

STELCO INC.

NOTICE OF ANNUAL MEETING

Notice is hereby given that the Annual Meeting of the Shareholders of Stelco Inc. will be held in Room 107 of the Metro Toronto Convention Centre, 255 Front Street West, in the City of Toronto, Ontario, at the hour of 10:30 a.m., local time, on Tuesday, April 29, 2003, for the following purposes:

1. to receive the consolidated financial statements of the Corporation and its subsidiaries for the year ended December 31, 2002 and report of the Auditors thereon;
2. to elect Directors;
3. to appoint auditors and to authorize the Directors to fix their remuneration; and
4. to transact such other business as may properly be brought before the meeting or any reconvened meeting following its adjournment.

If you are not planning to be present in person, you may vote your shares in any one of the following ways: (1) by completing, signing, and returning the accompanying form of proxy (i) in the enclosed envelope to the Corporation's transfer agent, CIBC Mellon Trust Company, or by personal delivery to the CIBC Mellon Trust Company Proxy Department, Unit 6, 200 Queen's Quay East, Toronto, Ontario, or (ii) to the Secretary of the Corporation, or (2) by following the instructions included in the accompanying management proxy circular for telephone, fax, or internet voting. Proxies to be used at the Annual Meeting must be deposited not later than 4:00 p.m., Toronto time, on Monday, April 28, 2003.

Hamilton, Ontario
March 14, 2003

By order of the Board of Directors.

G. Blair Cowper-Smith
Corporate Secretary and Special Counsel

IMPORTANT

It is desirable that as many shares as possible be represented at the meeting. If you do not expect to attend, and would like your shares represented, please sign the enclosed proxy and return it as soon as possible in the envelope provided.

MANAGEMENT PROXY CIRCULAR

GENERAL PROXY INFORMATION

This Management Proxy Circular (“Circular”) is furnished in connection with the solicitation of proxies by the management of Stelco Inc. (hereinafter called the “Corporation”) for use at the Annual Meeting of the Shareholders of the Corporation to be held on April 29, 2003 (hereinafter called the “Meeting”) and at every adjournment thereof.

Solicitation will be primarily by mail but proxies may also be solicited by telephone, or personally by officers or employees of the Corporation. In addition, the Corporation will provide proxy materials to brokers, custodians, nominees and fiduciaries (“Intermediaries”), and request that such materials be properly forwarded to the beneficial owners of shares registered in the names of such Intermediaries.

Record Date

The Board of Directors of the Corporation has fixed March 14, 2003, as the record date for the purpose of determining Shareholders entitled to receive the Notice of Meeting. Each Shareholder is entitled to one vote for each share held and shown as registered in such holder’s name on the list of Shareholders prepared as of the close of business on the record date. The list of Shareholders will be available for inspection during usual business hours at the principal office of CIBC Mellon Trust Company (“CIBC Mellon”) in Toronto, and will also be available for inspection at the Meeting.

Registered and Beneficial Shareholders

For the purposes of the Circular, reference to “Registered Shareholders” means Shareholders who hold their shares directly and are registered as Shareholders of the Corporation and “Beneficial Shareholders” means beneficial owners of shares whose shares are registered in the name of an Intermediary or depository. Registered Shareholders will find a form of proxy accompanying this Circular.

Beneficial Shareholders who have not waived their right to receive meeting materials can expect to receive either:

- (i) a form of proxy that is signed by the Intermediary (typically by a facsimile stamped signature), which sets forth the number of shares beneficially owned by the Beneficial Shareholder, but which is otherwise uncompleted. The Beneficial Shareholder may complete the proxy and deposit it with CIBC Mellon as described; or
- (ii) a voting instruction form requesting voting instructions which must be completed and signed, or otherwise dealt with, by the Beneficial Shareholder in accordance with the instructions on the voting instruction form.

The majority of Intermediaries delegate responsibility for obtaining voting instructions from Beneficial Shareholders to a service company called ADP Investor Communications (“ADP”). ADP typically mails a voting instruction form to Beneficial Shareholders requesting that the Beneficial Shareholders return the form to ADP. The ADP form also allows completion of the voting instruction form by telephone and by internet. ADP then tabulates the results of all instructions received from Beneficial Shareholders and provides appropriate instructions respecting the voting of shares to the Corporation’s transfer agent, CIBC Mellon. A Beneficial Shareholder receiving a voting instruction form from ADP cannot use the form to vote the shares directly at the Meeting. The voting instruction form must be returned to ADP in advance of the Meeting in order to have the shares to which it relates voted.

Should a Beneficial Shareholder who receives either a proxy form or voting instruction form from an Intermediary or service company wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Beneficial Shareholder), the Beneficial Shareholder should strike out the names of the persons named in the proxy and insert another name in the blank space provided. In the case of a voting instruction form, the Beneficial Shareholder should follow the directions on the form.

Alternative Methods of Providing Voting Instructions

Registered Shareholders and Beneficial Shareholders may provide their voting instructions in one of four ways: (i) by returning by mail or delivery the proxy form or the voting instruction form accompanying this Circular; (ii) by returning by fax the proxy form or the voting instruction form accompanying this Circular; (iii) by following the telephone voting procedures; or (iv) by using internet voting procedures. Shareholders wishing to appoint a person as a proxy other than the management nominees named on the proxy form or the voting instruction form will not be able to do so using telephone or internet voting procedures.

Voting by Mail - Completed, signed, and dated proxy forms may be returned in the postage paid envelopes accompanying them or delivered to the Corporation's transfer agent, CIBC Mellon, at 200 Queen's Quay East, Unit 6, Toronto, Ontario M5A 4K9. Registered Shareholders and Beneficial Shareholders who mail their proxies must ensure that their proxies are received by the Corporation's transfer agent by 4:00 p.m., Toronto time, on Monday, April 28, 2003, (or 4:00 p.m., Toronto time, on the day preceding any adjournment of the Meeting date). Beneficial Shareholders who receive voting instruction forms may return them in the postage paid envelopes accompanying them or in accordance with the instructions contained in the voting instruction forms.

Voting by Fax - Completed, signed and dated proxy forms may be returned by fax to the Corporation's transfer agent at 416-368-2502. Registered Shareholders and Beneficial Shareholders who fax their proxies must ensure that their proxies are received by the Corporation's transfer agent by 4:00 p.m., Toronto time, on Monday, April 28, 2003, (or 4:00 p.m., Toronto time, on the day preceding any adjournment of the Meeting date). Beneficial Shareholders who receive voting instruction forms may return them by fax in accordance with the instructions contained in the voting instruction forms.

