, for the account of all of the Lenders and for application to the Lender Indebtedness in accordance with the applicable provisions of this Agreement, or (2) purchase, without recourse or warranty, an undivided interest and participation in the Lender Indebtedness owed to the other Lenders so that such excess payment received shall be applied ratably as among the Lenders in accordance with their Applicable Percentages; provided, however, that if all or part of such excess payment received by the purchasing party is thereafter recovered from it, those purchases of participations shall be rescinded in whole or in part, as applicable, and the applicable portion of the purchase price paid therefor shall be returned to such purchasing party, but without interest except to the extent that such purchasing party is required to pay interest in connection with the recovery of the excess payment.

Section 9.12 Successor Agent.

(a) **Resignation** . Either of the Agents may resign at any time by giving written notice thereof to the Lenders, the Issuing Banks and the Borrower Agent. Upon any such resignation, the Required Lenders shall have the right, upon five (5) days' notice to the Borrower Agent, to appoint a successor Administrative Agent or Canadian Administrative Agent, as applicable (to act in the same capacity as the resigning Agent), subject to the prior written approval of the Borrower Agent, such approval not to be unreasonably withheld and not to be required during the existence of a Default. If no successor Administrative Agent or Canadian Administrative Agent, as applicable, shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within thirty (30) days after the resigning Agent's giving of notice of resignation then, upon five (5) days' notice to the Borrower Agent, the resigning Agent may, on behalf of the Lenders, appoint a successor Administrative Agent or Canadian Administrative Agent, as applicable (subject to approval of the Borrower Agent, such approval not to be unreasonably withheld and not to be required during the existence of a Default), which, if the resigning Agent was the Canadian Administrative Agent, shall be an entity that is not a non-resident of Canada for purposes of the Income Tax Act (Canada) and if the resigning Agent was the Administrative Agent, shall be a bank or finance company which maintains an office in the United States, or a commercial bank organized under the laws of the United States of America or of any State thereof, or any Affiliate of such bank or finance company, having a combined capital and surplus of at least $250,000,000.

(b) **Rights, Powers, etc**. Upon the acceptance of any appointment as an Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent under this Agreement.

Section 9.13 Collateral Agents and Arrangers. Notwithstanding anything contained in this Article 9 or any other Financing Document to the contrary, no Arranger shall have any right, power, obligation, liability, responsibility or duty under this Agreement or any other Financing Document other than those applicable to all Lenders as such. Notwithstanding anything contained in this Article 9 or any other Financing Document to the contrary, neither of the Arrangers shall have any obligation, liability, responsibility or duty under this Agreement or any other Financing Document. Notwithstanding anything contained in this Agreement or any other Financing Document to the contrary, all determinations under this Agreement and the other Financing Documents (including modifications to such Financing Documents) related, directly or indirectly, to the Collateral, borrowing base eligibility standards or reserves, intercreditor arrangements, collateral information rights, access rights, appraisal rights or audit rights (including, for the avoidance of doubt, any such determinations which are assigned to the Administrative Agent or Canadian Administrative Agent pursuant to this Agreement and other Financing Documents) shall be made by the Collateral Agents as set forth in this Section 9.13 (hereinafter collectively referred to as a "Collateral Matter"). If a Collateral Agent makes any proposal with respect to a Collateral Matter (including without limitation, proposes an adjustment or revision or interpretation of borrowing base eligibility standards or reserves), the other Collateral Agent shall respond to such proposal in three (3) Business Days. In the event that the Collateral Agents cannot agree on a determination with respect to a Collateral Matter, the determination shall be made by the individual Collateral Agent either asserting the more conservative credit judgment or declining to permit the requested action for which consent is being sought by the Borrowers, as applicable. Notwithstanding the foregoing, the records of Administrative Agent and Canadian Administrative Agent shall control, absent manifest error, with respect to all matters relating to the Loans, the Letters of Credit and the Collateral except to the extent otherwise provided herein.

Section 9.14 Field Audit and Examination Reports. By signing this Agreement, each Lender:

(a) is deemed to have requested that the Agents furnish such Lender promptly after it becomes available, a copy of each field audit or examination report (each a "**Report**" and collectively, "**Reports**") prepared by or on behalf of either Agent or any Collateral Agent;

(b) expressly agrees and acknowledges that none of the Agents or the Collateral Agents nor any Lender (i) makes any representation or warranty as to the accuracy of any Report, or (ii) shall be liable for any information contained in any Report;

(c) expressly agrees and acknowledges that the Reports are not comprehensive audits or examinations, that each of the Agents, the Collateral Agents, any Lender, or any other party performing any audit or examination will inspect only specific information regarding the Credit Parties and will rely significantly upon the Credit Parties' books and records, as well as on representations of the Credit Parties' personnel;

(d) agrees to keep all Reports confidential and strictly for its internal use, and not to distribute except to its Participants or otherwise as permitted under Section 10.12, or use any Report in any other manner; and

(e) without limiting the generality of any other indemnification provision contained in this Agreement, agrees: (i) to hold each of the Agents, the Collateral Agents, any such Lender, or such other party preparing a Report harmless from any action the indemnifying Lender may take or conclusion the indemnifying Lender may reach or draw from any Report in connection with any Loans or other credit accommodations that the indemnifying Lender has made or may make to the Borrowers and the other Credit Parties, or the indemnifying Lender's participation in, or the indemnifying Lender's purchase of, a Loan or Loans of the Borrowers; and (ii) to pay and protect, and indemnify, defend and hold the Agents, the Collateral Agents, any such other Lender, and any such other party preparing a Report harmless from and against, the claims, actions, proceedings, damages, costs, expenses and other amounts (including reasonable legal fees and disbursements) incurred by the Agents, the Collateral Agents, any such other Lender, or any such other party preparing a Report as the direct or indirect result of any third parties who might obtain all or part of any Report through the indemnifying Lender.

Section 9.15 Agency for Perfection. Each Lender hereby appoints each other Lender as agent for the purpose of perfecting the Secured Parties' security interest in assets which, in accordance with Article 9 of the UCC can be perfected only by possession. Should any Lender (other than the Administrative Agent) obtain possession of any such Collateral, such Lender shall notify the Administrative Agent thereof, and, promptly upon the Administrative Agent's request therefor shall deliver such Collateral to the Administrative Agent or in accordance with the Administrative Agent's instructions.

Section 9.16 Lender Loss Sharing Agreement. On the CAM Exchange Date,

(a) the US Revolving Credit Commitments and the Canadian Revolving Credit Commitments shall have terminated in accordance with Article 8 of this Agreement,

(b) each US Lender shall fund its participation in any outstanding Swingline Loans and Agent Advances in accordance with Sections 2.26, 2.27 and 2.28 of this Agreement, and each

Canadian Lender shall fund its participation in any outstanding Swingline Loans and Agent Advances in accordance with Sections 2.26, 2.27 and 2.28 of this Agreement,

(c) each US Lender shall fund its participation in any unreimbursed drawings made under the applicable Letters of Credit pursuant to Section 2.3 of this Agreement, and each Canadian Lender shall fund its participation in any unreimbursed drawings made under the applicable Canadian Letters of Credit pursuant to Section 2.3 of this Agreement, and

(d) the Lenders shall purchase at par interests in the Designated Obligations under each facility established under the US Revolving Credit Commitments and the Canadian Revolving Credit Commitments (each a "Revolver Facility") (and shall make payments to the Administrative Agent or the Canadian Administrative Agent, as applicable, for reallocation to other Lenders to the extent necessary to give effect to such purchases) and shall assume the obligations to reimburse Issuing Bank for unreimbursed drawings under outstanding Letters of Credit under such Revolver Facility such that, in lieu of the interests of each Lender in the Designated Obligations under the US Revolving Credit Commitments and the Canadian Revolving Credit Commitments in which it shall participate immediately prior to the CAM Exchange Date, such Lender shall own an interest equal to such Lender's CAM Percentage in each component of the Designated Obligations immediately following the CAM Exchange.

(e) Each Lender and each Person acquiring a participation from any Lender as contemplated by Section 10.7 of this Agreement hereby consents and agrees to the CAM Exchange. Each Borrower agrees from time to time to execute and deliver to Lenders all such promissory notes and other instruments and documents as the Administrative Agent shall reasonably request to evidence and confirm the respective interests and obligations of Lenders after giving effect to the CAM Exchange, and each Lender agrees to surrender any promissory notes originally received by it in connection with its Loans under this Agreement to the Administrative Agent against delivery of any promissory notes so executed and delivered; provided that the failure of any Lender to deliver or accept any such promissory note, instrument or document shall not affect the validity or effectiveness of the CAM Exchange.

(f) As a result of the CAM Exchange, from and after the CAM Exchange Date, each payment received by any Agent pursuant to any Financing Document in respect of any of the Designated Obligations shall be distributed to Lenders, pro rata in accordance with their respective CAM Percentages.

(g) In the event that on or after the CAM Exchange Date, the aggregate amount of the Designated Obligations shall change as a result of the making of a disbursement under a Letter of Credit by an Issuing Bank that is not reimbursed by Borrowers, then each Lender shall promptly reimburse the applicable Issuing Bank for its CAM Percentage of such unreimbursed payment.

Notwithstanding any other provision of this Section 9.16, the Agents and Lenders each agree that if any Agent or any Lender is required under applicable law to withhold, remit or deduct any taxes or other amounts from payments made by it hereunder or as a result hereof, such Person shall be entitled to withhold, remit or deduct such amounts and pay over and remit such taxes or other amounts to the applicable Governmental Authority imposing such tax without any obligation to indemnify any Agent or any Lender with respect to such amounts and without any other obligation of gross up or offset with respect thereto and there shall be no recourse whatsoever by any Agent or any Lender subject to such withholding or remittance to any Agent or any other Lender making such withholding and paying over or remitting such amounts, but without diminution of the rights of any Agent or such Lender subject to such

withholding or remittance as against Borrowers and the other Credit Parties to the extent (if any) provided in this Agreement and the other Financing Documents. Any amounts so withheld or deducted shall be treated as, for the purpose of this Section 9.16, having been paid to such Agent or such Lender with respect to whom such withholding, remittance or deduction was made.

ARTICLE 10
MISCELLANEOUS

Section 10.1 Notices. All notices, requests and other communications to any party hereunder shall be in writing (including, telecopy or similar teletransmission or writing) and shall be given to such party at its address or telecopy number set forth on the signature pages hereof (or, in the case of any Person that becomes a Lender after the date hereof, at the address shown in the Assignment and Acceptance pursuant to which such Person became a Lender) or such other address or telecopy number as such party may hereafter specify by notice to the Canadian Administrative Agent, the Administrative Agent and the Borrower Agent. Each such notice, request or other communication shall be effective (a) if given by mail, 72 hours after such communication is deposited in the mails with first class postage prepaid, addressed as aforesaid, or (b) if given by any other means (including by air courier), when delivered at the address specified on the signature pages hereto; provided that notices to any Agent, any Collateral Agent, any Lender, or any Credit Party shall not be effective until actually and physically received. Any notice to be given to any Borrower or to all Borrowers pursuant to this Agreement or any of the other Financing Documents may be given to the Borrower Agent or to any other Borrower, and if given to the Borrower Agent or to any Borrower in the manner set forth in this Section 10.1, such notice shall be deemed to be effective notice to all Borrowers for purposes of this Agreement.

Section 10.2 Amendments and Waivers. Neither this Agreement nor any other Financing Document, nor any terms hereof or thereof, may be amended, supplemented or modified except in accordance with the provisions of this Section 10.2. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent and the Canadian Administrative Agent (and the Collateral Agents to the extent required under Section 9.13) may, from time to time, (x) enter into with the Borrowers, written amendments, supplements or modifications hereto and to the other Financing Documents for the purpose of adding any provisions to this Agreement or to the other Financing Documents or changing in any manner the rights or obligations of the Lenders or the Borrowers hereunder or thereunder, or (y) waive at the Borrowers' request, on such terms and conditions as the Required Lenders or the Administrative Agent and the Canadian Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Financing Documents or any Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall:

(a) reduce the amount or extend the scheduled date of maturity of any Loan or any Reimbursement Obligation or of any scheduled installment thereof or reduce the stated rate of any interest or fee payable hereunder or extend the date of any payment thereof or modify any provision that provides for the ratable sharing by the Lenders (or any sub-set of the Lenders) of any payment or prepayment of Lender Indebtedness to provide for a non-ratable sharing thereof or increase the amount or extend the expiration date of any Lender's Revolving Credit Commitment or amend, modify or waive any provision of Section 2.11(f), (g), (h) or (i) or Section 2.20, in each case without the prior written consent of each Lender directly affected thereby;

(b) change the currency in which any Loan or Reimbursement Obligation is payable or amend, modify or waive any provision of this Section 10.2 or reduce the percentage specified in the definition of Required Lenders without the written consent of all of the Lenders;

(c) release (i) any Guarantee, (ii) all or substantially all of the Collateral or (iii) any part of the Collateral having a value (determined at the lesser of market or book value) in excess of $10,000,000 without the written consent of all of the Lenders, except as expressly permitted hereby, provided that the applicable Agent may release (without consent from the Lenders) any Collateral, and may release a Credit Party from the Guarantees, if such Collateral or Credit Party, as applicable, is sold, transferred or otherwise disposed of as permitted by Section 7.4, in reliance on an officer's certificate of the Borrower Agent;

(d) amend, modify or waive any provision of Article 9 without the written consent of any Agent or Collateral Agent directly affected thereby;

(e) amend, modify or waive (1) any Letter of Credit Liability without the written consent of the applicable Issuing Bank or (2) any Letter of Credit without the consent of each Lender if such Letter of Credit, after giving effect to such amendment, modification or waiver, would no longer satisfy the requirements hereof if such Letter of Credit was being issued *ab initio* at such time, provided that in all cases other than clauses (1) or (2), only the consent of the applicable Issuing Bank shall be required to amend, modify or waive any Letter of Credit;

(f) amend or modify the definitions of "Canadian Borrowing Base", "US Borrowing Base", "Eligible Account Advance Percentage", "Eligible Inventory Advance Percentage", "Eligible Accounts" or "Eligible Inventory" or any of the defined terms used in such definitions, without the written consent of all of the Lenders;

(g) amend or modify the definition of "Block Event" or "Canadian Lockbox Direction Period" or any term or condition of this Agreement where either such definition is referred to, without the written consent of all of the Lenders;

(h) amend or modify the definition of "Pro Rata Share" or the terms of Section 2.22 without the written consent of all of the Lenders; or

(i) amend or modify Section 2.26 or Section 2.27 without the consent of the US Swingline Lender and the Canadian Swingline Lender, respectively.

