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THE ALGOMA STEEL
CORPORATION, LIMITED

ANNUAL REPORT
1977

HOWARD ROSS LIBRARY
OF MANAGEMENT
MAR 23 1978
MCGILL UNIVERSITY

Highlights of 1977

	1977	1976 (restated)	Percent Change
(tons and dollars in millions except per share data)			
Shipments of steel products (tons)	2.201	2.036	+ 8%
Sales	\$ 687.8	\$ 584.8	+ 18%
Funds from operations	\$ 41.2	\$ 19.2	+115%
Depreciation and amortization	\$ 33.6	\$ 33.0	+ 2%
Earnings (loss) before equity in earnings of Dominion Bridge and income taxes	\$ 5.5	\$ (14.3)	+139%
Net earnings	\$ 37.5	\$ 24.1	+ 56%
—from integrated steel operations	\$ 21.3	\$ 11.3	+ 88%
—from Dominion Bridge	\$ 16.2	\$ 12.8	+ 27%
Per common share data			
Net earnings	\$ 2.62	\$ 1.72	+ 52%
Dividends paid	\$ 0.20	\$ 1.10	– 82%
Book value	\$ 35.97	\$ 33.53	+ 7%
Long term debt as a percent of capitalization	31%	37%	– 16%
Return on average total investment	6.6%	5.3%	+ 25%
Return on common shareholders' equity	7.5%	5.2%	+ 44%
Utilization of raw steel production capability	87.6%	82.5%	+ 6%

Annual Meeting

The Annual Meeting of Shareholders will be held at the Windsor Park Hotel, Sault Ste. Marie, Ontario, Wednesday, April 19, 1978 at 2:15 p.m. Eastern Standard Time. Notice of Meeting, an Information Circular and Proxy will be mailed separately to each Shareholder.

Les actionnaires qui désirent recevoir ce rapport en français sont priés d'en faire la demande au Secrétaire, The Algoma Steel Corporation, Limited, Sault-Sainte-Marie, Ontario.

Contents

Highlights of 1977	1
Report to Shareholders	2
Review of 1977	4
Consolidated Financial Statements	12
Ten Year Statistical Data	20
Directors and Principal Officers	22
Manufacturing and Mining Facilities	23
Products and Sales Office Locations	24

Report to Shareholders

The year 1977 proved to be another difficult year for the steel industry worldwide. Against this background Algoma's production, shipments and sales increased and a significant improvement in earnings was achieved from the depressed levels of 1976. Pre-tax earnings from integrated steel operations were \$5.5 million compared with a pre-tax loss of \$14.3 million in 1976 and net earnings increased to \$37.5 million from a restated \$24.1 million. These improvements are encouraging but remain considerably short of providing an adequate return on invested capital. Pre-tax earnings were adversely affected by approximately \$7 million of fixed costs absorbed in the Corporation's coal and iron ore operations in the United States during lengthy industry-wide strikes.

Algoma's equity in the earnings of Dominion Bridge Company, Limited amounted to \$16.2 million and made a substantial contribution to net earnings. In December, 1977 AMCA International Corporation, Dominion Bridge's United States subsidiary, acquired under a tender offer over 95% of the shares of Amtel, Inc., a diversified engineering, construction and manufacturing company based in Providence, Rhode Island. This acquisition should enhance Dominion Bridge's earnings' prospects in the years ahead.

The improved financial performance in the Corporation's integrated steel operations resulted from cost reduction programs, increased volume, better product mix and further operating efficiencies and reflects the absence of a number of non-recurring operating problems which depressed 1976 earnings. These positive trends should carry forward into 1978 when they will contribute more fully to Algoma's profitability and competitive position. However, to achieve satisfactory financial results,

greater utilization of basic steelmaking capacity and adequate steel selling price adjustments will be required. To a large extent this will depend upon continued strength in the sheet and strip markets and an upward movement in the construction and capital spending sectors.

Capital expenditures of \$29.6 million were held below the level of cash flow from operations in 1977. The rebuild of No. 9 coke oven battery was the only major project under construction at the Steelworks. Production from this battery is scheduled to begin in mid-1978. Good progress was made on Stage IV underground development at the Algoma Ore Division and work has been resumed on the continuous slab caster. Both of these projects are scheduled to be brought into operation in 1979. A number of capital projects which will benefit Algoma's market position and improve profitability have been identified. These projects will be carefully evaluated during 1978.

The Corporation sold issues of \$50 and \$30 million floating rate preference shares in April and December respectively to reduce short term borrowings and improve the Corporation's financial position.

Foreign steel continues to be offered in Canada and the United States at distress prices and imports to North America increased over last year. Import pressures and general market conditions restricted steel selling price adjustments below levels necessary to recover increased costs for raw materials, energy and employment. Upon investigation of a complaint filed by the Corporation, the Canadian Government found that wide flange beams were being dumped into Canada from a number of foreign countries. The Anti-Dumping Tribunal found that this dumping was causing material injury to the production in Canada of these products.

Appropriate Government action was taken to ensure that these beams do not continue to enter Canada at less than fair value.

We are encouraged by the awareness demonstrated by Government officials of the serious adverse effect that unfair trade practices, including dumping, have on the steel industry and employment in Canada. Close attention by the Canadian Government to this problem will be of continuing importance to ensure that tonnages of steel are not dumped into Canadian markets as other countries take action to ensure fair trade.

The Corporation lost the services and experience of two senior officers in mid-year, both having reached the Corporation's mandatory retirement age. David S. Holbrook retired as Chairman of the Board after over 30 years of service. He was the main architect of the transformation of Algoma from a producer of rails and structural products into a modern steel enterprise with the capability of producing a broad range of rolled steel products. John B. Barber retired as Vice Chairman of the Board and Senior Vice President having served the Corporation in senior financial positions during a 40 year career at Algoma. Mr. Holbrook and Mr. Barber also retired as members of the Board of Directors of the Corporation. Their valuable contributions over many years as officers and directors are gratefully acknowledged.

Following these retirements Walter G. Ward was elected Chairman of the Board of Directors after a distinguished career in senior executive positions in Canada, the United States and Europe with General Electric Company and Canadian General Electric Company Limited, latterly as Chairman and Chief Executive Officer of Canadian General Electric Company Limited.

In addition, a number of other senior executive organizational changes and appointments were made. Joseph D. R. Potter was appointed Group Vice President—Finance and Corporate Services, Ross H. Cutmore, Vice President—Accounting and William J. Reed, Controller—Steel and Iron Ore Operations. At Cannelton Industries, Paul Morton was elected Chairman and Chief Executive Officer and Allen S. Pack was promoted to President and Chief Operating Officer.

We regret to report that Ross Dunn, Q.C., senior partner in the McMillan, Binch law firm of Toronto and a director of the Corporation since 1968, died in June 1977. Mr. Dunn's valued contributions and respected advice during his years as director and legal counsel to the Corporation will be sincerely missed by the directors and officers of the Corporation.

Algoma's employees displayed determination and dedication in improving Algoma's marketing, operating and financial performance in 1977. Although much remains to be accomplished, we believe that the efforts of employees, together with continuing support from shareholders, customers and suppliers will enable continued progress to be made during 1978 in all areas of the Corporation's activities.



WALTER G. WARD
Chairman



JOHN MACNAMARA
President and Chief Executive Officer

Sault Ste. Marie, Ontario
February 9, 1978.

Review of 1977

Product Markets and Sales

Throughout 1977 world steel demand was generally weak resulting in intense competition for sales in all product lines. As a consequence, world steel production was off 0.5% from its 1976 level. There were declines in steel production of approximately 6% in the European Economic Community countries, 4.5% in Japan and 3% in the United States. Canada, although not isolated from these market conditions, enjoyed a modest growth of approximately 4% in apparent consumption and 3% in raw steel production.

