ALGOMA STEEL

ANNUAL REPORT 1980

THE ALGOMA STEEL CORPORATION, LIMITED

ALGOMA STEEL

The Algoma Steel Corporation, Limited is Canada's third largest fully integrated steel producer. Algoma maintains sales offices across Canada and produces a wide range of steel products for use by such industries as steel fabricating, oil and gas, steel service centre, automotive, construction equipment, pipe and tube, mining, agricultural equipment, railway and shipbuilding.

Algoma Steel produces North America's widest sheet and Canada's widest plate and is the only producer in Canada of wide flange shapes for the construction industry and seamless casing for the oil and gas industry. The Corporation's wholly-owned United States subsidiary, Cannelton Industries, Inc., mines from its owned or leased coal reserves virtually all of Algoma's coal requirements and sells coal to third parties. Nearly all of the iron ore consumed by Algoma is obtained from mines in Canada and the United States which it owns or in which it has an interest.

Sales in 1980 exceeded $1.1 billion and the Corporation employs approximately 13,000 people. Its common shares are listed on the Toronto, Montreal and Vancouver Stock Exchanges.

Annual Meeting

The Annual Meeting of Shareholders will be held at the Windsor Park Rodeway Inn, Sault Ste. Marie, Ontario, Tuesday, April 21, 1981 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, Aciers Algoma Limitée, Sault-Sainte-Marie, Ontario.

Executive Offices

503 Queen Street East
Sault Ste. Marie, Ontario
P6A 5P2
(705) 945-2762

Highlights 1980

	1980	1979	Percent Change
	(tons and dollars in millions except per share data)		
Shipments of steel products (tons)	**2.415**	2.597	– 7
Sales	**$1,149.1**	$1,081.2	+ 6
Funds from operations	**$ 181.4**	$ 180.7	
Depreciation and amortization	**$ 47.3**	$ 39.9	+19
Earnings before income taxes and equity in earnings of Dominion Bridge	**$ 121.2**	$ 120.2	+ 1
Net earnings	**$ 109.2**	$ 111.9	– 2
—from integrated steel operations	**$ 82.4**	$ 84.9	– 3
—from Dominion Bridge	**$ 26.8**	$ 27.0	– 1
Per common share data			
Net earnings	**$ 8.21**	$ 8.65	– 5
Dividends paid	**$ 1.00**	$ .70	+43
Book value	**$ 52.77**	$ 49.44	+ 7
Long term debt as a percent of capitalization	**25%**	29%	
Return on average total investment	**11.0%**	13.3%	
Return on common shareholders' equity	**14.8%**	19.0%	
Utilization of raw steel production capability	**97%**	100%	
Closing market price—8% tax deferred preference share	**$ 22.50**	$ 25.50	
—common share	**$ 37.75**	$ 30.63	

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Report to Shareholders

The Corporation's performance in 1980 was quite favourable considering the depressed state of the North American and world steel markets. Sales were $1.15 billion compared with $1.08 billion a year ago. Pretax earnings were slightly higher in 1980. Net earnings were $109 million and earnings per common share were $8.21 after providing for preference share dividends and adjusting for an increase in the number of issued common shares, compared with $112 million and $8.65 in 1979.

The Corporation's earnings from equity in Dominion Bridge Company, Limited were almost identical to the previous year. Adhering to its established policy of growth through acquisition, in 1980 Dominion Bridge acquired Koehring Company in the United States. Dominion Bridge had sales of $1.06 billion (U.S.) in 1980 and the addition of Koehring is expected to increase sales and earnings.

Despite significant new investment, quality and cost improvements, more favourable product mix and selective price increases, return on average total investment at 11.0 percent, compared with 13.3 percent in 1979, is not sufficient to provide the capital necessary to continue to modernize and expand mining and manufacturing facilities. Although Algoma's return on investment over the past three years has been favourable compared with returns of other fully integrated steel companies throughout the world, it cannot be considered adequate in the light of current inflation rates and the high cost of borrowed money.

World raw steel production decreased to 791 million net tons in 1980 from the record high of 824 million tons a year ago. There is serious concern among some Western world steel producers as to the viability of their existing plants. Steel companies in some countries may not survive unless trade agreements can be negotiated to ensure imports at fair market prices and sufficient cash flow can be generated to replace and modernize facilities.

In 1980, Canadian steel production at 17.3 million tons was only one percent below the previous year and earnings of Canadian integrated steel companies continued to lead the industry. While domestic consumption declined, exports of rolled steel products reached record levels of about three million tons with approximately one half going to offshore markets. Reinstatement of the Trigger Price mechanism in the United States did not adversely affect the ability of Canadian producers to sell into traditional United States markets. The Canadian Government's Bench Mark pricing system has proven to be beneficial in preventing an excessive tonnage of foreign steel from entering Canada at less than fair market prices and the Canadian steel industry looks forward to continued growth in production and employment.

Algoma's raw steel production declined from 3.5 million tons in 1979 to 3.2 million tons in 1980. Semi-finished steel was purchased to offset lower steel production during the relining of two blast furnaces. Steel shipments were 2.4 million tons compared with 2.6 million tons a year ago. The reduction occurred mainly in the third quarter due to a sharp decrease in demand of automotive related industries.

Market demand for Algoma's major product lines remained reasonably strong throughout the year except for hot and cold rolled sheet. Rapid changes in interest rates and in the volume of North American vehicle production and sales created wide swings in demand for flat rolled products. The fluctuations in 1980 quarterly earnings can be attributed directly to customer's cyclical order patterns during the year.

The Corporation's 1980 capital expenditures were $107 million compared with $89 million the previous year. New facilities commissioned included a new coal preparation plant at the Indian Creek Division in West Virginia and modified and improved equipment in the rail and structural mill at the Steelworks Division. Projects under construction which will begin operating in 1981, include a new plate heat treating facility, an iron desulphurization unit, new dust collection and filtering equipment for the Steelworks' sinter plant and further renovations to the rail and structural mill. The third slab reheating furnace and the coil box installation in the plate and strip mill complex will not be completed until early 1982.

Capital expenditures approved by the Board of Directors in 1980 included an estimated $120 million for a new coke oven battery which will replace two old batteries, and $300 million for a new seamless tube mill which will complement the existing tube mill and consolidate Algoma's favourable position in the rapidly expanding North American market for seamless tubulars. Orders have been placed for buildings and major equipment for the new tube mill which is scheduled to commence production in early 1984. Engineering is proceeding on the new coke oven battery and orders have been placed for long delivery items but construction will not commence until one of the two old batteries is torn down which will be delayed as long as possible.

The Corporation's future capital expenditures, which include an estimated $247 million in 1981, will be directed primarily toward increasing the volume and quality of steel available to industries in the energy, construction and transportation sectors. Provision of facilities for heat treating plate and construction of the new seamless tube mill will enable the Corporation to respond directly to anticipated strong growth in steel demand for projects relating to these sectors.

The Corporation's financial position strengthened in 1980. The current ratio increased to 3.6 to 1 from 2.9 to 1 a year ago and long term debt to total capitalization was 25 percent at year end compared with 40 percent in 1975. Cash flow was sufficient to meet total requirements for capital expenditures, working capital increases and dividends paid to preference and common shareholders. The common share dividend was increased in the first quarter to 25 cents per share and continued at that rate for the remaining quarters. Bank lines of credit were used sparingly during the year and at year end cash and short term investments totalled $85.2 million.

In January 1980, financing for the Maple Meadow coal mine was restructured with a $35 million long term bank loan in the United States. In the fourth quarter, pursuant to a rights offering, 2,338,225 common shares were issued which, after expenses, provided $76.8 million which will be used to finance the capital program, including the new seamless tube mill. The Corporation has entered into an agreement with three Canadian chartered banks to borrow up to $250 million of additional funds for the tube mill project.

Safety performance declined in 1980 after four years of gradual improvement. A marked increase in compensable accidents led to an in-depth analysis of work practices and procedures. Action resulting from this analysis included the initiation of joint union/management programs developed at the Steelworks with assistance of the Ontario Ministry of Labour and directed toward joint and co-operative action on health and safety matters. These programs are expected to bring renewed dedication to identifying and correcting unsafe working conditions and practices which should result in fewer injuries and an improved working environment.

The outlook for sales of Algoma's steel products in 1981 will depend on the general performance of the North American economy and recapture by North American automobile producers of a significant portion of the market that has been lost to foreign imports. Also, because of Algoma's position as a purchaser of oil and gas and as a major supplier of steel products required in the exploration, processing and transportation of energy in its various forms, immediate resolution of Canada's energy policy is of the utmost importance.

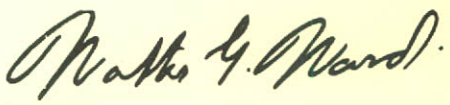
The year 1981 began with a good backlog for major product lines which is expected to continue through the first quarter but the outlook for the balance of the year is somewhat uncertain. Demand for plate, rails, heavy structurals and seamless tubulars should remain strong throughout the year, while demand for hot and cold rolled sheet will relate primarily to performance in the automotive industry. Steelmaking facilities are expected to operate at full capacity during the first half of the year and semi-finished steel will be purchased, as required, to maintain shipments during the reline of No. 7 blast furnace which is scheduled for the third quarter.

The contribution of Directors who did not stand for re-election last April is recognized with deep appreciation. Mr. MacKenzie McMurray, Mr. Keith Campbell, Mr. Charles I. Rathgeb, Mr. James W. Kerr and Mr. John D. Taylor served with dedication for varying numbers of years.

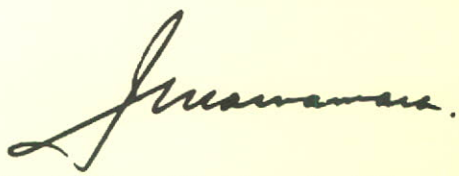
Mr. Joseph D. R. Potter resigned from the position of Group Vice President—Finance and Corporate Services effective January 1, 1981. Mr. Potter had been with the Corporation for 12 years during which time he made a valuable contribution to legal and financial affairs at the corporate level.

