



Stelco Inc.
Annual Information Form

May 1, 2001

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ANNUAL INFORMATION FORM

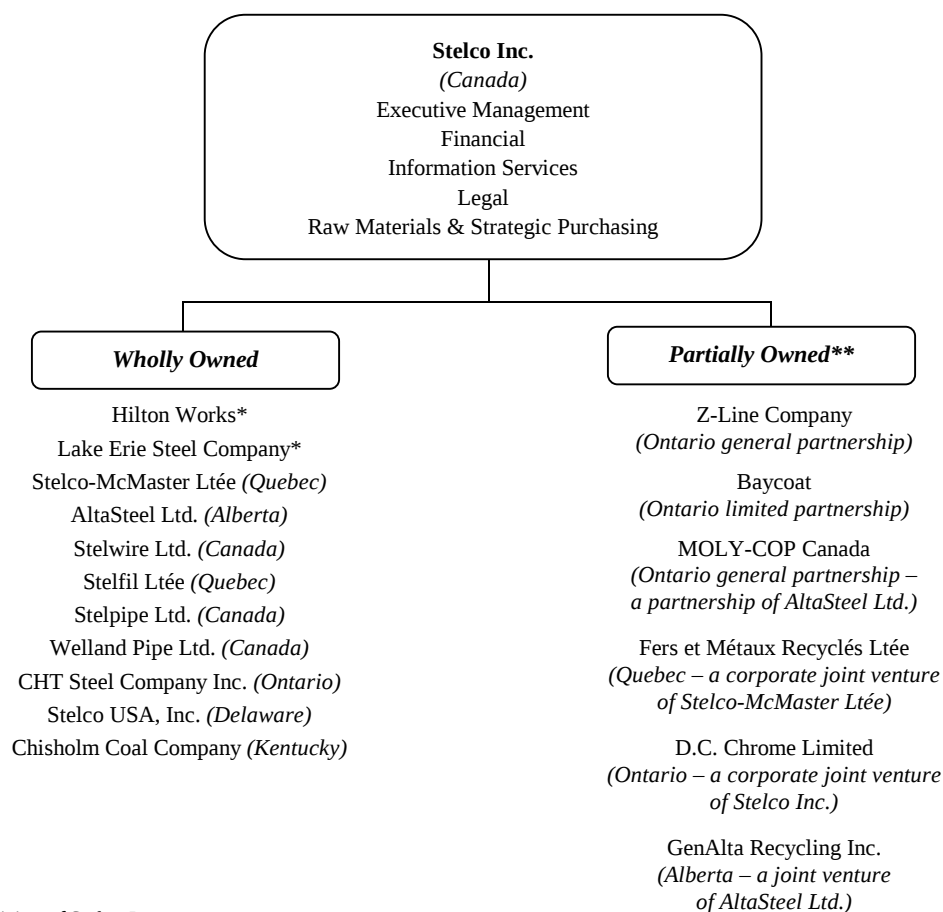
1. INCORPORATION AND RELATED INFORMATION

1.1 Stelco Inc.

Stelco Inc. ("Stelco" or the "Corporation") is a corporation amalgamated under and governed by the Canada Business Corporations Act. Its registered and principal office is located at 100 King Street West, Hamilton, Ontario, Canada. Stelco came into existence as The Steel Company of Canada, Limited in 1910. The Corporation was continued pursuant to the Canada Business Corporations Act by certificate of continuance dated June 27, 1980. On January 1, 1999, the Corporation amalgamated with its wholly owned subsidiary, Lake Erie Steel Company Ltd.

1.2 The Stelco Group of Businesses

Stelco conducts business through two divisions, nine wholly owned subsidiaries and a number of jointly owned corporate entities. The jurisdiction of incorporation or organization is set out below for each business. Subsidiaries not conducting business with external parties are not shown.



*A Division of Stelco Inc.

**At least 50% ownership interest.

2. GENERAL DEVELOPMENT OF THE BUSINESS

2.1 Three-year Overview

Stelco is in the business of producing and marketing rolled and fabricated steel products. Stelco is Canada's largest steel producer. Stelco operates two integrated steel-producing business units: Hilton Works in Hamilton, Ontario, and Lake Erie Steel Company in Nanticoke, Ontario; and two mini-mill steel-producing subsidiaries: Stelco-McMaster Ltée in Contrecoeur, Quebec, and AltaSteel Ltd. in Edmonton, Alberta. Stelco also operates a number of manufactured products businesses. Steel products supplied by Stelco businesses to the North American market include hot rolled, cold rolled and coated sheet, plate, bars and rod, and manufactured products, such as wire and wire products, and pipe and tubular products.

In 2000, the Stelco Group of Businesses produced 5.6 million tons of semi-finished steel and shipped 4.7 million tons of steel products valued at \$2.8 billion. Annual steelmaking capability effective January 1, 2001 is 6.1 million semi-finished tons.

Over the last three years, Stelco has continued a strategy adopted in 1996. Stelco's strategy has been to maintain a solid financial position and enhance shareholder value through improved financial performance. This is accomplished through continuous improvement in operational performance to reduce costs (particularly in productivity, quality, product yields and energy usage); improvement in the value-added mix of products sold; and in securing access to markets through improved quality, customer service and supply dependability. Selective facility investment and workforce training are employed to equip our people with the technology and skills required to carry out this strategy.

The U.S. and Canadian economies began to slow in mid-2000. The North American steel industry, during 2000, also felt the additional impact of high volumes of low-priced imports and rising energy costs. The Corporation had its first quarterly loss in twenty-five consecutive quarters in the third quarter of 2000. Financial results throughout the second half of 2000 were negatively affected by a record high level of imported steel, increased operating costs due to the curtailment of both steel production and certain downstream operations, and significantly higher energy costs.

Steel consumption in Canada and the U.S. grew by approximately 6 million tonnes from 1997 to 2000. Despite substantial investment by the North American industry in new technology and capacity, annual consumption is still greater than the industry's steel production capacity. The American Iron and Steel Institute has undertaken a major initiative to grow the market for North American steel substantially over the next five years.

Over the last three years, imports into North America have surged due to worldwide overcapacity. The Corporation monitors steel imports for compliance with fair trade practices and initiates action, through a federal government complaint process under Canadian trade legislation, when there is evidence of unfair trade as has been the case in 2000 when imports captured 44 percent of the Canadian market. With serious damage having been done to North American steelmakers, the use of North American trade laws is now reversing the influx of imports.