Despite the condition of world steel markets, Algoma's steel product shipments in 1977 were a record 2.2 million tons, an increase of 8% over 1976. Sales revenue increased 18% over 1976 to \$688 million. These increases reflected a strengthening market for oil country tubular goods and continued strong demand from automotive markets. Weakness in the construction industry produced minimal change in the consumption of plate and heavy structurals, and sale of semi-finished products was required to achieve higher steel plant operating rates.

Steel Product Shipments by Product Classification, 1968 and 1974 to 1977

	1968	1974	1975	1976	1977
	%	%	%	%	%
Plate and Sheet	46	55	56	56	57
Structurals	21	22	20	18	17
Rails and Fastenings	5	7	8	9	8
Bars and Grinding Media	6	6	6	6	5
Seamless Tubes and Skelp	15*	9	10	7	8
Semi-finished	7	1	—	4	5

*Represents shipments of tube rounds to a seamless tube producer.

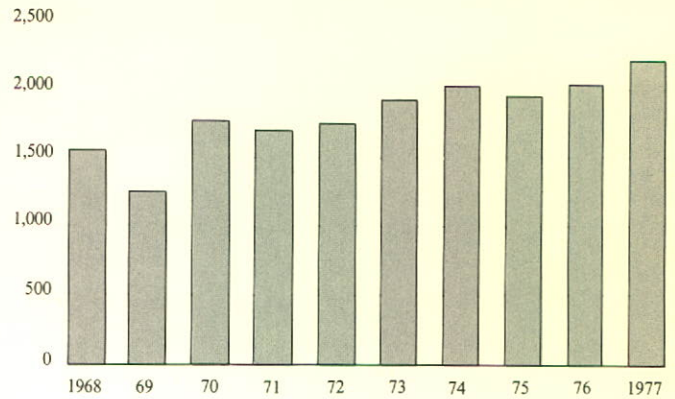
Price levels of rolled steel products generally remained below those prevailing in the United States and this together with the decline in the value of the Canadian dollar during 1977 had a favourable effect on the market for Canadian rolled steel products in the United States.

Total imports as a percentage of Canadian consumption were unchanged from 1976, but there was considerable growth in imports of heavy structurals. Following investigation of a complaint by Algoma, the Department of National Revenue determined in September that dumping of wide flange beams into Canada was occurring and provisional duties were levied on imports of these products. At year-end, the Anti-Dumping Tribunal found that this dumping was causing material injury to the manufacture of these structural sections in Canada and it is expected that dumping duties will continue to be levied on any of these products imported into Canada at less than fair value from United Kingdom, France, Japan, Luxembourg and the Republic of South Africa. Prices and tonnages of other imported steel products are being monitored and, to ensure that steel products do not enter Canada at dumped prices, it may become necessary to file further dumping complaints if offshore import tonnages continue at distress prices.

Canada produces approximately 2% of world steel supply. A sharp increase in imports to Canada would adversely affect the employment and profitability of the Canadian steel industry. The steel industry is therefore continuing discussions with Canada's delegation to the General Agreement on Trade and Tariff negotiations in Geneva and with the Federal Government in Ottawa to ensure that the implications of tariff reductions are fully understood.

Shipments

THOUSANDS OF TONS



Programs were undertaken during 1977 to improve service to customers. Positive results were achieved in improving reliability of steel product delivery, one of Algoma's important indicators of customer service performance. By year-end shipment reliability had reached an all-time high and market benefits from this improvement began to appear. As part of the Corporation's program to improve service to customers, a new computerized customer order inquiry system was installed with terminals in the Toronto, Hamilton and Windsor district sales offices. This system provides up to the minute order status information and will be expanded to service the remaining district sales offices early in 1978.

Preparation for accepting orders in metric terms has proceeded in phase with plans for nation-wide metric conversion by Canadian industry. Algoma will be prepared to supply orders for rolled steel products in metric units in 1978.

Recognizing the need for continued research to develop new high strength steels beyond those already available from Algoma, greater marketing emphasis is being placed on identifying changes in rolled steel demand patterns. Over the next several years, capital expenditures, beyond those already committed for mining and primary production facilities, will be more oriented toward rolling mills and finishing facilities.

The outlook for 1978 in the Canadian economy is uncertain, but modest growth is forecast. Steel demand is expected to be strong in the first half but is less certain thereafter. The high level of activity in the oil and gas industry in North America will result in continued strong demand for seamless tubes but little improvement in demand is expected from the capital goods and construction sectors. The

automotive market has sustained steel production for the past two years and although there is some evidence of a marginal decline in automobile sales, current forecasts indicate continuing high demand for hot and cold rolled sheet throughout 1978. There is little evidence that any significant quantity of steel will be required in 1978 for the Alaska Pipeline project.

Production and Operations

Although well below current Steelworks capacity, iron and raw steel production reached record levels of 2.85 and 2.97 million tons respectively.

A marked improvement in production rates on No. 7 blast furnace resulted from reduced delays and improved operation. No. 5 blast furnace was relined in the second quarter but was banked during the fourth quarter because of a prevailing weak market for steel products. This furnace was returned to service at year-end.

Production of merchant pig iron commenced at the Steelworks in August to service customers who would normally have been supplied from the Canadian Furnace Division at Port Colborne which was shut down for an indefinite period in March due to weak demand for merchant pig iron.

Improvement in operating procedures in the No. 2 basic oxygen steelmaking plant resulted in a major increase in average vessel lining life which increased furnace availability and led to a considerable saving in refractory and labour costs.

Rebuilding of No. 9 coke oven battery commenced early in the year and it will be completed and brought into production in mid-1978. At mid-year, the Corporation made an out-of-court settlement of the legal action that it had commenced against the builder of this battery.

Coke production was 168,000 tons less than in 1976 but record low blast furnace coke rates virtually balanced coke production and usage. Plans for the construction of a new No. 10 coke oven battery have been cancelled in favour of rebuilding No. 5 battery which has been operating for thirty-five years. This battery is being monitored closely to determine the appropriate time to schedule the rebuild.

Construction of a new water quality control and gas handling facility was completed at the coke plant permitting removal of contaminants from process water before discharge into the St. Mary's River and allowing recovery of anhydrous ammonia as a saleable product. Gas handling capacity is now adequate for the increased volume of coke oven gas that will be produced when coke production increases in 1978.

A record tonnage of continuously cast blooms and beam blanks was produced, primarily for critical quality products such as rails and seamless tubes. A system was introduced for rolling continuous cast blooms into tube rounds on the 25" billet mill, utilizing existing reheating furnaces that had previously been idle. This resulted in significant cost savings and improved finished tube quality.

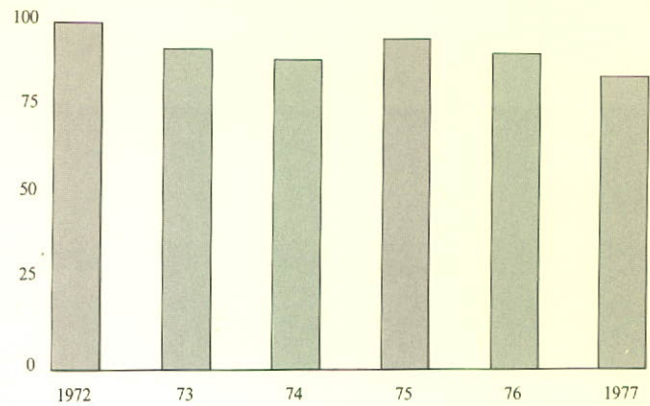
The trend of improved production and quality on the 166" plate mill and 106" wide strip mill commenced in 1976, after the reheating furnaces were rebuilt, was continued and record production was achieved in this mill complex.

