

ALGOMA STEEL INC.

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NEWS RELEASE
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SAULT STE. MARIE, ONTARIO – Address To Shareholders On May 2, 2000 By Alexander Adam, President & Chief Executive Officer Algoma Steel Inc.

In his address to the shareholders today Sandy Adam, President and Chief Executive Officer of Algoma Steel Inc. discussed the dramatic changes that have occurred since the Company restructured in 1992.

"This could be viewed as a 'watershed year' for Algoma Steel", he said, "This will be the first year since the turn of the previous century that shaped products (like) rails, structurals or tubes will not be produced by Algoma. We are now a focused producer of flat rolled products, sheet and plate."

He went on to say that, "Reaching this point necessitated two years of significant change in our operations. During this period we have continued to absorb the costs associated with the Direct Strip Production Complex (DSPC) ramp-up as well as significant costs associated with closing the Algoma Ore Division and the shaped product facilities (in 1998 and 1999). We have managed this change in a period where sheet prices dropped to the lowest levels that had been experienced in the last twenty years. We have a long way to go to reach acceptable levels; however, there are reasons for optimism."

Adam stated that the outlook for Quarter 2 is favorable and that he has confidence in the ability of the DSPC to reach targeted product quality and production rates. "Though dumped sheet imports are an on-going concern, the immediate market outlook in both volume and pricing is good. Although we underestimated the difficulties associated with mastering the mix of technologies that make up the DSPC, our people are now the world leaders in this process. We have reason to expect continuous improvement in something that will be difficult for others to duplicate."

He also stated that various subgroups reviewing Algoma's strategic plans are looking at all aspects of Algoma's operations. "However, let me describe one significant area. A group of employees has been given the task of identifying the changes necessary to strengthen the competitiveness of the 166"/106" mill combination. This is extremely important because, if the projected economics indicate that the potential of this facility and the DSPC should be fully tapped this would raise Algoma's shipment level by two thirds to 3.3 million tons per year from the 2.0 million tons per year that we have

experienced since 1992."

In his conclusion, he stated that, "I believe that these are positive developments for our customers, our shareholders and our employees."

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