Voting by Telephone - Registered Shareholders may vote by telephone using a touch-tone telephone and using the following toll-free number: 1-877-290-3210. Registered Shareholders may vote by telephone up to 4 p.m., Toronto time, on Monday, April 28, 2003, (or 4:00 p.m., Toronto time, on the day preceding any adjournment of the Meeting date). Beneficial Shareholders should follow instructions for telephone voting conveyed to them by their Intermediaries or their service companies such as ADP. Shareholders will be asked to provide a 12- or 13-digit Control Number in order to verify their identity (see "Control Numbers" below for more details). Voting instructions are then conveyed by use of touch-tone selections over the telephone.

Voting by Internet - Registered Shareholders may vote by internet by accessing the following website: www.proxyvoting.com/stelco. Registered Shareholders may vote by internet up to 4:00 p.m., Toronto time, on Monday, April 28, 2003, (or 4:00 p.m., Toronto time, on the day preceding any adjournment of the Meeting date). Beneficial Shareholders should follow instructions for internet voting conveyed to them by their Intermediaries or their service companies such as ADP. Shareholders will be asked to provide a 12- or 13-digit Control Number in order to verify their identity (see "Control Numbers" below for more details). Voting instructions are then conveyed electronically over the internet.

Control Numbers - In order to vote by telephone or the internet, Shareholders will be required to enter a 12- or 13-digit Control Number. Registered Shareholders who have received a form of proxy will find a 13-digit Control Number located on the bottom left of their proxy. Beneficial Shareholders will find written instructions from their Intermediaries or service companies on their voting instruction forms which contain a 12-digit Control Number.

Revocation of Proxies - Proxies given by Registered Shareholders by mail or in person may be revoked pursuant to subsection 148(4) of the Canada Business Corporations Act ("CBCA"), the corporate law under which the Corporation is organized, at any time prior to their use, by an instrument in writing executed by the Shareholder who has executed the proxy or proxies or by his or her attorney authorized in writing, as well as in any other manner permitted by law. If the instrument of revocation is deposited with the Chairman on the date of the Meeting or any adjournment thereof, the instrument will not be effective with respect to any matter on which a vote may have already been cast pursuant to the proxy. Voting instructions conveyed by mail or in person by a later-dated instrument in writing or by telephone or the internet will revoke any prior voting instructions. A Beneficial Shareholder who wishes to revoke previously given voting instructions must contact his or her Intermediary or related service company to determine whether arrangements may be made to revoke the previously conveyed voting instructions.

Unless otherwise specified in such forms, proxy forms and voting instruction forms which are undated are deemed to bear the date upon which they were sent to the Shareholder.

Proxies, which are properly executed, returned, and not revoked, will be voted at the Meeting. If instructions are given, the proxies will be voted in accordance with the instructions. **If no voting instructions are given, proxies will be voted (1) "FOR" the election of Directors; and (2) "FOR" the appointment of Auditors.**

Discretionary Authority and Related Matters

The enclosed form of proxy confers discretionary authority upon the persons named in the proxy with respect to voting on amendments to, or variations of, matters identified in the Notice of Meeting and on other matters that may properly come before the Meeting or any adjournment thereof. At the time of the printing of this Circular, the Corporation knows of no such amendment, variation, or other matter expected to come before the Meeting. If any other matters should properly come before the Meeting, the persons named in the enclosed form or forms of proxy will vote on them in accordance with their best judgment.

In the case of the election of Directors, proxies marked as "WITHHOLD" will be treated as present for purposes of determining a quorum and will be counted as having been withheld from voting in respect of one or more nominees. Under the CBCA, the election of each nominee for Director and the appointment of the Corporation's auditors each requires a majority of the votes cast by all Shareholders at the Meeting. As a result, proxies marked as "WITHHOLD" will have no effect on the outcome of the vote for Directors or the appointment of the Corporation's auditors.

Ownership of Common Shares

As of March 14, 2003, there were outstanding 102,136,218 Series A Convertible Common Shares and 112,985 Series B Convertible Common Shares (referred to herein collectively as "Common Shares"). Management of the Corporation understands that as of March 14, 2003, Caisse de dépôt et placement du Québec owned or exercised control or direction over approximately 20,175,071 Common Shares, representing approximately 19.7 percent of the votes attaching to the Common Shares of the Corporation. To the knowledge of the Directors and officers of the Corporation, no other person beneficially owns or exercises control or direction over more than 10 percent of the Corporation's Common Shares.

Appointment of Proxies

The persons named in the enclosed form of proxy are Directors of the Corporation. **A Shareholder has a right to appoint a person, who need not be a Shareholder of the Corporation, other than the persons designated in the accompanying proxy, to attend and act on behalf of the Shareholder at the Meeting.** To exercise this right, a Shareholder may either strike out the names of the persons designated in the proxy and insert such other person's name in the blank space provided or complete another appropriate form of proxy, and deliver the completed proxy as set out in the Notice of Meeting.

BUSINESS OF THE ANNUAL MEETING

Financial Statements

The Corporation's consolidated financial statements for the year ended December 31, 2002, and the report of the auditors thereon, will be placed before the Shareholders at the Annual Meeting. These consolidated financial statements form part of the Corporation's Annual Report which has been forwarded to Shareholders.

Election of Directors

The Corporation elects its full Board each year. The articles of the Corporation provide that the Board of Directors shall consist of a minimum of ten and a maximum of twenty Directors. The Board has determined that a Board consisting of eleven Directors would be appropriate. The Board may increase or decrease the number of Directors between the minimum and maximum number and may fill vacancies resulting from the death, resignation, or retirement of Directors. In addition, the Board is authorized to appoint one or more additional Directors, who shall hold office for a term expiring not later than the close of the next Annual Meeting of Shareholders, but the total number of additional Directors so appointed cannot exceed one-third of the number of Directors elected at the previous Annual Meeting of Shareholders.

The persons listed in the table below are proposed for election at the Annual Meeting. During the past five years, all the Directors of the Corporation have held their principal business affiliations except as otherwise discussed below. The Board of Directors is not aware of any circumstances that would cause any nominee to be unable to serve as a Director. If any of the nominees are for any reason unavailable to serve as a Director, proxies in favour of management will be voted for another nominee in their discretion unless the Shareholder has specified in the proxy that their shares be withheld from voting on the election of all Directors. The information contained in the table with respect to shareholdings does not include Common Shares issuable upon exercise of options. The information provided refers to securities beneficially owned, includes securities over which control or direction is exercised, and includes direct and indirect holdings as of March 14, 2003. As such information is not within the knowledge of the Corporation, it has been furnished by each of the nominees and each of the nominees has confirmed that the nominee has sole voting power with respect to such shares.

