ArcelorMittal

Audit, Finance and Administration Committee
ArcelorMittal Long Products Canada

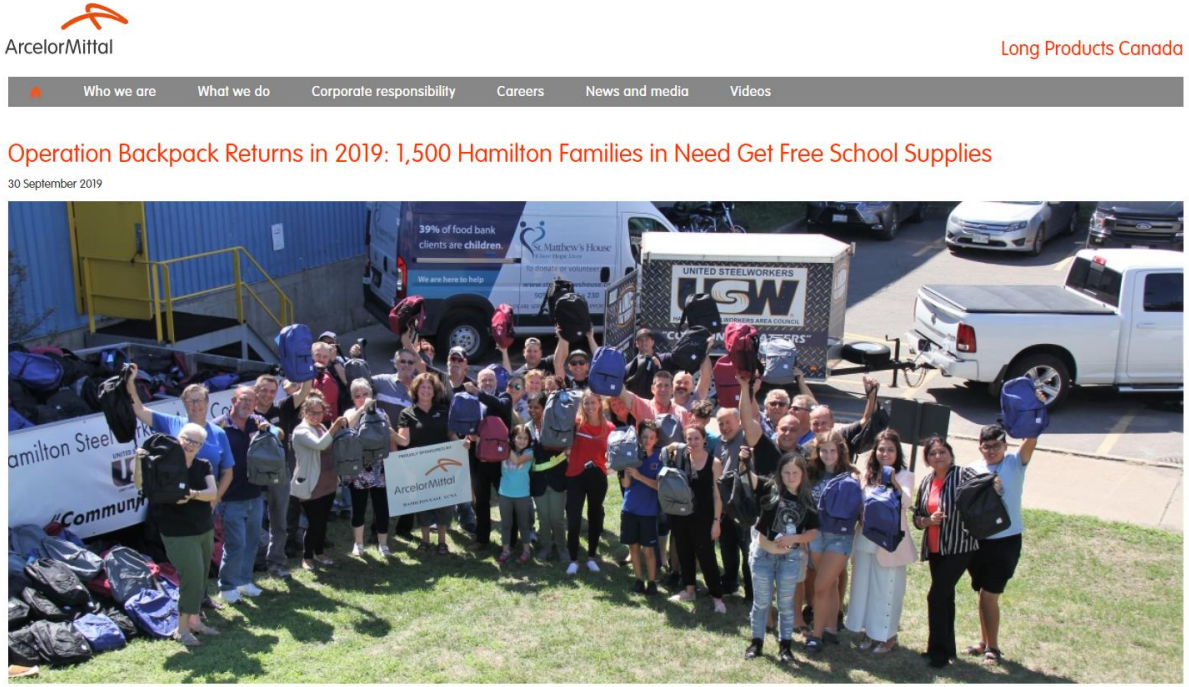
December 5th, 2019

ArcelorMittal Long Products Canada (AMLPC) – Hamilton East Facility - Who we are

- Part of ArcelorMittal North America.
  - Our Head Office is in Contrecoeur, Qc.
  - Arcelor Mittal Dofasco is a sister company.

- We have new 9 operating facilities, including Hamilton East - Wire Drawing facility

- Hamilton East facility in short:
  - Established in 1956
  - About 600,000 square feet
  - 236 direct employees
  - Annually over $30 millions in local spending
  - Annually around $1 million direct revenue for the city of Hamilton
  - Well integrated and active into the local community



ArcelorMittal

AMLPC – Hamilton East Facility – Working towards a resolution on Raw Water Sourcing

Dates	Initiatives
September 5th until December 17th	Undertaking procedures (to protect against threat of Raw Water supply interruption)
September 18th	AMLPC brings City Administration back to the table and continues progress
Sept. 18th – Oct. 15th	Exchanges on backflow prevention - Research in the CSA norm and MECP - Phone conversations with City's engineers - Validation with suppliers
October 1st	Proposal (3 options) to the City
October 9th and 10th	Cross-examinations
October 28th	Counter proposal from the City - City's states that MECP wrote a report identifying risk and demanding a backflow prevention device - Request to the City to obtain MECP report
November 11th	AMLPC's counter-offer
November 24th	City's counter-offer - Multiples requests to the City to obtain MECP report not addressed
November 26th	AMLPC's counter-offer
December 3rd	AMPLC's signed latest proposal on the agreement sent to the City

ArcelorMittal

AMLPC – Hamilton East Facility – Items of raw water discussion agreed upon

Agreed	Items
✓	1. Scope of Work: – Location of the Raw Water pumping station – Raw Water Electrical Upgrade
✓	2. Associated amounts to be paid
✓	3. Payment terms
✓	4. Building Repairs
✓	5. Easement Fees
✓	6. Water charges
✓	7. AMLPC withdrawal of damage claims – ($95K) for interruption of Raw Water supply without City's prior notice. – ($31K) for bypass invoice 479955

ArcelorMittal

AMLPC – Hamilton East Facility – Raw Water Supply : Status Update

- AMLPC has accomplished the following to enter into a Supply and Easement Agreement with the City by Dec. 2nd, 2019, :
  - Draft Supply Agreement sent to the City on December 3, 2019.

    Terms and conditions are agreed upon with the City, but still awaiting feedback from City Administration on:
    - Backflow preventer
      - In accordance with CSA B64.10-17
      - Installation at next AMHE plant maintenance shutdown (July 2020) to avoid interruption of operations
    - Exclusion of liability: communication protocol
    - Decommissioning of the assets: clear identification of ownership

- **Our ask to Hamilton City Council is formal approval on extension of period required to finalize agreement to February 7th, 2020, and approve installation of the backflow preventer during July 2020 maintenance shutdown.**
  - Thereafter, should the parties be unable to reach agreement before February 7, 2020, we would refer the case to commercial mediation to facilitate finalization of the contractual documents.
  - Considering current economical challenges in the steel industry, we trust the city of Hamilton will work together with AMLPC in resolving this matter, protecting the 236 direct jobs and supporting the Hamilton families depending on AMLPC's steady employment income

ArcelorMittal