Mr. Adrian M. S. White resigned as Treasurer at midyear having served the Corporation in this capacity since March 1975. He was succeeded by Mr. J. Kenneth Morano who was appointed Treasurer effective June 1, 1980. Mr. R. John Greenwood was appointed Assistant Treasurer effective July 1, 1980.

The Directors recognize with appreciation the dedicated efforts of employees in overcoming many obstacles which could otherwise have adversely affected the Corporation's 1980 performance. The important continuing assistance and strong support of customers, suppliers and shareholders is also acknowledged.



Chairman



President and Chief Executive Officer

Sault Ste. Marie, Ontario
February 27, 1981

Algoma's Integrated Strength

Steel processing facilities currently under construction, including the new seamless tube mill, will be the next links in a long chain of integrated operations stretching from coal mines in West Virginia and iron ore operations in Michigan and Northern Ontario to steelmaking and rolling mill facilities in Sault Ste. Marie and sales offices across Canada and into the United States.

Algoma has built on a strong raw material base and reserves owned or controlled were increased in the 1970's by 370 million gross tons of iron ore and 110 million tons of coal. New mine developments and acquisitions in the same period increased iron ore and coal annual production capacity by 50 percent and 30 percent respectively.

Algoma's coke, iron and steel production facilities are competitive with North American producers and an increasing proportion of continuously cast steel is adding to its ability to produce high quality products at favourable yields and costs. Future expansion and modernization programs in all areas of the Corporation will be co-ordinated by a strategic plan dedicated to building an even stronger enterprise in the eighties. Capital expenditures will be directed towards serving identified needs of selected markets with high quality steel products that can be sold profitably at competitive and fair market prices.

The diverse Algoma rolling mills principally produce structurals, rails, seamless tubulars, plate and hot and cold rolled sheet and strip to meet the expanding needs of North American customers. Application of modern technology and computer control assures competitive quality and contributes to Algoma's recognized position as a product and process innovator.

The major capital spending program of the 1970's will be supplemented by an even larger program in the 1980's to continue modernization and expansion of production capacity, to add new products and to improve efficiency; all of which are recognized as essential to Algoma's future.

Construction and operating plans will be paralleled by programs to train and develop the people who will be responsible for manning production and staff positions. Increasing demands of complex planning and scheduling, new technology and computer-controlled equipment require high standards of education and training at all levels of the workforce.

There is a recognized need for greater emphasis on health and safety of employees. Algoma is committed to a joint and co-operative approach to health and safety in the work place, an approach which recognizes the full involvement of all employees and their elected representatives. Acceptance and practice of fundamental safety principles by both management and bargaining unit employees will promote teamwork, improve attitudes and assure success of the safety programs.

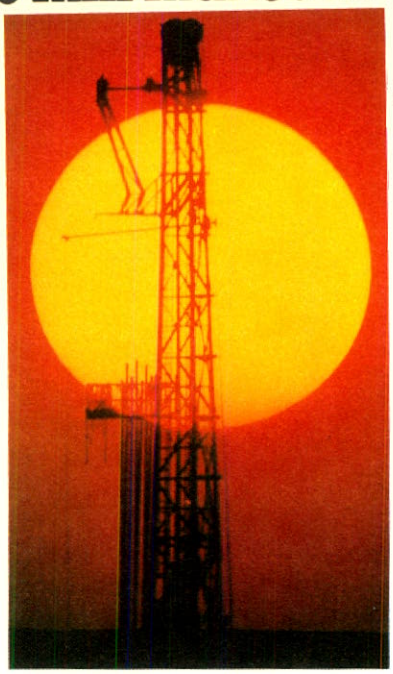
A continuing reputation for reliable service is recognized as a key element in future success. A good relationship with the customers who buy and use Algoma's products has been a major strength—in both strong and weak markets. The Corporation is committed to maintaining and improving this relationship as it grows and expands.

Projected increased demand for Algoma's steel products will require an annual raw steel production capability of approximately 4.3 million tons by 1990. This can be accomplished with existing coke, iron and steelmaking facilities subject to some modification and normal replacement of plant and equipment. A principal goal will be to expand production from existing continuous casting facilities and provide additional casting capacity so that at least 70 percent of raw steel produced will be continuously cast before the end of the decade. Raw steel capacity will be dedicated to serving traditional markets with emphasis on steel products required by the North American energy, construction and transportation sectors which are believed to offer the best potential for Algoma's future market growth.

The recently announced $300 million seamless tube mill will increase Algoma's capacity to provide customers with an expanded range of high quality seamless tubular products to serve their needs. This is but one of the Corporation's major product lines, each of which will receive attention as market demand changes and facility limitations are reached. Need for increased rail and structural production has already resulted in expansion of rolling mill capacity and the new plate heat treating facility is being constructed in recognition of demand for that product.

Algoma will continue through the eighties to improve its competitive position by employing the most modern technology available. Financial resources through this decade will be dedicated to increasing production volume of carefully selected products and improving productivity and profitability from which will come financial stability, employment security and a satisfactory return to shareholders.

Magic in the mill makes us what we are.



The name in seamless casing, linepipe and tubing. Algoma Seamless earned its reputation in the oil and gas industry the hard way. Through quality, performance and innovation.

To make a superior product, we invested in the best facilities money could buy. And the performance is nothing short of magical. But we have not stopped there, we're now expanding the heat treating line at a cost of $19 million with completion scheduled for late 1979. This will give us the most modern automated seamless tube plant in North America.

To make sure that our product maintains its leadership, we enforce the most stringent quality control standards in the business. Whether we are working to industry standards or the special needs of a customer, the testing and inspection disciplines we follow ensure consistent quality on every length.

Algoma has developed new grades of seamless to meet the special needs of the oil and gas industry. For the extreme pressure of deep hole drilling, Algoma produces super high strength casing. For drilling in "sour gas" environments, Algoma produces special corrosion resistant grades.

We are gratified by the confidence of the industry – because we have worked hard to earn it.

However, we are also very much aware of our responsibilities and that's why Algoma Seamless will never become a run-of-the-mill product.

Because steel is our business.

ALGOMA STEEL
The Algoma Steel Corporation, Limited

At Algoma, today's innovations are tomorrow's new advances in steel.

Over the past decade, we've invested more than $500 million in improved facilities and new equipment. We'll be spending millions more over the next decade to continue innovative expansion and modernization programmes. Innovation such as a continuous slab caster.

Costing $58 million, Algoma's Twin Strand Slab Caster is the largest of its kind in Canada. And our first innovation for the '80's.

Capable of producing a million tons of steel annually, the new continuous caster by-passes traditional ingot casting, reheating and blooming mill operations. The result: significant savings in valuable energy, much improved yield and quality of steel, increases in the supply and quality of sheet and plate products for Canada's industry.

To produce more steel for the '80's, Algoma has slated $49 million to expand the Hot Rolled Strip Mill.

When in full production by early 1982, the upgraded 106" Hot Strip Mill – which rolls the widest hot rolled sheet available in North America – will feature several innovative design changes.

For increased through-put and more effective quality control of hot rolled sheet, a third walking beam reheat furnace is under construction. And, of special importance to the steel marketplace, a Canadian invented Coil Box.

The Coil Box, located ahead of the Hot Strip Mill, will not only improve productivity, it will result in larger coils with better control of metallurgical properties. In action, the Coil Box maintains constant rolling temperature by coiling hot slabs 1¾" thick, up to 86" wide and weighing up to 45,000 pounds, prior to being fed into the Hot Strip Mill.

By mid 1981, most molten iron leaving the blast furnaces will be desulphurized in Algoma's advanced Desulphurization facilities costing $10 million.

Because the process results in lower sulphur levels in molten iron, the quality of Algoma's finished steel products will be much enhanced. The formability and quality of sheet products will be improved. Weldability, in both sheet and plate will also be improved. In addition, desulphurization will impart improved toughness to plate and structural shapes.

Canada's first mill-supplied Heat Treated Plate is a major contributor to the steel marketplace.

Early 1981, plate heat treating facilities will be brought on line at a cost of over $24 million.

Featuring the latest Roller Quench Line and heavy-duty leveller, the mill will supply top quality Normalized, and Quenched and Tempered plate ideal for heavy industry, requiring critical toughness, high strength and internal quality or resistance to abrasion.

Long a leader in the production of oil-country Seamless Casing, Algoma's Seamless heat treating capacity doubles with new reheat furnaces and a Quench and Temper unit costing $19 million. And...in Structurals and Rails, a $15.5 million investment in modernization is underway.

This means increased through-put and more steel for Canada's energy and construction industries.

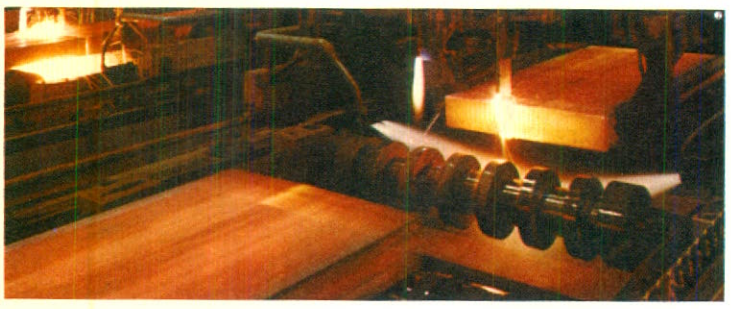
The Continuous Slab Caster, additions to the 106" Hot Strip Mill, Desulphurization, Heat Treated Plate, Seamless, Structurals and Rails...

...these are our immediate innovations. There are many more to come. We'll keep making them as the market changes and grows.

Because...at Algoma, steel is our business.

1. Research and development of high strength formable sheet steel grades make Algoma one of North America's leading innovators in hot rolled sheet.
2. Solidified two steel strands 8" thick, 60" to 85" wide are flame-cut into slabs on Algoma's continuous slab caster run-out tables.
3. Finished steel products will be much enhanced through the process of desulphurizing molten iron that leaves Algoma's blast furnaces.
4. A major breakthrough for the early '80's is Canada's first mill-supplied heat treated plate for all industry requiring tough, high strength steel plate.
5. Capacity of heat treated seamless product is doubled with addition of new facilities.

ALGOMA STEEL
The Algoma Steel Corporation, Limited



If it's something special in rolled steel plate ...We roll it.