2.2 Major Events – 1998 through 2000

1998

Several major capital projects were completed in 1998. At Hilton Works, a new bloom reheat furnace began commercial operation during the second quarter; installation of a quick-roll change system at the 4-stand cold mill was completed in the third quarter; and the No. 7 coke oven battery refurbishment project was completed in the fourth quarter. At Lake Erie Steel, a major expansion and upgrade of iron and steelmaking facilities was completed with the start-up of the desulphurization station and the increased availability of oxygen to the blast furnace.

Steel imports in 1998 comprised 42 percent of Canadian apparent steel consumption - an increase from the previous high of 37 percent in 1997, and a dramatic increase from the traditional level of 28 to 30 percent. The surge in imports from offshore sources was due to the collapse in demand for steel in many economies outside North America. In response to a complaint filed by the Corporation in December 1998, Revenue Canada investigated dumping of hot rolled sheet from France, Romania, Russia, and Slovakia; and in March 1999, imposed substantial antidumping duty deposits on imports from these countries.

In December 1998, the Board of Directors adopted a shareholder rights plan that in the event of an unsolicited takeover bid would allow the Board and the Corporation's shareholders more time to evaluate the offer and, if appropriate, to pursue other alternatives to maximize shareholder value. See Note 11 to the Corporation's Consolidated Financial Statements on page 43 of the Stelco 2000 Annual Report.

1999

In May 1999, the business and assets of Frost Wire Products Ltd. was sold; a loss of \$0.04 per share was incurred. Effective June 30, 1999, the business and assets of a metal plating plant in Toronto, Ontario, owned by Torcad Limited was sold.

A new collective agreement was signed with the United Steelworkers of America local at AltaSteel Ltd. after a five-week strike. The contract expires July 31, 2004. In addition, a new collective agreement between the United Steelworkers of America and Stelfil Ltée was signed. The contract expires July 31, 2003.

A major 63-day reline and upgrade of "E" blast furnace at Hilton Works was completed, and production resumed, on schedule and within budget, on December 2, 1999. The facility and technological upgrades were designed to improve productivity and costs, and are expected to increase furnace life to twelve years.

The import share of Canadian steel consumption declined to 38 percent in 1999 from 42 percent in 1998. However, the import market share was still substantially above the traditional level of 28 to 30 percent. In 1999, the Corporation participated in a number of successful trade actions that included hot rolled sheet, cold rolled sheet and reinforcing bar. In October 1999, Revenue Canada initiated an investigation into the dumped and countervail subsidies of carbon steel plate from six countries. The Corporation expected allegations of unfair trade to be confirmed and that provisional duties would be imposed early in 2000. (See commentary in 2000 below.)

2000

The volume of steel imports into Canada surged in 2000, increasing 29 percent over 1999, capturing 44 percent of the Canadian steel market. This record level of imported steel created an oversupply situation that was compounded by declining demand as the economy weakened in the second half of the year.

The Corporation continued to participate in trade actions designed to curb those imports that are being unfairly traded. In June, the Canadian International Trade Tribunal (CITT) renewed antidumping rulings on welded standard pipe and carbon steel plate. In November 2000, the Canada Customs and Revenue Agency (CCRA) began its investigation into a complaint filed by the Corporation on unfairly traded steel reinforcing bar. In December 2000, the CCRA began an unfair trade investigation into allegations of dumping of certain corrosion-resistant steel. In January 2001, the CCRA initiated an investigation into the dumping of hot rolled sheet.

On February 1, 2001, the CCRA announced preliminary dumping margins ranging from 14 percent to 30 percent from its investigation of steel reinforcing bar from seven countries. On March 5, the CCRA announced preliminary dumping margins averaging 34 percent from its investigation of galvanized steel sheet from six countries.

On March 12, 2001, the CCRA initiated an investigation into the dumping of cold rolled sheet from nine countries. On March 20, the CITT ruled there was preliminary evidence of injury with respect to the dumping of hot rolled steel sheet from thirteen countries.

Despite the curtailment of steel production in the fourth quarter to reduce inventory, semi-finished steel production for the year was a record 5.6 million net tons, six percent above the previous high. This level of performance was a result of recent capital investments to upgrade technology and increase productivity at Lake Erie Steel Company and Stelco-McMaster Ltée, both of which established new steel production records. The installation of a second charging crane and ladle furnace at Lake Erie's steel shop was completed, increasing annual steelmaking capacity by 110,000 tons to 2.5 million tons.

Several strategic capital projects were completed in 2000. The first phase of the Lake Erie's hot strip mill upgrade was completed in June. This \$120 million investment will increase annual rolling capacity by 500,000 tons and improve product quality.

At Hilton Works, a \$48 million upgrade to the 4-stand tandem cold mill was completed. While commissioning was slower than expected, productivity improved steadily through the last half of the year, and significantly enhanced quality in gauge, surface, and shape control was achieved. The full benefits of this investment in quality and productivity are expected to be realized in 2001.

The expansion of the Stelco-McMaster bar mill was completed in the first quarter. Through the year, productivity and product quality steadily improved and new quarterly output records were achieved as annual rolling capacity increased by 38 percent to 415,000 tons.

New long-term labour agreements were reached at Lake Erie Steel and at Stelwire Ltd.'s Parkdale Works of four and five years, respectively.

2.3 Debt Reduction

During the three years 1998 to 2000, the Corporation reduced its long-term debt and preferred share level by a net \$132 million, including the redemption of all preferred shares. Repayment of long-term debt totalled \$195 million and preferred shares were redeemed for \$165 million. Drawdowns amounting to \$78 million under financing arrangements for selected capital projects were made during this period. In February of 1999, the Corporation issued \$150 million of 8 percent senior unsecured debentures.

The Corporation's long-term debt/equity ratio as a percentage of total capital changed from 27/73 on January 1, 1998 to 37/63 at December 31, 2000. The increase was primarily due to accounting policy changes effective January 1, 2000 with respect to employee future benefits and income taxes. As a result of these accounting policy changes, the Corporation recorded a net decrease to retained earnings of \$427 million, which directly affected this ratio.

2.4 Dividends and Share Repurchase

The Corporation acquired for cancellation 5,782,700 of its common shares during the three years 1998 to 2000 for \$51 million through a normal course issue bid.

The Corporation suspended its quarterly dividend effective with the May 1, 2001 payment date.

2.5 Trends

Through the second quarter of 2000, market demand for the past three years had been growing. Market demand deteriorated during the second half of 2000 which reflected an increase in the volume of steel imports and a generally weakening economy. Reference is also made to the first paragraph of the Outlook section of the Management's Discussion and Analysis information on page 26 of the Corporation's 2000 Annual Report.

