

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):

February 7, 2006 (February 3, 2006)

IPSCO INC.

(Exact name of registrant as specified in its charter)

Canada

(State or other Jurisdiction of Incorporation)

001-14568

(Commission File Number)

98-0077354

(IRS Employer Identification Number)

650 Warrenville Road, Suite 500, Lisle, Illinois
(Address of principal executive offices)

60532
(Zip Code)

Registrant's telephone number including area code:

(630) 810-4800

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
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☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry Into A Material Definitive Agreement

(a) Executive Management Annual Incentive Plan Awards for 2005 Fiscal Year

On February 3, 2006, the Management Resources and Compensation Committee (the "Committee") of the Board of Directors of IPSCO Inc. (the "Company" or "IPSCO") determined the bonus awards for fiscal year 2005 under the Company's Executive Management Annual Plan (the "MIP").

Based on the percentage achievement of MIP performance objectives for fiscal 2005, the Committee determined the amount of MIP bonus awards to be paid to the Company's named executive officers for the year ended December 31, 2005, as follows:

<u>Named Executive Officer</u>	<u>Target</u>	<u>Award</u>
David Sutherland President and Chief Executive Officer	70%	\$1,140,750 (234% of base salary)
John Tulloch, Executive Vice President and Chief Commercial Officer	60%	\$634,680 (197% of base salary)
Vicki Avril Senior Vice President and Chief Financial Officer	60%	\$602,700 (197% of base salary)
Peter MacPhail, Vice President, Primary Operations	50%	\$442,285 (159% of base salary)
Joe Russo, Senior Vice President and Chief Technical Officer	50%	\$440,841 (159% of base salary)

Note: The percentages reflected in the above table reflect the target ROCE plus the 10% personal objective incentive award as described below.

The MIP performance objectives for fiscal 2005 were based on the IPSCO's return on capital employed ("ROCE"). The incentive award under the MIP is measured by IPSCO's absolute performance of ROCE and by IPSCO'S percentile ranking of ROCE relative to a group of fifteen peer companies in the steel industry. The matrix of these two measurements will permit a senior officer to receive from 0% of the senior officer's target incentive amount of 40% of base salary for each named executive officer (50% for Ms. Avril and Mr. Tulloch and 60% for the CEO) to an uncapped percentage of the target incentive amount, depending on achievement of specified levels under each measurement. In addition to the 2005 award portion that is subject to the ROCE measurement, each of the senior officers, including the officers listed above, are eligible for an additional incentive award of up to 10% of their base salary based on previously approved personal objectives.

(b) Performance Objectives for 2006 under the Proposed Senior Officer Annual Incentive Plan

On February 3, 2006, the Committee adopted the IPSCO Inc. Senior Officer Annual Incentive Plan ("AIP"), subject to approval by the Company's shareholders at the 2006

shareholders' meeting, and established the performance objectives for 2006 that will be used to determine each participant's award under the AIP upon shareholder approval. A copy of the proposed AIP is attached hereto as Exhibit "10.1".

The Committee established fiscal 2006 performance objectives for the Company's named executive officers consistent with the parameters established by the AIP and based on target awards (expressed as a percentage of the participant's annual base salary), as follows:

<u>Named Executive Officer</u>	<u>Target</u>
David Sutherland President and Chief Executive Officer	70%
John Tulloch, Executive Vice President and Chief Commercial Officer	60%
Vicki Avril Senior Vice President and Chief Financial Officer	60%
Peter MacPhail, Vice President, Primary Operations	50%
Joe Russo, Senior Vice President and Chief Technical Officer	50%

Note: The percentages reflected in the above table reflect the target ROCE plus the 10% personal objective incentive award as described below.

The AIP performance objectives for fiscal 2006 are based on IPSCO's return on capital employed ("ROCE"). The incentive award under the AIP is measured by IPSCO's absolute performance of ROCE and by IPSCO's percentile ranking of ROCE relative to a group of fifteen peer companies in the steel industry. The matrix of these two measurements will permit a senior officer to receive from 0% of the senior officer's target incentive amount of 40% of base salary for each named executive officer (50% for Ms. Avril and Mr. Tulloch and 60% for the CEO) to up to an uncapped percentage of the target opportunity (but in no event greater than \$3,000,000), depending on achievement of specified levels under each measurement. In addition to the 2006 award subject to the ROCE measurement, each of the senior officers, including the officers listed above, are eligible for an additional incentive award of up to 10% of their base salary based on previously approved personal objectives.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits

(10.1) IPSCO Inc. Senior Officer Annual Incentive Plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

IPSCO Inc.