Nominees

JAMES C. ALFANO Ancaster, Ontario Director since 1996		James Alfano, age 52, is President and Chief Executive Officer of the Corporation. Mr. Alfano is also a director and Chairman of the Canadian Steel Producers Association, a director of the International Iron and Steel Institute, and a director of the American Iron and Steel Institute. Mr. Alfano also serves as a director of Canada Life Assurance Company and Canada Life Financial Corporation.
Common Shares	30,145	
Deferred Share Units	110,395	
Total	140,540	
JOHN E. CALDWELL (1*)(3) Toronto, Ontario Director since 1997		John Caldwell, age 53, is a corporate director. Mr Caldwell was President and Chief Executive Officer of GEAC Computer Corporation Limited between October 2000 and December 2001. Between June 1993 and October 1999, he was President and Chief Executive Officer of CAE Inc. Mr. Caldwell serves as a director of Faro Technologies Inc., Cognos Inc., and Mosaic Group Inc. He chairs the audit committee of the board of these last two companies.
Common Shares	5,500	
Deferred Share Units	20,208	
Total	25,708	
WILLIAM P. COOPER (1)(2) Oakville, Ontario Director since 1989		William Cooper, age 63, is and has been President and Chief Executive Officer of Cooper Construction Limited, a development and construction company, for more than twenty years. Mr. Cooper has served as a director of other corporations including Clarica Life Insurance Company and CTV Inc. He was previously Vice Chair of the Board of Trustees of the Hospital for Sick Children in Toronto and continues as an Honorary Trustee.
Common Shares	22,300	
Deferred Share Units	4,137	
Total	26,437	
PETER J. DEY (3) Toronto, Ontario Director since 2002		Peter Dey, age 62, a Partner at the law firm Osler, Hoskin & Harcourt, was Chairman of Morgan Stanley Canada Limited between 1998 and 2001 and President between 1994 and 1998. Mr. Dey is a director of CP Ships Ltd. and CAMCO Inc. He is also a Fellow of the Institute of Corporate Directors of Canada.
Common Shares	1,600	
Deferred Share Units	-	
Total	1,600	
RICHARD DROUIN (2)(3*) Sillery, Quebec Director since 1996		Richard Drouin, age 70, is Chairman of Abitibi-Consolidated Inc., a newsprint manufacturer. He also serves as a director of nStein Technologies Inc. and American Superconductor Corporation. Mr. Drouin is also counsel to the law firm of McCarthy Tétrault and is Chairman of the North American Electric Reliability Council. Mr. Drouin is the Honorary Consul for Great Britain in Quebec and is a former Chairman and Chief Executive Officer of Hydro-Quebec.
Common Shares	10,000	
Deferred Share Units	14,557	
Total	24,557	
GARY J. LUKASSEN (1)(4*) Mississauga, Ontario Director since 2002		Gary Lukassen, age 59, is a corporate director. He was Executive Vice President and Chief Financial Officer of Hudson's Bay Company between 1989 and 2001 and served as a director of Hudson's Bay between 1987 and 2001. Mr. Lukassen is a director of The North West Company, Winnipeg and Factory Mutual Insurance Company, Rhode Island.
Common Shares	4,900	
Deferred Share Units	-	
Total	4,900	

DOUGLAS W. MAHAFFY (2)(3) Toronto, Ontario Director since 1993 Common Shares 7,200 Deferred Share Units 17,523 Total 24,723	Douglas Mahaffy, age 57, has been President and Chief Executive Officer of McLean Budden Limited, investment managers, since 1989. Prior to that, he had been Managing Director, Investment Banking, Ontario, Merrill Lynch Capital Markets.
THE HON. BARBARA J. McDOUGALL (1)(4) Toronto, Ontario Director since 1999 Common Shares 4,200 Deferred Share Units - Total 4,200	Barbara McDougall, age 65, is President and Chief Executive Officer of the Canadian Institute of International Affairs (international public policy). Mrs. McDougall has held a number of senior ministerial posts in the federal government of Canada, including Minister of Employment and Immigration and Minister of State for Finance. She is a director of other corporations including The Bank of Nova Scotia and Corel Corporation.
PETER J. NICHOLSON (1)(4) Paris, France Director since 1997 Common Shares 8,000 Deferred Share Units 15,549 Total 23,549	Peter Nicholson, age 60, was appointed Special Advisor to the Secretary General of the Organisation for Economic Co-Operation & Development in 2002. Previously, Mr. Nicholson was Chief Strategy Officer of BCE Inc. for four years. He serves as a director of Aliant Inc. and the C. D. Howe Institute. Mr. Nicholson is also Governor of the National Research Council of Canada.
COURTNEY PRATT (2*)(4) Toronto, Ontario Director since 2002 Common Shares 2,300 Deferred Share Units - Total 2,300	Courtney Pratt, age 55, is President and Chief Executive Officer of Toronto Hydro Corporation. He was appointed to this posting in April 2001. Between January 2000 and April 2001, Mr. Pratt served as President and Chief Executive Officer of Hydro One Network Services Inc. Between September 1998 and March 1999, he served as President of The Caldwell Partners International and prior to that time was Chair and President of Noranda Inc.
FREDERICK H. TELMER ** Burlington, Ontario Director since 1989 Common Shares 18,482 Deferred Share Units 37,928 Total 56,410	Frederick Telmer, age 65, has served as a Director of the Corporation since 1989, and became Chairman in January 1991. Mr. Telmer served as the Corporation's Chief Executive Officer but has not been so for more than five years. He also served as a director and Chairman of Boliden Limited until December 2001, and as a director of CT Financial Services until January 2001.

- (1) Member of the Audit Committee.
(2) Member of the Human Resources and Compensation Committee.
(3) Member of the Corporate Governance Committee.
(4) Member of the Pension Committee.
* Denotes Committee Chair.
** Denotes Chairman of the Board.

Total number of Common Shares and DSUs held by non-employee Directors: 194,384.

Total value of Common Shares and DSUs held by non-employee Directors: \$676,456. Value is based on the closing price of the Common Shares as at March 14, 2003.

Deferred share unit holdings are part of Director compensation arrangements, except in the case of Mr. Alfano who receives no additional compensation for service as a Director of the Corporation. The deferred share units set forth above with respect to Mr. Alfano were granted pursuant to the Deferred Share Unit Plan for executives described more fully below under "Executive Compensation."

Meetings Held and Attendance of Directors

During the course of 2002, the following Board and Committee meetings were held:

Board of Directors (8), Audit Committee (5), Human Resources and Compensation Committee (5), Corporate Governance Committee (4), and Pension Committee (3).

Mr. Alfano and Mr. Telmer do not sit as voting members of any committee of the Board of Directors. As an *ex officio* member of each committee, Mr. Telmer is entitled to attend all committee meetings. Mr. Alfano attends various committee meetings when appropriate in his capacity as Chief Executive Officer. The following table provides attendance information for each Director with respect to both Board and Committee meetings which the Director was expected to attend.