In addition, neither the Administrative Agent nor the Canadian Administrative Agent shall realize on any pledge of shares or stock forming part of the Collateral if such realization would result in the Lenders having beneficial ownership, control or title of any such pledged shares or stock, without the prior written consent of each Lender.

No consent of the Lenders shall be required hereunder in connection with any waiver or amendment of the Fee Letter or any Bank Product, including any Swap Agreement or Cash Management Agreement. The Agents may, in their sole discretion in accordance with Section 2.28 and the other terms of this Agreement, make Agent Advances without the consent of any Revolving Lender. Any waiver and any amendment, supplement or modification pursuant to this Section 10.2 shall apply to each of the Lenders and shall be binding upon each Borrower, the Lenders, the Agents and all future holders of the Loans. In the case of any waiver, the Borrowers, the other Credit Parties, the Lenders, and the Agents shall be restored to their former position and rights hereunder and under the other Financing Documents, and any Default waived shall be deemed to be cured and not continuing, but no such waiver shall extend to any subsequent or other Default, or impair any right consequent thereon.

If, in connection with any proposed amendment, waiver or consent (a **"Proposed Change"**) requiring the consent of all Lenders, the consent of Required Lenders is obtained, but the consent of other

Lenders is not obtained (any such Lender whose consent is not obtained as described in this paragraph being referred to as a **"Non-Consenting Party"**), then, so long as the Administrative Agent is not a Non-Consenting Party, at the Borrower Agent's request, the Administrative Agent, or an assignee that is acceptable to the Administrative Agent, shall have the right (but not the obligation) to purchase from the Non-Consenting Parties (and their Related Affiliates), and the Non-Consenting Parties (and their Related Affiliates) agree that they shall sell, all the Non-Consenting Parties' (and their Related Affiliates') Commitments and Loans without premium or discount, in accordance with the provisions of Section 10.7 as if each such Non-Consenting Party (and Related Affiliate) is an assignor Lender under Section 10.7.

Section 10.3 No Waiver; Remedies Cumulative. No failure or delay on the part of any Borrower, any Agent, any Collateral Agent, any Issuing Bank, any Lender, or any holder of any Note in exercising any right or remedy under this Agreement or any other Financing Document and no course of dealing between any Borrower and any Agent, any Collateral Agent, any Issuing Bank, any Lender, or any holder of any Note shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy under the Notes, this Agreement or any other Financing Document preclude any other or further exercise thereof or the exercise of any other right or remedy under the Notes, this Agreement or any other Financing Document. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies which any Borrower, any Agent, any Collateral Agent, any Issuing Bank, any Lender would otherwise have. No notice to or demand on any Borrower not required under the Notes, this Agreement or any other Financing Document in any case shall entitle any Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Agent, any Collateral Agent, any Issuing Bank, or the Lenders to any other or further action in any circumstances without notice or demand.

Section 10.4 Payment of Expenses, Indemnities, etc. Each Borrower agrees to (and shall be jointly and severally liable for):

(a) **Expenses** . Whether or not the transactions hereby contemplated are consummated, pay all out-of-pocket costs and expenses of the Agents and each Issuing Bank in the administration (both before and after the execution hereof and including advice of Canadian and US counsel for all Agents as to the rights and duties of such Agents with respect thereto) of, and in connection with the preparation, execution and delivery of, recording or filing of, and of the Collateral Agents in the preservation of rights under, enforcement of, interpretation of, and, during the continuance of a Default, refinancing, renegotiation or restructuring of, this Agreement, the Notes, and the other Financing Documents and any amendment, waiver or consent relating thereto (including, but not limited to, the fees and disbursements, for such purposes, of counsel for each Agent and Collateral Agent and, after Default, for any of the Lenders) and promptly reimburse each Agent and Collateral Agent for all amounts expended, advanced, or incurred by such Agent to satisfy any obligation of any Borrower under this Agreement or any other Financing Document; provided that, before the occurrence of a Default, all reimbursable out-of-pocket costs and expenses in connection with the preparation, execution and delivery of, and recording or filing of this Agreement, the Notes, and the other Financing Documents, or in connection with any amendment, waiver or consent relating thereto, shall be reasonable and, in the case of out-of-pocket legal fees and expenses, shall be limited to one Canadian law firm (and its local counsel in provinces where Collateral may be located) and one US law firm acting on behalf of both Agents and one law firm acting on behalf of the Collateral Agents. Without limiting the foregoing, the Borrowers shall pay to the Administrative Agent or the applicable Collateral Agent (i) all fees and expenses incurred by the Administrative Agent or the Canadian Administrative Agent or any Collateral Agent in connection with any collateral audits permitted hereunder, (ii) all fees and/or verification costs incurred by the Agents or Collateral Agents in connection with audits conducted against the Borrowers' property and assets, up to a maximum of $1,000 per person, per day, (iii) all inventory appraisal costs and expenses permitted to be incurred hereunder, and (iv) any other out-of-pocket expenses related to any of the foregoing.

(b) **INDEMNIFICATION**. INDEMNIFY EACH AGENT, EACH COLLATERAL AGENT, EACH ISSUING BANK, EACH LENDER, AND EACH OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS AND AFFILIATES FROM, HOLD EACH OF THEM HARMLESS AGAINST, AND PROMPTLY UPON DEMAND PAY OR REIMBURSE EACH OF THEM FOR, ANY AND ALL ACTIONS, SUITS, PROCEEDINGS (INCLUDING ANY INVESTIGATIONS, LITIGATION OR INQUIRIES), CLAIMS, COSTS, LOSSES, LIABILITIES, DAMAGES OR EXPENSES OF ANY KIND OR NATURE WHATSOEVER WHICH MAY BE INCURRED BY OR ASSERTED AGAINST OR INVOLVE ANY OF THEM (WHETHER OR NOT ANY OF THEM IS DESIGNATED A PARTY THERETO) AS A RESULT OF, ARISING OUT OF OR IN ANY WAY RELATED TO (1) ANY ACTUAL OR PROPOSED USE BY ANY BORROWER OF THE PROCEEDS OF ANY OF THE LOANS; OR (2) ANY OTHER ASPECT OF THIS AGREEMENT, THE NOTES, AND THE FINANCING DOCUMENTS, INCLUDING BUT NOT LIMITED TO THE REASONABLE FEES AND DISBURSEMENTS OF COUNSEL (INCLUDING ALLOCATED COSTS OF INTERNAL COUNSEL) AND ALL OTHER EXPENSES INCURRED IN CONNECTION WITH INVESTIGATING, DEFENDING OR PREPARING TO DEFEND ANY SUCH ACTION, SUIT, PROCEEDING (INCLUDING ANY INVESTIGATIONS, LITIGATION OR INQUIRIES) OR CLAIM, AND INCLUDING ALL ACTIONS, SUITS, PROCEEDINGS (INCLUDING ANY INVESTIGATIONS, LITIGATION OR INQUIRIES), CLAIMS, COSTS, LOSSES, LIABILITIES, DAMAGES OR EXPENSES ARISING BY REASON OF ORDINARY NEGLIGENCE OF EACH AGENT, EACH COLLATERAL AGENT, EACH ISSUING BANK, EACH LENDER AND EACH OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, REPRESENTATIVES, AGENTS AND AFFILIATES; PROVIDED, HOWEVER, THE PROVISIONS OF THIS SECTION 10.4(b) SHALL NOT APPLY TO ANY ACTION, SUITS, PROCEEDINGS, CLAIMS, COSTS, LOSSES, LIABILITIES, DAMAGES, OR EXPENSES TO THE EXTENT, BUT ONLY TO THE EXTENT, DETERMINED BY A FINAL AND NON-APPEALABLE JUDGMENT OF A COURT OF COMPETENT JURISDICTION TO HAVE BEEN CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE PARTY SEEKING INDEMNIFICATION;

(c) **ENVIRONMENTAL INDEMNIFICATION**. INDEMNIFY AND HOLD HARMLESS FROM TIME TO TIME EACH AGENT, EACH COLLATERAL AGENT, THE ISSUING BANKS, AND THE LENDERS EACH PERSON CLAIMING BY, THROUGH, UNDER OR ON ACCOUNT OF ANY OF THE FOREGOING AND THE RESPECTIVE DIRECTORS, OFFICERS, COUNSEL, EMPLOYEES, AGENTS, AFFILIATES, SUCCESSORS AND ASSIGNS OF EACH OF THE FOREGOING FROM AND AGAINST ANY AND ALL LOSSES, CLAIMS, COST RECOVERY ACTIONS, ADMINISTRATIVE ORDERS OR PROCEEDINGS, DAMAGES AND LIABILITIES (WHICH RELATE TO OR ARISE AS A RESULT OF THE LOANS, THE LETTERS OF CREDIT OR ANY FINANCING DOCUMENT) TO WHICH ANY SUCH PERSON MAY BECOME SUBJECT AND INCLUDING ANY AND ALL LOSSES, CLAIMS, COST RECOVERY ACTIONS, ADMINISTRATIVE ORDERS OR PROCEEDINGS, DAMAGES AND LIABILITIES (WHICH RELATE TO OR ARISE AS A RESULT OF THE LOANS, THE LETTERS OF CREDIT OR ANY FINANCING DOCUMENT) ARISING BY REASON OF THE ORDINARY NEGLIGENCE OF EACH AGENT, EACH COLLATERAL AGENT, THE ISSUING BANKS, AND THE LENDERS, EACH PERSON CLAIMING BY, THROUGH, UNDER OR ON ACCOUNT OF ANY OF THE FOREGOING AND THE RESPECTIVE DIRECTORS, OFFICERS, COUNSEL, EMPLOYEES, AGENTS, AFFILIATES, SUCCESSORS AND ASSIGNS OF EACH OF THE FOREGOING UNDER ANY ENVIRONMENTAL LAW APPLICABLE TO ANY BORROWER OR ANY OF THEIR RESPECTIVE PROPERTIES, INCLUDING WITHOUT LIMITATION, THE TREATMENT OR DISPOSAL OF HAZARDOUS SUBSTANCES ON ANY OF THEIR RESPECTIVE PROPERTIES, AS A RESULT OF THE BREACH OR NON-COMPLIANCE BY ANY CREDIT PARTY WITH ANY ENVIRONMENTAL LAW APPLICABLE TO ANY CREDIT PARTY, DUE TO PAST OWNERSHIP BY ANY CREDIT PARTY OF ANY OF THEIR RESPECTIVE PROPERTIES OR PAST ACTIVITY

ON ANY OF THEIR RESPECTIVE PROPERTIES WHICH, THOUGH LAWFUL AND FULLY PERMISSIBLE AT THE TIME, COULD RESULT IN PRESENT LIABILITY, THE PRESENCE, USE, RELEASE, STORAGE, TREATMENT OR DISPOSAL OF HAZARDOUS SUBSTANCES ON OR AT ANY OF THE PROPERTIES OWNED OR OPERATED BY ANY CREDIT PARTY, OR ANY OTHER ENVIRONMENTAL, HEALTH OR SAFETY CONDITION IN CONNECTION WITH THIS AGREEMENT, THE NOTES OR ANY OTHER FINANCING DOCUMENT; PROVIDED, HOWEVER, NO INDEMNITY SHALL BE AFFORDED UNDER THIS SECTION 10.4 (C) IN RESPECT OF ANY PROPERTY FOR ANY OCCURRENCE ARISING PRIMARILY FROM THE ACTS OR OMISSIONS OF AN AGENT OR ANY LENDER DURING THE PERIOD AFTER WHICH SUCH PERSON, ITS SUCCESSORS OR ASSIGNS SHALL HAVE OBTAINED ACTUAL PHYSICAL POSSESSION OF SUCH PROPERTY (WHETHER BY FORECLOSURE OR DEED IN LIEU OF FORECLOSURE, AS MORTGAGEE-IN-POSSESSION OR OTHERWISE); AND

(d) **ENVIRONMENTAL WAIVER**. WITHOUT LIMITING THE FOREGOING PROVISIONS, EACH BORROWER HEREBY DOES WAIVE, RELEASE AND COVENANT NOT TO BRING AGAINST ANY OF THE PERSONS INDEMNIFIED IN THIS SECTION 10.4 ANY DEMAND, CLAIM, COST RECOVERY ACTION OR LAWSUIT THEY MAY NOW OR HEREAFTER HAVE OR ACCRUE (WHICH RELATE TO OR ARISE AS A RESULT OF THE LOANS, THE LETTERS OF CREDIT OR ANY FINANCING DOCUMENT) ARISING FROM ANY ENVIRONMENTAL LAW NOW OR HEREAFTER ENACTED (INCLUDING THOSE APPLICABLE TO ANY BORROWER) UNLESS THE ACTS OR OMISSIONS OF ANY SUCH PERSON OR THEIR RESPECTIVE SUCCESSORS AND ASSIGNS ARE THE PRIMARY CAUSE OF THE CIRCUMSTANCES GIVING RISE TO SUCH DEMAND, COST RECOVERY ACTION OR LAWSUIT, THE PRESENCE, USE, RELEASE, STORAGE, TREATMENT OR DISPOSAL OF HAZARDOUS SUBSTANCES ON OR AT ANY OF THE PROPERTIES OWNED OR OPERATED BY ANY CREDIT PARTY, OR THE BREACH OR NON-COMPLIANCE BY ANY CREDIT PARTY WITH ANY ENVIRONMENTAL LAW OR ENVIRONMENTAL COVENANT APPLICABLE TO ANY BORROWER, UNLESS THE ACTS OR OMISSIONS OF SUCH PERSON, ITS SUCCESSORS AND ASSIGNS ARE THE PRIMARY CAUSE OF THE CIRCUMSTANCES GIVING RISE TO SUCH DEMAND, CLAIM, COST RECOVERY ACTION OR LAWSUIT.

Each Borrower's obligations under this Section 10.4 shall survive any termination of this Agreement and the payment of the Notes.

Section 10.5 Right of Setoff. Subject to the rights of the Agents and the Lenders contained in Section 9.11 hereof, in addition to and not in limitation of all rights of offset that any Lender, any Issuing Bank or any of their Affiliates may have under applicable law, each Lender, and its Affiliates shall, upon the occurrence of any Event of Default and at any time during the continuance thereof and whether or not such Lender or Affiliate has made any demand or any of the Borrowers' obligations are matured, have the right at any time and from time to time, without notice to any Credit Party (any such notice being expressly waived by each Borrower) to set-off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by any such Lender or Affiliate to or for the credit or the account of the applicable Borrower against any and all of the Lender Indebtedness owing by such Borrower then outstanding, subject to the provisions of Section 2.11(f), (g), (h) and (i).

