STELCO INC.

NOTICE OF ANNUAL AND SPECIAL GENERAL MEETING

Notice is hereby given that the Annual and Special General Meeting of the Shareholders of Stelco Inc. will be held in Room 105 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 Friday, April 28, 2000, for the following purposes:

1. to receive the Annual Report and Consolidated Financial Statements for the year ended December 31, 1999 and the report of the Auditors thereon;
2. to elect Directors;
3. to appoint Auditors and to authorize the Directors to fix their remuneration;
4. to consider and, if thought fit, to confirm an amendment to the Corporation's Key Employee Stock Option Plan to increase the number of Common Shares reserved for issuance under the Plan; and
5. to transact such other business as may properly be brought before the meeting.

Proxies to be used at the Annual and Special General Meeting must be deposited with the Secretary of the Corporation or with the Corporation's transfer agent, CIBC Mellon Trust Company, by mail to the address on the envelope provided herewith, or by personal delivery to Proxy Department, Unit 6, 200 Queen's Quay East, Toronto, Ontario, M5A 4K9, not later than 4:00 p.m., local time, on Thursday, April 27, 2000.

Dated at Hamilton this 20th day of March 2000.

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

This 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 and Special General Meeting of the Shareholders of the Corporation to be held on April 28, 2000, (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. The Corporation will bear all expenses in connection with the solicitation of proxies. The Corporation does not expect to pay any compensation for the solicitation of proxies, but will pay brokers and other persons holding shares for others in their own names or in the names of their nominees, the reasonable expenses for sending proxy material to beneficial owners in order to obtain voting instructions.

Voting by Proxy

Shares represented by properly executed proxies in favour of the persons designated in the enclosed form of proxy will be voted or withheld from voting on any ballot that may be called for and if the Shareholder specifies a choice in respect of the matters to be voted upon, the shares shall be voted or withheld from voting in accordance with the specification made by the Shareholder. **If no specification is made, such shares will be voted for the election of the Directors specified in this Circular, the reappointment of the Auditors named in this Circular and the fixing of their remuneration by the Directors, and in favour of the amendment to the Key Employee Stock Option Plan.**

The enclosed proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice relating to the Meeting and other matters which may properly come before the Meeting. At the date of this Circular, the management of the Corporation is not aware that any such amendments, variations, or other matters are to be presented for action at the Meeting.

Principal Holders of Voting Securities

The management of the Corporation understands that as of March 13, 2000, Perigee Investment Counsel Inc. owned or exercised control or direction over approximately 11,620,000 Common Shares representing approximately 11 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 Proxy

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

Revocability of Proxy

A proxy given pursuant to this solicitation may be revoked by instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing and deposited either at the registered office of the Corporation, 100 King Street West, Hamilton, Ontario, L8N 3T1, at any time up to and including the last business day preceding the day of the Meeting or any adjournment thereof at which the proxy is to be used, or with the Chairman of such Meeting on the day of the Meeting or any adjournment thereof, or by any other manner permitted by law. Any proxy given by a Shareholder can also be revoked by the Shareholder if the Shareholder attends the Meeting in person and so requests.

Voting Rights

As of March 13, 2000, there were outstanding 105,499,998 Series A Convertible Common Shares and 37,275 Series B Convertible Common Shares (referred to herein collectively as the "Common Shares"). Holders of Common Shares of record at the close of business on March 13, 2000, will be entitled to one vote for each such share held by them except to the extent that a person has transferred any shares after the record date and the transferee of such shares establishes proper ownership of such Common Shares and demands not later than 10 days before the Meeting to be included in the list of Shareholders entitled to vote at the Meeting.

Election of Directors

The affairs of the Corporation are managed by a Board of Directors. The members of the Board are elected annually at each Annual Meeting of Shareholders to hold office until the next Annual Meeting unless, prior thereto, he or she resigns, or the office of such Director becomes vacant by death, removal, or other cause. A total of 12 Directors is being proposed for election by the Shareholders at the Meeting. The following table sets out the names of the nominees proposed by management for election as Directors, their present principal occupations, all other major positions and offices with the Corporation and any significant affiliates thereof presently held by them, and the years in which they became Directors of the Corporation. Each of the nominees has provided the information as to the shares of the Corporation he or she beneficially owns or over which he or she exercises control or direction. All nominees have served continuously in that capacity since their appointment or first election. The Articles of the Corporation permit the Directors to appoint directors between meetings of Shareholders provided that the total number of directors so appointed does not exceed the lesser of three or one-third of the directors elected at the previous Annual Meeting of Shareholders.