In the structural mills, improvements were achieved in both rolling rates and yields. Equipment modifications were completed to enable the 50" wide flange beam mill to roll longer product and further improve productivity and yields. A heavy-duty, in-line straightener was brought into full operation and forecast benefits in product quality and structural finishing efficiency were realized.

Significant energy savings were made possible by a number of changes and improvements. Reduction of total energy consumed in the production of blast furnace hot metal was achieved through improved coke quality and better blast furnace operation. Injection into the blast furnaces of higher volumes

Index of man hours per ton of finished steel product

1972 = 100



of oil and tar reduced the amount of coke required and resulted in lower energy costs for ironmaking. Additional instrumentation was installed in the plate and strip mill slab reheating furnaces to improve fuel control and reduce fuel consumption. The bar and strip mill reheating furnace was modified to permit utilization of coke oven gas and increase flexibility in the use of fuels generated within the Steelworks. A program was introduced to reduce bleeding of coke oven gas and utilize surplus blast furnace gas to increase in-plant power generation and decrease requirements for purchased energy.

Research and development efforts were concentrated on consolidating past research and assisting in solving current quality problems. Particular success was achieved with the use of the "Algoform" series of high strength steels for automobile bumpers and new steels for the construction of electrical generating equipment. Production trials continued to perfect steelmaking and rolling mill technology to satisfy the stringent specifications for Arctic grade line pipe plate.

Raw Material Supply

Raw material operations in the United States were severely disrupted during the year by strikes. Coal production by Cannelton Industries, Inc., together with that of most of the Appalachian coal industry, was curtailed throughout the summer by wildcat strikes, generally caused by roving pickets. A general strike by the United Mine Workers commenced early in December upon the expiry of the labour agreement and it was not resolved at year-end. Iron ore operations were affected by a four-month labour dispute which closed most United States iron ore mining operations including the Tilden Mine in which Algoma is a major participant. However, by the close of navigation sufficient supplies of iron ore and metallurgical coal were on hand at the Steelworks to meet requirements until navigation resumes.

The production of metallurgical coal by Cannelton Industries, Inc. fell far short of planned levels due to the various strikes and it was necessary to purchase substantial quantities of metallurgical coal on the open market. Notwithstanding the labour unrest, productivity improved over 1976 at several Cannelton coal mining operations. During 1977, the overall quality of coal delivered to the Steelworks improved over the previous year and this was a significant factor in improving coke quality.

In addition to the senior executive changes at Cannelton Industries, Inc. noted earlier in this report the management organization of Cannelton was strengthened by the recruitment of a number of other experienced and professional personnel.

At the Algoma Ore Division production of sinter increased slightly over 1976. Good progress was achieved in deepening of underground workings to make additional MacLeod Mine iron ore reserves

accessible for mining by 1979. A significant achievement was the breakthrough of a three-mile underground tunnel decline which will house the conveyor system required to hoist ore from the deeper workings.

The production of iron ore pellets by Steep Rock Iron Mines Limited for Algoma reached a record 1,313,000 gross tons in 1977 but pellet production at this mine is expected to cease at the end of 1979 when its reserves will be exhausted. Algoma and Steep Rock conducted an intensive feasibility study of the Bending Lake magnetite ore body, located 40 air miles from Atikokan, which could supply ore for continuation of Steep Rock's pelletizing operations. The project will not proceed at this time because of the current excess of iron ore pellets available in the Great Lakes region.

The Tilden Mine in Michigan experienced production and grade control difficulties during the year associated to some extent with the strike which shut the mine down from August 1 to the end of November. Expansion of the Tilden project, which will double mine capacity to 8 million tons of pellets per annum, progressed well and was approximately 60% completed at year-end. Algoma will continue its 30% interest in the expanded Tilden complex.

Employee Relations

Labour relations throughout the Canadian operations were generally good. Company and union committees continued to work closely on problems of mutual concern with significant progress being made in a number of areas. Upon shut down of the Canadian Furnace Division blast furnace in March, the United Steelworkers of America and Algoma established special termination arrangements for employees with long service and provided supplementary unemployment benefit payments for all affected employees. Several Canadian Furnace employees were relocated to Sault Ste. Marie.

The three-year labour agreements covering production and clerical employees at the Steelworks in Sault Ste. Marie and iron ore operations in Wawa expire July 31, 1978 and agreements for employees at the Tube Division in Sault Ste. Marie expire November 15th. The negotiations to renew these agreements will be among the first in Canada after the expiry of the Anti-Inflation Board controls which were originally imposed in October 1975.

Interest of employees in improving efficiency continued during the year. Many employees suggestions were received and implemented resulting in cost savings. The individuals making the suggestions received a total of \$106,000 in cash awards which recognized the importance of these improvements.

Industrial hygiene and the working environment continued to be a major area of employee relations activity. A hazardous material control program was established and over one hundred chemical products used by Algoma were assessed for toxicity. Safe handling instructions were issued to the departments using these chemicals. A detailed

environmental survey of the No. 7 blast furnace cast house was completed and several modifications were made to reduce worker exposure to emissions. Continued efforts to improve maintenance and operating procedures on all coke oven batteries reduced emissions from levels identified in government surveys made during 1976. The coke plant has been designated as a priority area for concentration of efforts to reduce air emissions.

Several new employee communication programs were introduced during the year. Video tape equipment was used extensively to carry important messages to as many employees as possible.

Supervisory training continued to be emphasized. Improved courses included academic training at the university undergraduate level and a considerably improved supervisory training program. Work began on developing similar training programs for general foremen and programs to satisfy specific department needs.

Safety performance generally improved throughout Algoma's operations and particular improvement was achieved at the Steelworks Division where performance compared very favourably with the industry experience. Emphasis is continuing on improving safety performance and further programs are being introduced in 1978.

Although Algoma's earnings and financial position necessitated close control of budgets, a number of worthwhile charitable and educational organizations and recreational projects were supported in the communities in which Algoma operates. The contribution of many employees who volunteered their support or were actively involved in these organizations and projects is acknowledged with appreciation.

Profitability and Finance

Net earnings of \$37.5 million or \$2.62 per common share were significantly better than the restated \$24.1 million and \$1.72 per share recorded in 1976. The return on sales rose to 5.5% while the returns on average total investment and common shareholders' equity increased to 6.6% and 7.5% respectively.

The gross margin on consolidated sales improved to 11.8% from 10.2% in 1976 and pre-tax earnings from integrated steel operations of \$5.5 million compared to a 1976 pre-tax loss of \$14.3 million from these operations. These results were achieved in spite of approximately \$7 million in fixed costs absorbed against earnings during major strikes at Algoma's coal mines and the Tilden iron ore operation. Improvement in earnings resulted from cost reduction programs, increased volume, better product mix and further operating efficiencies and reflect the absence of a number of non-recurring operating problems which depressed 1976 earnings. Cost increases for labour and materials were not fully offset by product price increases which continued to be constrained by market conditions.