Section 10.6 Benefit of Agreement. The Notes, this Agreement and the other Financing Documents shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto, provided that no Borrower may assign or transfer any of its interest hereunder or thereunder without the prior written consent of each Lender.

Section 10.7 Successors and Assigns; Participations and Assignments.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), except that no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower without such consent shall be null and void). Except as otherwise expressly provided herein, nothing in this Agreement shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it, in the case of any Lender) by executing, and causing the assignee thereof to execute, an assignment and acceptance in the form attached hereto as Exhibit H ("**Assignment and Acceptance**"); provided, that:

(1) the prior written consent (which consent shall not be unreasonably withheld) of each of the Borrower Agent and the Administrative Agent (and any Issuing Bank which has any Letters of Credit outstanding) shall be required as a condition to the effectiveness of any assignment; provided, that no such consent of the Borrower Agent, the Administrative Agent or any Issuing Bank shall be required in the case of an assignment to a Lender or an Affiliate of a Lender, except that the consent of the Borrower Agent and Administrative Agent shall be required in the case of (y) an assignment by a Canadian Revolving Lender to an assignee Canadian Revolving Lender that is not a Canadian Qualified Lender or (z) an assignment by a US Revolving Lender to an assignee US Revolving Lender that is not an Exempt US Lender;

(2) except in the case of an assignment of the entire remaining Combined Interests of an assignor and its Related Affiliate, the aggregate amount of the Combined Interests assigned to an assignee and its Related Affiliate and the aggregate amount of the Combined Interests retained by the assignor and its Related Affiliate, after giving effect to such assignment, shall be not less than $10,000,000 (provided that if the Revolving Credit Commitments have expired or terminated, such limits shall apply to the amount of Revolving Credit Exposure assigned and retained);

(3) no US Revolving Lender shall assign all or any part of its US Revolving Credit Commitment or US Revolving Credit Loans unless such US Revolving Lender (or its Related Affiliate, if applicable) assigns the same percentage of its Canadian Revolving Credit Commitment and Canadian Revolving Credit Loans to the same assignee (or Related Affiliate of the same assignee);

(4) no Canadian Revolving Lender shall assign all or any part of its Canadian Revolving Credit Commitment or Canadian Revolving Credit Loans unless such Canadian Revolving Lender (or its Related Affiliate, if applicable) assigns the same percentage of its US Revolving Credit Commitment and US Revolving Credit Loans to the same assignee (or Related Affiliate of the same assignee);

(5) if a Canadian Revolving Lender assigns all or a portion of its Canadian Revolving Credit Commitment and Canadian Revolving Credit Loans to an assignee (A) that is a Canadian Qualified Lender on the effective date of the assignment, or (B) at a time when an

Event of Default exists, then in any such case such assignee shall become a party hereto as a Canadian Revolving Lender;

(6) if a US Revolving Lender assigns all or a portion of its US Revolving Credit Commitment and US Revolving Credit Loans to an assignee (A) that is an Exempt US Lender on the effective date of the assignment, or (B) at a time when an Event of Default exists, then in any such case such assignee shall become a party hereto as a US Revolving Lender;

(7) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $2,500 (except with respect to the assignment between any Lender and an Affiliate of such Lender);

(8) the assignee, if it shall not already be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire containing such information as the Administrative Agent may require; and

(9) notwithstanding anything in this Agreement to the contrary, any consent of the Borrower Agent otherwise required under this paragraph shall not be required if a Default has occurred and is continuing.

(10) notwithstanding anything in this Agreement to the contrary, in no event shall any Lender be permitted to make an assignment under this Section 10.7 to any Credit Party or any Affiliate of any Credit Party.

Subject to acceptance and recording thereof pursuant to Section 10.7(d), from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender, under this Agreement, and the assignor thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement except as otherwise expressly provided herein to the contrary (and, in the case of an Assignment and Acceptance covering all of the assignor's rights and obligations under this Agreement, such assignor shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.17, 2.19, 2.21 and 10.4 and shall continue to be bound by all provisions contained herein providing for indemnification or reimbursement of the Agents and the Collateral Agents, to the extent the event or condition giving rise to such indemnification or reimbursement arose or existed while the assignor was a party hereto as a Lender). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with this Section 10.7(b). Notwithstanding the foregoing, the US Swingline Lender shall not be permitted to make a partial assignment of the US Swingline Commitment and the Canadian Swingline Lender shall not be permitted to make a partial assignment of the Canadian Swingline Commitment. Notwithstanding anything contained in this Agreement to the contrary, (i) no assignee of a Canadian Revolving Lender shall be permitted to seek any indemnification for, or the payment of, any Indemnified Taxes or Other Taxes described in Section 2.21 hereof or any penalties, interest and reasonable expenses arising therefrom or with respect thereto from the Canadian Credit Parties, unless (a) an Event of Default exists at the time of such assignment (regardless if an Event of Default exists at the time amounts are payable) or (b) amounts payable to the Canadian Revolving Lender from which the assignee received its assignment (the "assignor") would have also been subject to, or such assignor would have also been required to pay, such Indemnified Taxes or Other Taxes, and (ii) no assignee of a US Revolving Lender shall be permitted to seek

any indemnification for, or the payment of, any Indemnified Taxes or Other Taxes described in Section 2.21 hereof or any penalties, interest and reasonable expenses arising therefrom or with respect thereto from the US Borrowers, unless (a) an Event of Default exists at the time of such assignment (regardless if an Event of Default exists at the time amounts are payable) or (b) amounts payable to the US Revolving Lender from which the assignee received its assignment (the "assignor") would have also been subject to, or such assignor would have also been required to pay, such Indemnified Taxes or Other Taxes.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices in Atlanta, Georgia a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and Reimbursement Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent, the Issuing Banks, and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by each Borrower, any Issuing Bank, and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in Section 10.7(b) and any written consent to such assignment required by Section 10.7(b), the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(e) Any Lender may, without the consent of any Borrower, the Administrative Agent or any Issuing Bank, sell participations to one or more banks or other entities (a "**Participant**") in all or a portion of such Lender's rights and obligations under this Agreement (including, all or a portion of its Commitment and the Loans and Reimbursement Obligations owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) each Borrower, the Agents, the Collateral Agents, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, (iv) any Canadian Revolving Lender that intends to sell a participation to a Person which is not a Canadian Qualified Lender shall give prior written notice thereof to the Borrowers, and (v) any US Revolving Lender that intends to sell a participation to a Person which is not an Exempt US Lender shall give prior written notice thereof to the Borrowers. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Section 10.2(a) or Section 10.2(b) that affects such Participant. Subject to this Section 10.7(e), each Borrower agrees that each Participant shall be entitled to the benefits of Section 2.17, Section 2.19 and Section 2.21 to the same extent as the Lender from which it acquired the participation. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.5 as though it were a Lender, provided such Participant agrees to be subject to Section 2.20 as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.19 or Section 2.21 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section 10.7 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(h) Subject to Section 10.12, each Borrower authorizes each Lender to disclose to any Participant or assignee (each, a "**Transferee**") and any prospective Transferee any and all information in such Lender's possession concerning the Borrowers and their Affiliates which has been delivered to such Lender by or on behalf of any Borrower pursuant to this Agreement or which has been delivered to such Lender by or on behalf of any Borrower in connection with such Lender's credit evaluation of the Borrowers and their Affiliates prior to becoming a party to this Agreement. No assignment or participation made or purported to be made to any Transferee shall be effective without the prior written consent of the Borrowers if it would require it to make any filing with any Governmental Authority or qualify any Loan or Note under the laws of any jurisdiction, and the Company shall be entitled to request and receive such information and assurances as it may reasonably request from any Lender or any Transferee to determine whether any such filing or qualification is required or whether any assignment or participation is otherwise in accordance with applicable law.

Section 10.8 Governing Law; Submission to Jurisdiction; etc.

(a) **Governing Law; Submission to Jurisdiction; etc .** This Agreement shall be construed in accordance with and governed by the laws of the State of New York. Each Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the courts of the State of New York and any federal court sitting in the Southern District of New York, and any appellate court thereof, in any action or proceeding arising out of or relating to this Agreement, or any other Financing Document or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in the State of New York. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable law. Nothing in this Agreement shall affect any right that any Agent, any Collateral Agent, any Issuing Bank, or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Financing Document against a Borrower or any other Credit Party or its properties in the courts of any other jurisdiction. Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in this Section 10.8(a). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by applicable law, any *forum non conveniens* defense to the maintenance of such action or proceeding in any such court. Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.1. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by applicable law.

(b) **WAIVER OF JURY TRIAL**. TO THE MAXIMUM EXTENT ALLOWED BY APPLICABLE LAW, EACH OF THE BORROWERS, THE AGENTS, THE COLLATERAL AGENTS, THE ISSUING BANKS, AND THE LENDERS (i) IRREVOCABLY AND UNCONDITIONALLY

WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO ANY FINANCING DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN; (ii) IRREVOCABLY WAIVE ANY RIGHT IT MAY HAVE TO CLAIM OR RECOVER IN ANY SUCH LITIGATION ANY SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES, OR DAMAGES OTHER THAN, OR IN ADDITION TO, ACTUAL DAMAGES; (iii) CERTIFY THAT NO PARTY HERETO NOR ANY REPRESENTATIVE OR COUNSEL FOR ANY PARTY HERETO HAS REPRESENTED, EXPRESSLY OR OTHERWISE, OR IMPLIED THAT SUCH PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVERS; AND (iv) ACKNOWLEDGE THAT IT HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT, THE OTHER FINANCING DOCUMENTS AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY BASED UPON, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS CONTAINED IN THIS SECTION 10.8.

(c) **Waiver of Consequential Damages**. To the maximum extent allowed by applicable law, each Borrower, each Agent, each Collateral Agent, the Issuing Banks, and the Lenders (1) irrevocably waive any right each may have to claim or recover in any such litigation any special, exemplary, punitive or consequential damages, or damages other than, or in addition to, actual damages; (2) certifies that no party hereto nor any representative or counsel for any party hereto has represented, expressly or otherwise, or implied that such party would not, in the event of litigation, seek to enforce the foregoing waiver; and (3) acknowledges that it has been induced to enter into this Agreement, the other Financing Documents and the transactions contemplated hereby and thereby based upon, among other things, the mutual waivers and certifications contained in this Section 10.8.

(d) **Judgment Currency**.

(A) If, for the purpose of obtaining or enforcing any judgment against any Borrowers or any Credit Party in any court in any jurisdiction, it becomes necessary to convert into any other currency (such other currency being hereinafter in this Section 10.8(d) referred to as the "**Judgment Currency**") an amount due under any Financing Document in any currency (the "**Obligation Currency**") other than the Judgment Currency, the conversion shall be made at the rate of exchange prevailing on the Business Day immediately preceding (i) the date of actual payment of the amount due, in the case of any proceeding in the courts of any jurisdiction that will give effect to such conversion being made on such date, or (ii) the date on which the judgment is given, in the case of any proceeding in the courts of any other jurisdiction (the applicable date as of which such conversion is made pursuant to this Section 10.8(d) being hereinafter in this Section 10.8(d) referred to as the "**Judgment Conversion Date**").

(B) If, in the case of any proceeding in the court of any jurisdiction referred to in Section 10.8(d)(i), there is a change in the rate of exchange prevailing between the Judgment Conversion Date and the date of actual receipt for value of the amount due, the applicable Borrower or Credit Party shall pay such additional amount (if any, but in any event not lesser amount) as may be necessary to ensure that the amount actually received in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of the Judgment Currency stipulated in the judgment or judicial order at the rate of exchange prevailing on the Judgment Conversion Date. Any amount due from a Borrower or Credit Party under Section 10.8(d)(ii) shall be due as a separate debt and shall not be affected by judgment being obtained for any other amounts due under or in respect of any of the Financing Documents.

(C) The term "**rate of exchange**" in this Section 10.8(d) means the rate of exchange at which the Administrative Agent would, on the relevant date at or about 12:00 noon (Eastern Time), be prepared to sell the Obligation Currency against the Judgment Currency.

Section 10.9 Independent Nature of Lenders' Rights. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt, and each Lender shall be entitled to protect and enforce its rights arising out of this Agreement, and it shall not be necessary for any other Lender to be joined as an additional party in any proceeding for such purpose.

Section 10.10 Invalidity. In the event that any one or more of the provisions contained in the Notes, this Agreement or in any other Financing Document shall, for any reason, be held invalid, illegal or unenforceable in any respect, (a) each Borrower agrees that such invalidity, illegality or unenforceability shall not affect any other provision of the Notes, this Agreement or any other Financing Document and (b) each Borrower and the Administrative Agent (acting on behalf and at the direction of the Lenders) and the Canadian Administrative Agent (acting on behalf and at the direction of the Canadian Revolving Lenders) will negotiate in good faith to amend such provision so as to be legal, valid, and enforceable.

Section 10.11 Renewal, Extension or Rearrangement. All provisions of this Agreement and of any other Financing Documents relating to the Notes or other Lender Indebtedness shall apply with equal force and effect to each and all promissory notes hereafter executed which in whole or in part represent a renewal, extension for any period, increase or rearrangement of any part of the Lender Indebtedness originally represented by the Notes, or of any part of such other Lender Indebtedness.

Section 10.12 Confidentiality. Each Agent, each Collateral Agent, Issuing Bank, and Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement (provided that prior to such disclosure, such Person has agreed in favor of the Borrowers to be bound by this Section 10.12), (g) with the written consent of the Borrowers or (h) to the extent such Information (1) becomes publicly available other than as a result of a breach of this Section 10.12 or (2) becomes available to any Agent, any Collateral Agent, any Issuing Bank, or any Lender on a non-confidential basis from a source other than a Borrower. For the purposes of this Section 10.12, "**Information**" means all information marked "Confidential" that is received from any Borrower relating to a Borrower or its business, other than any such information that is available to any Agent, any Collateral Agent, any Issuing Bank, or any Lender on a non-confidential basis prior to disclosure by a Borrower. Any Person required to maintain the confidentiality of Information as provided in this Section 10.12 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information. Each Borrower acknowledges that the Agents, the Collateral Agents and Lenders may be providing debt financing, equity capital or other services (including financial advisory services) to other companies in respect of which a Credit Party may have conflicting interests regarding the transactions contemplated by this Agreement or the other Financing Documents. Each Borrower also acknowledges that the Agents and the Collateral Agents have no obligation to use in connection with the

transactions contemplated by this Agreement or the other Financing Documents, or to furnish to any Credit Party, confidential information obtained from other companies.