Nominees for Election as Directors

	Name	Principal Occupation and Other Major Positions held with the Corporation or its Significant Affiliates	Director Since	Number of Common Shares owned as of March 13, 2000
[1,2]	John N. Abell	Corporate Director	1992	9,650
	James C. Alfano	President and Chief Executive Officer of the Corporation and a senior officer of all significant affiliates	1996	20,145
[4,5]	John E. Caldwell	Corporate Director	1997	4,150
	Pierre Choquette*	President and Chief Executive Officer Methanex Corporation (methanol production and marketing)	2000	3,550
[3,5]	William P. Cooper	President and Chief Executive Officer Cooper Construction Limited (development and construction company)	1989	4,650
[2,4]	Richard Drouin	Corporate Director	1996	6,650
[1,3]	Gilles Labbé	Chairman of the Board and Chief Executive Officer, Héroux Inc. (manufacturer of aerospace and industrial products)	1998	2,150
[2,4]	Douglas W. Mahaffy	President and Chief Executive Officer McLean Budden Limited (pension fund managers)	1993	4,650
[3]	The Hon. Barbara J. McDougall**	President and Chief Executive Officer The Canadian Institute of International Affairs (international public policy)	1999	550
[1,3]	Peter J. Nicholson	Chief Strategy Officer, BCE Inc. (communications)	1997	1,650
[1,5]	Helen K. Sinclair	Chief Executive Officer BankWorks Trading Inc. (financial institutions infrastructural products trading)	1995	4,650
[2,4]	Frederick H. Telmer	Chairman of the Board	1989	12,314

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*

* Mr. Pierre Choquette was appointed to the Board of Directors of the Corporation on February 2, 2000. Mr. Choquette has held his current position for the past five years.

** The Honourable Barbara J. McDougall became a Director on June 22, 1999. Prior to February 1999, Mrs. McDougall was a private consultant on corporate governance and on international business, and had been so for at least five years.

If any of the above 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 are to be withheld from voting in the election of Directors.

Material Interests of Directors

Douglas W. Mahaffy, a Director of the Corporation, is the President and Chief Executive Officer of McLean Budden Limited which acts for the Corporation as a pension fund manager for certain of the pension funds within the Stelco Group of Businesses containing assets valued at approximately $616 million, in aggregate, as at December 31, 1999.

Directors and Officers Liability Insurance

The Corporation provides directors and officers liability insurance with 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 $235,260 for directors and officers liability insurance was paid by the Corporation.

Remuneration of Directors

Directors who are not salaried employees of the Corporation are paid a base retainer of $15,000 and, in addition, annually receive an award of Common Shares valued at approximately $5,000 pursuant to the Director Share Compensation Plan of the Corporation adopted in 1996. The Share Compensation Plan is designed to recognize the importance of aligning remuneration with Shareholder interests. Pursuant to the Plan, an award of 550 Common Shares for each non-employee Director was made in February 2000, the market value of which was approximately $5,000 at the time of issue. Directors who are not salaried employees of the Corporation and who are members of a committee of the Board are paid $3,500 per annum for their services as members of such committees. Directors who are not salaried employees of the Corporation and who act as chair of a committee of the Board are paid $3,500 per annum for their services, such payment being in addition to any amount to which they are entitled as a member of such committee. Directors who are not salaried employees of the Corporation are 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, is paid a flat fee of $200,000 per annum. Directors also receive reimbursement for reasonable expenses incurred in connection with attending Board and committee meetings.