Tailor-made steels are nothing new, but Algoma's unique capability of producing over 100 grades of steel plate, tailor made or otherwise, is a new idea for some steel customers. And, it's made possible by Algoma innovation and a determination to be the best plate supplier to Canada's metal-working and fabricating industries.

For instance, Algoma is the only Canadian steelworks with four different rolling mills capable of producing steel plate. The 166" Plate Mill not only produces plate up to 3886 mm (153") wide ...the widest in Canada...but, because it is fully computerized, supplies special low temperature, notch tough grades. The 122" Plate Mill adds to Algoma's plate rolling versatility.

The 106" Hot Strip Mill produces plate in coils and cut lengths up to 2438 mm (96") wide, as well as floor plate in two patterns, in both structural and high strength low alloy (HSLA) grades.

The list is complete with our 30" Universal Mill which supplies rolled edge plate in grades up to high carbon SAE 1090 and in widths to 660 mm (26").

Expansion and modernization plans – both now and for the future – are more reasons why Algoma is fast becoming Canada's plate specialist.

The recent installation of a $57 million Slab Caster means an increased supply and quality of steel for the plate mills. In addition, a third walking beam reheat furnace located ahead of the 166" Plate Mill will result in increased slab reheating capacity. Iron Desulphurization will improve plate quality, toughness and weldability.

And, with the completion of new heat treating facilities in early 1981, Algoma will be Canada's first steel mill to supply mill-produced Normalized, and Quenched and Tempered plate to the market.

What's more important, is not so much our capabilities in facilities and equipment, but the ability of Algoma people to respond to the technical and production needs of the market. Promptly. Responsibly. It's more of a long term commitment to you – our customer.

Because...at Algoma, steel is our business.

1. Attention to Quality Control continues as a steel sample is drawn for spectrographic analysis of chemical composition.
2. Increased steel supply for Algoma's plate mills is a result of the $57 million Slab Caster output.
3. Mild steel at 200 MPa (30 ksi) minimum yield to high strength low alloy grades at 480 MPa (70 ksi) minimum yield roll off Algoma's four mill plate rolling operation.
4. Specifications for this Northern Alberta excavator call for 350 MPa (50 ksi) minimum yield strength with impact properties at temperatures down to −50°C.

ALGOMA STEEL

The Algoma Steel Corporation, Limited. Sault Ste. Marie, Ontario
District Sales Offices: Moncton, Montreal, Toronto, Hamilton, Windsor, Winnipeg, Calgary, Vancouver

Review of 1980

Marketing and Sales

A severe steel industry recession led to a decline of 7 percent in 1980 Western world steel production and many producers were faced with intense price competition, poor profits, plant closures and high unemployment.

The Canadian steel industry, however, was again unique in its ability to maintain reasonable production volume and Canadian mill shipments were actually one percent above record 1979 levels. Strong demand and large backlogs at the first of the year were impacted by high interest rates, a weakening consumer market and inventory buildup, resulting in a more severe market decline at midyear than was encountered in the recession of 1975. By year end, customer inventories were reduced to manageable levels, backlogs had increased and demand improved sufficiently to require full operation.

In this environment the Corporation concentrated on programs designed to improve customer service and maintain profit margins while emphasizing production and shipment of products that remained in strong demand. Although Algoma's steel product shipments declined to 2.4 million tons, sales increased to $1.15 billion, a 6.3 percent increase from the record sales achieved in 1979.

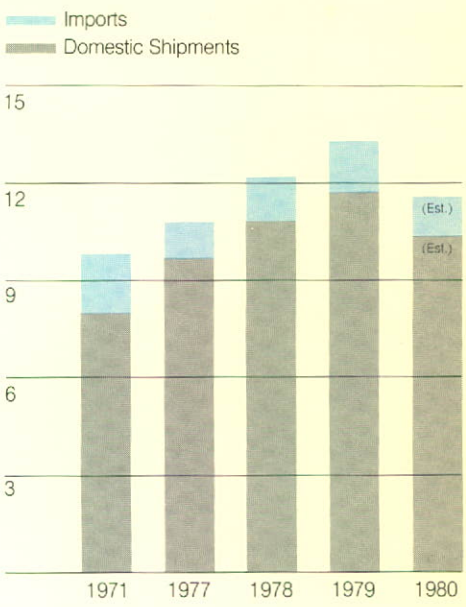
Markets for Algoma's products were strong in the first quarter but orders had decreased sharply by midyear, particularly in hot and cold rolled sheet products where demand was adversely affected by higher interest rates and reduced sales of North American automobiles. Export shipments to historical customers in the United States declined but Algoma increased its share of the Canadian market. Some advantage was taken of offshore export markets but only after demand of North American customers had been fully satisfied. Order receipts increased sharply in the fourth quarter.

The demand for seamless tubular products exceeded supply as a result of the continued high level of oil and gas exploration in both Canada and the United States. Utilization of the expanded tube heat treating capability permitted sale of a higher proportion of high strength casing.

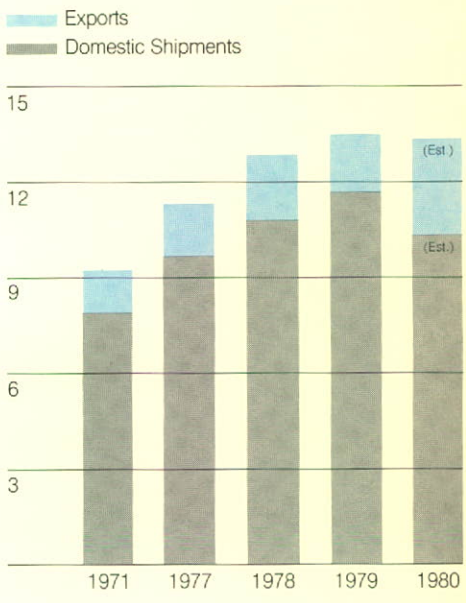
Although 1980 was not a record year for the Canadian construction industry, demand for heavy structural products remained reasonably firm. Modifications to the 30"/50" rail and structural mill which were completed in December will provide increased capacity to meet the growing demands of Canadian customers.

Favourable markets for heavy rails are expected to continue as the energy efficiency of rail transportation promotes greater volume of rail movement. Existing and prototype high alloy rail grades are expected to gain greater acceptance for severe wear applications.

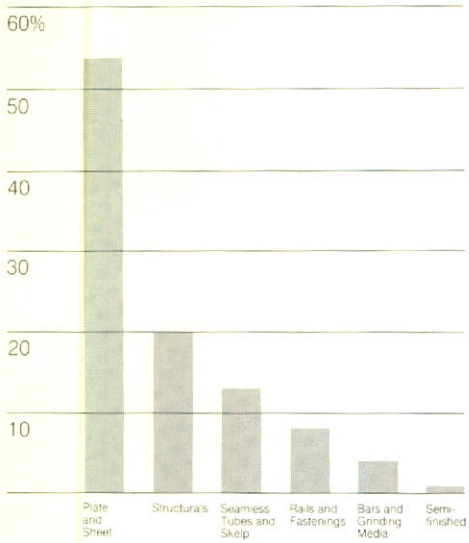
Canadian Steel Consumption: Domestic Shipments and Imports



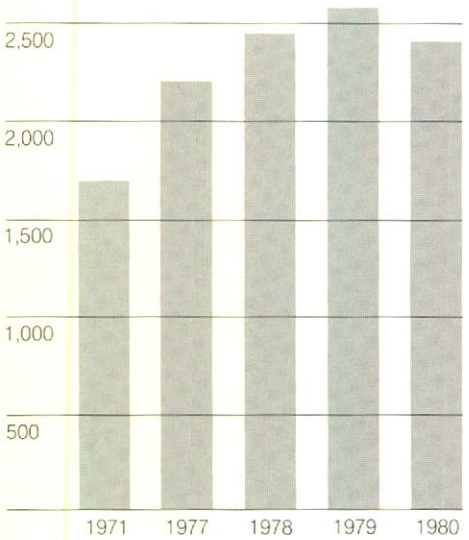
Canadian Steel Markets: Domestic Shipments and Exports



Algoma's Steel Product Shipments
By Product Classification, 1980



Algoma's Steel Product Shipments
Thousands of Tons



The strong plate market that was evident in the first quarter weakened somewhat during the balance of the year. The new heat treating facility will commence operation in 1981 and produce a complete line of quenched and tempered plate and normalized plate which will enable the Corporation to participate in a wide range of markets. Demand for Algoma's standard plate grades should improve in the domestic market as a greater portion of Canada's total plate rolling mill capacity is dedicated to production of plate for large diameter pipe manufacture.

The decline in shipments of sheet products resulted mainly from decreased shipments to the automotive and steel service centre industries in North America. Canadian markets were very competitive and offshore export opportunities were successfully developed. Algoma's unique size capabilities and proprietory high strength grades offer competitive advantages in the challenging sheet markets envisioned for the eighties.

Although steel product selling price increases were necessary in 1980, customers continued to enjoy favourable prices by world standards. Reinstatement and strengthening of the United States Trigger Price mechanism during 1980 should not restrict the Corporation's ability to continue to supply its normal markets in the United States.

The network of Algoma sales representatives and field offices was extended with special emphasis on sales effort in Western Canada. The computer-based customer information system was expanded and additional online systems were introduced in district sales offices to further improve timely and accurate customer communication.

Regional meetings were held with customers throughout Canada and the United States to present the Corporation's plans and product capabilities.

Continuation of the demand for Algoma's steel products which was evident at the beginning of 1981 will depend upon the decline of North American interest rates to more reasonable levels and resolution of the federal/provincial energy disagreement. High interest rates will continue to restrict automobile sales and will hamper the efforts of North American vehicle manufacturers to market import-competitive cars and recapture market share lost to foreign producers.

Oil and gas exploration programs in North America are expected to remain strong throughout 1981 and provide a high level of demand for Algoma's seamless casing. Despite present problems on energy policy, the Corporation is confident that energy related projects will proceed in the eighties, requiring increasing quantities of Algoma's steel products.

