



## **ALGOMA STEEL INC.**

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**TSX Symbol: AGA**

### **Algoma Steel Obtains New \$200 Million Credit Facility**

**SAULT STE. MARIE, ONTARIO, September 3, 2003** – Algoma Steel Inc. announced today the closing of a \$200 million secured revolving credit facility with a syndicate of four banks led by Bank of America, N.A.

The facility will be used for general corporate purposes and will replace the Company's existing credit facility of \$180 million which was scheduled to mature in December 2003. The new facility matures on September 3, 2007 and is secured by inventory and receivables.

The new facility features a number of improvements including increased availability, lower interest rates and fewer financial covenants. Unused availability is projected to increase due to a number of changes to eligibility criteria but particularly due to the elimination of a \$25 million general reserve. Interest rates are lower by approximately 75 basis points versus the existing arrangement with rates for the next six months fixed at prime plus 1.75%. The Company is not subject to any financial covenants unless unused availability falls below \$50 million. The closing transactions included the final payment of \$9 million to retire the term loan owed to the existing syndicate.

Algoma's President and CEO, Denis Turcotte, commented that "We appreciate the confidence that our banking syndicate has shown in the future of Algoma. This is another important step in creating shareholder value and stability by reducing the risk profile of Algoma. A number of actions have been undertaken in 2003 to strengthen Algoma's longer-term competitive and financial position. In addition to this new banking facility, the workforce has been reduced by 450 people (600 planned reduction by year-end), the blast furnace reline has been deferred until 2008, and working capital was reduced substantially through the first half of the year."

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.

For further information, contact:

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