By: /s/ Leslie T. Lederer
Vice President, General Counsel &
Corporate Secretary

DATED: February 7, 2006

INDEX TO EXHIBITS

<u>Exhibit No.</u>	<u>Description</u>
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<u>10.1</u>	<u>IPSCO Inc. Senior Officer Annual Incentive Plan</u>
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IPSCO Inc. Senior Officer Annual Incentive Plan**ARTICLE 1****Statement of Purpose**

The Plan is intended to increase shareholder value and the success of the Company by motivating key executives to perform and to achieve the Company's objectives. The Plan's goals are to be achieved by providing key executives with incentive awards based on the achievement of goals relating to the performance of the Company and upon the achievement of objectively determinable individual performance goals. The Plan is intended to permit the payment of Awards that may qualify as performance-based compensation under Code Section 162(m).

ARTICLE 2**Definitions**

The terms used in this Plan include the feminine as well as the masculine gender and the plural as well as the singular, as the context in which they are used requires. The following terms, unless the context requires otherwise, are defined as follows:

- 2.1 "Affiliate" means any parent, subsidiary or other entity that is directly or indirectly controlled by, or controls, the Company.
 - 2.2 "Award" means, with respect to each Participant, the award determined by the Committee under Section 4.3 for the Performance Period, subject to the Committee's authority to eliminate or reduce the Award otherwise payable.
 - 2.3 "Base Salary" means, as to any Performance Period, the Participant's annualized salary rate on the last day of the Performance Period. Such Base Salary shall be determined before both (a) deductions for taxes or benefits, and (b) deferrals of compensation pursuant to Company-sponsored benefit plans or deferral arrangements.
 - 2.4 "Board" means the IPSCO Inc. Board of Directors.
 - 2.5 "Code" means the Internal Revenue Code of 1986, as amended.
 - 2.6 "Committee" means the Compensation Committee of the Board or any successor committee with responsibility for compensation, or any subcommittee, as long as the number of Committee members and their qualifications shall at all times be sufficient to meet the applicable requirements for "outside directors" under Section 162(m) and the regulations thereunder, as in effect from time to time, and the independence requirements of the New York Stock Exchange, Inc. or any other applicable exchange on which the Company's common equity is at the time listed.
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- 2.7 **"Company"** means IPSCO Inc. and any of its Affiliates that adopt this Plan or that have employees who are Participants under this Plan.
- 2.8 **"Determination Date"** means the date that is 90 days after the beginning of the Performance Period or, if earlier, the date on which no more than 25% of the Performance Period has elapsed.
- 2.9 **"Disability"** means permanent and total disability as defined in the Company's long term disability plan or, if no such plan is then in effect, as defined in Code Section 22(e)(3).
- 2.10 **"Executive Officer"** means any Company employee who is an "executive officer" as defined in Rule 3b-7 promulgated under the Exchange Act.
- 2.11 **"Exchange Act"** means the Securities Exchange Act of 1934, as amended.
- 2.12 **"Maximum Award"** means as to any Participant for any Performance Period,
\$3 million.
- 2.13 **"Participant"** means an Executive Officer or key management employee as described in Article 3 of this Plan.
- 2.14 **"Performance Period"** means the period for which an Award may be made. Unless otherwise specified by the Committee, the Performance Period shall be a calendar year, beginning on January 1 of any year.
- 2.15 **"Plan"** means this IPSCO Inc. Senior Officer Annual Incentive Plan, as it may be amended from time to time.
- 2.16 **"Retirement"** means a Termination of Employment, after appropriate notice to the Company, (a) on or after the earliest permissible retirement date under a qualified pension or retirement plan of the Company or (b) upon such terms and conditions approved by the Committee, or officers of the Company designated by the Board or the Committee.
- 2.17 **"SEC"** means the Securities and Exchange Commission.
- 2.18 **"Section 162(m)"** means Code Section 162(m) and regulations promulgated thereunder by the Secretary of the Treasury.
- 2.19 **"Termination of Employment"** means (a) the termination of the Participant's active employment relationship with the Company, unless otherwise expressly provided by the

Committee, or (b) the occurrence of a transaction by which the Participant's employer ceases to be the Company or an Affiliate.

ARTICLE 3

Participation

An Executive Officer or other key management employee of the Company designated by the Committee with respect to a Performance Period shall be a Participant in this Plan and shall continue to be a Participant until any Award he may receive has been paid or forfeited under the terms of this Plan. No person shall be automatically entitled to participate in the Plan.