Executive Compensation

The following table sets forth for the periods indicated the compensation paid to the Chief Executive Officer and certain other 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: Salary ($)	Bonus ($)[1]	Other Annual Compensation ($)[2]	Long-Term Compensation: Awards: No. of Securities Under Options Granted[3]	All Other Compensation ($)
James C. Alfano	1999	630,000	400,000	-	150,000	-
President and Chief	1998	600,000	240,000	-	110,000	-
Executive Officer	1997	502,884	484,000	-	230,000	-
Mark C. Steinman	1999	142,305 [4]	100,000	-	100,000	-
Executive Vice	-	-	-	-	-	-
President and Chief	-	-	-	-	-	-
Financial Officer						
Paul J. Paciocco	1999	291,875	-	-	30,000	-
Vice President and	1998	275,000	-	-	20,000	-
General Manager -	1997	275,000	50,000	-	20,000	5,626 [5]
Hilton Works						
Marcel Francoeur	1999	200,000	140,000	-	24,000	-
Vice President -	1998	195,833	140,000	-	24,000	-
Stelco-McMaster Ltée	1997	175,000	125,000	-	-	-
and Wire Operations						
Brian W. Warry	1999	180,000	100,000	-	20,000	-
Vice President -	1998	175,000	30,000	-	20,000	-
Purchasing, Raw	1997	150,000	50,000	-	20,000	-
Materials and						
Pipe Operations						
R. Eric Rogan	1999	312,000	50,000	-	45,000	-
Executive Vice	1998	300,000	50,000	-	45,000	-
President and Chief	1997	300,000	200,000	-	40,000	-
Financial Officer [6]						

Notes:

(1) Bonus amounts are paid in the year following the financial year in which they were earned. See explanation under "Variable Cash Incentive Program."

(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 details under "Key Employee Stock Option Plan."

(4) Mr. Steinman was appointed Executive Vice President and Chief Financial Officer on July 12, 1999. The amount paid as salary is for the period July 12, 1999 to the end of the year. It represents an annualized amount of $300,000.

(5) Interest benefits from a routine indebtedness loan.

(6) Mr. Rogan completed his term as Executive Vice President and Chief Financial Officer on July 31, 1999.

Variable Cash Incentive Program

Under the Corporation's Variable Cash Incentive Program, bonuses may be paid to the Named Executives upon the achievement of predetermined financial and related objectives for the Corporation or a specified Unit. Achievement of these objectives when combined with satisfactory individual performance is used by the Human Resources and Compensation Committee in determining the level of bonus to be authorized. When targeted performance levels approved by the Human Resources and Compensation Committee are achieved or exceeded, the Named Executives are eligible for an annual bonus of up to 100 percent of base salary depending on the individual's performance and position held.

Key Employee Stock Option Plan

Under the Corporation's Key Employee Stock Option Plan (the "Plan") established in 1991, the Corporation may designate full-time employees of the Corporation or its subsidiaries as eligible employees for purposes of the Plan, and may grant to such eligible employees options to purchase Common Shares of the Corporation. The purpose of the Plan is to provide incentives to certain of the Corporation's key employees. The aggregate number of shares reserved for issuance under the Plan is 8,000,000. The number of shares reserved for issuance to any one person under the 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. When grants are made, the Corporation designates the percentage of the number of shares subject to the option which a participant may exercise in a given year during the term of the option. 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 Plan. The following two tables illustrate activity under the Key Employee Stock Option Plan by the Named Executives during the year ended December 31, 1999. Options are granted under the Key Employee Stock Option Plan by the Board based on recommendations made by the Human Resources and Compensation Committee. All option awards are for Series A Convertible Common Shares.

Option Grants During Financial Year Ended December 31, 1999

Name	No. of Securities Under Options Granted	% of Total Options Granted to Employees in Fiscal 1999	Exercise or Base Price ($/Security)	Market Value of Securities Underlying Options on the Date of Grant ($/Security)	Expiration Date
J. C. Alfano	150,000	17.9	8.30	8.30	February 8, 2009
R. E. Rogan	45,000	5.4	8.30	8.30	February 8, 2009
P. J. Paciocco	30,000	3.6	8.30	8.30	February 8, 2006
M. Francoeur	24,000	2.9	8.30	8.30	February 8, 2009
B. W. Warry	20,000	2.4	8.30	8.30	February 8, 2009
M. C. Steinman	100,000	11.9	10.90	10.90	July 12, 2009