The following are pre-tax quarterly earnings (loss), before equity in earnings of Dominion Bridge Company, Limited, with comparative information for 1976:

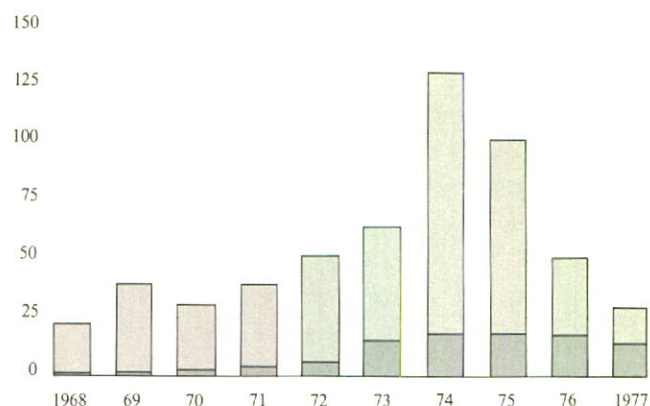
Quarter	<u>1977</u>	<u>1976</u>
	(Millions of Dollars)	
1	\$ (2.7)	\$ (4.3)
2	5.2	(2.7)
3	(2.9)	(4.5)
4	5.9	(2.8)
	<u>\$ 5.5</u>	<u>\$(14.3)</u>

Credit deferred income taxes amounting to \$15.8 million and Algoma's \$16.2 million equity in earn-

Capital Spending

MILLIONS OF DOLLARS

Manufacturing (steelworks and tube division)
Mining (coal and iron ore)



ings of Dominion Bridge Company, Limited contributed significantly to net earnings. The credit deferred income tax results principally from recording a greater amount of depreciation than the amount of capital cost allowance to be claimed for tax purposes. A lesser amount of capital cost allowance is claimed since resource, depletion and inventory allowances are taken as deductions in computing taxable income. The unclaimed capital cost allowance is available to effectively reduce current income taxes otherwise payable in future years.

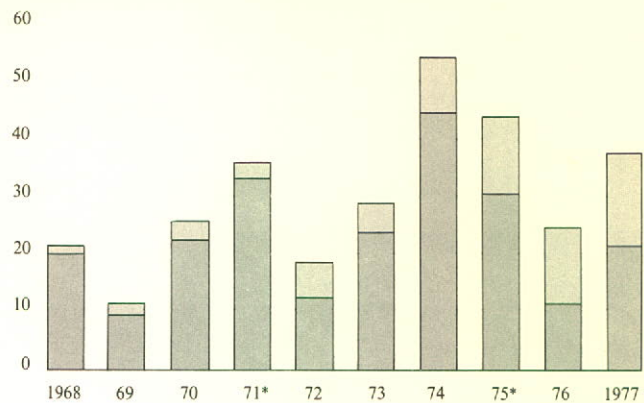
Algoma's equity in the earnings of Dominion Bridge Company, Limited for 1976 has been restated to reflect a change in accounting by Dominion Bridge from a 'completed contract' method of determining contract profits in its Canadian operations to a 'percentage of completion' basis. The income tax provision for 1976 has also been restated. These restatements are explained in note 2 to the financial statements and together did not materially affect earnings.

Cash flow from operations increased to \$41.2 million or \$2.94 per common share. Additional funds

Net Earnings

MILLIONS OF DOLLARS

Dominion Bridge
 Integrated Steel Operations



*Earnings in 1971 and 1975 includes extraordinary gains of \$21.5 million and \$3.5 million respectively

were provided from the issues of \$50 million and \$30 million floating rate preference shares sold in April and December respectively. The proceeds of these private placements were used to reduce short term loans and improved Algoma's financial position.

Capital expenditures continued to be restricted throughout 1977 and amounted to \$29.6 million, considerably below the \$50.5 million of 1976.

Algoma's investment in the Tilden Mine joint venture increased during the year by \$5.5 million to \$25.3 million in support of the expansion of this mine from 4 million to 8 million gross tons of pellets annually.

Dividends paid amounted to \$9.1 million and consisted of \$2.3 million paid to common shareholders and \$6.8 million paid to preference shareholders. Common dividends amounting to \$.20 per share were paid in the first quarter but were discontinued thereafter in order to conserve cash.

Working capital at the end of 1977 amounted to \$153 million, an improvement of \$64 million over year-end 1976. Accounts receivable increased mainly because of higher volumes of business, inventories increased as a consequence of higher than normal raw material inventories and higher costs and short term loans were reduced with cash received from the issue of preference shares.

Long term debt at the end of 1977 decreased by \$12.9 million, reflecting the transfer of \$10 million Series A Debentures, due in May, 1978, to current liabilities. Long term debt was 31% of capitalization at year-end. The price of Algoma's common shares ranged from a high of \$19¾ per share to a low of \$13¾ during the year, closing on December

31 at \$15. The following table shows the quarterly high and low prices for the common shares on the Toronto Stock Exchange during 1977:

Quarter	High	Low
1	\$19¾	\$16½
2	18¾	15
3	17¾	15¾
4	16¾	13¾

Canadian Pacific Investments Limited of Montreal owned at year-end 6,006,540 shares, or 51% of Algoma's outstanding common shares.

Consolidated Financial Statements

Earnings and Retained Earnings For the Years Ended December 31, 1977 and 1976

	1977	1976 (restated) (Thousands of Dollars)
Income		
Sales	\$687,839	\$584,835
Other	514	596
	688,353	585,431
Expenses		
Cost of products sold	606,816	525,199
Administrative and selling	14,372	14,145
Interest and expense on long term debt	22,512	23,081
Interest on short term loans	5,521	4,239
Depreciation and amortization	33,631	33,036
	682,852	599,700
Earnings (Loss) before equity earnings and income taxes	5,501	(14,269)
Equity in earnings of associated company	16,229	12,736
Income taxes (note 3)	(15,800)	(25,613)
Net Earnings	\$ 37,530	\$ 24,080
Provision for dividends on preference shares	\$ 6,951	\$ 4,032
Net earnings applicable to common shares	\$ 30,579	\$ 20,048
Per common share	\$ 2.62	\$ 1.72
Retained Earnings		
Balance at beginning of year as previously reported	\$378,666	\$373,086
Adjustment to provision for 1976 income taxes (note 2a)	2,790	
Equity in increase (decrease) to cumulative earnings of associated company resulting from a change in its accounting policy (note 2b)	(1,707)	727
Balance at beginning of year as restated	\$379,749	\$373,813
Net earnings	37,530	24,080
Dividends (note 12)	(9,118)	(16,405)
Expenses relating to issue of preference shares (after deducting income tax credits of \$60 in 1977 and \$430 in 1976)	(217)	(1,739)
Balance at end of year	\$407,944	\$379,749

Financial Position

As at December 31, 1977 and 1976

	1977	1976 (restated) (Thousands of Dollars)
Current Assets		
Accounts receivable	\$ 98,625	\$ 83,999
Inventories (note 4)	193,784	174,835
Prepaid expenses	6,014	5,674
Total current assets	298,423	264,508
Current Liabilities		
Cheques outstanding less cash on deposit	5,114	14,315
Bank loans	—	22,500
Promissory notes	26,722	40,000
Accounts payable and accrued	90,186	85,734
Taxes payable	6,826	6,793
Long term debt due within one year	16,373	5,894
Total current liabilities	145,221	175,236
Working Capital		
Current assets less current liabilities	153,202	89,272
Long Term Assets		
Non-current accounts receivable	6,500	6,350
Long term investments (note 5)	110,147	92,692
Net fixed assets (note 6)	557,874	560,395
Unamortized debenture expense	2,443	2,596
Total long term assets	676,964	662,033
Total Investment		
Working capital plus long term assets	830,166	751,305
Long Term Liabilities (notes 7 and 8)		
Long term debt (note 9)	251,275	264,238
Accrued past service pension cost (note 10)	13,257	14,081
Deferred income taxes	5,607	21,154
Total long term liabilities	270,139	299,473
Excess of total investment over long term liabilities	\$560,027	\$451,832
Shareholders' Equity		
Capital stock (note 11)		
Preference shares	\$140,000	\$ 60,000
Common shares	12,083	12,083
Retained earnings	407,944	379,749
Total shareholders' equity	\$560,027	\$451,832