3. DESCRIPTION OF THE BUSINESS

3.1 Market Overview

Canadian and U.S. steelmakers serve North American customers in a North American marketplace. The automotive and automotive supplier customer base is one of the steel industry's most important customer segments. It is characterized by common ownership on both sides of the border. Purchasing decisions involve comparable products at comparable prices with emphasis being placed on quality, service, and supply dependability, and not on country of origin.

As a high-quality producer, the Corporation is well equipped to supply the automotive industry, which is the Corporation's dominant market sector. The Corporation expects to benefit from recent growth in energy exploration activity, which should enhance the sale of tubular and other oil and gas country goods. Other key market sectors are referred to in section 3.3 on page 6.

The Corporation has invested heavily in quality improvement and in capacity increases in strategic areas over the past three years (see section 3.4 on page 6).

The following tables set out summary information regarding producer shipments and steel consumption in Canada and the U.S.:

Apparent Steel Consumption – Canada

(Million Tons)	2000	1999	1998
Gross Domestic Shipments	16.4	16.5	15.5
Less: Exports	(5.5)	(5.2)	(5.2)
Net Domestic Shipments	10.9	11.3	10.3
Imports (ex producer imports)	8.7	6.7	7.4
Apparent Consumption	19.6	18.0	17.7
Imports (%)	44	38	42

Source: Statistics Canada.

Apparent Steel Consumption – U.S.

(Million Tons)	2000	1999	1998
Gross Domestic Shipments	109.6	105.1	102.4
Less: Exports	(6.5)	(5.4)	(5.5)
Net Domestic Shipments	103.1	99.7	96.9
Imports (ex producer imports)	29.4	27.1	34.7
Apparent Consumption	132.5	126.8	131.6
Imports (%)	22	21	26

Source: American Iron and Steel Institute.

3.2 Market Share

The following table sets out Stelco's consolidated shipments and market share. Stelco's markets are principally in North America.

Consolidated Shipments – Stelco Inc.

	2000	1999	1998
Steel Shipments	4,684	4,862	4,607
Domestic Shipments			
- Percent of Canadian Apparent Consumption	21	23	22
Total Shipments			
- Percent of Canadian and U.S.			
Apparent Consumption	3	3	3

Over the 1998 - 2000 period, Stelco's share of Canadian apparent steel consumption and of combined Canadian and U.S. apparent steel consumption has ranged between 21 to 23 percent and 3 percent respectively.

3.3 Products and Market Sectors

The following table provides Stelco's total consolidated sales and a percentage breakdown by major product group over the past three years:

Sales By Product Type

	2000	1999	1998
Consolidated Net Sales (\$ Millions)	2,837	3,101	3,168
Hot Rolled Sheet	28 %	26%	24%
Cold Rolled Sheet	8	11	10
Coated Sheet	22	24	23
Plate	5	4	4
Bars & Wire Rod	16	15	16
Wire & Wire Products	8	9	9
Pipe & Tubular Products	8	8	10
Other	5	3	4
Total	100 %	100%	100%

The following table provides steel shipments from Stelco's steel-producing businesses and a percentage breakdown by principal markets:

Shipments By Market Sector

	2000	1999	1998
Rolled Steel Shipments (Thousand Tons)	4,672	4,822	4,466
Automotive	42%	44%	40%
Steel Service Centres	24	23	24
Pipe & Tubular Products	11	9	11
Fabrication & Manufacturing	11	11	12
Other	12	13	13
Total	100%	100%	100%
Shipments to subsidiaries included above	11%	12%	14%

3.4 Capital Expenditures

To support continuous improvement efforts, approximately \$549 million has been authorized for capital expenditures since 1998.

Currently there are a number of capital projects that are under way. The most notable of these are:

- a \$255 million Phase II upgrade of the Lake Erie Steel's 80" hot strip mill, and
- a \$25 million project to modernize the bar rolling facility at AltaSteel.

The benefits of capital expenditures on operating results found in the Corporation's 2000 Annual Report on page 7, third paragraph, and on page 24, third paragraph, are incorporated herein by reference.

3.5 Businesses

An outline of the Corporation's key operating businesses, by segment, is provided below:

	Business/Location	Stelco ⁽¹⁾ Ownership	Principal Products	2000 Sales ⁽²⁾ (\$ Millions)
Rolled Steel Products				
Steelmaking	Hilton Works Hamilton, Ontario	Division of Stelco Inc.	Hot rolled, cold rolled, and coated sheet; plate; bar and rod	\$ 1,620
	Lake Erie Steel Company Nanticoke, Ontario	Division of Stelco Inc.	Hot rolled sheet	\$ 999
	Stelco-McMaster Ltée Contrecoeur, Quebec	100%	Billets, merchant bars and special quality bar products	\$ 196
	AltaSteel Ltd. Edmonton, Alberta	100%	Merchant and special quality bars	\$ 117
Steel Processing	CHT Steel Company Inc. Richmond Hill, Ontario	100%	Heat treatment of plate	\$ 5
	Stelco USA, Inc. Troy, Michigan	100%	Processing, warehousing and sale of steel products	\$ 127
	Z-Line Company Hamilton, Ontario	60%	Zinc coating of cold rolled steel	\$ 50
	Baycoat Hamilton, Ontario	50%	Application of paint finishes to rolled steel coils	\$ 87
Raw Materials	Chisholm Coal Company Jamboree, Kentucky	100%	Metallurgical coal	\$ U.S. 28
	Wabush Mines Newfoundland & Quebec	37.9%	Iron ore	\$ 287
	Hibbing Mine Minnesota	15%	Iron ore	\$ U.S. 318
	Eveleth Mines L.L.C. Minnesota	15%	Iron ore	\$ U.S. 130
	Tilden Mining Company L.C. Michigan	15%	Iron ore	\$ U.S. 280
	Fers et Métaux Recyclés Ltée New Brunswick and Quebec	50%	Scrap	\$ 57
	GenAlta Recycling Inc. Alberta	50%	Scrap	\$ 2
Manufactured Products				
Wire and Wire Products	Stelwire Ltd. Hamilton, Ontario	100%	Wire and nails	\$ 137
	Stelfil Ltée Lachine, Quebec	100%	Wire and wire products	\$ 83
Pipe and Tubular Products	Stelpipe Ltd. Welland, Ontario	100%	Tubular products ranging in diameter from 0.5 inches to 16 inches	\$ 123
	Welland Pipe Ltd. Welland, Ontario	100%	Large-diameter transmission pipe for the oil and gas industry	\$ 78
	Camrose Pipe Company Camrose, Alberta	40%	Large- and small-diameter pipe for the oil and gas industry	\$ 66
Other	MOLY-COP Canada Kamloops, B.C.	50%	Forged grinding balls for the mining and mineral industry	\$ 52
	D.C. Chrome Limited St. Catharines, Ontario	50%	Metal plating and finishing	\$ 4

(1) Direct or Indirect.