Section 10.13 Interest. It is the intention of the parties hereto to conform strictly to usury laws applicable to each Agent, the Issuing Banks and the Lenders (collectively, the "**Financing Parties**") and the Transactions. Accordingly, if the Transactions would be usurious as to any Financing Party under laws applicable to it, then, notwithstanding anything to the contrary in the Notes, this Agreement or in any other Financing Document or agreement entered into in connection with the Transactions or as security for the Notes, it is agreed as follows: (a) the aggregate of all consideration which constitutes interest under law applicable to any Financing Party that is contracted for, taken, reserved, charged or received by such Financing Party under the Notes, this Agreement or under any of such other Financing Documents or agreements or otherwise in connection with the Transactions shall under no circumstances exceed the maximum amount allowed by such applicable law, (b) in the event that the maturity of the Notes is accelerated for any reason, or in the event of any required or permitted prepayment, then such consideration that constitutes interest under law applicable to any Financing Party may never include more than the maximum amount allowed by such applicable law, and (c) excess interest, if any, provided for in this Agreement or otherwise in connection with the Transactions shall be canceled automatically by such Financing Party and, if theretofore paid, shall be credited by such Financing Party on the principal amount of the Borrowers' Indebtedness to such Financing Party (or, to the extent that the principal amount of the Borrowers' Indebtedness to such Financing Party shall have been or would thereby be paid in full, refunded by such Financing Party to the Borrowers). The right to accelerate the maturity of the Notes does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and the Financing Parties do not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to the Financing Parties for the use, forbearance or detention of sums included in the Lender Indebtedness shall, to the extent permitted by law applicable to such Financing Party, be amortized, prorated, allocated and spread throughout the full term of the Notes until payment in full so that the rate or amount of interest on account of the Lender Indebtedness does not exceed the applicable usury ceiling, if any. As used in this Section 10.13, the terms "**applicable law**" or "**laws applicable to any Financing Party**" means the law of any jurisdiction whose laws may be mandatorily applicable notwithstanding other provisions of this Agreement, or law of the United States of America or Canada applicable to any Financing Party and the Transactions which would permit such Financing Party to contract for, charge, take, reserve or receive a greater amount of interest than under such jurisdiction's law.

Section 10.14 Entire Agreement. The Notes, this Agreement and the other Financing Documents embody the entire agreement and understanding among the Agents, the Collateral Agents, the Issuing Banks, and the Lenders and other respective parties hereto and thereto and supersede all prior agreements and understandings between such parties relating to the subject matter hereof and thereof and may not be contradicted by evidence of prior or contemporaneous agreements of the parties. There are no unwritten oral agreements between the parties.

Section 10.15 Attachments. The exhibits, schedules and annexes attached to this Agreement are incorporated herein and shall be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement shall prevail.

Section 10.16 Counterparts; Facsimile Signatures. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original but all of which shall together constitute one and the same instrument. This Agreement and the other Financing Documents may be executed by facsimile and the effectiveness of this Agreement and the other Financing Documents and signatures thereon shall have the

same force and effect as manually signed originals and shall be binding on all parties thereto. The Administrative Agent may require that any such documents and signatures be confirmed by a manually-signed original thereof, provided that the failure to request or deliver the same shall not limit the effectiveness of any facsimile signature.

Section 10.17 Survival of Indemnities. The Borrowers' obligations under Section 2.17, Section 2.19, Section 2.21 and Section 10.4, and the Lenders' obligations under Section 9.7, shall survive the payment in full of the Loans and the Letter of Credit Liabilities and the termination of this Agreement.

Section 10.18 Headings Descriptive. The headings of the several sections and subsections of this Agreement, and the table of contents, are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 10.19 Exculpation Provisions. Each of the parties hereto specifically agrees that it has a duty to read this Agreement and the other Financing Documents and agrees that it is charged with notice and knowledge of the terms of this Agreement and the other Financing Documents; that it has in fact read this Agreement and is fully informed and has full notice and knowledge of the terms, conditions and effects of this Agreement; that it has been represented by legal counsel of its choice throughout the negotiations preceding its execution of this Agreement and the other Financing Documents; and has received the advice of its attorneys in entering into this Agreement and the other Financing Documents; and that it recognizes that certain of the terms of this Agreement and the other Financing Documents result in one party assuming the liability inherent in some aspects of the transaction and relieving the other party of its responsibility for such liability. Each party hereto agrees and covenants that it will not contest the validity or enforceability of any exculpatory provision of this Agreement and the other Financing Documents on the basis that the party had no notice or knowledge of such provision or that the provision is not "conspicuous."

Section 10.20 No Fiduciary Relationship. Each Borrower acknowledges and agrees that, in connection with all aspects of each transaction contemplated by this Agreement, the Borrowers and the other Credit Parties, on the one hand, and Bank of America, Bank of America — Canada Branch, Banc of America Securities LLC and each of their Affiliates through which they may be acting (collectively, the "**Bank of America Entities**"), on the other hand, have an arms-length business relationship that creates no fiduciary duty on the part of any Bank of America Entity and each Borrower expressly disclaims any fiduciary relationship.

Section 10.21 Secured Affiliates. For purposes of this Agreement and all other Financing Documents (other than applicable Swap Agreements, Cash Management Agreements and other agreements with respect to Bank Products), if a Secured Affiliate of a Lender has entered into one or more Swap Agreements, Cash Management Agreements or other agreements with respect to Bank Products, with any Credit Party, then to the extent that such Secured Affiliate has rights against or is owed obligations by (or if the affiliated Lender, rather than the Secured Affiliate, were the counter-party to the applicable Swap Agreement or the other party to the applicable Cash Management Agreement or other agreement with respect to Bank Products, such rights or obligations that such Lender has) the Borrowers hereunder or under any other Financing Document (other than applicable Swap Agreements, Cash Management Agreements and other agreements with respect to Bank Products), such affiliated Lender shall be the agent and attorney-in-fact for such Secured Affiliate with regard to any such rights and obligations, or deemed rights and obligations, as if such Lender were the counter-party to the applicable Swap Agreement or the other party to the applicable Cash Management Agreement or other agreement with respect to Bank Products including, but not limited to, the following: (a) all distributions or payments in respect of Collateral owing to such Secured Affiliate shall be distributed or paid to such Lender, (b) all representations, statements or disclaimers made herein or in any Financing Document by

or to such Lender shall be deemed to have been made by or to such Secured Affiliate, and (c) all obligations incurred by such Lender that would have been incurred by the Secured Affiliate if it were a party hereto (including, but not limited to, obligations under Section 9.7) shall be the obligations of such Lender, and such Lender, as the agent and attorney-in-fact of its Secured Affiliate, will make any and all payments owing to the Agents with respect to such obligations or deemed obligations of its Secured Affiliate. Each such Lender represents, warrants and covenants to and with the Agents that such Lender has, or at all applicable times will have, full power and authority to act as agent and attorney-in-fact for its Secured Affiliates. Under no circumstance shall any Secured Affiliate have any voting rights hereunder and the voting rights of any affiliated Lender shall not be increased by virtue of the obligations owing to any such Secured Affiliate.

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IN WITNESS WHEREOF, the parties hereto have caused this instrument to be duly executed as of the date first above written.

US BORROWERS:

GERDAU AMERISTEEL US INC.

By: /s/ Robert E. Lewis
Name: Robert E. Lewis
Title: Vice President, General Counsel and Corporate Secretary

GERDAU AMERISTEEL SAYREVILLE INC.

By: /s/ Robert E. Lewis
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

GERDAU AMERISTEEL PERTH AMBOY INC.

By: /s/ Robert E. Lewis
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

SHEFFIELD STEEL CORPORATION

By: /s/ Robert E. Lewis
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

CHAPARRAL STEEL COMPANY

By: /s/ Robert E. Lewis
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

CHAPARRAL STEEL TEXAS, LLC

By: /s/ Robert E. Lewis
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

CHAPARRAL (VIRGINIA) INC.

By: /s/ Robert E. Lewis
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

CHAPARRAL STEEL MIDLOTHIAN, LP
By it general partner,

CHAPARRAL STEEL TEXAS, LLC

By: /s/ Robert E. Lewis
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

AMERICAN MATERIALS TRANSPORT, INC.

By: /s/ Robert E. Lewis
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

ENCO MATERIALS, INC.

By: /s/ Robert E. Lewis
Name: Robert E. Lewis
Title: Vice President, General Counsel and Secretary

CANADIAN BORROWER:

GERDAU AMERISTEEL CORPORATION

By: /s/ Robert E. Lewis
Name: Robert E. Lewis
Title: Vice President, General Counsel, Corporate Secretary

OTHER CANADIAN BORROWING BASE PARTY:

CONSOLIDATED RECYCLING INCORPORATED

By: /s/ Robert E. Lewis
Name: Robert E. Lewis
Title: Vice President, General Counsel, Corporate Secretary

Address for notice for all Credit Parties:

4221 West Boy Scout Boulevard
Suite 600
Tampa, Florida 33607
Attention: _____
Fax: _____

LENDERS AND AGENTS:

Notice Address:
300 Galleria Parkway, Suite 800
Atlanta, Georgia 30339
Attention: Portfolio Manager
Fax: 404-607-3277

BANK OF AMERICA, N.A.,
as the Administrative Agent and a Collateral Agent
a US Revolving Lender and the US Swingline Lender

By: /s/ Robert J. Walker
Name: Robert J. Walker
Title: Senior Vice President

BANK OF AMERICA, N.A.
(acting through its Canada branch), as the Canadian Administrative Agent, a Collateral Agent, a Canadian Revolving Lender, and the Canadian Swingline Lender

Lending Office Address:

200 Front Street West, Suite 2700
Toronto, Ontario M5V 3L2
Attention: Medina Sales DeAndrade
Fax: 416-349-4282/4283

By: /s/ Medina Sales DeAndrade
Name: Medina Sales DeAndrade
Title: Vice President

Notice Address:
300 Galleria Parkway, Suite 800
Atlanta, Georgia 30339
Attention: Portfolio Manager
Fax: 404-607-3277

WACHOVIA CAPITAL FINANCE CORPORATE (NEW ENGLAND),
as a US Revolving Lender

Lending Office Address:

2450 Colorado Ave #3000W
Santa Monica, CA 90404
Attention: Yelena Kravchuk
Fax: 866-615-7803

By: /s/ Michael P. Baranowski
Name: Michael P. Baranowski
Title: Vice President

Notice Address:
2450 Colorado Ave #3000W
Santa Monica, CA 90404
Attention: Yelena Kravchuk
Fax: 866-615-7803

WACHOVIA CAPITAL FINANCE CORPORATE (CANADA),
as a Canadian Revolving Lender

Lending Office Address:

2450 Colorado Ave #3000W
Santa Monica, CA 90404
Attention: Yelena Kravchuk
Fax: 866-615-7803

By: /s/ Michael P. Baranowski
Name: Michael P. Baranowski
Title: Vice President

Notice Address:
2450 Colorado Ave #3000W
Santa Monica, CA 90404
Attention: Yelena Kravchuk

Lending Office Address:

201 Merritt 7
P.O. Box 5201
Norwalk, CT 06851
Attention: Gerdau Portfolio Analyst
Fax: 203-229-5789

GENERAL ELECTRIC CAPITAL CORPORATION, as a Collateral Agent and a Collateral Agent and a US Revolving Lender

By: /s/ Michael R. Todorow
Name: Michael R. Todorow
Title: Duly Authorized Signatory

Notice Address:
500 W. Monroe St.
12th Floor
Chicago, IL 60661
Attention: Gerdau Acct. Manager
Fax: 312-463-3840

Lending Office Address:

201 Merritt 7
P.O. Box 5201
Norwalk, CT 06851
Attention: Gerdau Portfolio Analyst
Fax: 203-229-5789

GENERAL ELECTRIC CAPITAL CORPORATION, as a Collateral Agent and a Canadian Revolving Lender

By: /s/ Michael R. Todorow
Name: Michael R. Todorow
Title: Duly Authorized Signatory

Notice Address:
500 W. Monroe St.
12th Floor
Chicago, IL 60661
Attention: Gerdau Acct. Manager
Fax: 312-463-3840

HSBC BANK USA, N.A.,
as a US Revolving Lender

Lending Office Address:

424 Fifth Ave, T-5
New York, NY 10018
Attention: Adam Hendley
Fax: 212-525-6581

By: /s/ Adam Hendley
Name: Adam Hendley
Title: Vice President

Notice Address:
One HSBC Center, Floor 26
Buffalo, NY 14203
Attention: Donna Riley
Fax: 716-841-0269

HSBC BANK USA, N.A.,
as a Canadian Revolving Lender

Lending Office Address:

424 Fifth Ave, T-5
New York, NY 10018
Attention: Adam Hendley
Fax: 212-525-6581

By: /s/ Adam Hendley
Name: Adam Hendley
Title: Vice President

Notice Address:
One HSBC Center, Floor 26
Buffalo, NY 14203
Attention: Donna Riley
Fax: 716-841-0269

Lending Office Address:

45 East 53rd Street
New York, NY 10022
Attention:
Fax:

Notice Address:
45 East 53rd Street
New York, NY 10022
Attention: Javier Diaz
Fax: 212-350-3690

BANCO SANTANDER, S.A.,
NEW YORK BRANCH,
as a US Revolving Lender

By: /s/ Ignacio Campillo
Name: Ignacio Campillo
Title: Managing Director

By: /s/ Jesus Lopez
Name: Jesus Lopez
Title: Senior Vice President

Lending Office Address:

720 King Street West
2nd Floor
Toronto ON M5V 2T3
Canada
Attention: Estella Xue
Fax: 212-225-5709

Notice Address:
One Libery Plaza
26th Floor
New York, NY 10006
Attention: Frans Braniotis
Fax: 212-225-52554

THE BANK OF NOVA SCOTIA,
as a US Revolving Lender

By: /s/ Todd Meller
Name: Todd Meller
Title: Managing Director

THE BANK OF NOVA SCOTIA,
as a Canadian Revolving Lender

By: /s/ Stephen H. Corey
Name: Stephen H. Corey
Title: Director

By: /s/ Donna Shaln
Name: Donna Shaln
Title: Director

Lending Office Address:

Loan Admin Office
720 King Street West
2nd Floor
Toronto ON M5V 2T3
Canada
Attention:
Fax:

Notice Address:
GWS Loan & Derivative Operations
720 King Street West
2nd Floor
Toronto ON M5V 2T3
Canada
Attention:
Fax:

JPMORGAN CHASE BANK, N.A.,
as a US Revolving Lender

By: /s/ Pablo Ogarrio
Name: Pablo Ogarrio
Title: Vice President

Lending Office Address:

270 Park Avenue, 4th Floor
New York, NY 10017
Attention: Pablo Ogarrio
Fax: 212-270-5100

Notice Address:
270 Park Avenue, 4th Floor
New York, NY 10017
Attention: Pablo Ogarrio
Fax: 212-270-5100