On behalf of the Board:

Robert D. Armstrong, Director

John Macnamara, Director

Changes in Financial Position For the Years Ended December 31, 1977 and 1976

	1977	1976
		(restated)
	(Thousands of Dollars)	
Source of Working Capital		
Cash flow from operations		
Net earnings	\$ 37,530	\$ 24,080
Equity in undistributed earnings of associated company	(11,931)	(8,254)
Other transactions not resulting in an outlay or receipt of funds	15,648	3,356
	41,247	19,182
Proceeds from sale of fixed assets	986	224
Net proceeds from long term loans	3,500	10,686
Net proceeds from issue of preference shares	79,723	57,831
Other—net	149	86
	125,605	88,009
Application of Working Capital		
Additions to fixed assets		
Manufacturing plants	15,096	33,523
Raw material properties	14,500	17,033
	29,596	50,556
Increase in non-current accounts receivable	150	825
Long term investments	5,524	1,085
Reduction of long term debt	16,463	6,674
Reduction of accrued past service pension cost	824	1,518
Dividends	9,118	16,405
	61,675	77,063
Working Capital		
Increase during year	63,930	10,946
Balance at beginning of year	89,272	78,326
Balance at end of year	\$153,202	\$ 89,272

Changes in Working Capital

Current Assets Increase (Decrease)		
Accounts receivable	\$ 14,626	\$ (287)
Inventories	18,949	43,878
Prepaid expenses	340	880
	33,915	44,471
Current Liabilities Increase (Decrease)		
Cheques outstanding less cash on deposit	(9,201)	463
Bank loans	(22,500)	22,500
Bankers acceptances	—	(30,000)
Promissory notes	(13,278)	28,689
Accounts payable and accrued	4,452	8,860
Taxes payable	33	205
Long term debt due within one year	10,479	2,808
	(30,015)	33,525
Working Capital		
Increase during year	\$ 63,930	\$ 10,946

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

PRINCIPLES OF CONSOLIDATION

The financial statements include those of all subsidiary companies. Assets, liabilities and results of operations of United States subsidiaries are included assuming \$1 Canadian equal to \$1 United States; if these were converted to the actual Canadian dollar equivalent there would be no material effect on these financial statements.

INVENTORIES

Finished products and work in process are valued at the lower of cost and net realizable value. Raw materials and supplies are valued at the lower of cost and replacement cost.

LONG TERM INVESTMENTS

The investment in the associated company, Dominion Bridge Company, Limited, and in the joint venture producing iron ore pellets are accounted for by the equity method.

FIXED ASSETS

Property, plant and equipment are valued at cost. Expenditures for improvements and renewals which extend economic life and for mine development are capitalized. Maintenance and repairs are charged to expense as incurred excepting expenditures on periodic relines of blast furnaces which are accrued for in advance on a unit of production basis.

Depreciation of manufacturing plant and equipment is provided on a straight-line basis at rates intended to write off these assets over their estimated economic lives. Mining equipment and mine development costs are amortized on a unit of production basis over the estimated recoverable iron ore and coal reserves.

Interest incurred on funds borrowed directly to finance the development of new raw material properties is capitalized during the period of construc-

tion and initial development. Such interest is included in the charge to earnings for depreciation and amortization when production commences in commercial quantities.

EXPLORATION, RESEARCH, DEVELOPMENT AND START-UP EXPENSE

Expenses in exploring for raw materials, investigating and holding raw material properties and costs of research, development and start-up of new production facilities are charged to earnings as incurred.

INCOME TAXES

Income taxes are provided for on the tax allocation method. Since regulations in Canada and the United States permit the deduction of expenses in calculating taxable income which may not correspond with amounts recorded for financial reporting, income taxes charged to earnings may differ from those currently payable. Income taxes charged to earnings, in excess of those currently payable, are shown as deferred income taxes in the financial statements. Investment tax credits are accounted for by the flow-through method.

2. Restatement of Prior Year Earnings

(a) The provision for income taxes previously reported in the 1976 statement of Earnings has been restated as a result of reduction of capital cost allowances previously claimed which thereby reduced certain losses for tax purposes resulting in an increase of \$2.8 million in the 1976 deferred income tax credit and thus in net earnings (\$.24 per share). Consequently, deferred income taxes in the statement of Financial Position has been reduced and retained earnings correspondingly increased.

(b) The associated company changed its policy effective January 1, 1977 for profit accounting for Canadian operations from the completed contract basis to the percentage of completion basis. This

change resulted in a decrease in the Corporation's net earnings of \$.3 million in 1977 (\$.03 per share), a decrease of \$2.4 million in 1976 (\$.21 per share) and corresponding restatements of retained earnings.

	<u>1977</u>	<u>1976</u>
	(millions of dollars)	
3. Income Taxes		
Current	\$ —	\$.7
Deferred	<u>(15.8)</u>	<u>(26.3)</u>
	<u>\$ (15.8)</u>	<u>\$ (25.6)</u>

The income tax provision for 1977 was reduced by \$16.6 million because depletion, resource and inventory allowances are deductions in determining income taxes, reducing the necessity to claim capital cost allowance. The \$15.8 million deferred income tax credit results principally from recording a greater amount of depreciation than the amount of capital cost allowance to be claimed for tax purposes.

Because of the level of earnings before income taxes and the availability of depletion, resource and inventory allowances to apply in the determination of taxable income, investment tax credits were not utilized to reduce 1977 income taxes. Unused investment tax credits available for reduction of income taxes in the statement of Earnings in the years 1978 to 1984 amount to \$9.0 million.

	<u>1977</u>	<u>1976</u>
	(millions of dollars)	
4. Inventories		
Finished products	\$ 41.3	\$ 32.9
Work in process	40.4	46.7
Raw materials and supplies	<u>112.1</u>	<u>95.2</u>
	<u>\$193.8</u>	<u>\$174.8</u>

	<u>1977</u>	<u>1976</u>
	(restated)	
	(millions of dollars)	
5. Long Term Investments		
Associated company, at cost of capital stock and equity in undistributed earnings	\$ 82.4	\$ 70.5
Joint venture, at equity	25.3	19.8
Other, at cost	<u>2.4</u>	<u>2.4</u>
	<u>\$110.1</u>	<u>\$ 92.7</u>

	<u>1977</u>	<u>1976</u>
	(millions of dollars)	
6. Fixed Assets		
Property, plant and equipment at cost:		
Manufacturing plants	\$792.6	\$779.6
Raw material properties	<u>161.3</u>	<u>148.0</u>
	<u>953.9</u>	<u>927.6</u>
Accumulated depreciation, depletion and amortization	<u>396.0</u>	<u>367.2</u>
	<u>\$557.9</u>	<u>\$560.4</u>

7. Commitments

(a) A subsidiary of the Corporation is participating in a joint venture producing iron ore pellets and is committed to pay its share of production and financial costs and of funds for debt retirement. Annual requirements to service its share of long term debt will average \$6.6 million during the next five years. The Corporation has entered into agreements under which it may be called upon to invest amounts in the subsidiary which would be available to meet such commitments.

An expansion of the production facilities is in progress and is being financed by advances from the participants and additional long term borrowings. The subsidiary is committed to make its share of advances aggregating an estimated \$11.5 million during the next two years and to provide funds estimated at an average of \$15.9 million per year during the five years commencing in 1980 to service its share of such long term borrowings. This commitment is currently guaranteed by the Corporation.