Aggregate Options Exercised During Year Ended December 31, 1999 and Year-End Values

Name	No. of Securities Acquired on Exercise	Aggregate $ Value Realized	No. of Unexercised Options at December 31, 1999 Exercisable/Unexercisable	$ Value of Unexercised in-the-money Options at December 31, 1999 Exercisable/Unexercisable(1)
J. C. Alfano	-	-	487,000 / 273,000	1,504,000 / 397,500
R. E. Rogan	110,000	459,841	15,000 / 75,000	- / 112,500
P. J. Paciocco	-	-	117,000 / 43,000	466,000 / 75,000
M. Francoeur	-	-	8,000 / 40,000	- / 60,000
B. W. Warry	-	-	70,000 / 33,000	219,900 / 50,000
M. C. Steinman	-	-	- / 100,000	- / -

(1) The value of the unexercised options is based on the closing price of Stelco Inc. Series A Common Shares on The Toronto Stock Exchange on December 31, 1999, of $10.80.

Retirement Benefit Plans

The Named Executives, with the exception of P. J. Paciocco, 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, are 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	40
200,000	50,731	67,642	84,552	101,559	118,469	135,284
225,000	57,669	76,892	96,115	115,434	134,657	153,784
250,000	64,606	86,142	106,677	129,309	150,844	172,284
300,000	78,481	104,642	130,802	157,059	183,219	209,284
400,000	106,231	141,642	177,052	212,559	247,969	283,284
500,000	133,981	178,642	223,302	268,059	312,719	357,284
600,000	161,731	215,642	269,552	323,559	377,469	431,284
700,000	189,481	252,642	315,802	379,059	442,219	505,284
750,000	203,356	271,142	338,927	406,809	474,594	542,284
800,000	217,231	289,642	362,052	434,559	506,969	579,284

The benefit formula is the sum of 1.00 percent of earnings up to the Canada Pension Plan Yearly Maximum Pensionable Earnings times Available Service and 1.85 percent of earnings in excess of the Canada Pension Plan Yearly Maximum Pensionable Earnings times 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, 1999 (except as where noted) is: James C. Alfano, 25.5 years; R. Eric Rogan, 35.6 years (calculated to July 31, 1999); Marcel Francoeur, 21.3 years; Brian W. Warry, 29.7 years; and Mark C. Steinman, .6 years.

Retirement Benefits Contracts

The Corporation has entered into Retirement Benefits Contracts with the Named Executives, except for Mr. Paciocco. 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. Mr. Paciocco is party to a contract for services with the Corporation which commenced July 15, 1996. He is entitled to participate in incentive programs such as the Corporation's Variable Cash Incentive Program related to Hilton Works performance.

Report on Executive Compensation

The Human Resources and Compensation Committee was composed of the following four Directors as at December 31, 1999: Douglas W. Mahaffy (Chair), John N. Abell, Richard Drouin, and Frederick H. Telmer. Mr. Mahaffy is President and Chief Executive Officer of McLean Budden Limited, one of the Corporation's pension fund managers. Mr. Telmer is non-executive Chairman of the Corporation.

The Human Resources and Compensation Committee of the Board of Directors exercises broad oversight responsibilities regarding executive compensation at the Stelco Group of Businesses. At the executive level, the Committee approves the compensation to be paid to the Chief Executive Officer as well as the compensation to be paid to the other Named Executives and other officers of the Corporation. The Committee reports to the Board after each of its meetings.

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. The recruitment and retention of senior management who are performance-oriented is fundamental to achieving the Corporation's mission.

The Corporation's policy is for overall compensation of its executive officers, including the Named Executives, to be equivalent to the average of a comparator group determined by external compensation consultants retained by the Corporation. The compensation package for each executive typically includes target compensation composed of a fixed base salary and participation in both a variable cash incentive program and a long-term incentive plan. The variable cash and long-term incentive portions of the executive compensation are closely aligned with the Corporation's performance and with the interests of the Corporation's Shareholders. When targeted performance levels are achieved or exceeded, the executive officers are eligible for annual bonuses up to 100 percent of base salary. The bonus amount will depend on achievement of financial and related objectives as well as the individual's performance and position held.