Lending Office Address:

270 Park Avenue, 4th Floor
New York, NY 10017
Attention: Pablo Ogarrio
Fax: 212-270-5100

Notice Address:
270 Park Avenue, 4th Floor
New York, NY 10017
Attention: Pablo Ogarrio
Fax: 212-270-5100

JPMORGAN CHASE BANK, N.A., TORONTO BRANCH,
as a Canadian Revolving Lender

By: /s/ Pablo Ogarrio
Name: Pablo Ogarrio
Title: Vice President

Lending Office Address:

787 7th Avenue
New York, NY 10019
Attention: Jeff Stufsky
Fax: 212-841-2052

Notice Address:
787 7th Avenue
New York, NY 10019
Attention: Anna Seghini
Fax: 212-841-2537

BNP PARIBAS,
as a US Revolving Lender

By: /s/ Jeff Stufsky
Name: Jeff Stufsky
Title: Managing Director

By: /s/ Laureline de Lichana
Name: Laureline de Lichana
Title: Vice President

BNP PARIBAS (CANADA),
as a Canadian Revolving Lender

Lending Office Address:
1981 McGill College Ave.
Montreal, PQ
H3A 2W8

By: /s/ Christopher Rice
Name: Christopher Rice
Title: Vice President

Notice Address:
1981 McGill College Ave.
Montreal, PQ
H3A 2W8

By: /s/ Jean-Philippe Cadot
Name: Jean-Philippe Cadot
Title: Director

CALYON NEW YORK BRANCH,
as a US Revolving Lender

Lending Office Address:

1301 Ave of the Americas
New York, NY 10019
Attention: Elvis Grgurovic
Fax: 212-261-3375

By: /s/ Elvis Grgurovic
Name: Elvis Grgurovic
Title: Director

Notice Address:
1301 Ave of the Americas
New York, NY 10019
Attention: Elvis Grgurovic
Fax: 212-261-3375

By: /s/ Mischa Zabotin
Name: Mischa Zabotin
Title: Managing Director

CITIBANK, N.A.,
as a US Revolving Lender

Lending Office Address:

1615 Brett Road
Newcastle, DE 19720
Attention: Dureyea Garnett
Fax: 212-994-0847

By: /s/ Brendan Mackay
Name: Brendan Mackay
Title: Vice President

Notice Address:
388 Greenwich St.
New York, NY 10013
Attention: Brendan Mackay
Fax: 646-291-3363

CITIBANK, N.A.,
as a Canadian Revolving Lender

Lending Office Address:

123 Front Street West
Toronto, Ontario
M5J 2M3
Attention: Virginia Sevilla
Fax: 416-915-6347

By: /s/ Niyousha Zarinpour
Name: Niyousha Zarinpour
Title: Authorised Signer

Notice Address:
123 Front Street West
Toronto, Ontario
M5J 2M3
Attention: Virginia Sevilla
Fax: 416-915-6347

CANADIAN IMPERIAL BANK OF COMMERCE,
as a US Revolving Lender

By: /s/ Caroline Adams
Name: Caroline Adams
Title: Authorized Signatory

Lending Office Address:

595 Bay Street
5th Floor
Attention: Betty Scheubel
Fax: 905-948-1934

Notice Address:
595 Bay Street
5th Floor
Toronto, ON M5G 2C2
Attention: Angela Tom
Fax: 905-415-9484

CANADIAN IMPERIAL BANK OF COMMERCE,
as a Canadian Revolving Lender

By: /s/ Caroline Adams
Name: Caroline Adams
Title: Authorized Signatory

Lending Office Address:

40 Dundas Street
5th Floor
Toronto, ON M5G 1A2
Attention: Robert Lo Faso
Fax: 416-980-5855

Notice Address:
40 Dundas Street
5th Floor
Toronto, ON M5G 1A2
Attention: Julia Ballantyne
Thomas Lasko
Fax: 416-980-5855

Lending Office Address:

120 Adelaide St. West Suite 2300
Toronto, ON M5H 1T1
Attention: Paul Rodgers
Fax: 416-306-3567

U.S. BANK NATIONAL ASSOCIATION,
as a US Revolving Lender

By: /s/ Marcelle Dadoun
Name: Marcelle Dadoun
On behalf of Paul Rodgers — Principal Officer
Title: Compliance Officer

Lending Office Address:

120 Adelaide St. West Suite 2300
Toronto, ON M5H 1T1
Attention: Paul Rodgers
Fax: 416-306-3567

U.S. BANK NATIONAL ASSOCIATION CANADA BRANCH,
as a Canadian Revolving Lender

By: /s/ Matthew Kasper
Name: Matthew Kasper
On behalf of Paul Rodgers — Principal Officer
Title: Relationship Manager

COMERICA BANK, a Texas banking association
as a US Revolving Lender

Lending Office Address:

Comerica Bank
910 Louisiana Street, Suite 400
Houston, Texas 77002
Attention: Laerte Barros
Fax:

By: /s/ Laerte Barros
Name: Laerte Barros
Title: Vice President

Notice Address:
Comerica Bank
910 Louisiana Street, Suite 400
Houston, Texas 77002
Attention: Laerte Barros
Fax:

Lending Office Address:

COMERICA BANK,
CANADIAN BRANCH
as a Canadian Revolving Lender

Suite 2210, South Tower
Royal Bank Plaza
200 Bay Street,
Toronto, Canada M5J 2U2
Attention:
Fax:

By: /s/ Omer Ahmed
Name: Omer Ahmed
Title: Portfolio Manager

Notice Address:
Suite 2210, South Tower
Royal Bank Plaza
200 Bay Street,
Toronto, Canada M5J 2U2
Attention:
Fax:

BANK OF MONTREAL
as a US Revolving Lender

Lending Office Address:

115 South LaSalle Street
Chicago, IL 60603
Attention: Thad Rasche
Fax: 312-461-2591

By: /s/ Thad Rasche
Name: Thad Rasche
Title: Director

Notice Address:
115 South LaSalle Street
Chicago, IL 60603
Attention: Thad Rasche
Fax: 312-461-2591

BANK OF MONTREAL
as a Canadian Revolving Lender

Lending Office Address:

234 Simcoe Street, 3rd Floor
Toronto, ON M5T 1T4
Attention: Jinnie Chan
Fax: 416-598-6230

By: /s/ Thad Rasche
Name: Thad Rasche
Title: Director

Notice Address:
234 Simcoe Street, 3rd Floor
Toronto, ON M5T 1T4
Attention: Jinnie Chan
Fax: 416-598-6230

SUNTRUST BANK
as a US Revolving Lender

Lending Office Address:

303 Peachtree Street, N.E.
23rd Floor
Atlanta, GA 30308
Attention: Patrick Wiggins
Fax: 404-813-5890

By: /s/ Patrick Wiggins
Name: Patrick Wiggins
Title: Vice President

Notice Address:
303 Peachtree Street, N.E.
23rd Floor
Atlanta, GA 30308
Attention: Patrick Wiggins
Fax: 404-813-5890

REGIONS BANK
as a US Revolving Lender

Lending Office Address:

Regions Bank
191 Peachtree Street, Suite 3800
Atlanta, Georgia 30303
Attention: Credit Manager
Fax: 404-221-4361

By: /s/ Elizabeth L. Waller
Name: Elizabeth L. Waller
Title: Senior Vice President

Notice Address:
Regions Bank
191 Peachtree Street, Suite 3800
Atlanta, Georgia 30303
Attention: Credit Manager
Fax: 404-221-4361

ANNEX I

Lender	US Revolving Credit Commitments	Canadian Revolving Credit Commitments	Total Revolving Credit Commitments
Bank of America, N.A.	$56,274,509.80		$56,274,509.80
Bank of America, N.A. (acting through its Canada branch)		$13,725,490.20	$13,725,490.20
Wachovia Capital Finance Corporation (New England)	$56,274,509.80		$56,274,509.80
Wachovia Capital Finance Corporation (Canada)		$13,725,490.20	$13,725,490.20
General Electric Capital Corporation	$52,254,901.96	$12,745,098.04	$65,000,000.00
HSBC Bank USA, N.A.	$48,235,294.12	$11,764,705.88	$60,000,000.00
Banco Santander, S.A., New York Branch	$60,000,000.00		$60,000,000.00
Bank of Nova Scotia	$36,176,470.59	$ 8,823,529.41	$45,000,000.00
JP Morgan Chase Bank, N.A.	$32,156,862.75		$32,156,862.75
JP Morgan Chase Bank, N.A. Toronto Branch		$ 7,843,137.25	$ 7,843,137.25
BNP Paribas	$32,156,862.75		$32,156,862.75
BNP Paribas (Canada)		$ 7,843,137.25	$ 7,843,137.25
Calyon New York Branch	$40,000,000.00		$40,000,000.00
Citibank, N.A.	$24,117,647.06		$24,117,647.06
Citibank, N.A., Canadian Branch		$ 5,882,352.94	$ 5,882,352.94
Canadian Imperial Bank of Commerce	$20,098,039.22	$ 4,901,960.78	$25,000,000.00
U.S. Bank National Association	$20,098,039.22		$20,098,039.22
U.S. Bank National Association Canada Branch		$ 4,901,960.78	$ 4,901,960.78
Comerica Bank	$16,078,431.37		$16,078,431.37
Comerica Bank, Canadian Branch		$ 3,921,568.63	$ 3,921,568.63
Bank of Montreal	$16,078,431.37	$ 3,921,568.63	$ 20,000,00000

Lender	US Revolving Credit Commitments	Canadian Revolving Credit Commitments	Total Revolving Credit Commitments
SunTrust Bank	$ 20,000,000.00		$20,000,000.00
Regions Bank	$ 20,000,000.00		$20,000,000.00
Total	**$550,000,000.00**	**$100,000,000.00**	**$ 650,000,000**

US Swingline Lender	US Swingline Commitment
Bank of America, N.A.	$25,000,000

Canadian Swingline Lender	Canadian Swingline Commitment
Bank of America, N.A. (acting through its Canada branch)	$15,000,000

SCHEDULES

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EXHIBIT A
FORM OF BAILEE'S LETTER

_____, 200_

[NAME OF BAILEE]
[ADDRESS OF BAILEE]

_____

_____

Re: _____ (the "Bailor")

Ladies and Gentlemen:

This letter (this "Letter") is to advise _____ (the "Bailee") that certain **[US Borrowers / Canadian Borrower]**, including the Bailor (collectively, the "Borrowers") executed and delivered to **[Bank of America, N.A. / Bank of America, N.A. (acting through its Canada branch)]**, as the **[Administrative Agent / Canadian Administrative Agent]** for certain lenders (in such capacity, the "Administrative Agent"), a Credit Agreement dated December ___, 2009, among the Borrowers, the Administrative Agent and the other parties thereto (as modified, amended, renewed, extended, restated or replaced from time to time, the "Credit Agreement"), and certain related security agreements, pursuant to which the Borrowers granted to the Administrative Agent a security interest in, among other things, all inventory of the Bailor, some of which is in possession of the Bailee from time to time (the "Controlled Inventory"). By executing this Letter, the Bailee acknowledges that from time to time the Bailee is in possession of Controlled Inventory located at the Bailee's premises, including, without limitation, the Bailee's premises at **[address of bailee]**, and that, because of the Administrative Agent's interest in the Controlled Inventory, the instructions contained in this Letter are irrevocable and cannot be altered or amended without the prior written consent of the Administrative Agent. The Bailor's execution of this Letter is conclusive evidence to the Bailee of its confirmation of and agreement to the foregoing and of its agreement to be bound by all terms of this Letter on which the Bailee is entitled to rely for all purposes until written notice of termination of this Letter is given to the Bailee by the Administrative Agent.

The Bailee recognizes the Administrative Agent's continuing security interest in the Controlled Inventory and in the proceeds thereof. The Bailee covenants and agrees that the Controlled Inventory is and shall remain owned by the Bailor, and that the Administrative Agent may at any time and from time to time inspect, repossess and/or remove the Controlled Inventory while in possession of the Bailee without accountability to the Bailee therefor and free of any lien, security interest, right or claim which the Bailee may now or hereafter have, such right of the Administrative Agent being independent of any other right or remedy the Administrative Agent may have. The Bailee hereby authorizes and empowers the Administrative Agent to access the premises where the Controlled Inventory is located for the purposes of guarding and maintaining the Controlled Inventory, preparing and showing the same for sale and/or conducting a sale thereof. The Bailee hereby waives and releases, for the benefit of the Administrative Agent, its successors and assigns, any and all liens, security interests, rights and claims of every kind, whether contractual or by law, which the Bailee may now or hereafter have with respect to the Controlled Inventory, including, without limitation, any rights to seize, hold, restrain, levy upon, take possession of, sell or otherwise transfer or dispose of the Controlled Inventory.

So long as no Default Period (hereinafter defined) is continuing, the Bailor may control the Controlled Inventory. From the date on which the Administrative Agent notifies the Bailee that an "Event of Default" (as defined in the Credit Agreement) has occurred and thereafter until the Bailee receives

notice from the Administrative Agent that such Event of Default is no longer continuing and that no other Event of Default is continuing (such period being referred to herein as a "Default Period"), the Bailee, the Bailor and the Administrative Agent agree that the Administrative Agent shall have the exclusive right to direct the Bailee as to control of the Controlled Inventory, which includes, without limitation, the right to dispose of, repossess or remove the Controlled Inventory, and the Bailee shall not comply in any respect with any request or direction by the Bailor in connection with the Controlled Inventory, unless consented to in writing by the Administrative Agent.

At any time when the Bailee has possession of the Controlled Inventory, the Bailee agrees to prevent the commingling of the Controlled Inventory in its possession with other inventory, goods or items in the Bailee's possession by clearly separating, dividing or otherwise isolating the Controlled Inventory from all such other items in the Bailee's possession. The Bailee will also clearly identify the Controlled Inventory as belonging to the Bailor, through the use of labels, tags, or other similar coding methods.

The Bailee will from time to time deliver to the Administrative Agent, upon the written request of the Administrative Agent (which request may be by facsimile transmission) and at the Bailor's cost and expense, such information regarding the Controlled Inventory as may be reasonably requested by the Administrative Agent, and the Bailee will notify the Administrative Agent promptly if the Bailee acquires knowledge that the Controlled Inventory shall become subject to any injunction, writ or warrant of attachment or garnishment, judgment, levy and execution, or similar process.