(b) The estimated amount required to complete approved capital projects is \$50 million. These projects are expected to be completed during the next five years. Commitments of \$14.3 million are outstanding on these projects at December 31, 1977.

8. Long Term Leases

Rentals under long term leases amounted to \$8.1 million in 1977 and future minimum annual rentals will be approximately \$7.1 million during the next five years. These rentals are payable principally under leases of steel processing plant and equipment which contain options to purchase and under leases of raw material properties.

	1977	1976
	(millions of dollars)	
9. Long Term Debt		
Debentures (a)		
5¼% series A maturing 1978	\$ 10.0	\$ 10.8
7¾% series C maturing 1987	22.8	24.0
8¾% series D maturing 1991	32.6	32.7
10¾% series E maturing 1994	50.0	50.0
11% series F maturing 1995	65.0	65.0
8½% notes maturing 1991 (b)	21.5	22.0
Note maturing 1980 (b)	5.5	5.5
Bank loans under revolving credit (c)	7.5	4.0
Bank loans under revolving credit (d)	11.7	50.0
Bankers acceptances (d)	25.0	—
Short term promissory notes (d)	13.3	—
Note maturing 1978 (e)	2.8	5.5
Other	—	.6
Total amount outstanding	267.7	270.1
Less due within one year	16.4	5.9
	<u>\$251.3</u>	<u>\$264.2</u>

Sinking fund and other repayment requirements in each of the next five years commencing in 1978 will be (in millions of dollars): \$16.4, \$6.1, \$8.6, \$15.8 and \$17.7.

(a) The debentures rank pari passu and are secured by a Trust Indenture containing a first floating charge on all assets of the Corporation in Ontario.

(b) These notes in United States funds are secured by a mortgage on a coal mine property. The note maturing in 1980 bears interest at a rate varying with the lender's minimum commercial lending rate.

(c) The remaining amount available under this United States dollar line of credit for development of this coal mine is \$3.5 million. This amount, when borrowed, and the outstanding \$7.5 million bank loans are to be converted into a term loan maturing in 1982 bearing interest at a rate varying with the lender's minimum commercial lending rate.

(d) One of the bank lines of credit permits up to \$50 million bank loans, and bankers acceptances and short term promissory notes at maturity, to be converted until June 30, 1979 into term loans maturing beyond 12 months but not beyond eight years. Accordingly, \$50 million of bank loans, bankers acceptances and short term promissory notes, of which \$10 million are payable in United States funds, are classified as long term debt and the remaining \$26.7 million of short term promissory notes are classified as current debt. Canadian bank loans of \$.8 million at December 31, 1977 and \$72.5 million at December 31, 1976 are secured by assignment of trade accounts receivable and inventories. The short term promissory notes of \$40 million are held by Canadian Pacific Securities Limited, an affiliated company.

(e) This note bears interest varying with the prime commercial bank rate of the lender.

10. Pensions

Estimated unfunded liability for pensions earned by past service is \$93.2 million and is comprised of the following:

	1977	1976
	(millions of dollars)	
Included in current liabilities	\$ 10.1	\$ 9.5
Included in long term liabilities	13.3	14.1
Not recorded in statement of Financial Position	69.8	69.6
	<u>\$ 93.2</u>	<u>\$ 93.2</u>

Pension costs charged to earnings include those arising from current service, interest on the total unfunded past service liability and annual payments in respect of the \$69.8 million. It is planned that future payments will discharge the total unfunded past service liability by 1991.

11. Capital Stock

(a) Preference shares

Authorized—8,000,000 shares of \$25.00 each par value, issuable in series of which 2,400,000 shares are reserved for conversion of series A shares into 9¾% cumulative redeemable preference shares series B.

Issued:	(millions of dollars)
2,400,000 8% cumulative redeemable tax deferred preference shares series A which were outstanding at December 31, 1977 and 1976.	\$ 60.0
2,000,000 floating rate cumulative redeemable retractable preference shares series C at par for cash in April, 1977.	50.0
1,200,000 floating rate cumulative redeemable retractable preference shares series D at par for cash in December, 1977.	30.0
	<u>\$140.0</u>

Series A shares are entitled to annual dividends of \$2.00 per share payable quarterly on which income tax may be deferred by the recipients until September 1, 1988. They are redeemable after June 1, 1981 at the option of the Corporation at a premium of \$1.25 per share which reduces annually thereafter and are exchangeable after September 1, 1988 on a share for share basis at the option of the holder into 9¾% cumulative redeemable preference shares series B on which dividends will be taxable. Commencing June 1, 1979, up to 120,000 series A or B shares must be purchased in each twelve month period to the extent that they are available at market prices not exceeding \$25 per share.

Series C shares are entitled to quarterly dividends at a rate varying with the mean prime commercial bank lending rate. They are redeemable after May 31, 1980 at the option of the Corporation at a premium of \$.75 per share which reduces annually thereafter. The shares have a retractable feature which requires the Corporation to invite tenders for the purchase of all such shares and to purchase at May 31, 1987 at \$25.00 per share plus accrued and unpaid dividends all shares deposited with the Corporation pursuant to the invitation. Not less than 45 days prior to this date the Corporation is permitted to offer an increased dividend rate or to create additional retraction privileges for the benefit of shares not so purchased.

Series D shares are similar to series C excepting that they are redeemable at the option of the Corporation after December 31, 1980 and the Corpo-

ration is similarly required to invite tenders for the purchase of these shares and to purchase shares so tendered at December 31, 1987.

(b) Common shares

Authorized—30,186,704 shares without par value of which 19,400 shares are reserved for unexercised options under the stock option plan at \$15.19 per share terminating in 1979.

Issued—11,671,728 shares at December 31, 1977 and 1976.

12. Dividends

(a) As long as series A debentures are outstanding, the Corporation must meet certain financial requirements before paying dividends or reducing share capital and these requirements are exceeded by a substantial amount.

(b) Dividends declared and related taxes were as follows:

	<u>1977</u>	<u>1976</u>
	(millions of dollars)	
Preference shares		
Series A issued April 13, 1976		
\$2.00 per share in 1977		
and \$1.26 in 1976	\$ 4.8	\$ 3.0
Related tax*	.2	.5
Series C issued April 29, 1977		
\$.85 per share in 1977	1.7	—
Series D issued December 15, 1977 \$.06 per share in 1977	.1	—
Common shares		
\$.20 per share in 1977		
and \$1.10 in 1976	2.3	12.9
	<u>\$ 9.1</u>	<u>\$ 16.4</u>

*A special 15% tax applicable to March 31, 1977 to create tax paid undistributed surplus from which dividends on series A preference shares were paid.

13. Remuneration

Total remuneration of directors and senior officers amounted to \$1.4 million.

14. Anti-Inflation Program

The Corporation is subject to controls over prices, profit margins, compensation and dividends under the Federal Government anti-inflation program which is to expire in 1978.

Auditors' Report

We have examined the consolidated statement of financial position of The Algoma Steel Corporation, Limited as at December 31, 1977 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances. We have relied on the reports of the auditors of the associated company and its subsidiaries whose earnings have been included on the equity basis in these financial statements.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year as restated (see note 2).

“PEAT, MARWICK, MITCHELL & CO.”
Chartered Accountants

Sault Ste. Marie, Canada
February 1, 1978.