Raw Materials Supply

The Corporation's strong raw materials base was again evidenced in 1980 when 95 percent of the metallurgical coal delivered to the Steelworks was produced by Cannelton Industries, Inc. in West Virginia and 93 percent of the iron ore originated from the Algoma Ore Division in Ontario and from the Tilden Mine in Michigan in which the Corporation has a 30 percent interest. Remaining reserves at the Algoma Ore Division are sufficient for at least 25 years of production and reserves at Cannelton and Tilden will support in excess of 30 years of production at current rates. Additional undeveloped potential iron ore and coal reserves are available to meet Algoma's needs. It is the Corporation's intention to add to these reserves as opportunities are identified.

Reduced North American demand for steel products in 1980 resulted in lower than capacity raw steel production with a consequent decreased demand for raw materials. Great Lakes iron ore producers were particularly affected and overall capacity utilization in the Great Lakes region decreased to about 75 percent. A decline in North American demand for metallurgical coal was offset by increased exports of metallurgical and steam coal.

Metallurgical coal delivered to the Steelworks was provided by 2,088,000 tons from the Corporation's wholly-owned mines in West Virginia plus 103,000 tons purchased from independent coal producers in the United States. The quality of coal mined and purchased was closely monitored and controlled to provide for consistent production of high quality coke at the Steelworks. Coal sales by the Corporation included 500,000 tons of metallurgical coal and 359,000 tons of steam coal.

High underground productivity is achieved at the Algoma Ore Division through use of trackless mining equipment.

Coal production by the Corporation's West Virginia mines totalled 2,906,000 tons which was some 39,000 tons higher than total coal produced in 1979, although the proportion of steam coal produced was higher in 1980. The increase in steam coal production to 356,000 tons included raw coal mined and shipped from surface mine operations, coal produced as a by-product in the cleaning of metallurgical coal and a limited quantity recovered from test mining of an underground seam at the Kanawha Division. This underground development is being carried out to assess potential of a high quality steam coal reserve estimated at 50 million tons of recoverable coal. A barge loading facility has been constructed on the Kanawha River to provide for efficient loading and transportation of steam coal to utility company customers in the United States.

The Maple Meadow Mine produced 805,000 tons of high quality low volatile metallurgical coal in spite of difficult mining conditions. Reduced production from several high-cost underground mining areas at the Kanawha Division is expected to improve the contribution of that Division. The new Indian Creek coal preparation plant costing approximately $14 million was completed and was performing well at year end. Mining capacity at the Indian Creek Division was increased by the introduction of continuous mining equipment and the establishment of contract mining operations.

A generally stable labour climate continued at coal mining operations throughout 1980. The existing contract between the Bituminous Coal Operators Association and the United Mine Workers of America expires March 27, 1981.

Iron ore delivered to the Steelworks was provided by 3,864,000 gross tons from Canadian and United States iron ore mines in which the Corporation has an ownership interest plus 258,000 gross tons provided under an iron ore purchase contract. Total ore available to the Corporation exceeded requirements and some restriction of production and purchases was necessary to match blast furnace production.

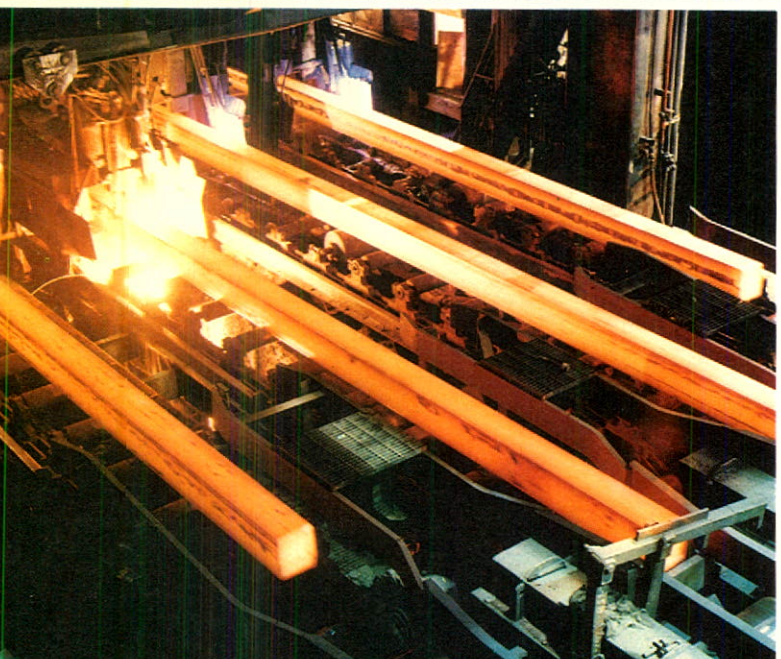
The Tilden Mine demonstrated its ability to produce at the designed annual rate of 8 million gross tons from the expanded facilities but production was restricted to 7.4 million gross tons of pellets to match reduced requirements of the Tilden partners. Plant and process modifications resulted in improved efficiency and better pellet quality. A new three-year labour agreement was negotiated with the United Steelworkers of America, which expires July 31, 1983.

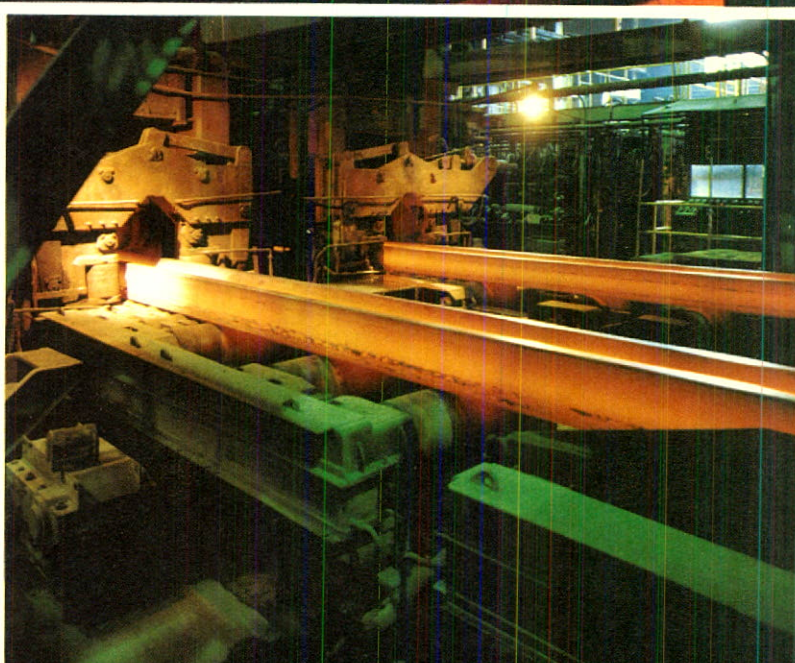
Sinter production at the Algoma Ore Division was restricted to 1,519,000 gross tons. The Stage IV conveyor system was functioning well at year end following a series of start up problems. An accelerated development program was implemented to increase availability of Stage IV ore and further improve the reliability and quality of iron ore supply.

A Northwestern Ontario iron ore study sponsored jointly by Algoma and two other Canadian integrated steel producers will continue in 1981. Major deterrents to proceeding with Northwestern Ontario iron ore development are oversupply from existing producers in the Great Lakes and Quebec/Labrador regions and a high projected capital cost.

The exploration program commenced in 1979 to evaluate overall mineral potential of the Corporation's captive properties in Ontario continued in 1980 with generally encouraging results. Several sites located by airborne geophysical surveys will be subjected to detailed ground reconnaissance and geophysical analysis in 1981.

The new Indian Creek coal preparation plant will increase capacity, improve metallurgical coal quality and reduce production costs.





Manufacturing Operations

Organizational skills of operations management were severely tested in 1980 when the combination of two blast furnace relines and rapidly changing market demand forced frequent changes in production and personnel schedules and caused difficulty in maintaining a reasonable level of productivity. Raw steel operating rates ranged from full operation in the first part of the year to restricted production in the summer months, followed again by full operation at year end.

Production of iron at 3.0 million tons and raw steel at 3.2 million tons were each 9.9 percent lower than the record levels achieved in 1979. Shipments of total steel products at 2.4 million tons were 7.0 percent lower than the record tonnage shipped in 1979.

Coke production was restricted to 1.5 million tons or 4.9 percent lower than 1979 because of lower demand for the production of iron and steel. No. 9 coke oven battery was taken out of service from June to October to avoid building excess coke inventory.

Two blast furnaces were relined during the year with No. 5 furnace completed in April and No. 6 in November. Algoma tradesmen, who would otherwise have been displaced from their jobs due to reduced operations, were used to supplement contractors' forces during the summer months with a favourable impact on the cost of No. 6 blast furnace reline. The tonnage of desulphurized iron was increased to one million tons with a consequent improvement in the quality of iron available for steelmaking. A grouting program on No. 7 blast furnace stack permitted extension of the campaign on that furnace and its reline is now scheduled for the third quarter of 1981.

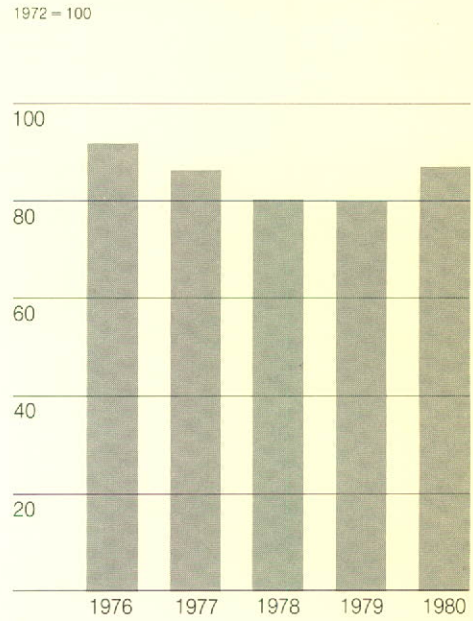
Approximately 30 percent or almost one million tons of the raw steel produced was continuously cast with resulting improvements in yield, cost and product quality. Production of continuously cast slabs was 486,000 tons and slab caster performance was very positive. Steel continuously cast on the bloom caster was dedicated primarily to rail and seamless tubular production.