(2) Sales include inter-unit transactions at market prices. For the partially owned businesses, sales represent 100% of the business activity of these entities.

3.6.1 Hilton Works

The Hilton Works business unit is a division of Stelco. It occupies 1,100 acres, including harbour facilities, in Hamilton, Ontario. It is a fully integrated steelmaking facility and is Stelco's largest business unit. Its location on Lake Ontario provides good access to raw material sources in Canada and the U.S.A. via water-borne transportation. In addition, its location provides ready access via water, rail, and highway transportation to steel-consuming markets in Canada and the U.S.A.

(a) Semi-finished Steel

Facilities used in the production of semi-finished steel include one coke oven battery, a pulverized coal injection facility, two blast furnaces, a three-vessel basic oxygen furnace shop, and a ladle metallurgy/continuous casting complex with one slab caster and one combination slab/bloom caster. Semi-finished steelmaking capacity is approximately 2.7 million tons.

Steel slabs and blooms produced are used at Hilton Works in the production of plate, sheet, and rod and bar products.

(b) Plate and Strip

Slabs for flat rolled products are hot-processed through a 148-inch plate mill or a 56-inch coilbox-equipped hot strip mill.

Plate products supplied by this division of Hilton Works include structural-grade plate, heat-treated plate produced at CHT Steel Company Inc., and plate for high-strength, large-diameter transmission pipe.

Principal markets for plate products are steel service centres, steel fabricators, railway car manufacturers, shipbuilders, and producers of large-diameter transmission pipe for the oil and gas industry. Over the past three years, approximately 33 percent of plate sales were shipped to related-party customers.

Major competitors in the plate market include Algoma Steel Inc. and Ipsco Inc. in Canada, several steel producers in the U.S.A., and imports.

A significant portion of hot rolled sheet output is further processed at the Cold Roll and Coated division of Hilton Works. Principal markets for hot rolled sheet are the automotive sector, pipe and tubular products manufacturers, and steel service centres. Over the past three years, approximately 21 percent of the sales of hot rolled sheet were to related-party customers.

Major competitors in the hot rolled sheet market include Dofasco Inc., Ispat-Sidbec Inc. and Algoma Steel Inc. in Canada, a number of integrated and mini-mill steel producers in the U.S.A., and imports.

(c) Cold Roll and Coated

Hot rolled sheet that has been "pickled" (i.e. cleaned of rolling scale) is further processed by cold rolling through an 80-inch 4-stand, 4-high tandem mill or a 56-inch 5-stand, 4-high tandem mill. Other facilities of this division of Hilton Works include batch annealing and temper mills and two hot-dipped galvanizing lines. The division also provides management and operating services to the Z-Line Company (see Z-Line Company on page 10).

Hilton Works is a major supplier of cold rolled and coated products to the North American market. Products include cold rolled, galvanized, and prepainted sheet. Prepainted sheet is produced at Baycoat (see Baycoat on page 10).

Principal markets for cold rolled and coated products in North America are the automotive, construction, appliance, and steel service centre sectors.

Principal competitors in the market for cold rolled and coated sheets in North America include Dofasco Inc., Ispat-Sidbec Inc., and Algoma Steel Inc. in Canada, a number of steel producers in the U.S.A., U.S.-based speciality producers of cold rolled and/or coated sheet, and imports.

(d) Rod and Bar

Blooms for long products (i.e. rod and bar) are hot-processed through a bloom and billet mill to produce billets, which are then processed through either a bar mill or rod mill. The rod mill is also used to process billets for outside producers.

Principal markets for rod and bar products in North America are the automotive sector, and wire and wire products producers. Over the past three years, approximately 42 percent of the sales of this division were shipped to related-party customers.

This division's principal competitors in North America include Ivaco Inc., Ispat-Sidbec Inc. and Slater Steel Inc. in Canada, and a number of mini-mill and speciality producers in the U.S.A.

3.6.2 Lake Erie Steel Company

Lake Erie Steel Company, a division of Stelco, is situated on 4,100 acres in Nanticoke, Ontario, on the north shore of Lake Erie approximately 65 kilometres from Hamilton. This is a fully integrated steelmaking facility, commissioned in stages from 1980 to 1983. A 2,500-acre industrial park and a woodlot preserve form a buffer zone on the north side of this facility in a predominantly rural location. Its location provides good access to raw material sources in the U.S.A. via water-borne transportation. Its location also provides ready access via highway transportation to steel-consuming markets in Canada and U.S.A.

Primary production facilities include coke ovens, one blast furnace, a two-vessel basic oxygen furnace shop, a vacuum degasser, ladle trim station, and a twin-strand slab caster. Semi-finished steelmaking capacity is 2.5 million tons, all in the form of slabs. Slabs produced at Lake Erie Steel are rolled on a coilbox-equipped 80-inch hot strip mill. In 2000, this unit completed a \$120 million expansion of the 80-inch mill. This upgrade has increased annual rolling to 2.7 million tons as well as improving quality.

A four-year collective agreement was reached on July 31, 2000.

Lake Erie Steel is focused on the production and sale of high-quality hot rolled sheet. Principal markets for hot rolled sheet products in North America are the automotive sector, steel service centres, and pipe and tubular products manufacturers. Over the past three years, approximately 36 percent of the sales of this unit were shipped to related-party customers.

Lake Erie Steel's major competitors in the North American market for hot rolled sheet include Dofasco Inc. and Algoma Steel Inc. in Canada, a number of integrated and mini-mill steel producers in the U.S.A., and imports.

3.6.3 Stelco-McMaster Ltée

Stelco-McMaster Ltée, a wholly owned subsidiary with its head office and plant in Contrecoeur, Quebec, about 55 kilometres from Montreal, is a stand-alone mini-mill steelmaking facility. The facility has ready access to major North American steel markets via rail and truck, and to offshore markets via year-round shipping facilities operated by the Port of Contrecoeur, located near the plant. Stelco-McMaster produces steel from scrap sourced in Canada and the northeastern United States. Stelco-McMaster owns 50 percent of Fers et Métaux Recyclés Ltée, a processor of ferrous and non-ferrous scrap. Through its relationships with Fers et Métaux and other scrap suppliers, Stelco-McMaster has access to stable and adequate scrap supplies.

