



SCRAP CREDIT AND SCRAP RETURN PROGRAM

DATE: March 1, 2016

This policy (the “**Scrap Credit/Return Program**”) applies to every third party processor (the “**Processor**”) which provides processing services (the “**Processing Services**”) for steel product (the “**Product**”) owned by ArcelorMittal Dofasco G.P. (“**AMD**”), as directed by AMD from time to time.

All steel scrap material generated from AMD’s Product as a result of or in connection with the Processing Services (the “**Scrap**”) is owned by, and remains the property of, AMD. At AMD’s option, and as further set out herein, all Scrap shall be either physically returned to AMD (the “**Scrap Return Program**”) or, in the alternative, the value of the Scrap (as determined in accordance with the following) shall be returned to AMD in the form of a credit applied to Processor’s invoices issued to AMD (the “**Scrap Credit Program**”).

I. Calculation of Scrap Weight

The weight of all Scrap shall be calculated in accordance with the following (the “**Anticipated Scrap Weight Formula**”):

[Charged Weight – (Charged Weight*Pickling Loss Percentage)] – Finished Weight + Pup Coil Scrap Weight + Post-Processing Repair Scrap – 3rd Party Scrap Credit

“**Anticipated Scrap Weight**” means the weight of scrap calculated in accordance with the Anticipated Scrap Weight Formula

“**Charged Weight**” means the weight of AMD’s Product prior to the Processing Services;

“**Finished Weight**” means the weight of AMD’s Product following completion of the Processing Services;

“**Pickling Loss Percentage**” means the amount of hot band AMD Product which is lost during the pickling process (if applicable), expressed as a percentage of Charged Weight;

“**Pup Coil Scrap Weight**” means the weight of those pup coils, if any, which are produced as a result of the Processing Services and subsequently designated by AMD as Scrap, if applicable

“**Post-Processing Repair Scrap**” means the weight of scrap generated as a result of any coil repair process completed following the Processing Services, if applicable;

“**3rd Party Scrap Credit**” means the weight of scrap generated as a result of the Processing Services for which a credit is issued by Processor to a 3rd Party, if applicable.

II. Scrap Return Program

Where AMD advises the Processor that Scrap produced by the Processor is subject to the Scrap Return Program, the Processor shall comply with the following:

1. All Scrap shall be returned to AMD within 30 days of such Scrap being generated (the “**Returned Scrap**”). Arrangements shall be made by the Processor with an AMD-approved carrier for the pickup of Scrap from the

Processor's site for return to AMD. AMD shall pay the flow-through cost of handling and return freight of Returned Scrap as set out in the applicable purchase order.

2. The Processor shall prepare a detailed report in a form acceptable to AMD which tracks and summarizes the weight of all Scrap produced and returned to AMD in the previous calendar month, and the Processor shall provide the report via electronic mail on a monthly basis within 7 days of the commencement of each month (the "**Returned Scrap Weight**").
3. Any variance (the "**Total Weight Variance**") between the Anticipated Scrap Weight and the Returned Scrap Weight in any given calendar month shall not exceed 50 net tons. In the event that the Total Weight Variance exceeds 50 net tons, the Processor shall issue an invoice credit to AMD representing the value of the Total Weight Variance within 30 days (the "**Variance Credit**"). The Variance Credit shall be calculated by multiplying the Total Variance by the Outside Processing Scrap Credit Rate (defined below).

III. Scrap Credit Program

Where AMD advises the Processor that Scrap produced by the Processor is subject to the Scrap Credit Program, the Processor shall comply with the following:

1. The Processor shall pay AMD for Scrap by issuing a credit for the value of the Scrap back to AMD (the "**Scrap Credit**"). The value of the Scrap Credit shall be calculated using the Outside Processing Scrap Credit Rate (defined below) multiplied by the Anticipated Scrap Weight. The Scrap Credit shall be issued by the Processor and reflected on Processor's invoices within one week of the generation of the Scrap.
2. If required by AMD, the Processor shall prepare a detailed report which tracks and summarizes the Scrap Credits issued to AMD in the previous calendar month, and the Processor shall provide the report via electronic mail on a monthly basis within 7 days of the commencement of each month.
3. The Scrap Credit shall be calculated using AMD's outside processing scrap credit rate applicable at the time that the Scrap is generated (the "**Outside Processing Scrap Credit Rate**"), which will be sent to the Processor via electronic mail on a monthly basis. The Outside Processing Scrap Credit Rate includes an adjustment to account for the Processor's flow-through cost for handling and freight to local scrap dealers. No other reduction or adjustment shall be made to the Outside Processing Scrap Credit Rate.