Director	Board Meetings Attended	Committee Meetings Attended
J. E. Caldwell	8 of 8	9 of 9
P. Choquette*	6 of 7	4 of 5
W. P. Cooper	6 of 8	5 of 5
P. J. Dey	1 of 2	1 of 1
R. Drouin	7 of 8	9 of 9
G. J. Lukassen	4 of 4	4 of 4
D. W. Mahaffy	8 of 8	9 of 9
B. J. McDougall	7 of 8	5 of 5
P. J. Nicholson	4 of 8	4 of 7
C. Pratt	6 of 7	5 of 5
F. H. Telmer	8 of 8	-
J. C. Alfano	8 of 8	-

* Mr. Choquette, a member of the Corporation's Board of Directors, resigned from the Board effective November 26, 2002.

Directors and Officers Liability Insurance

The Corporation carries directors and officers liability insurance. The Corporation and its Directors and officers are named insured and the policy has a policy limit of \$75,000,000 per occurrence to a \$75,000,000 annual aggregate. There is no deductible applicable to individual Directors and officers named as defendants in any one action. Corporate reimbursement coverage is subject to a deductible of \$500,000 per occurrence. Under this insurance coverage, the Corporation is reimbursed for payments made under corporate indemnity provisions on behalf of its Directors and officers subject to the deductible of \$500,000 per occurrence, and individual Directors and officers are reimbursed for losses during the performance of their duties for which they are not indemnified by the Corporation. Protection is provided for the Directors and officers for wrongful acts that include acts, errors or omissions done or committed during the course of their duties as such. Excluded from coverage under the policy are illegal acts, dishonesty, and those acts which result in personal profit. In the last completed financial year, the total annual premium of \$237,362 for directors and officers liability insurance was paid by the Corporation.

Remuneration of Directors

Directors who were not employees of the Corporation ("Outside Directors") were entitled to be paid a base retainer of \$15,000 and, in addition, received an award of Common Shares valued at approximately \$5,000 pursuant to the Corporation's Director Share Compensation Plan. The Plan is designed to recognize the importance of aligning remuneration with Shareholder interests. Pursuant to the Plan, an award of 1,200 Common Shares (or deferred share units for eligible Outside Directors who elected to take the award in deferred share units) for each Outside Director was made in February 2003, the market value of which was approximately \$5,000 at the time of issue. Outside Directors who were members of a

committee of the Board were paid \$3,500 per annum for their services as members of such committees. Outside Directors who acted as the chair of a committee of the Board were paid \$5,000 per annum for their services, such payment being in addition to any amount to which they are entitled as a member of such committee. Outside Directors were paid a fee of \$1,000 for attendance at each meeting of the Board and any committee of the Board of which they are a member. The non-executive Chairman of the Board, F. H. Telmer, was paid an all-inclusive fee of \$200,000 per annum. Directors also receive reimbursement for reasonable expenses incurred in connection with attending Board and committee meetings.

Pursuant to the Corporation's Deferred Share Unit Plan (see the description of the Deferred Share Unit Plan under "Executive Compensation"), each Director may annually elect to receive all or a portion of the annual retainer and amount paid for meeting fees and related purposes in the form of deferred share units. In addition, Directors may elect to receive awards under the Director Share Compensation Plan in the form of deferred share units provided that the Director making the election has accumulated the requisite number of Common Shares pursuant to the Corporation's guidelines for share ownership. In accordance with the Corporation's policies, Directors are expected to hold at least 3,000 Common Shares, which shares are to be accumulated within three years of their appointment.

The actual number of deferred share units received by a Director is calculated at the end of each quarter by multiplying the dollar amount to which the Director is entitled for such quarter by the elected percentage of such amount to be received in deferred share units and dividing the amount obtained by the average closing share price of the Common Shares on the Toronto Stock Exchange over a ten-day period prior to the end of the quarter.

Appointment of Auditors

The Directors and management propose that the firm of KPMG LLP be appointed as auditors for the 2003 fiscal year.

Fees paid to KPMG LLP for completion of the 2002 audit of the consolidated financial statements amounted to \$573,000. In addition, during 2002, the Corporation paid KPMG LLP \$503,000 for audit-related services including fees related to audits of the Corporation's pension plans, for quarterly review services, and for the incremental costs of performing statutory audits of certain subsidiary companies. The Corporation also paid KPMG LLP non-audit fees of \$29,000 during 2002 for various tax advisory services.

The Audit Committee has considered whether the magnitude and nature of these services is compatible with maintaining the independence of the external auditors. It has concluded that the magnitude and nature of these services is compatible with maintaining such independence.

EXECUTIVE COMPENSATION MATTERS

Report on Executive Compensation by the Human Resources and Compensation Committee

The Human Resources and Compensation Committee currently consists of four Directors: C. Pratt (Chair), W. P. Cooper, R. Drouin, and D. W. Mahaffy. The following three Directors were members of the Committee at December 31, 2002: C. Pratt (Chair), R. Drouin and D. W. Mahaffy. The Committee oversees all aspects of succession planning, career development and compensation for salaried employees of the Corporation. The Committee, as part of its responsibilities, considers and approves a total compensation package for its executive officers, including an annual cash salary, as well as short- and long-term incentives.

The underlying philosophy of the Corporation's executive compensation policy is to attract and retain talented senior management, reward management performance, and reinforce business strategies and corporate priorities. This philosophy recognizes the fundamental value added by a motivated and committed management team. The recruitment and retention of senior management who are performance-oriented is fundamental to achieving the Corporation's mission.

For the purposes of assisting the Committee, the Corporation utilizes the services of external compensation consultants from time to time. These consultants advise on the Corporation's compensation policies and provide comparator compensation data as required by the Committee.

The Corporation has developed an ongoing compensation approach comprising three primary components: salary, annual incentives, and long-term incentives. In addition, there is a program of

benefits and perquisites. The Corporation's policy is for overall compensation of its executive officers to reflect average compensation levels of a comparator group. Companies included in the comparator group are selected with the advice of the Corporation's external compensation consultants based on key attributes which reflect needs similar to those of the Corporation at the executive level. Ordinarily, salary is reviewed annually with adjustments being made to reflect the comparator group.

The compensation package for each executive includes participation in both an annual bonus program pursuant to the Corporation's Variable Cash Incentive Program and long-term incentives pursuant to the Corporation's Key Employee Stock Option Plan ("the Option Plan") and Deferred Share Unit Plan ("DSU Plan"). Both these plans are discussed in more detail later in this Circular. The Variable Cash Incentive Program and the Option Plan are closely aligned with the Corporation's performance and with the interests of the Corporation's Shareholders. The Variable Cash Incentive Program is designed to recognize the contributions of executive officers to the business results of the Corporation on a year-by-year basis. Executive officers are eligible for an annual bonus of up to 70 percent of base salary under the Variable Cash Incentive Program. The bonus is paid in cash or, at the election of eligible executive officers, deferred share units.