Steelmaking facilities include one 130-ton electric-arc furnace, a ladle metallurgy station, and a 4-strand billet caster. Semi-finished steelmaking capacity is approximately 630,000 tons per year. Bar mill facilities include a state-of-the-art in-line mill and an automatic bar packaging system. Bar rolling capacity is approximately 415,000 tons per year.

Stelco-McMaster manufactures and sells billets, automotive leaf spring flat bars, rebar, merchant quality and special quality bars, and railway-related products.

Principal markets served by Stelco-McMaster include the automotive, railway, and construction industries, and steel service centres in North America. Over the past three years, approximately 36 percent of the sales of this subsidiary were shipped to related-party customers.

Stelco-McMaster's major competitors in the North American market include Ispat-Sidbec Inc., Co-Steel Inc., Gerdau Courtice Steel Inc., Gerdau MRM Steel Inc., and Slater Industries Inc. in Canada, and a number of mini-mill steel producers in the U.S.A.

3.6.4 AltaSteel Ltd.

AltaSteel Ltd., a wholly owned subsidiary with its plant and head office in Strathcona County near Edmonton, Alberta, is a stand-alone mini-mill steelmaking facility. AltaSteel produces steel from scrap sourced primarily from Western Canada. AltaSteel owns 50 percent of GenAlta Recycling Inc. which operates a scrap shredder. AltaSteel owns 50 percent of MOLY-COP Canada, (see section 3.8.3 on page 12), a producer of grinding balls for the Canadian mining industry.

Steelmaking facilities consist of one 80-ton electric arc furnace, a ladle furnace, and one 3-strand billet caster. Semi-finished steel capacity is approximately 365,000 tons per year. The bar mill has evolved into a configuration that features two rolling outlets providing flexibility for a wide range of products.

AltaSteel manufactures and sells merchant quality and special quality bars.

Principal markets served by AltaSteel include the mining, construction, manufacturing, automotive, and oil and gas industries, and steel service centres. Over the past three years, approximately 16 percent of this subsidiary's sales were shipped to a related party.

AltaSteel's major competitors in the markets it serves are Co-Steel Inc., Gerdau MRM Steel Inc., and Ispat-Sidbec Inc. in Canada, and a number of mini-mill steelmakers located in the U.S.A.

3.7 Rolled Steel Products Segment – Steel Processing

CHT Steel Company Inc.

CHT Steel Company Inc., a wholly owned subsidiary of Stelco located in Richmond Hill, Ontario, specializes in heat treating of plate. The business is operated from a 125,000-square-foot facility on seven acres. The facility contains three quench and temper lines, a normalizing/annealing line, and two shot blasters. CHT Steel provides a complete range of toll heat treating services including annealing, stress relieving, normalizing, and quenching and tempering. Hilton Works (see section 3.6.1 on page 8) is CHT Steel's only significant customer.

Stelco USA, Inc.

Stelco USA, Inc., wholly owned by Stelco through Stelco Holding Company, is located in Troy, Michigan. Stelco USA purchases the products of Stelco's businesses for the purposes of consignment, further processing, and warehousing in the United States prior to shipment to the final customer.

Z-Line Company

Stelco owns 60 percent of the Z-Line Company, which is located at Hilton Works (see section 3.6.1(c) on page 8). The Z-line facility toll zinc coats cold rolled sheets for Hilton Works for a wide variety of demanding applications.

Baycoat

Stelco owns 50 percent of Baycoat, which toll applies a variety of paint finishes to flat rolled steel coils at its facility in Hamilton, Ontario. Baycoat operates three coil-coating lines each equipped to coat cold rolled or galvanized substrates with a variety of exterior and interior paint systems. Baycoat's customers are its owners, Stelco and Dofasco Inc.

3.8 Manufactured Products Segment

3.8.1 Wire Businesses

Stelwire Ltd.

Stelwire Ltd., a wholly owned subsidiary with its head office in Hamilton, Ontario, and plants in Hamilton (Parkdale Works) and Burlington, Ontario (Burlington Works), is one of North America's largest producers of steel wire and wire products.

The Parkdale Works operation consists of a 621,000-square-foot production plant located on a 51-acre site. Facilities include rod storage and handling, two cleaning and coating lines, almost forty wire drawing machines, a batch annealing shop, over 100 nail machines, a 36-strand hot-dipped wire galvanizing line, one stabilized prestressed concrete strand manufacturing line and three oil-temper lines. The plant also operates extensive wire and nail packaging, inspection, testing, maintenance and shipping facilities. The Burlington Works operation consists of a 91,000-square-foot production plant located on a 26-acre site. Facilities include a cleaning and coating line and two high-capacity continuous annealing furnaces.

Products manufactured at Stelwire include cold heading wire, low carbon bright and galvanized industrial quality wire, high carbon and alloy wire for springs and wire screens, prestressed concrete strand, processed rod and bar, and a wide range of bright and galvanized nails.

Stelwire services the major industrial and commercial markets of North America either directly or through distributors. The automotive, agricultural, construction, and residential sectors of the North American market make up a large portion of Stelwire's customer base. Over the past four years, approximately 12 percent of the sales of this subsidiary were to related-party customers.

Stelwire reached a five-year collective agreement during 2000, after a three-month strike.

Stelwire's major competitors in the North American market are Ivaco Inc., Ispat-Sidbec Inc., Titan Steel and Wire Co. Ltd., Tree Island Industries Ltd., and Laurel Steel (a division of Harris Steel Group Inc.) in Canada, a number of wire and wire products producers based in the U.S.A., and imports.

Stelfil Ltée

Stelfil Ltée, a wholly owned subsidiary with its head office and plant in Lachine, Quebec, produces wire and wire products.

Stelfil's operation is located in a 443,000-square-foot manufacturing facility on a 20-acre site. Facilities include rod storage and handling, a fully automated batch cleaning and coating line, two hot-dipped galvanizing and two electro-galvanizing lines, one patenting line, 26 wire drawing frames, a small batch anneal operation, and two tubular wire stranders. The facility is also equipped with extensive material testing and maintenance facilities.

Products manufactured at Stelfil include low and high carbon wire, bright and galvanized wire, and industrial and special quality wire.

Stelfil services the major industrial markets in North America either directly or through distributors. The communication-cable, pulp-tying, electrical, and construction sectors of the North American market make up a large portion of Stelfil's customer base. Over the past five years, approximately 8 percent of the sales of this subsidiary were to related-party customers.