ALGOMA STEEL**Ten Year Summary of Operating and Financial Data**

(tons in thousands and dollars in millions excepting per share data)

		1977	1976	1975
Operations				
Production—Iron Ore (1)	G.T.	3,839	4,089	3,478
—Coal (2)	N.T.	1,929	2,235	2,425
—Coke	N.T.	1,371	1,539	1,294
—Iron	N.T.	2,848	2,806	2,624
—Raw Steel	N.T.	2,974	2,888	2,748
Shipments—Steel Products	N.T.	2,201	2,036	1,968
Earnings and Related Statistics				
Sales	\$	687.8	584.8	541.5
Earnings Before Income Taxes	\$	5.5	(14.3)	16.3
Income Taxes	\$	(15.8)	(25.6)	(10.5)
Equity in Earnings of Associated Company	\$	16.2	12.8	13.2
Net Earnings	\$	37.5	24.1	43.5(3)
Applicable to Preference Shares	\$	6.9	4.0	
Applicable to Common Shares	\$	30.6	20.1	43.5(3)
Dividends Paid:				
On Preference Shares, and Related Taxes	\$	6.8	3.5	
On Common Shares	\$	2.3	12.9	16.3
Earnings Retained in Business	\$	28.4	7.7	27.2
Cash Flow From Operations	\$	41.2	19.2	49.6
Per Common Share—Net Earnings (5)	\$	2.62	1.72	3.73(3)
—Cash Flow From Operations (5)	\$	2.94	1.30	4.25
—Dividends Paid	\$.20	1.10	1.40
Net Earnings as % of				
—Sales	%	5.5	4.1	8.0
—Average Common Shareholders' Equity (6)	%	7.5	5.2	11.7
—Average Total Investment (7)	%	6.6	5.3	8.1
Cost of Products Sold as % of Sales	%	88.2	89.8	85.1
Depreciation and Amortization	\$	33.6	33.0	29.3
Capital Expenditures				
Manufacturing Facilities	\$	15.1	33.5	84.1
Mining Properties	\$	14.5	17.0	18.6
Total	\$	29.6	50.5	102.7
Long Term Debt				
Borrowings—Debentures	\$			65.0
—Other	\$	3.5	10.7	31.4
—Total	\$	3.5	10.7	96.4
Repayments	\$	16.4	6.7	3.5
Interest and Expense	\$	22.5	23.1	19.2
Financial Position at Year End				
Current Assets	\$	298.4	264.5	220.0
Current Liabilities	\$	145.2	175.2	141.7
Working Capital	\$	153.2	89.3	78.3
Net Fixed Assets	\$	557.9	560.4	539.7
Total Investment (8)	\$	830.2	751.3	709.6
Total Assets	\$	975.4	926.5	851.3
Long Term Debt	\$	251.3	264.2	260.2
Common Shareholders' Equity	\$	420.0	391.8	385.9
Number of Common Shares Issued (000)	No.	11,672	11,672	11,670
Common Shareholders' Equity Per Share	\$	35.97	33.53	33.06
Number of Common Shareholders	No.	10,393	10,542	11,536

1974	1973	1972	1971	1970	1969	1968
3,165	3,217	2,961	2,797	2,667	2,343	2,942
1,984	2,413	2,490	2,202	2,701	2,301	2,253
1,376	1,429	1,413	1,375	1,619	1,226	1,523
2,774	2,619	2,288	2,136	2,440	1,705	2,189
2,763	2,650	2,426	2,360	2,495	1,725	2,261
2,018	1,946	1,753	1,700	1,760	1,256	1,563
474.1	376.2	310.0	271.8	257.4	183.1	216.2
57.9	30.8	12.2	11.8	15.9	(1.5)	17.3
13.5	7.5	(.3)	.1	(6.7)	(10.5)	(2.7)
9.4	5.3	5.9	2.7	3.0	2.2	1.6
53.8	28.6	18.4	35.9(4)	25.6	11.2	21.6
53.8	28.6	18.4	35.9(4)	25.6	11.2	21.6
15.7	7.3	5.8	5.8	5.8	10.2	11.6
38.1	21.3	12.6	30.1	19.8	1.0	10.0
89.4	57.8	32.7	51.8(4)	36.6	19.4	35.7
4.61	2.45	1.59	3.10(4)	2.20	.97	1.86
7.66	4.97	2.82	4.47(4)	3.15	1.67	3.07
1.35	.625	.50	.50	.50	.875	1.00
11.3	7.6	5.9	13.2	9.9	6.1	10.0
15.8	9.2	6.3	13.3	10.4	4.8	9.4
11.0	6.9	5.0	9.9	7.6	3.6	6.6
77.8	80.8	84.8	84.7	83.4	87.7	80.9
26.1	23.5	20.6	18.9	18.3	17.5	18.6
113.0	49.0	45.4	35.0	27.3	37.8	20.8
18.6	16.0	6.6	4.1	3.7	2.6	2.4
131.6	65.0	52.0	39.1	31.0	40.4	23.2
50.0			34.0			9.3
15.5	30.7	1.2				9.3
65.5	30.7	1.2	34.0			1.9
2.2	3.4	2.2	2.2	1.0	.1	3.0
10.6	6.4	5.9	5.3	3.1	3.1	
166.1	131.3	129.5	124.7	112.7	89.2	105.5
109.2	68.2	75.3	40.5	67.0	40.6	35.1
56.9	63.1	54.2	84.2	45.7	48.6	70.4
468.4	366.1	326.5	293.7	272.5	261.4	238.9
599.4	484.5	428.2	417.8	357.8	348.1	356.2
708.6	552.7	503.5	458.3	424.8	388.7	391.3
167.4	104.1	76.8	77.8	46.0	47.0	47.1
358.7	320.1	298.2	285.6	255.5	235.7	234.7
11,670	11,635	11,595	11,595	11,608	11,608	11,608
30.73	27.51	25.72	24.63	22.01	20.31	20.22
12,220	14,958	16,191	17,080	17,566	16,362	14,796

NOTES:

- (1) Includes mines operated by the Corporation and its share of production from joint ventures.
- (2) Metallurgical and steam coal.
- (3) Includes an extraordinary gain of \$3.5 million amounting to \$.30 per common share.
- (4) Includes an extraordinary gain of \$21.5 million amounting to \$1.85 per common share.
- (5) After provision for dividends on preference shares.
- (6) Net earnings are after deduction of amount applicable to dividends on preference shares.
- (7) Net earnings are before deduction of interest on long term debt net of income taxes.
- (8) Total assets less current liabilities.

DIRECTORS

*Robert D. Armstrong
Toronto, Ontario
Chairman and Chief Executive
Officer, Rio Algom Limited

*M. C. G. Meighen, O.B.E.
Toronto, Ontario
Chairman, Canadian General
Investments, Limited

Dr. G. Wagner
New York, N.Y., U.S.A.
Representative of
Mannesmann A.G.

*Keith Campbell
Montreal, Quebec
Vice President,
Canadian Pacific Limited

*Paul A. Nepveu
Montreal, Quebec
Vice-President Finance
and Accounting,
Canadian Pacific Limited

*Walter G. Ward
Toronto, Ontario
Chairman, The Algoma
Steel Corporation, Limited

*John Macnamara
Sault Ste. Marie, Ontario
President and Chief Executive
Officer, The Algoma Steel
Corporation, Limited

Charles I. Rathgeb
Toronto, Ontario
Chairman and Chief
Executive Officer,
Comstock International Ltd.