The business downturn at midyear restricted operation of the flat rolled mills with an adverse effect on production and productivity. Demand remained reasonably strong for products rolled on the 30"/50" rail and structural mill which worked at full capacity throughout the year except for a shutdown period in December to install equipment which increased production capacity of that facility. Some tube rounds formerly rolled on the 30"/50" mill were rolled on the 25" billet mill with a consequent improvement in the rolling time available for production of rail and structural products.

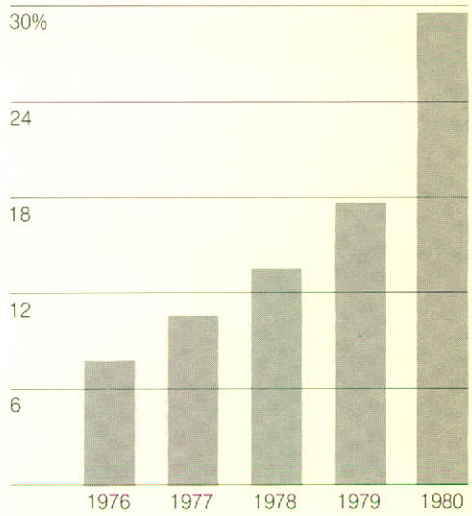
Strong demand for seamless tubular products required full operation of the Tube Division which produced record tonnage and exceeded 1979 production by 12.1 percent. The new heat treating facility which commenced operation in January 1980 provided the expected increase in high strength tubular production capability.

An energy management program was formulated with specific objectives for reductions in energy consumption. A number of projects were identified which offer opportunities for improvements in energy efficiency.

Index of Man Hours per Ton of Finished Steel Product



Percentage of Raw Steel Continuously Cast



Continuously cast slabs, blooms and beam blanks provide important benefits to Algoma.

Construction of the new plate heat treating facility was well advanced at year end and initial production is expected in the second quarter of 1981. Construction of the new slab reheating furnace for the plate and strip mill continued and manufacture of the coil box for the 106" strip mill is in progress with both of these facilities scheduled for operation in the first half of 1982. A new iron desulphurizing unit capable of treating total blast furnace production is under construction and should be operating in the third quarter of 1981.

The major project initiated in 1980 was the new $300 million seamless tube mill. Preliminary engineering has been completed and orders have been placed for the buildings and major equipment. Site preparation and pile driving had commenced by year end and the mill is scheduled for production early in 1984.

Adaptation of computers to control the Corporation's manufacturing processes continues to be an important requirement. Automated process control is designed as an integral part of new manufacturing facilities. Major operations already using computer control include ironmaking, steelmaking, continuous casting and plate and strip rolling mills. Utilization of this rapidly expanding technology not only provides efficient, accurate and reliable control of production units but also permits direct and automated input to Algoma's computer-based management information system for provision of more timely and accurate sales, accounting and operations control information.

Research and development work was directed primarily towards internal improvement of products and processes. The combined efforts of mining, cokemaking and research personnel resulted in a significant improvement in coke quality. An innovative procedure for rolling tube rounds from continuously cast slabs was developed and in regular production by year end. Expansion of slab, bloom and beam blank continuous caster production to accommodate products now produced from ingot steel will receive high priority in 1981. A prototype higher quality alloy rail was developed and its potential is being evaluated.

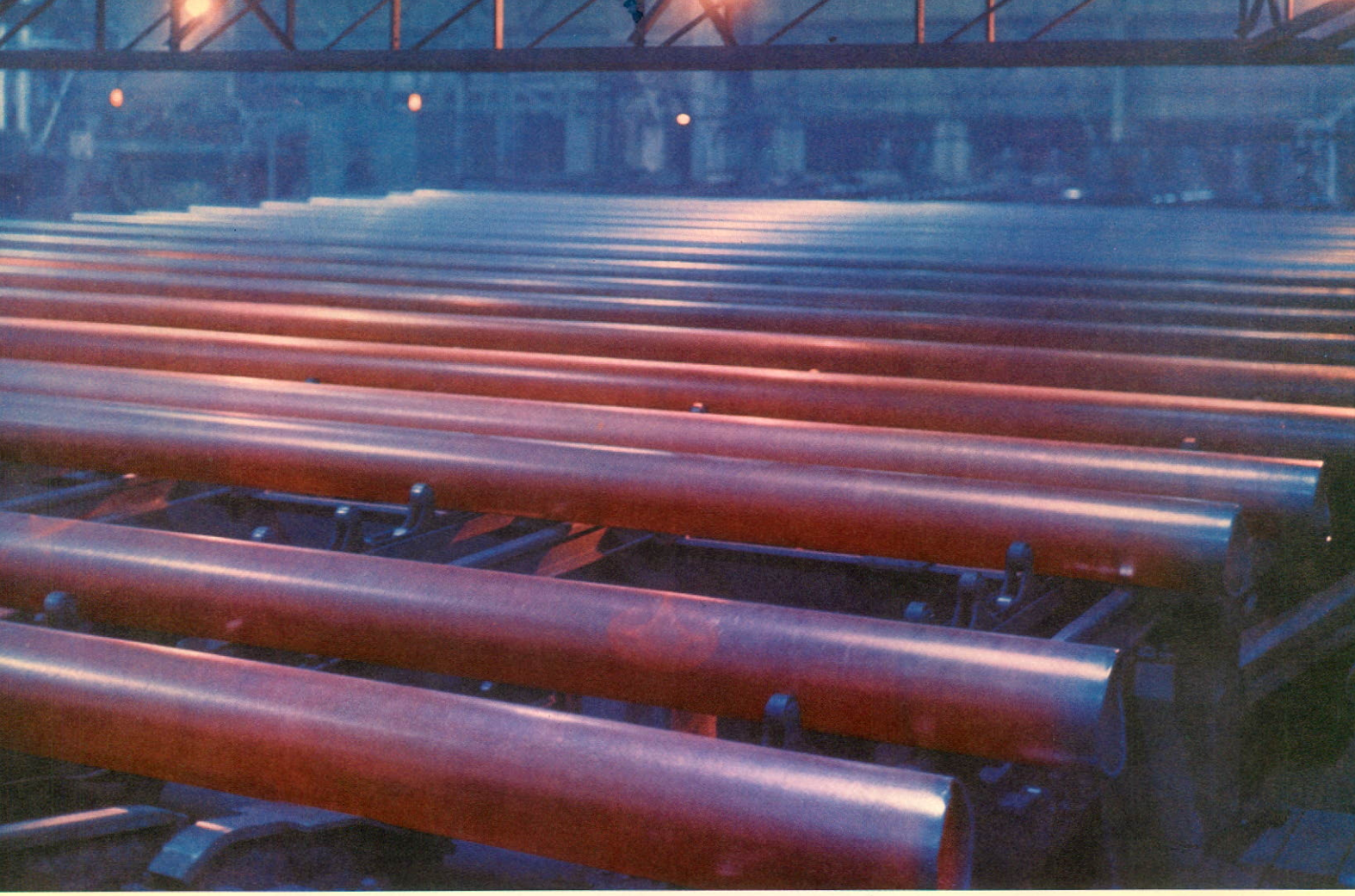
Environment

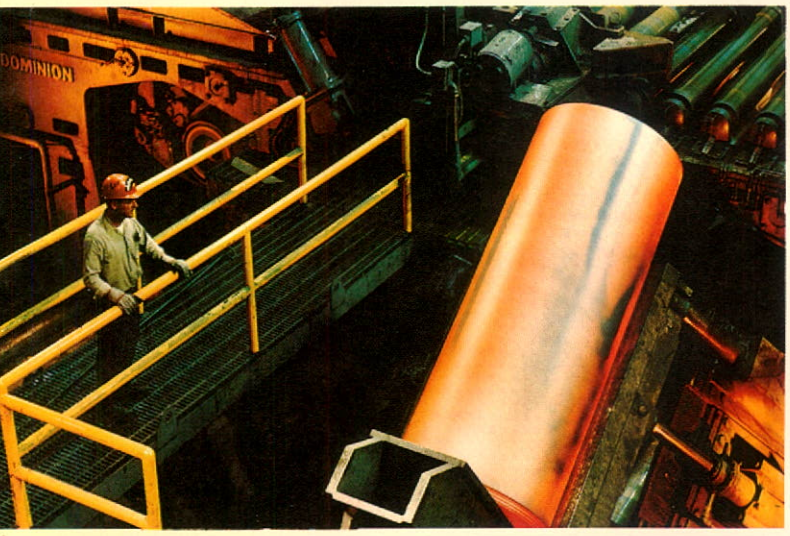
The Corporation continued to work with government regulatory officials to further reduce undesirable emissions and effluents from its various operations. Projects completed in 1980 included an expanded and improved tailings disposal system at the Algoma Ore Division, a closed-circuit process water system at the new Indian Creek coal preparation plant and water retention and clarification basins at various surface and underground coal mines designed to prevent contamination of streams in the vicinity.

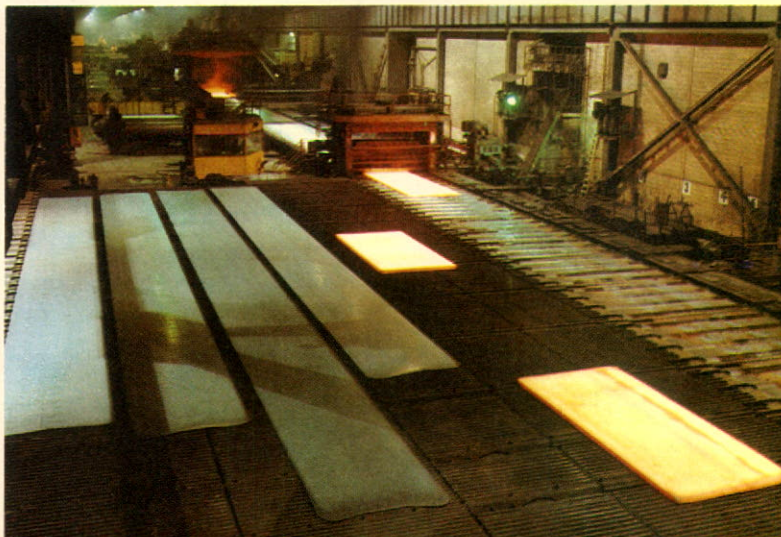
Facilities under construction at the Steelworks in 1980 included sinter plant dust control and gas cleaning equipment, dust collection equipment on the hot metal stations of No. 1 steelmaking shop and new filters to improve the water quality discharged from existing blast furnace sludge clarifiers. These projects will cost approximately $15 million and will commence operation in 1981.