Stelfil's principal competitors in the North American market are Ivaco Inc. and Ispat-Sidbec Inc. in Canada, a number of wire and wire products producers based in the U.S.A., and imports.

3.8.2 Pipe and Tubular Businesses

Stelpipe Ltd.

Stelpipe Ltd., a wholly owned subsidiary with its head office and plant in Welland, Ontario, manufactures pipe and tubular products in diameters ranging from 0.5 to 16 inches.

Facilities at Stelpipe include one electric-resistance-weld, hot-stretch-reduction mill (ERW/SRM), one ERW pipe mill and one cold-drawn tubing mill. Pipe-making capacity is approximately 200,000 tons.

Stelpipe's product range includes oil well tubing hollows, oil well casing hollows, water well casing, sprinkler pipe, mechanical and automotive tubing, heating and plumbing pipe, galvanized pipe, drill rod and pressure and speciality tubing.

Stelpipe's principal markets are the North American automotive, construction, energy, manufacturing, and distribution market sectors.

Stelpipe's competitors include Ispat-Sidbec Inc., Ipsco Inc., Prudential Steel Ltd., Copperweld Canada Ltd., and Welded Tube of Canada Limited, and a large number of tubular product producers in the U.S.A.

Welland Pipe Ltd.

Welland Pipe Ltd., a wholly owned subsidiary with its head office and plant in Welland, Ontario, produces large-diameter transmission pipe for the oil and gas industry.

Facilities include a Stelform spiral weld mill (36- to 60-inch diameter) and a U & O mill (20- to 36-inch) diameter. Combined annual capacity of the two mills is approximately 500,000 tons.

Welland Pipe serves the oil and gas transmission industry in North America.

Welland Pipe competes with Ipsco Inc. and Camrose Pipe Company in Canada, and a number of U.S.-based large-diameter pipe producers.

Camrose Pipe Company

Stelco owns 40 percent of the Camrose Pipe Company, a partnership with Oregon Steel Mills, Inc. of Portland, Oregon, which produces large-diameter transmission pipe for the oil and gas industry as well as pipe ranging in diameter from 4 to 16 inches.

Camrose operates two pipe mills: an electric-resistance-weld (ERW) mill that manufactures pipe ranging in diameter from 4 to 16 inches with an annual capacity of 140,000 tons, and a U & O mill that manufactures pipe ranging in diameter from 20 to 42 inches with an annual capacity of 180,000 tons.

Camrose services the oil and gas distribution, and transmission and construction markets, primarily in Western Canada and the northwestern United States.

Under the agreement by which Oregon Steel acquired its 60-percent interest in Camrose from Stelco, either Stelco or Oregon Steel may initiate a buy-sell procedure pursuant to which the initiating party establishes a price for Camrose and the other party must either sell its interest at that price or purchase the initiating party's interest at that price.

3.8.3 Other

MOLY-COP Canada

AltaSteel Ltd. (see section 3.6.4 on page 10) owns 50 percent of MOLY-COP Canada, a producer of forged grinding balls for the mining and mineral industry. This partnership with GS Industries of Charlotte, North Carolina, is located in Kamloops, British Columbia.

MOLY-COP's 90,000 ton-per-year plant is the largest grinding media production facility in Canada. It produces a complete range of forged and heat treated grinding balls from 1 inch to 5.5 inches in diameter.

MOLY-COP's products are sold principally to the Canadian mining and mineral industry.

D.C. Chrome Limited

Stelco owns 50 percent of D.C. Chrome Limited, a company known as Torcad Limited until the name was changed as of January 26, 2000.

Effective June 30, 1999, the business and assets of a metal plating plant in Toronto were sold.

D.C. Chrome operates a plant in Stoney Creek, Ontario, to texture and chromium plate work rolls used in the cold rolling of steel for Hilton Works (see section 3.6.1 on page 8) as well as for other customers.

3.9 Raw Materials

3.9.1 Rolled Steel Products

The principal raw materials used in the Corporation's integrated steelmaking operations are coal and iron ore. The Corporation obtained approximately 22 percent of its requirements for metallurgical coal from its wholly owned subsidiary, Chisholm Coal Company, in 2000 with the balance being purchased from independent coal producers at market prices. The Corporation believes the current sources of purchased coal to be sufficiently stable and adequate for the maintenance of operations. The Corporation's iron ore requirements are met, mostly, from iron ore mines in which the Corporation has ownership interests. To meet total requirements for iron ore, the Corporation has also entered into flexible, long-term supply contracts.

Chisholm produces high-quality metallurgical coal. Coal produced is consumed partially by the integrated steel producers, Hilton Works and Lake Erie Steel Company, with the remainder being sold commercially. At current mining rates, coal reserves at Chisholm are estimated to be between 18 to 30 months.

Stelco owns substantial interests in iron ore properties in North America to ensure secure sources of iron ore. These interests include mining rights on leases and the ownership of related production facilities. Stelco has a right to a pro-rata share, based on ownership, to the production from each of its iron ore properties. The Corporation's mineral reserves are estimated at capacity mining rates to contain more than 30 years' supply of iron ore. Ownership sources constitute about 80 percent of total corporate iron ore requirements. The balance is obtained under the terms of flexible long-term contracts.

The principal raw material used in the Corporation's mini-mill steelmaking operation is scrap. The integrated steelmaking operations also consume considerable quantities of scrap. The Corporation believes the current sources are sufficiently stable and adequate for maintaining operations.

3.9.2 Manufactured Products – Steel Supply

Most of the steels used in the Manufactured Products segment are supplied by the Rolled Products segment of the Corporation. The total value of intersegment sales can be found in the Corporation's 2000 Annual Report in Note 3, page 36.

3.9.3. Energy

The Stelco Group of Businesses, from the integrated steelmaking segment through its mini-mills and manufactured products segment, are energy intensive. While there have been significant reductions in energy usage per net ton produced over the past decade, the Corporation remains a major user of natural gas and electricity and is susceptible to the recent volatility in price.

3.10 Employees

The Corporation, directly and through its wholly owned subsidiaries, employed an average of 9,922 people in 2000. Of this total, approximately 75 percent were represented by 11 separate collective bargaining agreements, such agreements being limited to single plants.