For the purposes of assisting the Committee, the Corporation utilizes the services of external compensation consultants. These consultants advise on the Corporation's compensation policies and provide comparator compensation data for the comparator group described above.

Chief Executive Officer

The components of total compensation received by the Chief Executive Officer are similar to those received by other executive officers. 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. Similar criteria applied to other executive officers are used to determine bonus payments to the Chief Executive Officer. Specified levels of corporate performance must be achieved before any bonus payment is earned. When targeted performance levels are achieved, the Chief Executive Officer is eligible for an annual bonus, with the potential to earn up to 100 percent of base salary.

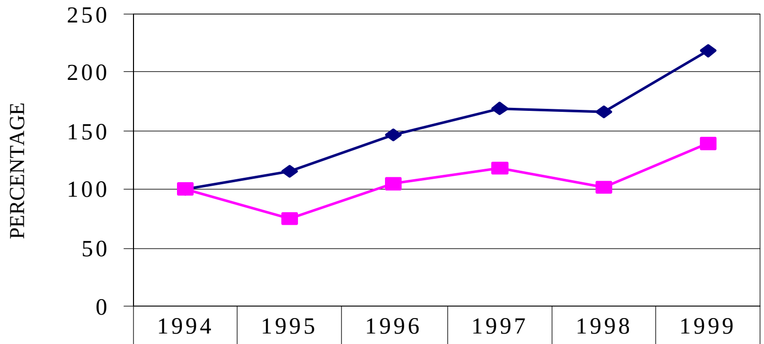
Report submitted by:	Douglas W. Mahaffy (Chair)	Richard Drouin
	John N. Abell	Frederick H. Telmer

Performance Graph

The following graph compares the total cumulative shareholder return (assuming reinvestment of dividends) for $100 invested in Stelco Inc. Common Shares on December 31, 1994 with the cumulative total return of the TSE 300 Stock Index for the five most recently completed financial years.

TSE 300 Stock Index vs. Stelco

Cumulative Value of a $100 Investment



	1994	1995	1996	1997	1998	1999
TSE 300	100	115	147	169	166	219
STELCO	100	75	105	119	102	139

Corporate Governance

General

The Toronto Stock Exchange requires that each listed company disclose on an annual basis its approach to corporate governance. The Corporation's approach to corporate governance is set forth below. The disclosure is cross-referenced to The Toronto Stock Exchange Guidelines ("TSE Guidelines") which are set forth in Section 474 of the Company Manual published by The Toronto Stock Exchange.

Board of Directors Stewardship (TSE Guidelines 1 and 11)

The mandate of the Board of Directors is one of stewardship and oversight of the Corporation and its business. The Board relies on the Corporation's officers to manage the Corporation through a delegation of general management responsibilities to the Corporation's officers. The Board then monitors management's achievement of the Corporation's goals and objectives as part of its responsibility to supervise the business and affairs of the Corporation. In fulfilling its mandate, the Board is responsible, among other things, for:

a. overseeing a management-driven strategic planning process within the Corporation based on a business plan and strategic review presented to the Board by management on an annual basis;

b. monitoring the effectiveness of the Corporation's internal control and management information systems;

c. assessing the principal risks of the Corporation's businesses and ensuring appropriate systems are in place to manage such risks;

d. succession planning for the Corporation including appointing, monitoring, evaluating, and selecting senior management; and

e. overseeing a communications policy and program for the Corporation which includes oversight of the Corporation's policies and practices with respect to disclosure.

The role and responsibilities of management include day-to-day operation of the Corporation's businesses as well as developing individual business unit and overall corporate strategies with the Board reviewing these strategies annually. Management also updates the Board on a regular basis at Board meetings on strategic issues. Committees such as the Health, Safety and Environment Committee and the Audit Committee have been designated to monitor risks and evaluate corporate control systems in key areas such as health, safety and the environment and accounting, finance and information systems, all of which are of significance to the business of the Corporation.

The Board is involved in monitoring and assessing senior management both through its Human Resources and Compensation Committee and direct regular contact as a result of senior management presentations to the Board on a variety of matters including strategic direction and the setting of corporate goals and objectives.