ARTICLE 4

Incentive Awards

- 4.1 **Objective Performance Goals.** The Committee shall establish written, objective performance goals for a Performance Period no later than the Determination Date. The objective performance goals shall be stated as specific amounts of, or specific changes in, one or more of the financial measures described in Section 4.2. Objective performance goals may also include operational goals such as: productivity, safety, other strategic objectives and individual performance goals. The objective performance goals need not be the same for different Performance Periods and for any Performance Period may be stated: (a) as goals for IPSCO Inc., for one or more of its Affiliates, divisions, business or organizational units, or for any combination of the foregoing; (b) on an absolute basis or relative to the performance of other companies or of a specified index or indices, or be based on any combination of the foregoing; and (c) separately for one or more of the Participants, collectively for the entire group of Participants, or in any combination of the two.
- 4.2 **Financial Measures.** The Committee shall use any one or more of the following financial measures to establish objective performance goals under Section 4.1: earnings, operating earnings, earnings per share, operating earnings per share, earnings before interest taxes depreciation and amortization (EBITDA), revenues, shareholders' equity, return on equity, return on assets, return on invested capital, economic value added, operating margins, cash flow, total shareholder return, expenses, debt-to-capital ratio or market share. The Committee may specify any reasonable definition of the financial measures it uses. Such definitions may provide for reasonable adjustments and may include or exclude items, including but not limited to: realized investment gains and losses; extraordinary, unusual or non-recurring items; effects of accounting changes, currency fluctuations, acquisitions, divestitures, or necessary financing activities; recapitalizations, including stock splits and dividends; expenses for restructuring or productivity initiatives; and other non-operating items.

4.3 **Award.** On or prior to the Determination Date, the Committee, in its sole discretion, shall establish a formula, matrix or other objective mechanism for determining the Award (if any) that may be payable, in cash to each Participant upon achievement of the applicable objective performance goals. Each formula shall be set forth in writing and may provide one or more levels of Award (e.g., "Target", "Threshold", "Maximum", etc.), as determined by the Committee; provided, however, that in no event shall a Participant's Award for any Performance Period exceed the Maximum Award. For any Performance Period, the Committee shall have sole and absolute discretion to reduce the amount of, or eliminate entirely, the Award that would otherwise be payable to a Participant under the Award formula.

4.4 **Performance Evaluation.** Within a reasonable time after the close of a Performance Period, the Committee shall determine whether and to what extent the objective performance goals established for that Performance Period have been met by the respective Participants. If the objective performance goals and any other material terms established by the Committee have been met by a Participant, the Committee shall so certify in writing with respect to such Participant.

4.5 **Payment or Deferral of the Award.**

(a) As soon as practicable after the Committee's determination under Section 4.4, but subject to Section 4.5(b), the Company shall pay the Award to the Participant. The target timing for the payments under the Plan shall be on or before the date that is 2 ½ months after the end of the Performance Period; provided, however, that payments shall be made no later than the December 31 following the end of the Performance Period unless such Award has otherwise been deferred pursuant to Section 4.5(b). The Company shall have the right to deduct from any Award, any applicable Federal, state and local income and employment taxes, and any other amounts that the Company is otherwise required to deduct.

(b) Subject to the Committee's approval and applicable law, Participants may request that payments of an Award be deferred under a deferred compensation arrangement maintained by the Company by making a deferral election pursuant to such rules and procedures as the Committee may establish from time to time.

4.6 **Eligibility for Payments.**

(a) Except as otherwise provided in this Section 4.6, a Participant shall be eligible to receive an Award for a Performance Period only if such Participant is employed by the Company continuously from the beginning of the Performance Period to the end of the Performance Period.

(b) Under Section 4.6(a), a leave of absence that lasts less than three months and that is approved in accordance with applicable Company policies is not a break in continuous employment. In the case of a leave of absence of three months or longer: (1) the Committee shall determine whether the leave of absence constitutes a break in

continuous employment, and (2) if a Participant is on a leave of absence on the date that an Award or payment of the Award is to be made, the Committee may require that the Participant return to active employment with the Company at the end of the leave of absence as a condition of receiving the Award or payment.

(c) The Committee may determine, in its sole discretion, that an Award will be payable pro-rata for a Participant who either becomes eligible to participate during the Performance Period has a Termination of Employment during the Performance Period due to his death, Retirement or Disability.

ARTICLE 5

Administration

- 5.1 **General Administration.** This Plan shall be administered by the Committee, subject to such requirements for review and approval by the Board as the Board may establish. Subject to the terms and conditions of this Plan and Section 162(m), the Committee is authorized and empowered in its sole discretion to select or approve Participants and to make Awards in such amounts and upon such terms and conditions as it shall determine.
- 5.2 **Administrative Rules.** The Committee shall have full power and authority to adopt, amend and rescind administrative guidelines, rules and regulations pertaining to this Plan and to interpret this Plan and rule on any questions respecting any of its provisions, terms and conditions. Subject to the requirements of Section 162(m), the Committee may delegate specific administrative tasks to Company employees or others as appropriate for proper administration of the Plan.
- 5.3 **Committee Members Not Eligible.** No member of the Committee shall be eligible to participate in this Plan.
- 5.4 **Committee Members Not Liable.** The Committee and each of its members shall be entitled to rely upon certificates of appropriate officers of the Company with respect to financial and statistical data in order to determine if the objective performance goals for a Performance Period have been met. Neither the Committee nor any member shall be liable for any action or determination made in good faith with respect to this Plan or any Award made hereunder.
- 5.5 **Decisions Binding.** All decisions, actions and interpretations of the Committee concerning this Plan shall be final and binding on IPSCO Inc. and its Affiliates and their respective boards of directors, and on all Participants and other persons claiming rights under this Plan.
- 5.6 **Application of Section 162(m); Shareholder Approval.**