Labour contract termination dates and union affiliation of the wholly owned businesses are shown below:

Business	Union Local	Length of Contract	Expiry Date
<i>United Steelworkers of America (USWA)</i>			
Hilton Works (Division of Stelco Inc.)	1005	6 years	July 31, 2002
Lake Erie Steel Company (Division of Stelco Inc.)	8782	4 years	July 31, 2004
Stelco-McMaster Ltée	6951	6 years	July 31, 2002
AltaSteel Ltd.	5220	5 years	July 31, 2004
Stelwire Ltd. – Parkdale	5328	5 years	July 31, 2005
Stelwire Ltd. – Burlington	8460	6 years	July 31, 2002
Stelfil Ltée	3258	4 years	July 31, 2003
CHT Steel Company Inc.	7024	4 years	Mar. 31, 2002
<i>National Automobile, Aerospace and Agricultural Implement Workers' Union of Canada (CAW/TCA)</i>			
Stelpipe Ltd.	523	3.5 years	Sept. 30, 2004
Welland Pipe	523	4 years	Oct. 31, 2000*
<i>International Union, United Mineworkers of America (UMWA)</i>			
Chisholm Coal Company	1511	5 years	Dec. 31, 2002

*Unresolved at year-end.

3.11 Health, Safety & Environment

The Corporation's Group of Businesses are subject to substantial and evolving environmental laws and regulations concerning, among other things, emissions to the air, discharges to surface ground water, noise control, and the generation, handling, storage, transportation, treatment, and disposal of toxic and hazardous substances. These laws and regulations vary depending on the location of the business and can involve federal, provincial, and municipal laws and regulations.

In 2000, the Stelco Group of Businesses incurred operating costs of \$61 million and spent \$18 million on capital improvements to meet overall corporate and business voluntary environmental goals and objectives, and to maintain compliance with environmental laws. The Corporation believes that future costs relating to environmental compliance will not have a material adverse effect on its financial position, but there can be no assurance that unforeseen changes in the laws or enforcement policies of relevant government bodies, or the discovery of changed conditions on the Corporation's real property or in its operations, will not result in the occurrence of materially adverse costs.

The Corporation's Group of Businesses have engaged in a range of voluntary activities aimed at environmental abatement. Included are:

- Canadian Steel Producers Association Statement of Commitment and Action.
- Accelerated Reduction and Elimination of Toxics (ARET) program.
- Canadian Industrial Program for Energy Conservation (CIPEC).
- Canada's climate change Voluntary Challenge and Registry Inc. (VCR) program – Gold Champion Level Reporter in 2000.

- Responsible Care Activity and its Memorandum of Understanding VOC Annex (incorporates former Environment Minister's Benzene Challenge).
- Ontario Ministry of the Environment Anti-Smog Action Plan, its Pilot Emissions Reduction Trading program (PERT) and its Selected Targets for Air Compliance (STAC).
- Saint Laurent 2000 in Quebec.
- Lake Erie Steel's Community Advisory Panel.
- Hilton Works' Hamilton Air Quality Committee and Hamilton Industrial Environment Association.
- Remedial Action Plan for Hamilton Harbour and the Randle Reef Stakeholders Group.

The Corporation maintains an internal health, safety, environment, and risk audit system, which is carried out at its wholly owned businesses, to determine compliance with respect to legal requirements and Stelco's corporate policies in these areas.

The Corporation complies with a variety of health and safety legislation administered by provincial authorities throughout Canada where facilities are located. The Corporation does not believe that it is faced with any requirements in respect of health and safety or industrial hygiene that will have a material adverse effect on the Corporation's financial position.

3.12 Research and Technology

Stelco spent \$3.2 million on scientific research and experimental development eligible research activities in 2000. In addition to product and process development undertaken at the individual businesses, significant research was undertaken through industry-based consortia and technical agreements.

- ULSAB-AVC (Ultralight Steel Auto Body-Advanced Vehicle Concepts)** – the consortium, currently consisting of 33 international steelmakers, was originally launched in 1994. The ULSAB Consortium is now developing advanced vehicle concepts for a C-Class and a PNGV- (Partnership for the Next Generation Vehicle) Class vehicle. These two vehicle concepts are intended to demonstrate the use of advanced steels by offering examples of safe, fuel-efficient and cost-efficient steel vehicle concepts.
- ULSAS (Ultralight Steel Auto Suspension)** – this program, sponsored by 30 international steelmakers, is intended to demonstrate a lightweight rear suspension system that will meet manufacturers cost and performance targets.
- ULSAC (Ultralight Steel Auto Closures)** – this program, sponsored by 30 international steel companies, is intended to develop automotive closures (hoods, decklids, doors, liftgates, hatches) that will achieve equal performance with benchmark vehicles with significant weight savings and no cost penalty.
- AISI Committee on Manufacturing Technology (COMT)** – Strategic Planning for Research and Development (SPRD). The COMT has developed a Steel Industry Technology Roadmap which has identified the critical technical advances that the steel industry believes are necessary to remain the material of choice.

In addition to specific research programs conducted directly or through industry programs, the Corporation supports other initiatives. They include the Canadian Steel Industry Research Association – CSIRA, a committee of the Canadian Steel Producers Association, which works with Canadian university and government laboratories to promote the development of facilities and expertise for iron and steel research.

Stelco also supports (and was a founding member of) the McMaster Steel Research Centre that was officially launched in the fall of 2000.

3.13 Patents and Trademarks

The Corporation's operations are not dependent, to any significant extent, upon any single or related patents, licenses, or franchises. The Corporation's operations are also not dependent upon any single trademark, although certain trademarks are identified with a number of the Corporation's products and services, and are important in the sale and marketing of such products and services.

3.14 Foreign Operations

The Corporation has owned properties for producing iron ore and coal in the U.S.A. for many years. These properties are an important source of raw materials for the integrated steelmaking units. Although these properties and the operations associated with them are located in a foreign country, the Corporation believes that there are no material risks associated with them by virtue of that fact.

3.15 Litigation

The information contained in the Corporation's 2000 Annual Report, Note 15 on page 47, is incorporated herein by reference.

3.16 Accounting Policy Changes

Please see the Corporation's 2000 Annual Report, Note 2 on page 35, for a discussion of Accounting Policy Changes.

4. SELECTED CONSOLIDATED FINANCIAL INFORMATION

Consolidated financial results for each of the last three years and for the eight quarters ended December 31, 2000, are summarized in the following tables:

4.1 Three Year

(\$ in millions except per share amounts)

Year Ended December 31	2000	1999	1998
Net sales	2,837	3,101	3,168
Net income	4	107	119
Total assets	2,968	2,910	2,833
Long-term debt	508	576	474
Redeemable preferred shares	Nil	Nil	67
Net income per common share Basic	0.04	0.97	1.04
Fully diluted	N/A	0.95	1.03
Dividends declared – preferred shares ⁽¹⁾			
Series A	-	-	-
Series B	-	-	\$0.4850
Series C	-	\$1.4550	\$1.9400
Dividends declared – common shares			
Series A	\$0.12	\$0.12	\$0.12
Series B	\$0.12	\$0.12	\$0.12

Dividends on common shares are paid quarterly on the first day of February, May, August, and November.