The Ontario Ministry of the Environment has advised the Corporation of its intention to issue a revised control order in early 1981 which will modify some previously established implementation dates for Steelworks environmental improvements and impose some new requirements for control of Steelworks emissions and effluents. It is estimated that the cost of complying with provisions of the new control order will be approximately $30 million over the next four or five years and that studies required by the control order may result in additional future expenditures.

Products produced from continuously cast steel include seamless tubulars, hot rolled coils, rails, wide flange beams and plate.



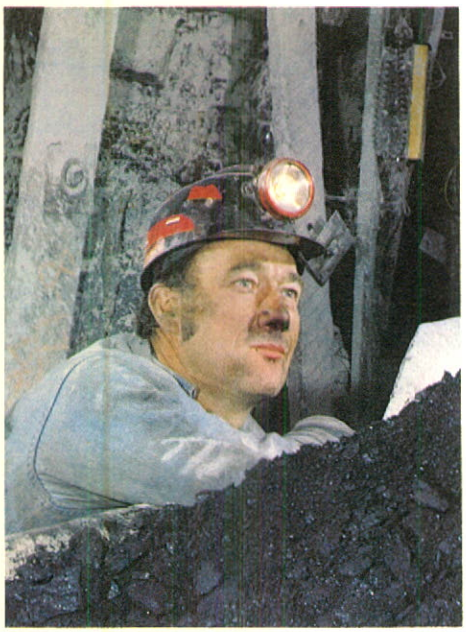

DOMINION



Employee Relations

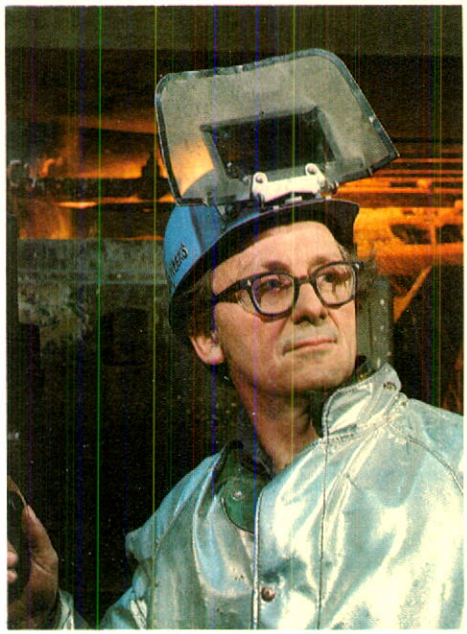
The ability to attract and retain skilled and productive workers at its mining and manufacturing operations has been a key element in the Corporation's past success and will be even more important in the future. Employees at all levels face the challenge of rapidly evolving technology with its inherent changes to established work habits. Increased operating efficiency and improved employee productivity are necessary for Algoma to continue to compete in the increasingly competitive North American and world steel markets and maintain its pattern of stable and expanding employment.

An increase in compensable accidents to employees affecting all areas of the Corporation was a matter of great concern in 1980. Following four years of gradual improvement there was a major deterioration in safety performance. Algoma recognizes its responsibility to provide a safe work place and has stated that there can be no compromise with the safety of employees. Programs have been established in co-operation with unions representing the Corporation's employees and government health and safety officials with the stated objective of identifying safety problems and proposing steps for their solution. It is expected that these joint efforts will have a positive effect in meeting the priority requirement for a reduction in injuries and an improved safety record in 1981.



Concern for identifying potential health hazards for employees and for improving the working environment prompted integration of medical and industrial hygiene activities into a new Health Services department. Joint union/management committees continued to work actively on surveys of the working environment and matters associated with occupational health. Extensive work on noise reduction in the forge and fabricating shop resulted in a significant decrease in overall noise levels. Other projects included a plant wide asbestos audit and control program and routine monitoring of all coke oven batteries which indicated steady improvement in the coke oven working environment although industrial hygiene objectives have not yet been fully achieved for all coke plant occupations. Employees were individually fitted with respiratory protection required under mandatory protection programs implemented in the coke oven and sinter plant areas.

Active apprenticeship and related training programs continued in recognition of the current shortage of skilled workers and to protect against a possible future shortage of tradesmen. Refinements were made to established supervisory training, succession planning and management development programs.



A computerized human resources information system was implemented, providing a greatly increased capability for maintaining and accessing accurate and reliable employee information. Work continues on the application of a health and safety computer-based system to accommodate reporting and record keeping requirements of current health and safety legislation.

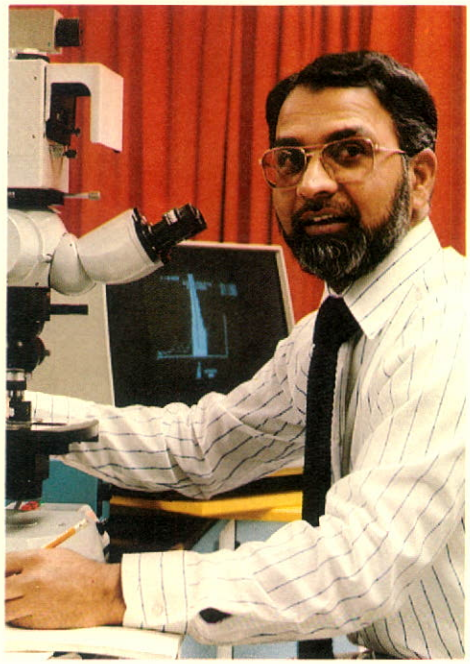
Labour/management relations were generally good at all Canadian and United States operations in spite of some displacement of employees resulting from reduced operating levels. Labour contracts with the unions representing all Canadian bargaining unit employees expire July 31, 1981.

Recognition of the Corporation's responsibility as a corporate citizen was reflected in donations to many worthwhile organizations and programs at both local and national levels. Of particular importance were the Sir James Dunn Scholarships and the Algoma Steel Technology Bursaries which were given to provide post-secondary school educational assistance. The Sir James Dunn Scholarships are awarded to sons and daughters of Algoma employees planning to attend university. The Algoma Steel Technology Bursaries are awarded to students in the city and surrounding area who plan to attend a community college in the province. During the past five years, 87 awards have been made under these programs.

The involvement of many Algoma employees who contribute their time and personal support to charitable and other volunteer organizations is recognized and acknowledged with appreciation. An example of this involvement was the chairmanship of the successful local United Way campaign in 1980 by John Bennett, an Algoma employee and a prominent member of the United Steelworkers of America.

Algoma has long had one of the most active industrial recreation programs in Canada and while this program enjoys financial and administrative support from the Corporation, success depends primarily on the efforts of employee volunteers. The recreation program continued to grow in 1980 with approximately 2,300 employees involved in its various competitive leagues and activities. The involvement of employees and their families was evident in the first annual "Family Fun Run" and in the annual skating party which was enjoyed by more than 3,000 Algoma family members.

Communication with employees and the public has a high priority and programs were expanded and improved during the year. A Public Affairs department was established to control and centralize corporate communications and to give new emphasis and recognition to the increasing importance of communicating with employees, their families, the public at large and the various levels of municipal, provincial and federal governments.



Employment costs were the Corporation's single largest cost component and 1980 total payroll costs increased to $375 million comprised of the following main employment cost elements:

	1980 (Millions of Dollars)
Wages and salaries	
for time worked	$277
for vacation and statutory holidays	32
Supplementary employment costs	
pensions	35
group insurance plans and other benefits	19
unemployment insurance	3
workmen's compensation	9
Total	$375

Profitability and Finance

Net earnings of $109 million and earnings of $8.21 per common share, after preference share dividends, were the second highest ever achieved by the Corporation. The per share earnings were based on the weighted average of 11,888,400 common shares outstanding during the year which included the effect of 2,338,225 common shares issued in December pursuant to the rights offering. Net earnings and earnings per common share were $2.7 million and 44 cents lower than the record earnings performance of 1979. Earnings in both years compare favourably with results of prior years but these earning levels must be maintained and improved to provide funds required for reinvestment in replacement, modernization and expansion of Algoma's mines and plants.

The return on sales was 9.5 percent compared with 10.4 percent in 1979. Returns on common shareholders' equity and average total investment were 14.8 percent and 11.0 percent respectively compared with 19.0 percent and 13.3 percent in 1979.

Pretax earnings of $121 million were slightly above 1979 even though steel product shipments declined by 182 thousand tons. Sales of $1.15 billion exceeded sales in 1979 primarily as a result of necessary adjustments to steel product selling prices and continuing emphasis on the sale of higher value products. The gross margin on sales of 18.8 percent approximated 1979 performance despite continued high inflation being experienced in production cost elements particularly labour and raw materials. The following is a comparison of 1980 pretax earnings by quarter year with those of 1979 and 1978:

Quarter	**1980**	1979	1978
	(Millions of Dollars)		
1	**$ 24.2**	$ 22.2	$ 7.7
2	**35.0**	36.3	21.5
3	**15.7**	29.9	7.3
4	**46.3**	31.8	21.2
	$121.2	$120.2	$57.7

Equity earnings from Algoma's 43% interest in Dominion Bridge Company, Limited were almost identical to earnings in 1979 as shown in the following table which compares results by quarter year:

Quarter	**1980**	1979	1978
	(Millions of Dollars)		
1	**$ 7.4**	$ 3.7	$ 4.9
2	**3.4**	4.2	4.1
3	**4.8**	6.1	7.2
4	**11.2**	13.0	6.4
	$26.8	$27.0	$22.6

The estimated useful composite life of manufacturing plant and equipment, which comprises over 80 percent of fixed assets, was reviewed during the year and was reduced slightly to approximately 20 years. This, together with new facilities being brought into operations, raised the 1980 depreciation charge $7 million. Algoma's consolidated effective tax rate increased to 32.0 percent compared with 29.4 percent in 1979 primarily as a result of replacement of Canadian iron ore pellets from Steep Rock with Tilden pellets from the United States which decreased tax incentive allowances.