As a long-term incentive, the executive officers are eligible for grants of stock options under the Option Plan. Among other things, the Option Plan is designed to focus efforts of the management team on improving Shareholder value and the Corporation's long-term financial strength. The Option Plan provides an incentive to the executive officers to continue employment with the Corporation by providing the executive officers with the opportunities to acquire an increased financial investment in the Corporation as the stock options vest. Options granted to the executive officers are granted by the Board of Directors based on recommendations made by the Human Resources and Compensation Committee. The number of options granted to an executive officer in any year is related to responsibility levels and reflects individual performance. Long-term incentive awards are also made pursuant to the DSU Plan through direct unit awards to executive officers from time to time at the discretion of the Human Resources and Compensation Committee.

The components of total compensation received by the Chief Executive Officer are similar to those received by other executive officers. In connection with setting the compensation level for the Chief Executive Officer, the Committee undertakes an annual review of the performance of the Chief Executive Officer taking into account information from the Board of Directors. Special emphasis is placed by the Human Resources and Compensation Committee on the performance of the Chief Executive Officer with respect to leadership and strategic issues including strategic planning. The manner in which such compensation is reviewed and evaluated by the Committee, including referencing the same comparator group, is common for all executive officers, including the Chief Executive Officer. The Chief Executive Officer is eligible for an annual bonus of up to 100 percent of base salary, based on the Variable Cash Incentive Program and the successful achievement of objectives and responsibilities agreed to by the Board.

The Corporation has share ownership guidelines for executive officers requiring them to purchase Common Shares at specified levels within prescribed time limits. As of March 14, 2003, the executive officers had reached their required levels of ownership. For the purposes of determining whether an executive has met stock ownership guidelines, a deferred share unit is treated as a share. An unexercised option is not included in the calculation.

Report submitted by: C. Pratt (Chair), W. P. Cooper, R. Drouin, and D. W. Mahaffy.

Compensation Plans

Variable Cash Incentive Program

The Corporation's Variable Cash Incentive Program enables executive officers and other eligible employees to earn annual bonuses when targeted performance levels are achieved or exceeded under the program. Bonuses depend upon the achievement of predetermined financial and related objectives for the Corporation and its businesses. Achievement of these objectives when combined with satisfactory individual performance is considered by the Human Resources and Compensation Committee in approving annual bonuses. When targeted performance levels approved by the Human Resources and Compensation Committee are achieved or exceeded, the executive officers are eligible for an annual bonus of up to 70 percent of base salary, depending on the individual's performance and position held. Bonus levels vary for other eligible salaried employees.

Deferred Share Unit Plan

The Corporation has established a DSU Plan for Directors and designated executive officers. The DSU Plan is designed to align the interests of such persons with the interests of Shareholders.

Under the DSU Plan, designated executive officers have the right to receive 0%, 25%, 50%, 75%, or 100% of compensation earned by them pursuant to the Variable Cash Incentive Program in the form of deferred share units ("DSUs"). The designated executive officers therefore have the right to receive awards under the Variable Cash Incentive Program in the form of DSUs, cash, or a combination of both. The actual number of DSUs granted to a designated executive officer is calculated in February in the year immediately following the year to which a Variable Cash Incentive Program award relates by dividing the dollar amount elected to be taken in the form of DSUs by the average closing price of the Common Shares on the Toronto Stock Exchange over a ten-day period prior to the award date. The DSU Plan also permits the Board of Directors to award DSUs as long-term compensation for executive officers.

A deferred share unit account, maintained by the Corporation, is credited with notional grants of DSUs received by each DSU Plan member. DSUs do not entitle a DSU Plan member to any voting or other Shareholder rights.

The value of the DSUs (equivalent to the current market price of the underlying Common Shares) may be realized through redemption of the DSUs only when a DSU Plan member's employment with the Corporation ceases, or in the case of a Director, following the end of the term of service of the Director, or upon death whereupon a lump sum cash amount is paid through the redemption process based on the then current value of the DSUs. In the case of retirement, the redemption period extends from the date of retirement to the end of the calendar year following the year in which retirement occurs. In the case of termination of employment, the redemption period extends for ninety days following termination, and in the case of death, for one year following the date of death. For a Director, the redemption period extends from the date of retirement from the Board to the end of the calendar year following the year in which retirement occurs.

Key Employee Stock Option Plan

Under the Corporation's Option Plan established in 1991, the Corporation may designate full-time employees of the Corporation or its subsidiaries as eligible employees for purposes of the Option Plan, and may grant to such eligible employees options to purchase Common Shares of the Corporation. The purpose of the Option Plan is to provide a long-term incentive to certain of the Corporation's key employees. The number of shares reserved for issuance to any one person under the Option Plan together with shares which that person may acquire under any similar plan of the Corporation may not exceed 5 percent of the total issued and outstanding Common Shares. Options generally may be exercised after the first anniversary of the date of grant until the tenth anniversary of the date of grant, subject to certain vesting limitations. Vesting with respect to options granted occurs over a one- to three-year period on a pro rata basis. The exercise price per share of an option is the fair market value of the share at the date of grant of the option as determined by the Corporation. No options with a discount to fair market value have been granted under the Option Plan.

Compensation of Named Executives – Statutory Disclosure

The following tables, presented in accordance with applicable securities regulations, set forth for the periods indicated the compensation paid to the Chief Executive Officer and the individuals who were, as of December 31, 2002, the other four most highly compensated executive officers of the Corporation (which individuals are hereinafter collectively referred to as the “Named Executives”).

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation		All Other Compensation
		Salary (\$)	Bonus (\$) ⁽¹⁾	Other Annual Compensation (\$) ⁽²⁾	Awards		
					No. of Securities Under Options Granted ⁽³⁾	Restricted Share Units ⁽⁴⁾	
James C. Alfano President and Chief Executive Officer	2002	744,400	417,000	-	400,000	-	-
	2001	744,400	-	-	450,000	110,395	-
	2000	705,000	-	-	135,000	-	-
Mark C. Steinman Executive Vice President and Chief Financial Officer	2002	327,000	114,000	-	90,000	-	-
	2001	327,000	-	-	100,000	28,379	-
	2000	312,000	-	-	-	-	-
Marcel Francoeur Senior Vice President - Operations	2002	315,000	110,000	-	65,000	-	-
	2001	315,000	-	-	75,000	-	-
	2000	250,000	45,000 ⁽⁵⁾	-	20,000	-	-
William G. Missen Senior Vice President - Commercial	2002	220,000	77,000	-	45,000	-	-
	2001	220,000	-	-	50,000	-	-
	2000	214,845	30,000	-	20,000	-	-
Brian W. Warry Vice President - Purchasing, Raw Materials and Pipe Operations	2002	200,000	52,000	-	40,000	-	-
	2001	200,000	-	-	45,000	-	-
	2000	190,000	20,000	-	18,000	-	-