The Bailor agrees that the Bailee shall be fully protected in acting on any notice or direction by the Administrative Agent relating to the Controlled Inventory without making any inquiry whatsoever as to the Administrative Agent's right or authority to give such notice or direction. Further, the Bailee shall have no liabilities to the Bailor or the Administrative Agent other than those imposed upon it by law for its own lack of good faith, gross negligence or willful misconduct. The Bailee shall not be liable for consequential, indirect or special damages, even if the Bailee has been advised of the possibility of such damages. The Bailee shall not be liable for any failure or delay in performing any service under this Letter in the event and to the extent that such failure arises out of causes beyond the Bailee's control, including but not limited to war, civil commotion, an Act of God, fire, flood, explosion, sabotage, failure or interruption of electrical or other power supplies or of transportation services, compliance with governmental laws, regulations or orders, and strikes and lockouts.

The Bailor agrees to pay the Bailee's costs and expenses, including reasonable legal fees, in connection with the execution, delivery and administration of this Letter.

The Bailor hereby agrees to indemnify and save the Bailee harmless from and against any and all losses, costs and expenses arising out of the compliance by the Bailee with the terms of the instructions contained herein.

This Letter may only be terminated by the Administrative Agent upon written notice to the Bailee.

[This Letter supersedes and replaces the bailee's letter dated _____ and any other bailee's letter in regard to the Controlled Inventory.]

[Remainder of page intentionally left blank.]

If the foregoing instructions, terms and agreements are acceptable to the Bailee, please indicate the Bailee's acceptance by signing this letter in the space provided below and returning it to the Bailor.

Sincerely,

[BAILOR]

By: _____

Name: _____

Title: _____

AGREED AND ACCEPTED:

[BANK OF AMERICA, N.A. /
BANK OF AMERICA, N.A.
(acting through its Canada branch)],
as **[Canadian]** Administrative Agent

By: _____
Name: _____
Title: _____

Address for Notice:

_____
_____
_____
Attention: _____

[BAILEE]

By: _____
Name: _____
Title: _____

EXHIBIT C-1
FORM OF BORROWING REQUEST (US REVOLVING CREDIT LOANS)

TO: BANK OF AMERICA, N.A., in its capacity as Administrative Agent under the Credit Agreement (as defined below)

RE: Credit Agreement dated December ___, 2009, made among each of the undersigned, in its capacity as Borrower Agent, the US Borrowers, you and the lenders from time to time party thereto, among others (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement")

We refer to the US Revolving Credit Commitments of the US Revolving Lenders under the Credit Agreement and we hereby give you notice that on **[insert date, which must be a Business Day]** we wish to obtain a US Revolving Credit Loan in the aggregate principal amount of U.S.$_____.

The Loan requested hereby is to take the form of:

[ ] an ABR Loan

[ ] a LIBOR Loan

The Interest Period in respect of the LIBOR Loan requested hereby is ___ months[1].

We hereby certify, on behalf of US Borrowers, after due and careful investigation, that:

(i) all representations and warranties contained in the Credit Agreement and in the other Financing Documents executed and delivered on or after the Closing Date are true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date hereof (unless such representation and warranty is expressly limited to an earlier date), subject to the limitations set forth in Section 3.2(a) of the Credit Agreement with respect to representations and warranties under Section 5.6(c) of the Credit Agreement;

(ii) on and as of the date hereof, no Default or Event of Default exists;

(iii) the Aggregate US Revolving Credit Exposure and the Aggregate Canadian Revolving Credit Exposure, after giving effect to the Loan requested hereby, will not exceed the US Maximum Available Amount and the Canadian Maximum Available Amount, respectively, currently in effect; and

---

[1] This sentence is only required in the context of a Borrowing Request for a LIBOR Loan. Select either 1, 2, 3 or 6 months.

(iv) both before and after giving effect to the Borrowing of the US Revolving Credit Loan requested hereby, the US Borrowing Base of the undersigned will not be exceeded.

All terms defined in the Credit Agreement and used herein have the meanings given to them by the Credit Agreement.

DATED: _____

GERDAU AMERISTEEL CORPORATION,
as Borrower Agent on behalf of US Borrowers

By: _____

Name: _____

Title: _____

EXHIBIT C-2
FORM OF BORROWING REQUEST
(CANADIAN REVOLVING CREDIT LOANS)

TO: BANK OF AMERICA, N.A. (acting through its Canada branch), in its capacity as Canadian Administrative Agent under the Credit Agreement (as defined below)

AND TO: BANK OF AMERICA, N.A., in its capacity as Administrative Agent under the Credit Agreement

RE: Credit Agreement dated December __, 2009, made among the undersigned, in its capacity as Borrower Agent, the Canadian Borrower, certain subsidiaries of the undersigned, you, as agents, and the lenders from time to time party thereto, among others (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement")

We refer to the Canadian Revolving Credit Commitments of the Canadian Revolving Lenders under the Credit Agreement and we hereby give you notice that on **[insert date, which must be a Business Day]** we wish to obtain a **[Canadian Revolving Credit Loan / Canadian Swingline Loan]** in the aggregate amount of **[Canadian][U.S.]**$_____.

The Loan requested hereby is to take the form of:

[ ] an ABR Loan

[ ] a LIBOR Loan

[ ] a Canadian Prime Loan

[ ] a B/A Loan

The Interest Period in respect of the LIBOR Loan requested hereby is _____ months[1].

The Interest Period in respect of the B/A Loan requested hereby is _____ days[2].

We hereby certify, on behalf of Canadian Borrower, after due and careful investigation, that:

(i) all representations and warranties contained in the Credit Agreement and in the other Financing Documents executed and delivered on or after the Closing Date are true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date hereof (unless such representation and warranty is expressly limited to an earlier date), subject to the limitations set forth in

---

1 This sentence is only required in the context of a Borrowing Request for a LIBOR Loan. Select either 1, 2, 3 or 6 months.

2 This sentence is only required in the context of a Borrowing Request for a B/A Loan. Select either 30, 60, 90 or 180 days.

Section 3.2(a) of the Credit Agreement with respect to representations and warranties under Section 5.6(c) of the Credit Agreement;

(ii) on and as of the date hereof, no Default or Event of Default exists;

(iii) the Aggregate US Revolving Credit Exposure and the Aggregate Canadian Revolving Credit Exposure, after giving effect to the Loan requested hereby, will not exceed the US Maximum Available Amount and the Canadian Maximum Available Amount, respectively, currently in effect; and

(iv) both before and after giving effect to the Borrowing of the Canadian Revolving Credit Loan requested hereby, the Canadian Borrowing Base will not be exceeded.

All terms defined in the Credit Agreement and used herein have the meanings given to them by the Credit Agreement.

DATED: _____

GERDAU AMERISTEEL CORPORATION,
as Borrower Agent on behalf of Canadian Borrower

By: _____

Name: _____

Title: _____

EXHIBIT C-3
FORM OF REQUEST FOR US LETTERS OF CREDIT

TO: BANK OF AMERICA, N.A., in its capacity as Administrative Agent under the Credit Agreement (as defined below)

AND TO: Issuing Bank(s) under the Credit Agreement

RE: Credit Agreement dated December _____, 2009, made among _____, (the "Account Party" herein), the undersigned, in its capacity as Borrower Agent, you, as Administrative Agent and Issuing Bank, respectively, and the lenders from time to time party thereto, among others (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement")

We refer to the US Revolving Credit Commitments of the US Revolving Lenders under the Credit Agreement and we hereby give you notice that on **[insert date, which must be a Business Day]**[1] we wish to obtain a **[Documentary Letter of Credit / Standby Letter of Credit]** in the face amount of U.S. $_____.

The Letter of Credit is hereby requested to have an expiration date of **[insert date]**, and to be issued to **[insert beneficiary]** at the following address:

[Insert name and address of beneficiary of the Letter of Credit requested]

The Letter of Credit requested hereby is to support **[insert description of transaction for which proposed L/C is requested, in the form reasonably required by the Administrative Agent or the Issuing Bank, along with any other information reasonably requested by the Administrative Agent or the Issuing Bank]**.

We hereby request that the Letter of Credit issued hereunder require, as a condition to the Issuing Bank making payment thereunder, that the beneficiary deliver, prior to the expiry date of such Letter of Credit, **[insert precise description of documents which must be presented]**, and that the beneficiary deliver a certificate including the following verbatim text: **[insert verbatim text required in certificate]**.

Attached hereto is (a) an application completed in the form required by the Issuing Bank and (b) a certificate issued by a Responsible Officer of the Borrower Agent, on behalf of the Account Party, confirming availability for the Letter of Credit requested hereunder, and satisfaction of the conditions precedent therefor, in the form of Exhibit A.

---

[1] At least five (5) Business Days notice is required, unless a shorter period is agreed to by the Administrative Agent and the Issuing Bank hereunder.

All terms defined in the Credit Agreement and used herein have the meanings given to them by the Credit Agreement.

DATED: _____

GERDAU AMERISTEEL CORPORATION,
as Borrower Agent on behalf of US Borrowers

By: _____

Name: _____

Title: _____

EXHIBIT A TO FORM OF REQUEST FOR US LETTERS OF CREDIT

FORM OF RESPONSIBLE OFFICER'S CERTIFICATE

TO: BANK OF AMERICA, N.A., in its capacity as Administrative Agent under the Credit Agreement (as defined below)

AND TO: Issuing Bank(s) under the Credit Agreement

RE: Credit Agreement dated December _____, 2009, made among _____ (a US Borrower and the "Account Party" herein), the undersigned in its capacity as Borrower Agent, you, as Administrative Agent and Issuing Bank, respectively, and the lenders from time to time party thereto, among others (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement")

The undersigned, being a Responsible Officer of **GERDAU AMERISTEEL CORPORATION**, as Borrower Agent on behalf of the Account Party, hereby certify, after due and careful investigation, that:

(i) all representations and warranties contained in the Credit Agreement and in the other Financing Documents executed and delivered on or after the Closing Date are true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date hereof (unless such representation and warranty is expressly limited to an earlier date), subject to the limitations set forth in Section 3.2(a) of the Credit Agreement with respect to representations and warranties under Section 5.6(c) of the Credit Agreement;

(ii) on and as of the date hereof, no Default or Event of Default exists;

(iii) after giving effect to the Letter of Credit requested hereby, and as evidenced by the calculations disclosed in the attached worksheet:

(a) the Allocated US Revolving Credit Exposure of the Account Party will not exceed the US Borrowing Base of such Account Party minus Availability Reserves applicable to such Account Party;

(b) the Aggregate US Revolving Credit Exposure will not exceed the US Maximum Available Amount currently in effect;

(c) the aggregate of all US Letter of Credit Liabilities and the Dollar Equivalent of all Canadian Letter of Credit Liabilities will not exceed $200,000,000; and

(iv) all conditions precedent to the issuance of the Letter of Credit requested hereby have been satisfied.

DATED: _____

GERDAU AMERISTEEL CORPORATION,
as Borrower Agent

By: _____

Name: _____

Title: _____

SCHEDULE A TO RESPONSIBLE OFFICER'S CERTIFICATE

L/C AVAILABILITY WORKSHEET

EXHIBIT C-4
FORM OF REQUEST FOR CANADIAN LETTERS OF CREDIT

TO: BANK OF AMERICA, N.A. (acting through its Canada branch), in its capacity as Canadian Administrative Agent under the Credit Agreement (as defined below)

AND TO: Issuing Bank(s) under the Credit Agreement

RE: Credit Agreement dated December ___, 2009, made among the Canadian Borrower (the "Account Party" herein), the undersigned, in its capacity as Borrower Agent, you, as Canadian Administrative Agent and Issuing Bank, respectively, and the lenders from time to time party thereto, among others (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement")

We refer to the Canadian Revolving Credit Commitments of the Canadian Revolving Lenders under the Credit Agreement and we hereby give you notice that on **[insert date, which must be a Business Day]**[2] we wish to obtain a **[Documentary Letter of Credit / Standby Letter of Credit]** in the face amount of **[Canadian][U.S.]** $_____.

The Letter of Credit is hereby requested to have an expiration date of **[insert date]**, and to be issued to **[insert beneficiary]** at the following address:

[Insert name and address of beneficiary of the Letter of Credit requested]

The Letter of Credit requested hereby is to support **[insert description of transaction for which proposed L/C is requested, in the form reasonably required by the Canadian Administrative Agent or the Issuing Bank, along with any other information reasonably requested by the Canadian Administrative Agent or the Issuing Bank]**.

We hereby request that the Letter of Credit issued hereunder require, as a condition to the Issuing Bank making payment thereunder, that the beneficiary deliver, prior to the expiry date of such Letter of Credit, **[insert precise description of documents which must be presented]**, and that the beneficiary deliver a certificate including the following verbatim text: **[insert verbatim text required in certificate]**.

Attached hereto is (a) an application completed in the form required by the Issuing Bank and (b) a certificate issued by a Responsible Officer of the Borrower Agent, on behalf of the Account Party, confirming availability for the Letter of Credit requested hereunder, and satisfaction of the conditions precedent therefor, in the form of Exhibit A.

All terms defined in the Credit Agreement and used herein have the meanings given to them by the Credit Agreement.

---

[2] At least five (5) Business Days notice is required, unless a shorter period is agreed to by the Canadian Administrative Agent and the Issuing Bank hereunder.

DATED: _____

GERDAU AMERISTEEL CORPORATION,
as Borrower Agent on behalf of Canadian Borrower

By: _____

Name: _____

Title: _____

EXHIBIT A TO FORM OF REQUEST FOR CANADIAN LETTERS OF CREDIT

FORM OF RESPONSIBLE OFFICER'S CERTIFICATE

TO: BANK OF AMERICA, N.A. (acting through its Canada branch), in its capacity as Canadian Administrative Agent under the Credit Agreement (as defined below)

AND TO: Issuing Bank(s) under the Credit Agreement

RE: Credit Agreement dated December _____, 2009, made among the _____ (the Canadian Borrower and the "Account Party" herein), the undersigned, in its capacity as Borrower Agent, you, as Canadian Administrative Agent and Issuing Bank respectively, and the lenders from time to time party thereto, among others (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement")

The undersigned, being a Responsible Officer of **GERDAU AMERISTEEL CORPORATION**, as Borrower Agent on behalf of the Account Party, hereby certify, after due and careful investigation, that:

(i) all representations and warranties contained in the Credit Agreement and in the other Financing Documents executed and delivered on or after the Closing Date are true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date hereof (unless such representation and warranty is expressly limited to an earlier date), subject to the limitations set forth in Section 3.2(a) of the Credit Agreement with respect to representations and warranties under Section 5.6(c) of the Credit Agreement;

(ii) on and as of the date hereof, no Default or Event of Default exists;

(iii) after giving effect to the Letter of Credit requested hereby, and as evidenced by the calculations disclosed in the attached worksheet:

(a) the Aggregate US Revolving Credit Exposure and the Aggregate Canadian Revolving Credit Exposure will not exceed the US Maximum Available Amount and the Canadian Maximum Available Amount, respectively, currently in effect;

(b) the Dollar Equivalent of the aggregate of the Dollar Equivalent of all Canadian Letter of Credit Liabilities and US Letter of Credit Liabilities will not exceed $200,000,000;

(c) the Borrowing Base of the Account Party is sufficient to cover the Letter of Credit requested hereby; and

(iv) all conditions precedent to the issuance of the Letter of Credit requested hereby have been satisfied.