(a) This Plan is intended to be administered, interpreted and construed so that Award payments remain tax deductible to the Company and unlimited by Section 162(m), which restricts under certain circumstances the Federal income tax deduction for compensation paid by a public company to named executives in excess of \$1 million per year. The Committee, or the Board, may, without shareholder approval, amend this Plan retroactively or prospectively to the extent it determines necessary to comply with any subsequent amendment or clarification of Section 162(m) required to preserve the Company's Federal income tax deduction for compensation paid pursuant to this Plan.

(b) All Awards under the Plan shall be contingent upon shareholder approval of this Plan in accordance with Section 162(m), the regulations thereunder and other applicable U.S. Treasury regulations. Unless and until such shareholder approval is obtained, no Award shall be made pursuant to this Plan.

ARTICLE 6

Amendments; Termination

This Plan may be amended or terminated by the Board or the Committee. All amendments to this Plan, including an amendment to terminate this Plan, shall be in writing. An amendment to this Plan shall not be effective without the prior approval of the shareholders of IPSCO Inc. if such approval is necessary to continue to qualify Awards as performance-based compensation under Section 162(m), or otherwise under Treasury or SEC regulations, the rules of the New York Stock Exchange, Inc. or any other applicable exchange or any other applicable law or regulations. Unless otherwise expressly provided by the Board or the Committee, no amendment to this Plan shall apply to Awards made before the effective date of such amendment. A Participant's rights with respect to any Awards made to him may not be abridged by any amendment, modification or termination of this Plan without his individual consent.

ARTICLE 7

Other Provisions

7.1 **Duration of the Plan.** This Plan is effective as of January 1, 2006 (the "Effective Date"), subject to the approval of the shareholders of the Company. This Plan shall remain in effect until all Awards made under this Plan have been paid or forfeited under the terms of this Plan, and all Performance Periods related to Awards made under this Plan have expired. No Awards may be made under this Plan for any Performance Period that would end after December 31, 2010 unless the Board, subject to any shareholder approval that may then be required to continue to qualify this Plan as a performance-based plan under Section 162(m), extends this Plan.

7.2 **Awards Not Assignable.** No Award or any right thereto shall be assignable or transferable by a Participant except by will or by the laws of descent and distribution. Any

other attempted assignment or alienation shall be void and of no force or effect.

- 7.3 **Participant's Rights.** The right of any Participant to receive any payments under an Award granted to such Participant pursuant to the provisions of this Plan shall be an unsecured claim against the general assets of the Company. This Plan shall not create, nor be construed in any manner as having created, any right by a Participant to any Award for a Performance Period because of a Participant's participation in this Plan for any prior Performance Period, or because the Committee has made a written certification under Section 4.4 for the Performance Period. Moreover, there is not obligation for uniform treatment for Participants under this Plan.
- 7.4 **Termination of Employment.** The Company retains the right to terminate the employment of any Participant or other employee at any time for any reason or no reason, and an Award is not, and shall not be construed in any manner to be, a waiver of such right.
- 7.5 **Exclusion from Benefits.** Awards under this Plan shall not constitute compensation for the purpose of determining participation or benefits under any other plan of the Company unless specifically included as compensation in such plan.
- 7.6 **Successors.** Any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the Company's business or assets, shall assume the Company's liabilities under this Plan and perform any duties and responsibilities in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.
- 7.7 **Law Governing Construction.** The construction and administration of this Plan and all questions pertaining thereto shall be governed by the laws of the State of Illinois, except to the extent that such law is preempted by Federal law.
- 7.8 **Headings Not a Part Hereto.** Any headings preceding the text of the several Articles, Sections, subsections, or paragraphs hereof are inserted solely for convenience of reference and shall not constitute a part of this Plan, nor shall they affect its meaning, construction or effect.
- 7.9 **Severability of Provisions.** If any provision of this Plan is determined to be void by any court of competent jurisdiction, this Plan shall continue to operate and, for the purposes of the jurisdiction of the court only, shall be deemed not to include the provision determined to be void.