W. Earle McLaughlin
Montreal, Quebec
Chairman and Chief Executive
Officer, The Royal Bank of
Canada

Leonard N. Savoie
Sault Ste. Marie, Ontario
President and Chief
Executive Officer,
Algoma Central Railway

HONORARY DIRECTOR

E. Gordon McMillan, Q.C.
Toronto, Ontario
Partner, McMillan, Binch,
Barristers and Solicitors

MacKenzie McMurray
Montreal, Quebec
Director, Dominion
Bridge Company, Limited

*W. John Stenason
Montreal, Quebec
Executive Vice President,
Canadian Pacific
Investments Limited

* Member of Executive Committee

PRINCIPAL OFFICERS

Walter G. Ward
Chairman

C. Carson Weeks
Senior Vice President

Patrick L. Rooney
Vice President—Operations

John Macnamara
President and Chief
Executive Officer

Ross H. Cutmore
Vice President—Accounting

Henry A. Smith
Secretary and General Counsel

Peter M. Nixon
Group Vice President—
Manufacturing and Mining

Samuel H. Ellens
Vice President—Administration

William J. Reed
Controller—Steel and
Iron Ore Operations

Joseph D. R. Potter
Group Vice President—
Finance and Corporate Services

R. Gordon Paterson
Vice President—Engineering

Adrian M. S. White
Treasurer

Douglas Joyce
Senior Vice President

Robert N. Robertson
Vice President—Sales

EXECUTIVE OFFICES

503 Queen Street East
Sault Ste. Marie, Ontario
(705) 945-2762

INCORPORATION

Under the laws of the Province of
Ontario

**SHARE TRANSFER AGENTS AND
REGISTRARS**

Montreal Trust Company, Saint John,
Montreal, Toronto, Winnipeg,
Regina, Calgary and Vancouver

The Royal Bank of Canada Trust
Company, New York

SHARES LISTED

Montreal, Toronto and Vancouver
stock exchanges

TRUSTEE FOR DEBENTURES

Montreal Trust Company,
Toronto, Ontario

REGISTRAR FOR DEBENTURES

Montreal Trust Company, Montreal,
Toronto, Winnipeg and Vancouver

**MANUFACTURING AND MINING
FACILITIES**

Canada

Sault Ste. Marie, Ontario

The Algoma Steel Corporation, Limited
Steelworks Division
Tube Division
Marine Division

Wawa, Ontario

Algoma Ore Division

Port Colborne, Ontario

Canadian Furnace Division

United States

West Virginia

Cannelton Industries, Inc.,

Cannelton Coal Division

Kanawha Mines, Cannelton

Pocahontas Mines, Superior

Indian Creek Division

Indian Creek Mine, Peytona

Maple Meadow Mining Company

Maple Meadow Mine, Fairdale

Michigan

Cannelton Iron Ore Company

Tilden Mine Joint Venture, Ishpeming

Algoma Tube Corporation

Dafter

Products and Sales Office Locations

PRODUCTS

Algoma Sinter
Coal
Coke
Coal Tar Chemicals
Pig Iron
Ingots, Blooms, Billets and Slabs
Wide Flange Shapes
Welded Wide Flange Beams and Columns
H-Bearing Piles
Standard Angles, Channels and Beams
Elevator Tees
Zees and Special Car Building Sections
Heavy and Light Rails
Tie Plates and Splice Bars
Hot Rolled Bars
Reinforcing Bars
Forged Steel Grinding Balls
Grinding Rods
Hot Rolled Sheet and Strip
Cold Rolled Sheet and Strip
Plate
Sheared and Gas Cut
Universal Mill
Floor
Seamless Pipe and Tubes
Oil Well Casing
Line Pipe
Standard Pipe
Mechanical Tubing
Coupling Stock

SALES OFFICES

Rolled Steel Products

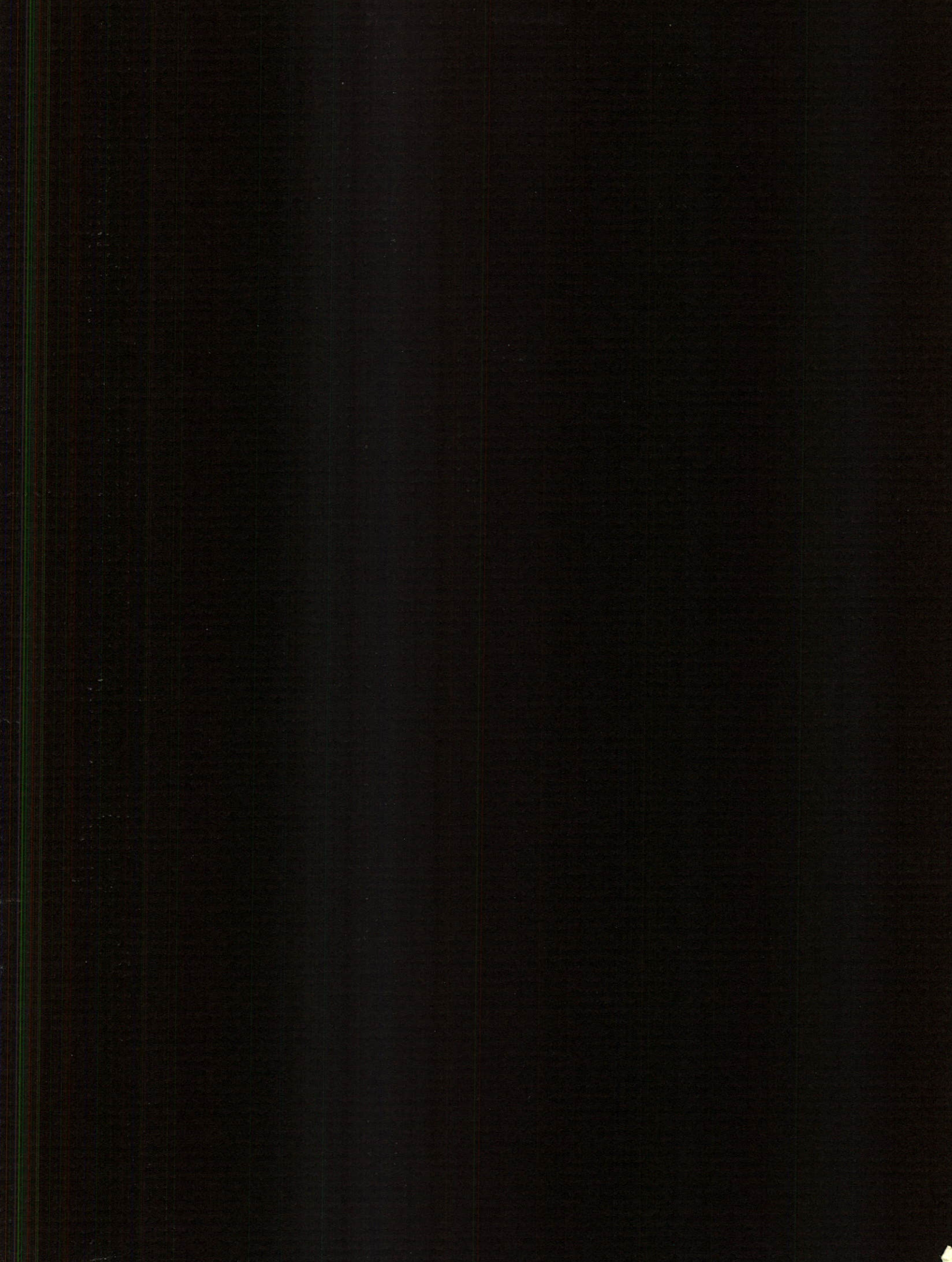
Sault Ste. Marie, Ontario
Saint John, New Brunswick
Montreal, Quebec
Toronto, Ontario
Hamilton, Ontario
Windsor, Ontario
Winnipeg, Manitoba
Vancouver, British Columbia

Seamless Pipe and Tubes

Toronto, Ontario
Calgary, Alberta
Houston, Texas*
Denver, Colorado*

*Algoma Tube Corporation







THE ALGOMA STEEL CORPORATION, LIMITED · SAULT STE. MARIE, ONTARIO, CANADA