The Board has generally delegated the Corporation's communications policy to senior management. Management's responsibilities therefore include speaking on behalf of the Corporation in communications with its Shareholders and other stakeholders. These responsibilities are generally handled by the Chief Executive Officer and the Chief Financial Officer. The Board, directly or through its Committees, reviews and, where appropriate, approves public disclosure documents required to be filed with securities regulators and other similar bodies.

The Board retains plenary power for functions not delegated to management. The Board has not specifically defined the limits of management's responsibilities in the sense of having a position description for the Chief Executive Officer and the Board of Directors. The Board does, however, through its Committee on Directors, annually review those matters which are considered to require Board approval. In addition to exercising the powers which it must exercise as a matter of law, the Board specifically approves significant matters such as material acquisitions, divestitures, and capital expenditures as well as the Corporation's short-term and long-term business plan.

Consistent with the Board's roles and responsibilities, the Board has adopted a policy whereby Directors are expected to hold a minimum of 3,000 Common Shares, which Directors are generally expected to accumulate within three years of their appointment.

There were seven meetings of the Board during the year ended December 31, 1999.

Composition of the Board of Directors (TSE Guidelines 2, 3, 7 and 12)

More than two-thirds of the Directors 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 shareholdings. None of the outside Directors have been employed by the Corporation or its subsidiaries or have material contracts with the Corporation or its subsidiaries except as otherwise disclosed in this Circular. Directors are required to tender their resignation in the event of a change of principal occupation whereupon the Board may reconfirm their continuing role as a Director.

The Board is of the view that a board of at least 10 directors and not more than 15 directors is appropriate for the Corporation in its current circumstances. The Board currently has 13 members. Twelve nominees are proposed for election at the Meeting. The Corporation, under its Articles, is permitted to have a board of between 10 and 20 directors. The Board, through its Committee on Directors, evaluates the size and composition of the Board on an ongoing basis.

Committees of the Board and Related Matters (TSE Guidelines 5, 9 and 12)

The Board relies on its Committees to assist it in discharging its responsibilities. The Board has appointed five Committees which are: an Audit Committee; a Committee on Directors; a Human Resources and Compensation Committee; a Health, Safety and Environment Committee; and a Pension Committee.

Each Committee consists of a majority of unrelated Directors.

The Chairman of the Board of Directors is not a member of management and generally has responsibility to ensure that the Board discharges its overall responsibilities.

(a) Committee on Directors (TSE Guidelines 4, 6, 7, 8 and 10)

The Committee on Directors is responsible for advising the Board on corporate governance matters and for monitoring the corporate governance systems of the Corporation, the effectiveness of the Board (including its size, composition, and its committees), and the performance of the Directors. The Committee discharges its responsibilities in a variety of ways including periodically surveying the outside Directors on the effectiveness of the Board and through holding meetings of the outside Directors. The Committee is also responsible for identifying and recommending potential appointees to the Board. The Committee is charged with reviewing on an annual basis the compensation and benefits paid to the Directors and approving an appropriate orientation and education program for new members of the Board.

The Board meets periodically, without management present, under the direction of the Chair of the Committee on Directors. Such meetings permit the Board of Directors to independently review issues related to the effectiveness of the Board as a whole as well as Committees of the Board. The process is facilitated by questionnaires sent by the Chair of the Committee on Directors to all Directors to enable individual Directors to express their views about the effectiveness of the Board and its Committees.

The Committee reports to the Board at each meeting of the Board following Committee meetings. The Committee met five times during the year ended December 31, 1999. The Committee is composed entirely of outside Directors. Board policy is that a majority of such Committee's Directors be unrelated. The members of the Committee as at December 31, 1999 were J. E. Caldwell, R. Drouin (Chair), D. W. Mahaffy, and F. H. Telmer.

(b) Audit Committee (TSE Guideline 13)

The Audit Committee plays an important role in monitoring the control environment and the integrity of the management information systems, including management reporting on internal control, with the objective of ensuring that those systems are producing accurate information. The Committee reviews the annual and interim financial statements of the Corporation and certain other public disclosure documents required by regulatory authorities and makes recommendations to the Board with respect to such statements and documents. The Committee also makes recommendations to the Board regarding the appointment of independent auditors, reviews the nature and scope of the annual audit as proposed by the auditors and management, and reviews with management the risks inherent in the Corporation's business and risk management programs relating thereto.

