

FORM 51-102F3

MATERIAL CHANGE REPORT

Item 1. – Name and Address of Company:

Stelco Inc.
386 Wilcox Street
Hamilton, Ontario
L8N 3T1

Item 2. – Date of Material Change:

June 22, 2006.

Item 3. – News Release:

A news release was issued by Stelco Inc. (“Stelco”) on June 22, 2006 at Toronto, Ontario through Canada NewsWire.

Item 4. – Summary of Material Change:

On June 22, 2006, Stelco was notified that members of the United Steelworkers Local 1005 (“USW Local 1005”) had ratified a memorandum of agreement between USW Local 1005 and Stelco.

Item 5. – Full Description of Material Change:

On June 22, 2006, Stelco was notified that members of USW Local 1005 (“members”) had ratified a memorandum of agreement dated June 15, 2006 (the “Memorandum of Agreement”) between USW Local 1005 and Stelco.

Pursuant to the Memorandum of Agreement, the basic agreement between USW Local 1005 and Stelco dated June 26, 2002, which would have otherwise expired on July 31, 2006, will be renewed and revised (as renewed and revised the “Revised Basic Agreement”). The Revised Basic Agreement will expire on July 31, 2010.

Pursuant to the Memorandum of Agreement and the Revised Basic Agreement, among other things, (i) the number of member job classes will be reduced from 28 to eight, (ii) wage increases for members will be made over the term of the Revised Basic Agreement ranging from \$1.06 to \$3.98 per hour in the aggregate, not including a cost of living adjustment, (iii) a productivity bonus plan and a profit sharing plan will be established for members, and (iv) certain amendments will be made to existing benefit entitlements for members. In addition, Stelco has introduced a transition assistance program which, among other things, allows pension-eligible members to choose to retire with a lump sum supplement of \$20,000 as an alternative to ongoing employment.

The terms of the Revised Basic Agreement became effective on June 22, 2006.

As part of its broader workforce reduction plan, Stelco has also extended a buyout program to certain of its salaried employees. The broader workforce reduction plan has a target reduction of approximately 15 per cent of Stelco's current salaried and hourly employees.

Item 6. – Reliance on Section 7.1(2) or (3) of National Instrument 51-102:

N/A

Item 7. – Omitted Information:

N/A

Item 8. – Executive Officer:

Rodney B. Mott
President and Chief Executive Officer
Stelco Inc.

Telephone: (905) 528-2511
Fax: (905) 308-7002

Item 9. – Date of Report:

June 29, 2006.

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This report contains "forward-looking information" that is based on Stelco's expectations, estimates and projections as of the date of this report or as of the date which such information is identified to be given. This forward-looking information includes, among other things, factors relating to the business, financial position, operations and prospects of Stelco, including: Stelco's strategies and plans to reduce costs and the anticipated outcome of such strategies and plans; anticipated productivity levels and profitability; labour matters related to Stelco's predominantly unionized workforce; pension matters; consolidation in the steel industry; Stelco's energy and raw material costs and the availability of such materials; the volatility of selling prices for steel; international trade matters, including increases in steel imports into Canada; employee matters, including staffing levels, the retention of the skills and knowledge of Stelco's employees and the ability to attract and retain new employees; changes to environmental laws and regulations concerned with, among other things, emissions into the air, discharges to water or land, noise control and the generation, handling, storage, transportation and disposal of toxic substances; new technological developments and Stelco's ability to make capital expenditures to maintain and enhance its technological ability; development of new products; planned capital expenditures; and currency fluctuations in the US dollar and its impact on steel pricing, and costs. Often, but not always, forward-looking information can be identified by the use of words and phrases such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or states that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved.

Forward-looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Stelco to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Actual results, performance and achievements are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained herein. Such forward-looking information is based on a number of assumptions which may prove to be incorrect, including, but not limited to: exchange rates, energy and other anticipated and unanticipated costs; pension contributions and expenses; the supply and demand for, deliveries of, and the level and volatility of prices of, steel and raw materials; the continued availability of financing on appropriate terms; market competition; the impact on Stelco of various environmental regulations and initiatives; and Stelco's ongoing relations with its employees and staffing levels. While Stelco anticipates that subsequent events and developments may cause Stelco's views to change, Stelco specifically disclaims any obligation to update this forward-looking information. This forward-looking information should not be relied upon as representing Stelco's views as of any date subsequent to the date of this report.