DATED: _____

GERDAU AMERISTEEL CORPORATION,
as Borrower Agent

By: _____

Name: _____

Title: _____

SCHEDULE A TO RESPONSIBLE OFFICER'S CERTIFICATE

L/C AVAILABILITY WORKSHEET

EXHIBIT C-5

FORM OF BORROWING REQUEST (US SWINGLINE LOANS)

TO: BANK OF AMERICA, N.A., in its capacity as Administrative Agent under the Credit Agreement (as defined below)

RE: Credit Agreement dated December _____, 2009, made among the undersigned, in its capacity as Borrower Agent, the US Borrowers, you and the lenders from time to time party thereto, among others (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement")

We refer to the US Swingline Commitment of the US Swingline Lender(s) under the Credit Agreement and we hereby give you notice that on **[insert date, which must be a Business Day]** we wish to obtain a US Swingline Loan in the aggregate principal amount of U.S.$_____.

We hereby certify, on behalf of US Borrowers, after due and careful investigation, that:

(i) all representations and warranties contained in the Credit Agreement and in the other Financing Documents executed and delivered on or after the Closing Date are true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date hereof (unless such representation and warranty is expressly limited to an earlier date), subject to the limitations set forth in Section 3.2(a) of the Credit Agreement with respect to representations and warranties under Section 5.6(c) of the Credit Agreement;

(ii) on and as of the date hereof, no Default or Event of Default exists;

(iii) the Aggregate US Revolving Credit Exposure and the Aggregate Canadian Revolving Credit Exposure, after giving effect to the Loan requested hereby, will not exceed the US Maximum Available Amount and the Canadian Maximum Available Amount, respectively; and

(iv) both before and after giving effect to the Borrowing of the US Swingline Loan requested hereby, the US Borrowing Base of the undersigned will not be exceeded.

All terms defined in the Credit Agreement and used herein have the meanings given to them by the Credit Agreement.

DATED:_____

GERDAU AMERISTEEL CORPORATION,
as Borrower Agent on behalf of US Borrowers

By: _____

Name: _____

Title: _____

EXHIBIT D-1

FORM OF CANADIAN REVOLVING CREDIT NOTE (C$)

Canadian Dollar _____, 200_____
equivalent of U.S.$_____

GERDAU AMERISTEEL CORPORATION, a corporation amalgamated under the Canada Business Corporations Act (the "Canadian Borrower"), for value received, promises and agrees to pay to _____ and its registered assigns (the "Canadian Revolving Lender") or order, at **[Insert address]**, the aggregate unpaid principal balance of all C$ Denominated Loans made by the Canadian Revolving Lender, in lawful money of Canada and in immediately available funds, on or before the Maturity Date provided in the Credit Agreement (as defined below), and to pay interest on the aggregate unpaid principal amount of the C$ Denominated Loans made by the Canadian Revolving Lender to the Canadian Borrower, at such office, in like money and funds, for the period commencing on the date of each such C$ Denominated Loan until such C$ Denominated Loans shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

In addition to and cumulative of any payment required to be made against this note pursuant to the Credit Agreement, this note, including all principal and accrued interest then unpaid thereon, shall be due and payable on the Maturity Date. All payments shall be applied first to accrued interest and the balance to principal, except as otherwise expressly provided in the Credit Agreement. Prepayments on this note shall be applied in the manner set forth in the Credit Agreement.

This note is one of the Canadian Revolving Credit Notes referred to in that certain Credit Agreement dated on or about the date hereof, by and among the Canadian Borrower, the US Borrowers and the Canadian Borrowing Base Parties named therein, Bank of America, N.A., as the Administrative Agent, Bank of America, N.A. (acting through its Canada branch), as the Canadian Administrative Agent, the Issuing Banks, each additional Issuing Bank thereunder from time to time, each of the lenders that is a signatory thereto or which thereafter becomes a party thereto, including the US Swingline Lender and the Canadian Swingline Lender (collectively, the "Lenders"), and certain other Persons party thereto (such Credit Agreement, together with all amendments, restatements, modifications or supplements thereto, being referred to herein as the "Credit Agreement"). This note evidences the C$ Denominated Loans made by the Canadian Revolving Lender thereunder and shall be governed by the Credit Agreement. Capitalized terms used but not defined in this note and which are defined in the Credit Agreement shall have the meanings herein as are assigned in the Credit Agreement.

The Canadian Revolving Lender is hereby authorized by the Canadian Borrower to endorse on Schedule A (or a continuation thereof) attached to this note, the amount and date of each payment or prepayment of principal of each C$ denominated Canadian Revolving Credit Loan received by the Canadian Revolving Lender and the interest rates applicable to each Canadian Revolving Credit Loan that constitutes a Dollar Denominated Loan, provided that any failure by the Canadian Revolving Lender to make any such endorsement shall not affect the obligations of the Canadian Borrower under the Credit Agreement or under this note in respect of such C$ Denominated Loans.

Except only for any notices which are specifically required by the Credit Agreement or the other Financing Documents, the Canadian Borrower and any and all co-makers, endorsers, guarantors and sureties severally waive notice (including but not limited to notice of intent to accelerate and notice of

acceleration, notice of protest and notice of dishonour), demand, presentment for payment, protest, diligence in collecting and the filing of suit for the purpose of fixing liability, and consent that the time of payment hereof may be extended and re-extended from time to time without notice to any of them. Each such person agrees that his, her or its liability on or with respect to this note shall not be affected by any release of or change in any guaranty or security at any time existing or by any failure to perfect or maintain perfection of any Lien against or security interest in any such security or the partial or complete enforceability of any guaranty or other surety obligation, in each case in whole or in part, with or without notice and before or after maturity.

The Credit Agreement provides for the acceleration of the maturity of this note upon the occurrence of certain events and for prepayment of C$ Denominated Loans upon the terms and conditions specified therein. Reference is made to the Credit Agreement for all other pertinent purposes.

This note is issued pursuant to and is entitled to the benefits of the Credit Agreement and is secured by the Security Instruments.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK APPLICABLE THEREIN.

[Remainder of page intentionally left blank; Signature appears on following page.]

IN WITNESS WHEREOF, the party to this Note has caused this Note to be duly executed and delivered on the date first set forth above.

GERDAU AMERISTEEL CORPORATION

By: _____

Name: _____

Title: _____

EXHIBIT D-2

FORM OF CANADIAN REVOLVING CREDIT NOTE (US$)

U.S. $ _____ _____, 200__

GERDAU AMERISTEEL CORPORATION, a corporation amalgamated under the Canada Business Corporations Act (the "Canadian Borrower"), for value received, promises and agrees to pay to ___and its registered assigns (the "Canadian Revolving Lender") or order, at **[Insert address]**, the aggregate unpaid principal balance of all Dollar denominated Canadian Revolving Credit Loans made by the Canadian Revolving Lender, in lawful money of the United States of America and in immediately available funds, on or before the Maturity Date provided in the Credit Agreement (as defined below), and to pay interest on the aggregate unpaid principal amount of the Dollar denominated Canadian Revolving Credit Loans made by the Canadian Revolving Lender to the Canadian Borrower, at such office, in like money and funds, for the period commencing on the date of each such Dollar denominated Canadian Revolving Credit Loan until such Dollar denominated Canadian Revolving Credit Loans shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

In addition to and cumulative of any payment required to be made against this note pursuant to the Credit Agreement, this note, including all principal and accrued interest then unpaid thereon, shall be due and payable on the Maturity Date. All payments shall be applied first to accrued interest and the balance to principal, except as otherwise expressly provided in the Credit Agreement. Prepayments on this note shall be applied in the manner set forth in the Credit Agreement.

This note is one of the Canadian Revolving Credit Notes referred to in that certain Credit Agreement dated on or about the date hereof, by and among the Canadian Borrower, the US Borrowers and the Canadian Borrowing Base Parties named therein, Bank of America, N.A., as the Administrative Agent, Bank of America, N.A. (acting through its Canada branch), as the Canadian Administrative Agent, Canadian Funding Bank and US Funding Bank, the Issuing Banks, each additional Issuing Bank thereunder from time to time, each of the lenders that is a signatory thereto or which thereafter becomes a party thereto, including the US Swingline Lender and the Canadian Swingline Lender (collectively, the "Lenders"), and certain other Persons party thereto (such Credit Agreement, together with all amendments, restatements, modifications or supplements thereto, being referred to herein as the "Credit Agreement"). This note evidences the C$ Denominated Loans made by the Canadian Revolving Lender thereunder and shall be governed by the Credit Agreement. Capitalized terms used but not defined in this note and which are defined in the Credit Agreement shall have the meanings herein as are assigned in the Credit Agreement.

The Canadian Revolving Lender is hereby authorized by the Canadian Borrower to endorse on Schedule A (or a continuation thereof) attached to this note, the amount and date of each payment or prepayment of principal of each Dollar denominated Canadian Revolving Credit Loan received by the Canadian Revolving Lender and the interest rates applicable to each Dollar denominated Canadian Revolving Credit Loan, provided that any failure by the Canadian Revolving Lender to make any such endorsement shall not affect the obligations of the Canadian Borrower under the Credit Agreement or under this note in respect of such Dollar denominated Canadian Revolving Credit Loans.

Except only for any notices which are specifically required by the Credit Agreement or the other Financing Documents, the Canadian Borrower and any and all co-makers, endorsers, guarantors and sureties severally waive notice (including but not limited to notice of intent to accelerate and notice of

acceleration, notice of protest and notice of dishonour), demand, presentment for payment, protest, diligence in collecting and the filing of suit for the purpose of fixing liability, and consent that the time of payment hereof may be extended and re-extended from time to time without notice to any of them. Each such person agrees that his, her or its liability on or with respect to this note shall not be affected by any release of or change in any guaranty or security at any time existing or by any failure to perfect or maintain perfection of any Lien against or security interest in any such security or the partial or complete enforceability of any guaranty or other surety obligation, in each case in whole or in part, with or without notice and before or after maturity.

The Credit Agreement provides for the acceleration of the maturity of this note upon the occurrence of certain events and for prepayment of Dollar denominated Canadian Revolving Credit Loans upon the terms and conditions specified therein. Reference is made to the Credit Agreement for all other pertinent purposes.

This note is issued pursuant to and is entitled to the benefits of the Credit Agreement and is secured by the Security Instruments.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK APPLICABLE THEREIN.

[Remainder of page intentionally left blank; Signature appears on following page.]

IN WITNESS WHEREOF, the party to this Note has caused this Note to be duly executed and delivered on the date first set forth above.

[CANADIAN BORROWER]

By: _____

Name: _____

Title: _____

SCHEDULE A TO CANADIAN REVOLVING CREDIT NOTE (C$)

This note evidences C$ Denominated Loans made by the Canadian Revolving Lender under the within-described Credit Agreement to the Canadian Borrower, which C$ Denominated Loans are in the principal amounts and were made and repaid or prepaid on the dates set forth below:

Date Made	Principal Amount of Loan	Date of Payment or Prepayment	Amount Paid or Prepaid	Interest Rate	Balance Outstanding

EXHIBIT E

FORM OF US PERFECTION CERTIFICATE

I, _____, the _____ of *[_____]*, a *[_____]* (the "Company"), do hereby certify, pursuant to the Credit Agreement dated December ___, 2009 (as at any time amended, modified, restated or supplemented, the "Agreement"), among Gerdau Ameristeel Corporation, a corporation amalgamated under the Canada Business Corporations Act ("Canadian Borrower"); Consolidated Recycling Incorporated, a corporation amalgamated under the laws of Ontario ("Consolidated Recycling") in its capacity as a Canadian Credit Party and a Canadian Borrowing Base Party thereunder; Gerdau Ameristeel US Inc., a Florida corporation ("Ameristeel US"); the other US Borrowers named therein (collectively with Ameristeel US, the "US Borrowers" and individually, a "US Borrower"; the US Borrowers and the Canadian Borrower are together referred to herein as the "Borrowers" and individually, a "Borrower"); Bank of America, N.A., as the Administrative Agent, Bank of America, N.A. (acting through its Canada branch), as the Canadian Administrative Agent, the Issuing Banks, each additional Issuing Bank thereunder from time to time, each of the lenders that is a signatory to the Agreement or which thereafter becomes a party to the Agreement, including the US Swingline Lender and the Canadian Swingline Lender (collectively, the "Lenders") and certain other Persons party thereto, as follows:

1. Name. The exact legal name of the Company as that name now appears on its Articles of Incorporation is:

2. Other Identifying Factors.

a. The following is a mailing address for the Company:

b. If different from its indicated mailing address, the Company's principal place of business or, if more than one, its chief executive office, is located at the following address:

c. The following is the type of organization of the Company:

d. The following is the sole jurisdiction of the Company's organization:

e. The following is the Company's Federal Tax Identification Number (EIN): The following is the Company's state-issued organizational identification number:

3. Other Names, etc.

a. The following is a list of all other legal names, and trade names under which inventory has been sold or receivables have been created, used by the Company, or any other business or organization to which the Company became the successor by merger, consolidation, acquisition, change in form, nature or jurisdiction of organization or otherwise, now or at any time during the past five years:

b. Attached hereto as Schedule 3 is the information required in **§2** above for any other business or organization to which the Company became the successor by merger, consolidation, acquisition of assets, change in form, nature or jurisdiction of organization or otherwise, now or at any time during the past five years.

4. Other Current Locations.

a. The following are all other locations in the United States of America in which the Company maintains any books or records relating to any of the Collateral (street address, City, County and State):

b. The following are all other places of business of the Company in the United States of America (street address, City, County and State):

c. The following are all other locations in the United States of America where any Collateral is located (street address, City, County and State):

d. The following are the names and addresses of all persons or entities other than the Company, such as lessees, consignees, warehousemen or purchasers of chattel paper, which have possession or are intended to have possession of any of the Collateral (name, street address, City, County and State):

5. Prior Locations.

a. Set forth below is the information required by **§§4(a)** or **(b)** with respect to each location or place of business previously maintained by the Company at any time during the past five years in a state in which the Company has previously maintained a location or place of business at any time during the past four months (street address, City, County and State):

b. Set forth below is the information required by **§§4(c)** or **(d)** with respect to each other location at which, or other person or entity with which, any of the Collateral has been previously held at any time during the past twelve months (name, street address, City, County and State):

6. Unusual Transactions. Except for those purchases, acquisitions and other transactions described on Schedule 3 or on Schedule 6 attached hereto, all of the Collateral has been originated by the Company in the ordinary course of the Company's business or consists of goods which have been acquired by the Company in the ordinary course from a person in the business of selling goods of that kind.