The Committee reports to the Board at each meeting of the Board following Committee meetings. The Committee met five times during the year ended December 31, 1999. The Committee is composed entirely of outside Directors. Board policy is that a majority of such Committee's Directors be unrelated Directors. The members of the Committee as at December 31, 1999 were J. N. Abell, G. Labbé, J. D. Muncaster (Chair), P. J. Nicholson, and H. K. Sinclair.

(c) Human Resources and Compensation Committee (TSE Guideline 11)

The Human Resources and Compensation Committee is responsible for reviewing the levels and form of total compensation paid to the Corporation's senior employees and for administering the Corporation's Key Employee Stock Option Plan and the Variable Cash Incentive Program. The Committee annually assesses the performance of the Chief Executive Officer and senior officers of the Corporation and determines each of such person's compensation and benefits. It reviews succession planning for the Corporation's senior management as part of its general mandate to review the Corporation's organizational structure to determine if such structure is appropriate to carry out the business of the Corporation. The Committee also reviews and monitors management development programs. The Committee reports to the Board at each meeting of the Board following meetings of the Committee.

The Committee met five times during the year ended December 31, 1999. Board policy is that a majority of such Committee's Directors be unrelated Directors. The members of the Committee as at December 31, 1999 were J. N. Abell, R. Drouin, D. W. Mahaffy (Chair), and F. H Telmer.

(d) Health, Safety and Environment Committee

The Health, Safety and Environment Committee monitors systems addressing key risks in the area of health, safety and the environment. The responsibilities of the Committee include ensuring that the Corporation has developed and is implementing and maintaining policies, practices, and procedures to ensure compliance with legislation regulating health, safety and the environment, as well as reviewing and appraising results achieved by the policies, practices, and procedures of the Corporation in these important areas. Health, safety and environment risks are principal risks for the Corporation and accordingly are given high priority from a risk management point of view.

The Committee reports to the Board at each meeting of the Board following Committee meetings. The Committee met four times during the year ended December 31, 1999. The members of the Committee as at December 31, 1999 were W. P. Cooper (Chair), G. Labbé, B. J. McDougall, and P. J. Nicholson.

(e) Pension Committee

The Pension Committee is responsible for ensuring that the Corporation has in place policies and practices required to administer the Corporation's pension plans directly or through duly appointed agents and is charged with reviewing and assessing results achieved by such policies and practices, and suggesting modifications as seem necessary.

The Committee reports to the Board at each meeting of the Board following Committee meetings. The Committee met four times during the year ended December 31, 1999. The members of the Committee as at December 31, 1999 were J. E. Caldwell (Chair), W. P. Cooper, J. D. Muncaster, and H. K. Sinclair.

Communications and Related Matters

The Corporation receives and responds to Shareholder enquiries through management. Important management communications with Shareholders include a review of material matters in each quarterly financial report prepared by the Corporation and a report to Shareholders in each year's Annual Report. Generally, the Board is not directly involved in communications, but does oversee the Corporation's communication policy and program.

Other Matters (TSE Guideline 14)

In certain circumstances, it could become appropriate for an individual Director to engage an outside advisor or advisors at the expense of the Corporation. The engagement of outside advisors is subject to the approval of the Committee on Directors.

Appointment of Auditors

The persons named in the enclosed proxy intend to vote for the reappointment of KPMG LLP, Chartered Accountants, as Auditors of the Corporation to hold office until the next Annual Meeting of Shareholders at a remuneration to be fixed by the Board of Directors.

Proposed Amendment to Key Employee Stock Option Plan

On December 16, 1991, the Board of Directors of the Corporation approved the adoption of the Corporation's Key Employee Stock Option Plan (the "Plan"). The Plan was confirmed by the Shareholders of the Corporation at the Annual Meeting held on May 1, 1992. Pursuant to the Plan, the Corporation may designate full-time employees as eligible employees for purposes of the Plan and may grant to such eligible employees options to purchase Series A and Series B Convertible Common Shares of the Corporation.