- (1) Bonus amounts are reported in the fiscal year in which they were earned and not in the year in which they were actually paid. They are paid in cash and/or deferred share units in the year following the fiscal year in which they are earned. See “Variable Cash Incentive Program” and “Deferred Share Unit Plan.” With respect to 2002 bonuses, Mr. Francoeur, Mr. Missen and Mr. Warry each elected to take all or a portion of their annual bonus in deferred share units based on a share price of \$4.12 reflecting the average closing price of the Corporation’s Common Shares immediately prior to the award date. Aggregate holdings of deferred share units previously granted under the plan as of December 31, 2002 including their value as of such date were as follows: Mr. Alfano - 110,395 with a value of \$416,189 and Mr. Steinman - 28,379 with a value of \$106,989.
- (2) The value of perquisites for each Named Executive is less than the lesser of \$50,000 and 10 percent of the total annual salary and bonus.
- (3) See “Key Employee Stock Option Plan.”
- (4) Awarded as deferred share units. See “Deferred Share Unit Plan.” Deferred share units are considered to be Restricted Share Units for the purposes of this table.
- (5) Bonus amount pertains to Variable Cash Incentive Program for position held prior to Stelco Hamilton appointment.

The following two tables illustrate activity under the Option Plan by the Named Executives during the year ended December 31, 2002. Options are granted under the Option Plan by the Board based on recommendations made by the Human Resources and Compensation Committee.

Option Grants During Financial Year Ended December 31, 2002

Name	No. of Securities Under Options Granted	% of Total Options Granted to Employees in Fiscal 2002	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
J. C. Alfano	400,000	38.46	4.50	4.50	Feb. 6, 2012
M. C. Steinman	90,000	8.65	4.50	4.50	Feb. 6, 2012
M. Francoeur	65,000	6.25	4.50	4.50	Feb. 6, 2012
W. G. Missen	45,000	4.33	4.50	4.50	Feb. 6, 2012
B. W. Warry	40,000	3.85	4.50	4.50	Feb. 6, 2012

Aggregate Options Exercised During Year Ended December 31, 2002 and Year-End Values

Name	No. of Securities Acquired on Exercise	Aggregate \$ Value Realized	No. of Unexercised Options at December 31, 2002 Exercisable/Unexercisable	\$ Value of Unexercised in-the-money Options at December 31, 2002 Exercisable/Unexercisable ⁽¹⁾
J. C. Alfano	-	-	1,000,000 / 745,000	6,000 / 12,000
M. C. Steinman	-	-	133,334 / 156,666	1,333 / 2,666
M. Francoeur	-	-	86,334 / 121,666	1,000 / 2,000
W. G. Missen	-	-	54,001 / 84,999	666 / 1,333
B. W. Warry	-	-	107,000 / 76,000	600 / 1,200

(1) The value of the unexercised options is based on the closing price of the Corporation's Series A Common Shares on the Toronto Stock Exchange on December 31, 2002, of \$3.77.

Retirement Benefit Plans

The Named Executives are members of a retirement plan for salaried employees. The annual basic lifetime benefit payable under the applicable pension plan, together with amounts payable under the Retirement Benefits Contracts hereinafter described, is shown on the following table based upon retirement at age 65. Retirement benefits are calculated using the average of the highest five years' remuneration.

Pension Table (pension and related benefits)

Remuneration	Years of Service					
	($\$$)	15	20	25	30	35
200,000	50,515	67,353	84,191	101,125	117,964	134,706
250,000	64,390	85,853	107,316	128,875	150,339	171,706
300,000	78,265	104,353	130,441	156,625	182,714	208,706
400,000	106,014	141,353	176,691	212,125	247,464	282,706
500,000	133,764	178,353	222,941	267,625	312,213	356,706
600,000	161,514	215,353	269,191	323,125	376,963	430,706
700,000	189,264	252,353	315,441	378,625	441,713	504,706
800,000	217,014	289,353	361,691	434,125	506,463	578,706
900,000	244,764	326,352	407,941	489,625	571,213	652,705
1,000,000	272,514	363,352	454,191	545,125	635,963	726,705
1,100,000	300,264	400,852	500,441	600,625	700,713	800,705
1,200,000	328,014	437,352	546,690	656,125	765,463	874,705

The benefit formula is the sum of 1.00 percent of earnings up to the Canada Pension Plan Yearly Maximum Pensionable Earnings multiplied by the Available Service plus 1.85 percent of earnings in excess of the Canada Pension Plan Yearly Maximum Pensionable Earnings multiplied by the Available Service. If a member of a retirement plan for salaried employees retires prior to age 65, there is a pension bridge which replaces benefits under the Canada Pension Plan up to age 65. Pension and related benefits are calculated based on salary and bonus as referred to in the Summary Compensation Table beginning with bonuses earned in 1997 and paid in 1998. Retirement benefits in excess of the amount which can be paid pursuant to the Corporation's pension plan are paid as described below under "Retirement Benefits Contracts."

The credited service for the Named Executives as of December 31, 2002 is: James C. Alfano, 28.5 years; Marcel Francoeur, 24.3 years; William G. Missen, 30.8 years; Mark C. Steinman, 3.6 years, and Brian W. Warry, 32.7 years.

Retirement Benefits Contracts

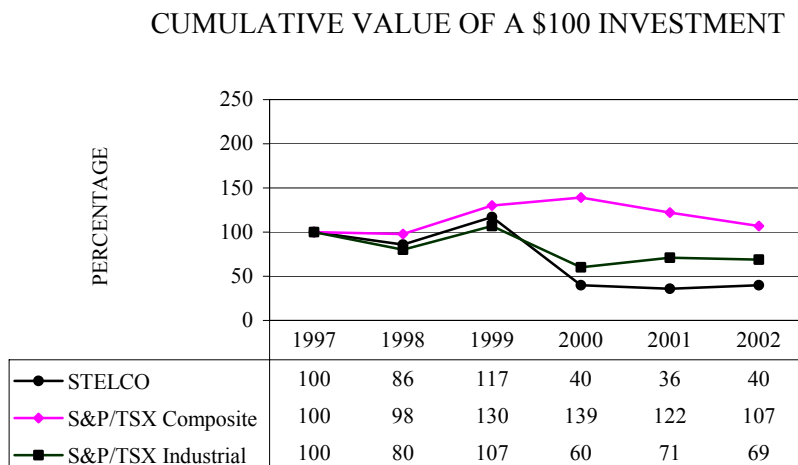
The Corporation has entered into Retirement Benefits Contracts with the Named Executives. Under the terms of the contracts, the Named Executives undertake that they will not, for various periods after their retirement, engage in competitive activities without the consent in writing of the Corporation. Pursuant to the Retirement Benefits Contracts, the Corporation will pay to the Named Executives following retirement the difference between the maximum pension benefit payable under the Corporation's retirement plan for salaried employees and the basic lifetime benefit amount as set out in the table above. Such obligations are secured through a funded trust.