(1) All preferred shares have been redeemed.

4.2 Quarterly

(\$ in millions except per share amounts)

Three months ended	Net sales	Net income	Net income attributable to common shares	Earnings per common share basic	Earnings per common share fully diluted
2000					
December 31	\$612	\$(46)	\$(46)	\$(0.46)	N/A
September 30	625	(8)	(8)	(0.07)	N/A
June 30	804	29	29	0.28	\$0.27
March 31	796	29	29	0.28	0.27
1999					
December 31	\$771	\$15	\$15	\$0.14	\$0.14
September 30	722	37	35	0.33	0.32
June 30	798	29	28	0.26	0.26
March 31	810	26	25	0.24	0.23

5. MANAGEMENT'S DISCUSSION AND ANALYSIS

The information contained under the heading "Management's Discussion and Analysis" on pages 21 to 28 inclusive of the Corporation's 2000 Annual Report is incorporated herein by reference.

6. MARKET FOR SECURITIES

The Series A and Series B Convertible Common Shares are listed on The Toronto Stock Exchange.

7. DIRECTORS AND OFFICERS

The Corporation's Directors and officers as at December 31, 2000, are set out below.

7.1 Directors

	Name and Municipality of Residence	Principal Occupation and Other Major Positions held with the Corporation or its Significant Affiliates	Director Since
^{1,2}	John N. Abell Marlborough, Wilts., UK	Corporate Director	1992
	James C. Alfano Ancaster, Ontario	President and Chief Executive Officer (formerly President and Chief Operating Officer, and Vice President and General Manager, Hilton Works)	1996
^{1,4,5}	John E. Caldwell Toronto, Ontario	President and Chief Executive Officer Geac Computer Corporation Limited (formerly President and Chief Executive Officer, CAE Inc.)	1997
^{3,5}	Pierre Choquette Torrance, Ontario	President and Chief Executive Officer Methanex Corporation	2000
^{3,5}	William P. Cooper Oakville, Ontario	President and Chief Executive Officer Cooper Construction Limited	1989
^{2,4}	Richard Drouin Sillery, Quebec	Corporate Director	1996
^{1,3}	Gilles Labbé St-Bruno, Quebec	President and Chief Executive Officer Héroux-Devtek Inc.	1998
^{2,4}	Douglas W. Mahaffy Toronto, Ontario	President and Chief Executive Officer McLean Budden Limited	1993
^{3,5}	The Hon. Barbara J. McDougall Toronto, Ontario	President and Chief Executive Officer The Canadian Institute of International Affairs (formerly a private consultant on corporate governance)	1999
^{1,3}	Peter J. Nicholson Westmount, Quebec	Chief Strategy Officer BCE Inc.	1997
^{1,5}	Helen K. Sinclair Toronto, Ontario	Chief Executive Officer BankWorks Trading Inc. (formerly Chief Executive Officer, Canadian Bankers Association)	1995
^{2,4}	Frederick H. Telmer Burlington, Ontario	Chairman of the Board	1989

¹ Member of the Audit Committee

² Member of the Human Resources and Compensation Committee

³ Member of the Health, Safety and Environment Committee

⁴ Member of the Committee on Directors

⁵ Member of the Pension Committee

The term of office of all Directors expires with the annual meeting of the Corporation. The Corporation does not have an Executive Committee.

7.2 Officers

Frederick H. Telmer Burlington, Ontario	Chairman of the Board
James C. Alfano Ancaster, Ontario	President and Chief Executive Officer
Mark C. Steinman North York, Ontario	Executive Vice President and Chief Financial Officer
G. Blair Cowper-Smith Toronto, Ontario	Corporate Secretary and Special Counsel
Marcel Francoeur Burlington, Ontario	Vice President and General Manager – Hilton Works
Paul J. Paciocco Burlington, Ontario	Vice President – Facilities Planning, Stelco Inc.
William G. Missen Burlington, Ontario	Vice President and General Manager – Lake Erie Steel Company
Brian W. Warry Dundas, Ontario	Vice President – Purchasing, Raw Materials, and Pipe Operations

Except for Mr. Steinman, Mr. Paciocco and Mr. Cowper-Smith, all of the above-named officers of Stelco have been employed by the Corporation for more than five years. Mark C. Steinman was appointed Executive Vice President and Chief Financial Officer effective July 12, 1999, and prior thereto was Senior Vice President and Chief Financial Officer, Spar Aerospace Limited. Paul J. Paciocco retired effective February 2001. G. Blair Cowper-Smith is a partner of McCarthy Tétrault.

As at December 31, 2000, the Directors and senior officers of Stelco as a group owned, directly or indirectly, less than one percent of the common shares of Stelco.

ADDITIONAL INFORMATION

- (A) Additional financial information is provided in the Corporation's consolidated financial statements for the years ended December 31, 2000 and 1999, contained in the 2000 Annual Report.
- (B) Additional information, including the principal holders of securities; named executive remuneration, indebtedness, and options to purchase securities; and compensation of Directors, is contained in the most recent Management Proxy Circular of the Corporation dated March 16, 2001, for the May 1, 2001 Annual Meeting of Shareholders.
- (C) When the securities of the Corporation are in the course of a distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed in respect of a distribution of the Corporation's securities, the Corporation will provide to any person, upon request to the Secretary of the Corporation at the address noted below, one copy of
- this Annual Information Form;
 - the 2000 Annual Report of the Corporation;
 - any interim financial statements of the Corporation issued subsequent to December 31, 2000;
 - the Management Proxy Circular of the Corporation referred to in (B) above; and
 - any other document that is incorporated by reference into the preliminary short form prospectus or the short form prospectus.

When the securities of the Corporation are not in the course of distribution, the Corporation will provide to any person, upon request to the Secretary of the Corporation at the address below, a copy of the documents referred to in (C) (i), (ii), (iii) and (iv) above, provided that the Corporation may require payment of a reasonable charge if the request is made by a person who is not a security holder of the Corporation.

Corporate Secretary, Stelco Inc.
P.O. Box 2030
Hamilton, ON L8N 3T1
Telephone: (905) 528-2511, ext. 4985

The information presented in this Annual Information Form is provided as of December 31, 2000, unless otherwise indicated. This Annual Information Form is dated as of May 1, 2001.