



ALGOMA STEEL INC.
105 West Street
Sault Ste. Marie, Ontario, Canada P6A 7B4

NEWS RELEASE
Friday, July 27, 2007

FINAL OFFER TABLED WITH LOCAL 2251

Sault Ste. Marie, Ontario – Today Algoma Steel confirmed the Company has tabled its final offer to Local 2251 of the United Steelworkers.

The highlights of the offer are:

- Three year agreement
- \$2000 signing bonus
- Increased wages by approximately 13.2% by the end of three years – 3%, 2% and 2% respectively in annual increases, plus an additional 1.4% annual estimated cost of living increase - ensuring that our employees are among the best paid in the industry.
- Increased pension benefits - up to \$217 per month for employees with 30 years of service.
- Continued pension windows.
- Increased shift premiums.
- Increased benefits for vision care, chiropractic care, hearing aids, and orthotics.
- Renewal of the profit sharing arrangement so that all employees will continue to share in the Company's success.

Algoma President and CEO Denis Turcotte said, "Acceptance of this offer by employees is an important part of moving forward. We have all learned from past mistakes and we will not put the Company at risk by making commitments today that we may not be able to afford tomorrow. The Company offer will improve wages and benefits for all employees, while allowing Algoma to compete moving forward, providing secure employment for the future,"

"We respect the right of employees to decide if the Company's final offer is acceptable and we hope that all employees will exercise their right by showing up to vote, and doing so in support of the proposal." says Turcotte.

A representative from Algoma's new parent company, Chief Executive Officer of Essar Steel Holdings Limited, Mr. Jatinder Mehra commented on the offer, "This offer means higher wages, higher benefits, higher pensions, higher shift premiums, and a renewal of a very competitive profit sharing arrangement. Together, over the last five years, the management and employees at Algoma have built a strong and competitive company. Now is the time to decide to build on that achievement with new owners committed to the future."

A member of the Essar Group, Algoma Steel Inc. is based in Sault Ste. Marie, Ontario. As a fully integrated steel producer, Algoma's revenues are derived primarily from the manufacture and sale of rolled steel products including hot and cold rolled sheet and plate.

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