The Canadian dollar continued to weaken in 1980, improving the Corporation's competitive position in both domestic and export markets although receipts from sale of steel products in the United States were more than offset by expenditures for raw materials, supplies and equipment purchased in the United States.

The Canadian Institute of Chartered Accountants has not yet revised foreign currency translation rules and the financial statements of the Corporation's United States subsidiaries continue to be included in the consolidated figures on the basis of United States and Canadian dollars being of equal exchange value. If these subsidiaries' financial statements were translated to the actual Canadian dollar equivalent, using historical rates to translate non current assets and long term liabilities and current rates for other assets and liabilities, there would be no material affect on the consolidated results of the Corporation in 1980 or in past years.

Cash flow from operations increased to $181.4 million compared with $180.7 million in 1979. Dividends from Dominion Bridge amounted to $11.5 million compared with $8.3 million a year ago. Long term financing of the Maple Meadow coal mine in West Virginia was restructured early in the year with $35 million of new financing in the United States which provided $3.5 million of additional funds. The rights offering in the last quarter of the year provided $76.8 million which will be used to finance the capital program, including the new seamless tube mill. The balance of the financing required for this new tube mill facility will be provided by three Canadian chartered banks which have agreed to lend up to a total of $250 million.

Investment in fixed assets totalled $107.2 million comprised of $82.4 million in manufacturing facilities and $24.8 million in raw material properties. The Corporation plans to invest approximately $247 million in 1981 for new mine and plant facilities as described elsewhere in this report. The estimated

cost of capital expenditures authorized by the Board of Directors and remaining to be spent at the end of 1980 amounted to $546 million including $300 million for construction of the new seamless tube mill and $120 million for the new coke oven battery.

Working capital, including $85.2 million in cash and short term securities, increased to $405.0 million at year end compared with $284.6 million at the end of 1979. Increases of $15.5 million in accounts receivable and $38.0 million in inventory were primarily due to the effect of inflation. The ratio of current assets to current liabilities was 3.6 to 1 at year end and the quick ratio was 1.5 to 1 compared with 2.9 to 1 and 1.0 to 1, respectively, at the end of 1979.

Long term debt at December 31 was $293.7 million representing 25 percent of total capitalization compared with 29 percent a year ago.

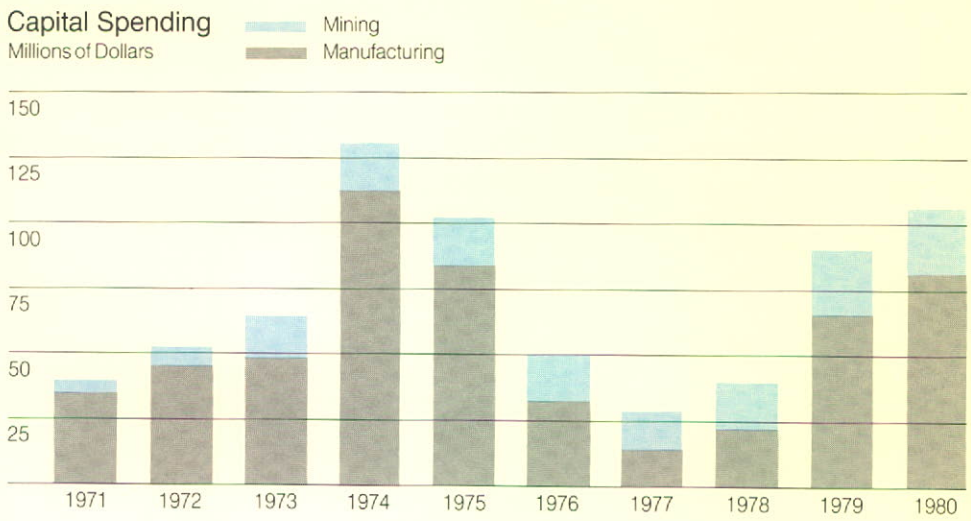
The price of Algoma's common shares increased from $30⅝ at December 31, 1979 to $37¾ at the end of 1980. The following table shows the quarterly highs and lows for common shares traded on the Toronto Stock Exchange during the year:

Quarter	High	Low
1	$40½	$29½
2	34½	28
3	41⅞	31¼
4	41½	35

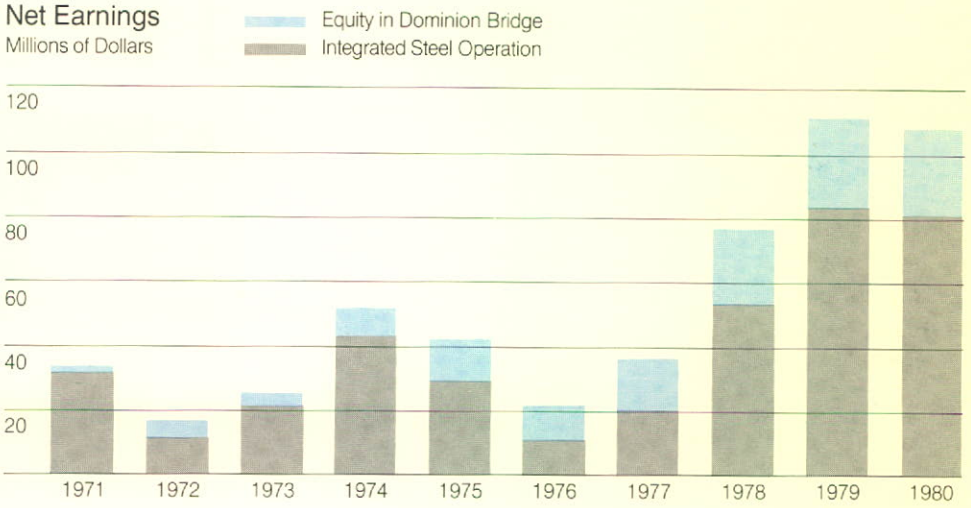
Charts showing net earnings per common share and common share price movement in the past 10 years are included at the back of this annual report and the statistical data for the 10 years from 1971 to 1980 are on pages 28 and 29.

Canadian Pacific Enterprises Limited of Montreal owned 56.8 percent of Algoma's outstanding common shares at year end.

Capital Spending
Millions of Dollars



Net Earnings
Millions of Dollars



Earnings and Retained Earnings

for the years ended December 31

	1980	1979
	(Thousands of Dollars)	
Income		
Sales	**$1,149,079**	$1,081,183
Other	**3,724**	3,983
	1,152,803	1,085,166
Expenses		
Cost of products sold	**932,617**	874,910
Administrative and selling	**22,758**	21,890
Interest and expense on long term debt	**27,548**	27,643
Interest on short term loans	**1,348**	634
Depreciation and amortization	**47,335**	39,889
	1,031,606	964,966
Earnings before income taxes and equity earnings	**121,197**	120,200
Income taxes (note 2)	**38,800**	35,300
Earnings before equity earnings	**82,397**	84,900
Equity in earnings of associated company	**26,851**	27,005
Net Earnings	**$ 109,248**	$ 111,905
Provision for dividends on preference shares	**$ 11,598**	$ 10,722
Net earnings applicable to common shares	**$ 97,650**	$ 101,183
Per common share	**$ 8.21**	$ 8.65
Retained Earnings		
Balance at beginning of year	**$ 566,357**	$ 473,284
Net earnings	**109,248**	111,905
Dividends (note 11)	**(23,908)**	(18,832)
Expenses relating to issue of common shares, net of income taxes	**(203)**	—
Balance at end of year	**$ 651,494**	$ 566,357

Financial Position

as at December 31

	1980	1979
	(Thousands of Dollars)	
Current Assets		
Cash and short term investments, at cost (approximates market)	**$ 85,153**	$ 11,807
Accounts receivable	**155,277**	139,786
Inventories (note 3)	**316,252**	278,210
Prepaid expenses	**5,463**	5,661
Total current assets	**562,145**	435,464
Current Liabilities		
Bank overdraft	**—**	7,030
Accounts payable and accrued	**147,470**	136,619
Taxes payable	**9,722**	7,207
Total current liabilities	**157,192**	150,856
Working Capital		
Current assets less current liabilities	**404,953**	284,608
Other Assets		
Non current accounts receivable	**1,000**	2,200
Long term investments (note 4)	**212,141**	197,243
Net fixed assets (note 5)	**644,798**	586,994
Unamortized debenture expense	**1,986**	2,138
Total other assets	**859,925**	788,575
Total Investment		
Working capital plus other assets	**1,264,878**	1,073,183
Long Term Liabilities (note 7)		
Long term debt (note 8)	**293,734**	298,625
Accrued past service pension cost (note 9)	**10,806**	11,653
Deferred income taxes	**82,775**	44,357
Total long term liabilities	**387,315**	354,635
Excess of total investment over long term liabilities	**877,563**	718,548
Commitments and Contingencies (notes 2, 6 and 9)		
Shareholders' Equity		
Capital stock (note 10)		
Preference shares	**136,530**	139,813
Common shares	**89,539**	12,378
Retained earnings	**651,494**	566,357
Total shareholders' equity	**$877,563**	$718,548

On behalf of the Board:

Director

Director

Changes in Financial Position

for the years ended December 31

	1980	1979
	(Thousands of Dollars)	
Source of Working Capital		
Operations		
Net earnings	**$109,248**	$111,905
Equity in undistributed earnings of associated company	**(15,359)**	(18,731)
Other items included in earnings not resulting in an outlay or receipt of funds	**87,558**	87,482
	181,447	180,656
Proceeds from long term loans	**35,000**	107,213
Proceeds from issue of common shares	**76,804**	295
Other	**2,245**	1,118
	295,496	289,282
Application of Working Capital		
Additions to fixed assets		
Manufacturing plants	**82,374**	65,180
Raw material properties	**24,820**	24,088
	107,194	89,268
Long term investments	**—**	44,940
Reduction of long term debt	**39,891**	57,263
Preference shares purchased for cancellation	**3,283**	188
Dividends	**23,908**	18,832
Other	**875**	1,098
	175,151	211,589
Working Capital		
Increase during year	**120,345**	77,693
Balance at beginning of year	**284,608**	206,915
Balance at end of year	**$404,953**	$284,608

Changes in Working Capital

Current Assets Increase (Decrease)		
Cash and short term investments	**$ 73,346**	$ 11,807
Accounts receivable	**15,491**	1,600
Inventories	**38,042**	59,445
Prepaid expenses	**(198)**	219
	126,681	73,071
Current Liabilities Increase (Decrease)		
Bank overdraft	**(7,030)**	(2,952)
Promissory notes	**—**	(16,130)
Accounts payable and accrued	**10,851**	19,743
Taxes payable	**2,515**	167
Long term debt due within one year	**—**	(5,450)
	6,336	(4,622)
Working Capital		
Increase during year	**$120,345**	$ 77,693

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of all subsidiary companies and significant inter-company transactions are eliminated. Assets, liabilities and results of operations of United States subsidiaries are included assuming $1 Canadian equal to $1 United States; if these were translated to the actual Canadian dollar equivalent, using historical rates to translate non current assets and long term liabilities, there would be no material effect on these financial statements. The investments in the associated company, Dominion Bridge Company, Limited, and in the cost sharing Tilden Mine joint venture producing iron ore pellets are accounted for by the equity method.

