

## **ALGOMA STEEL INC.**

105 West Street  
Sault Ste. Marie, Ontario, Canada P6A 7B4  
Phone: 705-945-2351 Fax: 705-945-2203

### **NEWS RELEASE**

**Wednesday, May 14, 2003**

**TSE Symbol: AGA**

**SAULT STE. MARIE, ONTARIO** – Algoma Steel Inc. announced today the implementation of a ninety-day Market Adjustment Plan that is designed to keep the Company cash flow positive as steel markets decline. The Plan is targeted to achieve an annualized operating cost reduction of \$40 million to compensate for overall declining prices, rising energy and other costs, and a strengthening Canadian dollar. This is part of an overall Margin Improvement Plan designed to increase EBITDA by \$100 million, on an annualized basis, over the next three years.

This plan will focus on all areas of the Corporation including:

- Employment, maintenance, services and supplier costs, and will include a workforce reduction of approximately 600;
- Working capital reductions including raw materials, work in process, finished goods and supplies;
- Continuous evaluation of all facilities to ensure positive cash flow;
- The scaling back or elimination of non-critical activities.

This Market Adjustment Plan will focus the organization on continuing to improve the balance sheet and the operation to ensure that Algoma Steel Inc. strengthens and remains a successful company.

Algoma Steel Inc. is an integrated steel producer based in Sault Ste. Marie, Ontario. Revenues are derived primarily from the manufacture and sale of rolled steel products, including hot and cold rolled sheet and plate.

Company Contact:

Steve Boniferro  
Vice President, Human Resources  
705-945-2785