Other Employment-Related Agreements

The Corporation has entered into agreements with certain Named Executives dealing specifically with termination in the event of a change in control of the Corporation. Under the terms of these agreements, the executive officer is entitled to compensation in the event of termination or constructive termination of employment following a change in legal or effective control of the Corporation unless termination occurs as a result of death, permanent disability, retirement, or termination for cause. The principal component of the compensation payable to such executive will be a lump sum amount which will be a multiple, depending upon the position held by the individual executive, of either 2.5 or 3 times the executive's annual compensation.

PERFORMANCE GRAPH

The following graph compares the total cumulative shareholder return (assuming reinvestment of dividends) for \$100 invested in the Corporation's Common Shares on December 31, 1997 with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Industrial Products-Steel Index for the five most recently completed financial years.



STATEMENT OF CORPORATE GOVERNANCE PRACTICES

General

The Corporation endorses practices of sound corporate governance. In accordance with the guidelines of the Toronto Stock Exchange ("TSX"), the Corporation annually discloses how its corporate governance practices work in the context of the fourteen corporate governance guidelines ("TSX Guidelines") published by the TSX which are summarized below.

In accordance with the TSX Guidelines, corporate governance means the process and structure used to direct and manage the business and affairs of the Corporation with the objective of enhancing shareholder value which includes ensuring the financial viability of the business. The Corporation's approach to each TSX Guideline is discussed below.

TSX Guidelines

TSX Guideline No. 1

The board of directors of every corporation should explicitly assume responsibility for the stewardship of the corporation and, as part of the overall stewardship responsibility, should assume responsibility for the following matters: (a) adoption of a strategic planning process; (b) the identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks; (c) succession planning, including appointing, training and monitoring senior management; (d) a communications policy for the corporation; and (e) the integrity of the corporation's internal control and management information systems.

The role of the Corporation's Board of Directors is one of stewardship and oversight of the Corporation and its businesses. The Board is responsible for overseeing the Corporation's management and business affairs and approving major policy decisions taken by the Corporation.

The Board relies on the Corporation's officers to manage the Corporation through the delegation of general management responsibilities relating to day-to-day matters. The Board then monitors achievements of the Corporation's goals and objectives. In fulfilling its mandate, the Board is responsible, among other things, for:

- (a) Overseeing a management-driven strategic planning process. Annually, the Board reviews strategic issues in detail with the management team including the Corporation's competitive position and

strategies for success. The Board also approves the Corporation's strategic plans and oversees the implementation of all key strategies.

- (b) Assessing the principal risks of the Corporation's business and ensuring appropriate systems are in place to manage such risks. The Board annually reviews with management the principal risks which affect the Corporation and related mitigation strategies. In certain cases, committees of the Board are responsible for overseeing specific business risks on behalf of the Board.
- (c) Succession planning for the Corporation including appointing, monitoring, evaluating and selecting senior management. The Human Resources and Compensation Committee of the Board oversees succession planning and approves key succession decisions. The Committee receives reports on the development of management resources and reports to the Board on such matters. Any succession issues involving the Chief Executive Officer are approved by the full Board.
- (d) Overseeing the communications policy for the Corporation which includes oversight of the Corporation's policies and practices with respect to disclosure. The Board oversees communication with Shareholders and other stakeholders including approving the annual financial statements, the annual report, the annual information form and the Corporation's management proxy circular. The audit committee approves quarterly financial statements and related disclosure. Board objectives include ensuring that management has in place an overall program which effectively communicates a clear and consistent explanation of the Corporation's business strategies and objective in its communication with Shareholders. Although the Board oversees communications, Directors do not ordinarily speak on behalf of the Corporation. The Chief Executive Officer is the chief spokesperson for the Corporation. In connection with its approach to communications, the Corporation has adopted a disclosure policy and related control systems to deal with disclosure issues such as selective disclosure.
- (e) Monitoring the effectiveness of the Corporation's internal control and management information systems to safeguard assets and support compliance. The Board, through the Audit Committee, reviews and oversees internal controls, including management information systems and external and internal auditor review plans.

Aside from these specific responsibilities, the Board retains plenary powers for functions not delegated to management. The Board, through its Corporate Governance Committee, annually reviews those matters which are considered to require specific Board or Committee approval. In general terms, the Board reviews and approves all significant matters in the nature of acquisitions, divestitures, capital expenditures as well as the Corporation's short-term and long-term business plans.

There were eight meetings of the Board during the year ended December 31, 2002.

TSX Guideline No. 2

The board of directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors. An unrelated director is a director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the corporation, other than interests and relationships arising from shareholding.

Ten of the eleven Directors of the Corporation are unrelated Directors. There are no interlocking directorships. In assessing the issue of relatedness in the context of the TSX Guidelines, the Board applies certain tests which include whether or not the Director has been at any time within the last five years employed by the Corporation or any of its affiliates and whether or not the Corporation or any of its affiliates makes payments to the Directors outside of their ordinary Directors' fees or to any person associated with a Director (such as an employer), that might reasonably be considered to be material in the sense of creating a risk that a Director may not be independent of management. The tests are objective. For example, if the Corporation makes payments to an employer of a Director or a supplier to the Corporation or to any other person with whom the Director has a significant affiliation which exceed 2 percent of the revenues of the recipient, the Corporation would treat the business relationship as a material relationship.

TSX Guideline No. 3

The application of the definition of “unrelated director” to the circumstances of each individual director should be the responsibility of the board which will be required to disclose on an annual basis whether the board has a majority of unrelated directors.

Ten Directors, Mrs. McDougall and Messrs. Caldwell, Cooper, Dey, Drouin, Lukassen, Mahaffy, Nicholson, Pratt, and Telmer are considered by the Board of Directors to be unrelated Directors while Mr. Alfano is a related Director because he is the Chief Executive Officer of the Corporation.

TSX Guideline No. 4

The board of directors of every corporation should appoint a committee of directors composed exclusively of outside, (i.e., non-management) directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full board new nominees to the board and for assessing directors on an ongoing basis.

The Corporate Governance Committee of the Board of Directors is composed exclusively of Outside Directors all of whom are unrelated. It has the responsibility for proposing new nominees to the Board and for assessing Directors on an ongoing basis.

TSX Guideline No. 5

Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.

The Board of Directors, under the leadership of the Corporate Governance Committee, annually reviews board effectiveness from the perspective of the Corporation and its Shareholders. The evaluation process includes the collection of information from Directors and management which is followed by a thorough discussion of Board effectiveness by the Outside Directors at a special meeting. The Chairman of the Board and Chair of the Committee then meet with the Chief Executive Officer to review the conclusions arising from the review. In addition, individual Director performance is reviewed annually by the Chairman of the Board with each Director prior to the Committee recommending to the Board a slate of Directors for election at the next annual meeting of Shareholders. With respect to Committee effectiveness, the Committee recommends the appointment of committee chairs and committee members to the Board and, through this process, is able to exercise oversight with respect to committee effectiveness. As part of the process of overseeing issues of effectiveness, the contribution of a Director is reviewed in the event of a change of principal occupation whereupon the Board may reconfirm their continuing role as a Director. The Board is required to meet regularly without management being present.

