



Essar Steel Algoma Inc.
105 West Street
Sault Ste. Marie, Ontario
Canada P6A 7B4

T +1 - 705 - 945 2351
F +1 - 705 - 945 2203
www.essarsteelalgoma.com

NEWS RELEASE

Friday, January 11, 2013

Essar Steel Algoma Granted Temporary Pension Relief

SAULT STE. MARIE, ONTARIO – Essar Steel Algoma Inc. announced today the Ontario Government has granted the Company temporary pension relief in the form of a twelve month deferral of special pension payments effective December 2012 through to November 2013. The Company will continue to pay ongoing pension service costs for its defined benefit pension plans.

Historically low interest rates have led many of Ontario's defined-benefit pension plans, both public and private, to seek temporary relief measures. As a result of such low rates, Essar Steel Algoma's pension contribution requirements were more than double those made in previous years. This combined with a decline in steel prices, increased borrowing costs in the wake of the Ontario Court of Appeal decision in *Re Indalex*, and one-time operational issues led Essar to seek temporary relief to address near-term liquidity needs.

Essar Steel Algoma CEO Kalyan Ghosh commented, "This temporary relief, in combination with continued cost-cutting, operational improvements, improving industry fundamentals and lower raw material costs will enable Essar Steel Algoma to manage its liquidity through this difficult cycle. In the coming months Essar will meet with its unions, pensioners and other pension stakeholders to explore a medium-term pension funding strategy."

Essar Steel Algoma greatly appreciates the work of David Oraziotti, MPP who ensured the success of this important relief measure. He worked tirelessly with the Ontario Government to secure this vital relief during challenging financial times. This temporary assistance provides the time and financial capacity necessary for Essar to put in place a more comprehensive plan to satisfy its pension obligations for the long-term.



More about Essar Steel Algoma Inc.

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

COMPANY CONTACT:

Brenda Stenta

Manager Corporate Communications

Phone: +1.705.945.2209

E-mail: brenda.stenta@essar.com