7. Other.

a. Set forth on Schedule 7(a) is a complete list of all the Company's bank accounts, including without limitation, all demand deposit accounts, Blocked Accounts, Lockboxes, and Deposit Accounts (as such term is defined in the US Security Agreement).

b. Set forth on Schedule 7(b) is a complete list of all of the Company's Intellectual Property Rights (as such term is defined in the US Security Agreement), including without limitation, all patents, patent applications, trademarks, trademark applications, service marks, copyrights, and copyright applications.

c. Set forth on Schedule 7(c) is a complete list of all the certificated securities owned by the Company, including without limitation, all Pledged Securities (as such term is defined in the US Securities Pledge Agreement), together with all certificate numbers and numbers of shares owned.

d. Set forth on Schedule 7(d) is a complete list of all intercompany notes held by the Company and due and payable to the Company.

e. Set forth on Schedule 7(e) is a complete list of all securities accounts.

Capitalized terms used herein without definition shall have the meanings ascribed to such terms in the Agreement.

[Remainder of page intentionally left blank; Signature appears on following page.]

IN WITNESS WHEREOF, I have hereunto executed and delivered this Certificate on behalf of the Company on this ___ day of ___, 20___.

By: _____

Name: _____

Title: _____

Schedule 3
Organizations Succeeded

Schedule 6
Unusual Transactions

Schedule 7(a)
Bank Accounts

Schedule 7(b)
Intellectual Property Rights

Schedule 7(c)
Securities

Schedule 7(d)
Intercompany Notes

Schedule 7(e)
Securities Accounts

EXHIBIT F

FORM OF US REVOLVING CREDIT NOTE

U.S.$_____ _____, 200_____

GERDAU AMERISTEEL US INC., a Florida corporation; **GERDAU AMERISTEEL SAYREVILLE INC.**, a Delaware corporation; **GERDAU AMERISTEEL PERTH AMBOY INC.**, a New Jersey corporation; **CHAPARRAL STEEL COMPANY**, a Delaware corporation; **ENCO MATERIALS, INC.**, a Tennessee corporation; **SHEFFIELD STEEL CORPORATION**, a Delaware corporation; **CHAPARRAL (VIRGINIA) INC.**, a Delaware corporation; **AMERICAN MATERIALS TRANSPORT, INC.**, a Delaware corporation; **CHAPARRAL STEEL TEXAS, LLC**, a Delaware limited liability company; and **CHAPARRAL STEEL MIDLOTHIAN, LP**, a Delaware limited partnership (collectively, the "US Borrowers"), for value received, promise and agree, jointly and severally, to pay to _____and its registered assigns (the "US Revolving Lender") or order, at **[insert address]**, the aggregate unpaid principal balance of all US Revolving Credit Loans made by the US Revolving Lender, in lawful money of the United States of America and in immediately available funds, on or before the Maturity Date provided in the Credit Agreement (as defined below), and to pay interest on the aggregate unpaid principal amount of the US Revolving Credit Loans made by the US Revolving Lender to the US Borrowers, at such office, in like money and funds, for the period commencing on the date of each such US Loan until such US Revolving Credit Loans shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

In addition to and cumulative of any payment required to be made against this note pursuant to the Credit Agreement, this note, including all principal and accrued interest then unpaid thereon, shall be due and payable on the Maturity Date. All payments shall be applied first to accrued interest and the balance to principal, except as otherwise expressly provided in the Credit Agreement. Prepayments on this note shall be applied in the manner set forth in the Credit Agreement.

This note is one of the US Revolving Credit Notes referred to in that certain Credit Agreement dated on or about the date hereof, by and among Gerdau Ameristeel Corporation, a corporation amalgamated under the Canada Business Corporations Act, the US Borrowers, certain affiliates of the US Borrowers, Bank of America, N.A., as the Administrative Agent, Bank of America, N.A. (acting through its Canada branch), as the Canadian Administrative Agent, the Issuing Banks, each additional Issuing Bank thereunder from time to time, each of the lenders that is a signatory thereto or which thereafter becomes a party thereto, including the US Swingline Lender and the Canadian Swingline Lender (collectively, the "Lenders"), and certain other Persons party thereto (such Credit Agreement, together with all amendments, modifications or supplements thereto and all restatements thereof, being referred to herein as the "Credit Agreement"). This note evidences the US Revolving Credit Loans made by the US Revolving Lender thereunder and shall be governed by the Credit Agreement. Capitalized terms used but not defined in this Note and which are defined in the Credit Agreement shall have the meanings herein as are assigned in the Credit Agreement.

The US Revolving Lender is hereby authorized by the US Borrowers to endorse on Schedule A (or a continuation thereof) attached to this note, the amount and date of each payment or prepayment of principal of each US Revolving Credit Loan received by the US Revolving Lender and the interest rates applicable to each US Revolving Credit Loan, provided that any failure by the US Revolving Lender to make any such endorsement shall not affect the obligations of the US Borrowers under the Credit Agreement or under this note in respect of such US Revolving Credit Loans.

Except only for any notices which are specifically required by the Credit Agreement or the other Financing Documents, the US Borrowers and any and all co-makers, endorsers, guarantors and sureties severally waive notice (including but not limited to notice of intent to accelerate and notice of acceleration, notice of protest and notice of dishonor), demand, presentment for payment, protest, diligence in collecting and the filing of suit for the purpose of fixing liability, and consent that the time of payment hereof may be extended and re-extended from time to time without notice to any of them. Each such person agrees that his, her or its liability, on or with respect to this note shall not be affected by any release of or change in any guaranty or security at any time existing or by any failure-to perfect or maintain perfection of any Lien against or security interest in any such security or the partial or complete enforceability of any guaranty or other surety obligation, in each case in whole or in part, with or without notice and before or after maturity.

The Credit Agreement provides for the acceleration of the maturity of this note upon the occurrence of certain events and for prepayment of US Revolving Credit Loans upon the terms and conditions specified therein. Reference is made to the Credit Agreement for all other pertinent purposes.

This note is issued pursuant to and is entitled to the benefits of the Credit Agreement and is secured by the Security Instruments.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK APPLICABLE THEREIN.

[Remainder of page intentionally left blank; Signatures appear on following page.]

IN WITNESS WHEREOF, each of the parties to this Note has caused this Note to be duly executed and delivered on the date first set forth above.

GERDAU AMERISTEEL US INC.
GERDAU AMERISTEEL SAYREVILLE INC.
GERDAU AMERISTEEL PERTH AMBOY INC.
CHAPARRAL STEEL COMPANY
ENCO MATERIALS, INC.
SHEFFIELD STEEL CORPORATION
CHAPARRAL (VIRGINIA) INC.
AMERICAN MATERIALS TRANSPORT, INC.
CHAPARRAL STEEL TEXAS, LLC
CHAPARRAL STEEL MIDLOTHIAN, LP

By: _____

Name: _____

Title: _____

SCHEDULE A TO US REVOLVING CREDIT NOTE

This note evidences US Revolving Credit Loans made by the US Revolving Lender under the within-described Credit Agreement to the US Borrowers, which US Revolving Credit Loans are in the principal amounts and were made and repaid or prepaid on the dates set forth below:

Date Made	Principal Amount of Loan	Date of Payment or Prepayment	Amount Paid or Prepaid	Interest Rate	Balance Outstanding

EXHIBIT G

FORM OF NO DEFAULT/COMPLIANCE CERTIFICATE

TO: Each of the Lenders party to the Credit Agreement referred to below

Reference is made to that certain Credit Agreement dated December ___, 2009 (as amended, restated, supplemented, replaced or otherwise modified from time to time, the "Credit Agreement"), among Gerdau Ameristeel Corporation (the "Company"), various financial institutions, as Lenders, Bank of America, N.A., as Administrative Agent, Bank of America, N.A. (acting through its Canada branch), as Canadian Administrative Agent, and the US Borrowers, among others. Terms used but not otherwise defined herein are used herein as defined in the Credit Agreement.

I, ___, being a Responsible Officer of the Company, in its capacity as Borrower Agent on behalf of the Borrowers, pursuant to Section 6.10(e) of the Credit Agreement, hereby certify, in my capacity as an officer of the Company and not personally, that:

A. Financial Statements. The financial statements required by Sections 6.10(a) and 6.10(b) of the Credit Agreement, and the activities of the Company and its Subsidiaries during the period covered thereby, have been reviewed under the supervision of the undersigned with a view to determining whether the Company and its Subsidiaries have fulfilled in all material respects all of their obligations under the Credit Agreement and the other Financing Documents.

B. Defaults. No Default exists and the Company and its Subsidiaries have fulfilled in all respects their obligations under the instruments described in clause A above.

C. Worksheet. Attached hereto is a worksheet demonstrating in reasonable detail compliance (including, but not limited to, showing all material calculations), as at the end of the fiscal year, fiscal quarter or month, as applicable, ended on _____, with Section 6.12 of the Credit Agreement; provided that, such calculations shall not be required more frequently than quarterly unless a Trigger Event has occurred.

D. Other Information. Attached hereto are such financial or other details, information and material as the Administrative Agent has reasonably requested to evidence compliance with the requirements described in clause C above.

E. Pensions. The Company and its Subsidiaries have complied in all respects with Section 7.9 of the Credit Agreement, and have complied with the minimum funding requirements with respect to each Plan maintained by the Company, its Subsidiaries, or both, or to which the Company or any of its Subsidiaries is a member.

DATED: _____

GERDAU AMERISTEEL CORPORATION,
as Borrower Agent on behalf of Borrowers

By: _____

Name: _____

Title: _____

EXHIBIT H

FORM OF ASSIGNMENT AND ACCEPTANCE

This Assignment and Acceptance (the "Assignment and Acceptance") is dated as of the Effective Date set forth below and is entered into by and between ***[Insert name of Assignor]*** (the "Assignor") and ***[Insert name of Assignee]*** (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, supplemented or otherwise modified or restated from time to time, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto (the "Standard Terms and Conditions") are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Acceptance as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a [US][Canadian] Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, but solely to the extent related to the amount and percentage interest identified below, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a [US][Canadian] Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interests"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Acceptance, without representation or warranty by the Assignor.

1. Assignor:	_____
1(a). Related Affiliate (if applicable)	_____
2. Assignee:	_____
2(a). Related Affiliate (if applicable)	_____
3. Borrowers:	Gerdau Ameristeel US Inc., Gerdau Ameristeel Sayreville Inc., Gerdau Ameristeel Perth Amboy Inc., Chaparral Steel Company, Enco Materials, Inc., Sheffield Steel Corporation, Chaparral (Virginia) Inc., American Materials Transport, Inc., Chaparral Steel Texas, LLC, Chaparral Steel Midlothian, LP (collectively, the "Borrowers")
4. Administrative Agent:	Bank of America, N.A.

5. Canadian Administrative Agent — Bank of America, N.A. (acting through its Canada branch)

6. Credit Agreement — The U.S. $600,000,000 Credit Agreement dated December __, 2009, among the Borrowers, the Lenders parties thereto, Bank of America, N.A., as Administrative Agent, Bank of America, N.A. (acting through its Canada branch), as the Canadian Administrative Agent, and the other parties thereto

7. Assigned Interests:

Facility Assigned by Assignor[1]	Aggregate Amount of Commitment/Loans	Amount of Commitment/Loans	Percentage Assigned of
	$	$	%
	$	$	%
	$	$	%

Effective Date:_____, 20 ___[TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Acceptance are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: _____

Name: _____

Title: _____

[1] Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g. "US Revolving Credit Commitment", "US Revolving Credit Loans", "US Swingline Commitment", "Canadian Revolving Credit Commitment", "Canadian Revolving Credit Loans", "Canadian Swingline Commitment").

[2] Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

ASSIGNEE

[NAME OF ASSIGNEE]

By: _____

Name: _____

Title: _____

Consent to and Accepted:[3]

BANK OF AMERICA, N.A.,

as Administrative Agent

By: _____

Name: _____

Title: _____

Consented to:[4]

_____, on behalf of the
Borrowers

By: _____

Name: _____

Title: _____

---

[3] Not required if assignment is to a Lender or an Affiliate of a Lender, except as described in Section 10.7(b) of the Credit Agreement.

[4] Not required if assignment is to a Lender or an Affiliate of a Lender, except as described in Section 10.7(b) of the Credit Agreement. Not required if a Default under the Credit Agreement has occurred and is continuing.

Consented to:[5]

[NAME OF ISSUING BANK]

By: _____

Name: _____

Title: _____

[5] Required from any Issuing Bank which has an outstanding Letter of Credit, in the case of an assignment of all or a portion of a Revolving Credit Commitment or any Lender's obligations in respect of its Revolving Credit Exposure. Not required if assignment is to a Lender or an Affiliate of a Lender, except as described in Section 10.7(b) of the Credit Agreement.

ANNEX 1

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ACCEPTANCE

1. Representations and Warranties.

1.1. Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interests, (ii) the Assigned Interests are free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby; (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Financing Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Financing Documents or any collateral thereunder, (iii) the financial condition of the Borrowers, any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Financing Document or (iv) the performance or observance by the Borrowers, any of their Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Financing Document[, **and (c) attaches the Note(s) held by it evidencing the Assigned Interests and requests that the Administrative Agent exchange such Note(s) for a replacement Note or Notes payable to the Assignee and (if the Assignor has retained any interest in the Credit Facilities) a replacement Note or Notes payable to the Assignor in the respective amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date)]. [Delete bracketed language if Assignor does not hold Note(s).]**

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a [US][Canadian] Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interests and become a [US][Canadian] Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a [US][Canadian] Lender thereunder and, to the extent of the Assigned Interests, shall have the obligations of a [US][Canadian] Lender thereunder, and (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.10 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase the Assigned Interests on the basis of which it has made such analysis and decision independently and without reliance on any Agent, the Assignor or any other Lender; and (b) agrees that (i) it will, independently and without reliance on any Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Financing Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Financing Documents are required to be performed by it as a [US][Canadian] Lender.

2. Payments. From and after the Effective Date, the Administrative Agent or the Canadian Administrative Agent, as applicable, shall make all payments in respect of the Assigned Interests (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts

have accrued prior to the Effective Date or accrued subsequent to the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for the periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment and Acceptance shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Acceptance may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Acceptance by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York and the federal laws of the United States of America applicable thereto.