TSX Guideline No. 6

Every corporation, as an integral element of the process for appointing new directors, should provide an orientation and education program for new recruits to the board of directors.

The Corporation has a Directors’ Manual which is a comprehensive reference source for Directors. The Manual is periodically updated and is reviewed with each new Director. The Corporation’s orientation program includes educating Directors with respect to the steel industry through meetings with members of the senior management team and through facilities tours. Directors are also provided with written information with respect to their duties and responsibilities and each new Director meets with the Chief Executive Officer, the Chairman of the Board, and the Secretary to be familiarized with significant issues.

TSX Guideline No. 7

Every board of directors should examine its size and, with a view to determining the impact of the number upon effectiveness, undertake where appropriate, a program to reduce the number of directors to a number which facilitates more effective decision-making.

The current Board, consisting of eleven members, is effective. It comprises a diversity of experiences and professional skills. The Board has determined that a board of between ten and thirteen individuals is appropriate. The current board size is particularly effective from the point of view of enabling the Board to meet and make decisions efficiently and effectively.

TSX Guideline No. 8

The board of directors should review the adequacy and form of the compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.

The Corporate Governance Committee annually reviews compensation paid to Directors for service on the Board, on committees and, where appropriate, as committee chairs. In doing so, the Committee considers comparables as well as what it believes is appropriate in the circumstances to attract Directors to the Corporation's Board. The Board ultimately decides on compensation levels for Directors on advice from the Committee.

TSX Guideline No. 9

Committees of the board of directors should generally be composed of outside directors, a majority of whom are unrelated directors, although some board committees, such as the executive committee, may include one or more inside directors.

The Board has appointed four committees which are: an Audit Committee; a Human Resources and Compensation Committee; a Corporate Governance Committee; and a Pension Committee. All committees meet on a regular basis and each committee consists only of unrelated Directors. The Board relies on its committees to assist it in discharging its responsibilities. Each committee has a written mandate reviewed by the Corporate Governance Committee and approved by the Board.

Committee chairs and committee members are appointed by the Board. The Chairman of the Board is an *ex officio* member of each committee and, as such, does not vote. The Chief Executive Officer is not a member of any committee. Each of the committees consists of not fewer than three and not more than five Directors and a majority of committee members in each case constitutes a quorum.

During the year ended December 31, 2002, the Audit Committee met 5 times; the Human Resources and Compensation Committee met 5 times; the Corporate Governance Committee met 4 times; and the Pension Committee met 3 times.

TSX Guideline No. 10

Every board of directors should expressly assume responsibility for, or assign to a committee of directors the general responsibility for, developing the corporation's approach to governance issues. This committee would, amongst other things, be responsible for the corporation's response to these governance guidelines.

The Corporate Governance Committee is responsible for advising the Board of Directors on corporate governance matters and for monitoring the corporate governance systems of the Corporation. The mandate of the Committee includes reviewing and reporting to the Board from time to time on the size, composition, and profile of the Board and reviewing, at least annually, the relationship between management and the Board. The Committee oversees the orientation and education program for new members of the Board. The Committee also reviews and recommends appropriate disclosure to the Board with respect to corporate governance matters including the corporate governance report in this Circular.

TSX Guideline No. 11

The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO involving the definition of the limits to management's responsibilities. In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting.

The Human Resources and Compensation Committee reviews with the Chief Executive Officer on an annual basis key objectives for the Chief Executive Officer. Each of the Board of Directors, the Chairman of the Board, and the Chief Executive Officer has a written charter or position description. The responsibilities of the Chief Executive Officer include fostering a corporate culture that promotes ethical practices, integrity, and a positive work climate enabling the Corporation to attract and retain a diverse group of quality employees. The Chief Executive Officer also develops and recommends to the Board annual business plans and budgets that support the Corporation's long-term strategy. Those strategies are developed by the Chief Executive Officer and the senior management team for discussion and approval by the Board.

TSX Guideline No. 12

Every board of directors should have in place appropriate structures and procedures to ensure that the board can function independently of management. An appropriate structure would be to (i) appoint a chair of the board who is not a member of management with responsibility to ensure the board discharges its responsibilities or (ii) adopt alternate means such as assigning this responsibility to a committee of the board or to a director, sometimes referred to as the “lead director.”

The Chairman of the Board of Directors is a non-executive chairman who is unrelated. In accordance with the written position description for the Chairman, the Chairman is generally responsible for ensuring that the Board discharges its responsibilities. The responsibilities of the Chairman include determining the agenda for each meeting of the Board in consultation with the Chief Executive Officer and Corporate Secretary and ensuring that the Board is provided with appropriate information in support of its functions and duties. The responsibilities of the Chairman also include overseeing the preparation for and management of meetings of Shareholders of the Corporation. The Corporate Governance Committee also has a role to play in overseeing the relationship between the Board and management in the interest of the Corporation and its Shareholders to ensure the Board is able to function independently.

TSX Guideline No. 13

The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate. The audit committee duties should include oversight responsibility for management reporting on internal control.

The mandate of the Audit Committee includes reviewing all quarterly and annual audited financial statements and reports to Shareholders including related press releases and making recommendations to the Board of Directors for approval with respect to the annual audited financial statements. The Committee reviews the appropriateness of the Corporation’s significant accounting policies and practices, including acceptable alternatives, and the appropriateness of any significant changes in accounting policies and practices. The Committee also reviews all significant estimates and accounting judgments. The Committee reviews and evaluates internal control procedures and makes recommendations to the Board regarding the appointment of independent auditors. The Committee reviews the nature and scope of the annual audit as proposed by the Corporation’s auditors and meets with the Corporation’s external auditors and internal auditors at least quarterly. The Committee reviews findings from the annual audit with the Corporation’s auditors and oversees business risks faced by the Corporation assigned to the Committee by the Board.

TSX Guideline No. 14

The board of directors should implement a system which enables an individual director to engage an outside adviser at the expense of the corporation in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.

In accordance with its corporate governance policies, each Director can retain independent advisors, at the Corporation’s expense, with respect to matters affecting the Corporation, with the approval of the Corporate Governance Committee.

Copies of the Corporation’s most recent Annual Information Form, the comparative financial statements for the financial year ended December 31, 2002 together with the Auditors’ Report thereon, and this Circular are available without charge upon request to the Secretary of the Corporation.

The contents and the sending of this Circular have been approved by the Directors of the Corporation.

Hamilton, Ontario
as of March 14, 2003

G. Blair Cowper-Smith
Corporate Secretary and Special Counsel