The aggregate number of shares originally reserved for issuance under the Plan was 5,000,000 which number was increased to 8,000,000 by resolution of the Board on March 25, 1996, as confirmed by the Shareholders on May 3, 1996. The number of shares so reserved for issuance to any one person 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 Series A and Series B Convertible Common Shares. The Board recently approved an increase in the number of Common Shares reserved for issuance from 8,000,000 Common Shares to 10,000,000 Common Shares as there is currently no room left under the Plan to issue additional options. The purpose of the proposed resolution is to confirm an increase in the number of Common Shares issuable pursuant to options to 10,000,000.

One of the key purposes of the Plan is to allow the Corporation to attract and maintain highly qualified people as employees of the Corporation. At the time of a grant of options, in accordance with the Plan, the Corporation designates the percentage of the number of shares subject to the option which a participant may exercise in a given year during the term of the option. Typically, options are fully vested within three years of the award date and they expire not later than ten years after award. Options generally expire on the earliest of (a) three years after the participant's termination of active, full-time employment, and (b) on the latest exercise date. In the event of the expiration or other termination of any option, the Series A and Series B Convertible Common Shares underlying such options become available to be issued upon the exercise of options subsequently granted under the Plan.

The following table summarizes the number of options outstanding and exercisable pursuant to the Plan at the end of the last three financial years.

	1997		1998		1999	
Outstanding Options	Options	Weighted Average Exercise Price ($)	Options	Weighted Average Exercise Price ($)	Options	Weighted Average Exercise Price ($)
Balance at beginning of year	3,222,100	6.629	1,979,100	7.347	2,344,600	8.567
Granted	811,000	8.231	680,000	11.550	838,000	8.610
Exercised	(2,054,000)	6.570	(285,500)	6.966	(441,600)	7.200
Cancelled	-	-	(29,000)	11.026	(159,999)	9.620
Balance at end of year	1,979,100	7.347	2,344,600	8.567	2,581,001	8.750
Exercisable at end of year	928,100	6.846	1,469,600	7.301	1,394,667	7.955

The Board of Directors support the continuation of the Plan and recommend that all Shareholders vote in favour of a resolution increasing the aggregate number of Common Shares reserved under the Plan from 8,000,000 to 10,000,000 shares. This will enable the Corporation to continue with a long-term incentive compensation component, in the form of options, for designated eligible employees. All other terms of the Plan will remain unchanged. Accordingly, the Shareholders will be asked to consider and, if thought fit, pass the following resolution:

> RESOLVED THAT an amendment to the Corporation's Key Employee Stock Option Plan to increase the number of Common Shares from 8,000,000 to 10,000,000 be and is hereby approved and confirmed.

In order to be approved, a simple majority of votes cast on the resolution must be voted in favour of the resolution.

Normal Course Issuer Bid

On March 9, 2000, the Corporation obtained regulatory approval to enable it to purchase for cancellation up to 5,200,000 of its Common Shares, representing approximately 5 percent of the Common Shares outstanding as of February 29, 2000, pursuant to a normal course issuer bid. Purchases under the normal course issuer bid will terminate on March 15, 2001, or on such earlier date as the Corporation may complete the maximum number of purchases permitted under the bid. Purchases will be made on the open market by the Corporation through The Toronto Stock Exchange in accordance with its rules and by-laws. The price which the Corporation will pay for any shares purchased will be the market price of the shares at the time of acquisition. The Corporation believes that the market price of its Common Shares at certain times may be attractive and that the purchase of Common Shares from time to time would accordingly be an appropriate use of corporate funds in light of potential benefits to remaining Shareholders. During the period March 16, 1999 to March 15, 2000, the Corporation purchased for cancellation 1,692,500 Common Shares pursuant to a normal course issuer bid expiring on March 15, 2000.

Copies of the Corporation's most recent Annual Information Form, the comparative Financial Statement for the financial years ended December 31, 1999 and 1998, together with the Auditors' Report thereon, this Circular, and the Corporation's Notice of Intention to make a normal course issuer bid 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	**G. Blair Cowper-Smith**
as of March 13, 2000	**Corporate Secretary and Special Counsel**