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.

Fixed Assets

Property, plant and equipment are recorded at cost. Expenditures for improvements and renewals which extend economic life and for mine development are capitalized. Maintenance and repairs are charged to earnings 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, which comprises over 80% of fixed assets, is provided using the straight-line method applied to the cost of the assets based on their estimated useful composite life of approximately 20 years and beginning when they commence operation. Plant and equipment at raw material properties and mine development costs are either depreciated on a straight-line basis at rates intended to amortize the cost of these assets over their estimated economic lives or are amortized on a unit of production basis over the estimated recoverable raw material reserves.

Interest incurred on funds borrowed directly to finance the development of new raw material properties is capitalized during the period of construction and initial development.

Exploration, Research and Start Up Expenses

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

Income Taxes

Income taxes are provided for on the deferred tax allocation basis. 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 deducted from income taxes charged to earnings provided there is a reasonable expectation they will be claimed against current taxes payable prior to expiry of the applicable carry-forward period.

2. Income Taxes

The income tax provision for 1980 was all deferred and was reduced by $18.2 million by utilization of depletion, resource and inventory allowance deductions in determining income taxes.

Investment tax credits of $2.0 million were utilized to reduce 1980 income taxes. Unused investment tax credits available for reduction of income taxes in the statement of Earnings in the years 1981 to 1987 amount to $29.8 million at December 31, 1980.

Revenue Canada has issued a reassessment relating to earned depletion which would increase the Corporation's deferred income tax provision for the year 1975 and the basis for the reassessment could have application to subsequent years. A Notice of Objection has been filed and representations will be made on the matter. The Corporation and its legal advisors are of the opinion that the Corporation's arguments have merit and that the prospects of successfully opposing the arguments of Revenue Canada are favourable. Accordingly, the potential increase in deferred income taxes for 1975 and subsequent years has not been provided for in the financial statements. In the event of an adverse ruling, the income tax provision for the years 1975 to 1979 inclusive and for 1980 would be increased approximately $7.5 million and $1.0 million respectively.

3. Inventories

	1980	1979
	(millions of dollars)	
Finished products	**$ 44.1**	$ 42.7
Work in process	**88.8**	71.2
Raw materials and supplies	**183.4**	164.3
	$ 316.3	$ 278.2

4. Long Term Investments

	1980	1979
	(millions of dollars)	
Associated company	**$ 168.6**	$ 153.3
Joint venture	**41.3**	41.9
Other	**2.2**	2.0
	$ 212.1	$ 197.2

5. Net Fixed Assets

	1980	1979
	(millions of dollars)	
Property, plant and equipment:		
Manufacturing plants	**$ 955.2**	$ 873.2
Raw material properties	**209.9**	188.0
	1,165.1	1,061.2
Accumulated depreciation and amortization	**520.3**	474.2
	$ 644.8	$ 587.0

6. Commitments

(a) The Corporation, as a participant in the Tilden Mine joint venture, is entitled to receive its 30% share of production and is committed to pay its share of costs including minimum charges for principal and interest to cover the servicing of long term debt. The Corporation's share of such minimum charges was $23.3 million in 1980 and will average approximately $21.5 million annually during the next five years.

(b) The estimated amount required to complete approved capital projects is $546 million which includes $300 million for the construction of a new seamless tube mill. These projects are expected to be completed during the next four years. Commitments of $131 million are outstanding on these projects at December 31, 1980.

7. Long Term Leases

Rentals under long term leases amounted to $9.9 million in 1980. Future minimum rentals will aggregate $75.8 million and in each of the next five years will be (in millions of dollars) $8.2, $7.9, $7.4, $7.3 and $6.5. 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.

Certain leases entered into prior to 1979 are deemed to be capital leases but have been accounted for as operating leases pursuant to the transitional provisions of the C.I.C.A. accounting recommendation effective in 1979. If such leases were accounted for as capital leases there would not have been any material effect on net earnings and the leases would be shown in the statement of Financial Position as follows:

	1980	1979
	(millions of dollars)	
Leased assets which include steel manufacturing equipment, ancillary equipment and motor vessel	**$ 39.0**	$ 39.2
Accumulated amortization	**17.5**	15.0
	$ 21.5	$ 24.2
Obligations relating to these leases		
Current portion	**$ 2.6**	$ 2.5
Long term obligation	**23.3**	25.7
	$ 25.9	$ 28.2

Interest rates implicit in such leases range from approximately 7% to 12% and expiry dates occur between 1981 and 1994.

8. Long Term Debt

	1980	1979
	(millions of dollars)	
Debentures (a)		
7⅜% series C maturing 1987	**$ 16.7**	$ 18.0
8¾% series D maturing 1991	**29.4**	30.7
10⅜% series E maturing 1994	**44.0**	48.0
11 % series F maturing 1995	**61.7**	63.2
Floating rate series G maturing 1999 (b)	**60.0**	60.0
Floating rate series I maturing 1994 (b)	**46.9**	46.9
9.65% note maturing 2000 (c)	**35.0**	—
8½% notes maturing 1991	**—**	20.5
Bank loans	**—**	11.3
	$293.7	$298.6

Sinking fund requirements for years 1981 and 1982 have been satisfied by purchase of debentures in the open market. Unsatisfied sinking fund and other repayment requirements for each of the three years after 1982 are (in millions of dollars) $9.9, $12.5 and $12.5.

(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) Series G income debentures bear non-taxable interest at 1⅛% over one-half of the prime lending rate of a Canadian chartered bank. The Corporation is permitted to convert this obligation into series H debentures bearing taxable interest which varies from ¼% to ¾% over the prime lending rate of a Canadian chartered bank.

Series I income debentures in the principal amount of $40 million payable in United States currency bear non-taxable interest which varies from 1¼% to 1½% over one-half of the London Interbank Offering Rate (LIBOR) or, at the option of the Corporation, from 1% to 1¼% over one-half of the prime lending rate of a Canadian chartered bank on United States dollar demand loans to commercial customers resident in Canada. The debentures are convertible, at the option of the Corporation, into a Canadian currency obligation bearing interest which varies from 1% to 1¼% over one-half of the prime lending rate of a Canadian chartered bank. The Corporation is permitted to convert this obligation into series J debentures bearing taxable interest at various rates and, at the option of the Corporation, may be in either United States or Canadian currency. A United States currency loan would bear interest which varies from ¾% to 1% over LIBOR or, at the option of the Corporation, from .30% to .55% over the prime lending rate of a Canadian chartered bank on United States dollar demand loans to commercial customers resident in Canada. A Canadian currency loan would bear interest which varies from .30% to .55% over the prime lending rate of a Canadian chartered bank.

(c) The 9.65% note, issued in January, 1980 in United States currency, is repayable in annual instalments commencing in 1983.

9. Pensions

The unfunded liability for pensions in respect of past service is $130 million, as estimated by independent actuaries, of which $28 million is recorded in the statement of Financial Position.

Pension costs charged to earnings were $25.5 million in 1980 and include those arising from current service and annual payments on the total unfunded past service liability. It is planned that future payments will discharge the total unfunded past service liability by 1994.

10. Capital Stock

(a) Preference shares

Authorized—7,861,200 shares of $25.00 each par value, issuable in series of which 2,261,200 shares are reserved for conversion of series A shares into 9¾% cumulative redeemable preference shares series B.

Issued at December 31

	1980	1979
	(millions of dollars)	
8% cumulative redeemable tax deferred series A shares (2,261,200 in 1980 and 2,392,500 in 1979)	**$ 56.5**	$ 59.8
Floating rate cumulative redeemable retractable series C shares (2,000,000 in 1980 and 1979)	**50.0**	50.0
Floating rate cumulative redeemable retractable series D shares (1,200,000 in 1980 and 1979)	**30.0**	30.0
	$136.5	$139.8

Series A shares are entitled to annual dividends of $2.00 per share payable quarterly; commencing with the quarterly payment December 1, 1988, dividends received on that and future quarterly dates will be taxable. 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. On June 1, 1979, the Corporation became obligated to purchase in each twelve month period up to 120,000 series A or B shares to the extent that they are available at market prices not exceeding $25 per share. The Corporation purchased for cancellation 131,300 shares in 1980 at prices averaging $23.81 per share.

Series C shares are entitled to quarterly dividends at a rate equal to 1½% over one-half of the mean prime lending rate of five Canadian chartered banks. They are redeemable at the option of the Corporation at a premium of $.75 per share which reduces annually. 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 entitled to quarterly dividends at a rate equal to 1⅜% over one-half of the mean prime lending rate of five Canadian chartered banks and are redeemable at the option of the Corporation after December 31, 1980. The Corporation 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.

Issued—14,029,353 shares at December 31, 1980 of which 2,338,225 shares were issued in December 1980 at $33.00 per share under a rights issue.

11. Dividends

Dividends were declared as follows:

	1980	1979
Preference shares	(millions of dollars)	
Series A		
$2.00 per share in 1980 and 1979	**$ 4.6**	$ 4.8
Series C		
$2.19 per share in 1980 and $1.83 in 1979	**4.4**	3.6
Series D		
$2.15 per share in 1980 and $1.83 in 1979	**2.6**	2.2
Common shares		
$1.00 per share in 1980 and $.70 in 1979	**12.3**	8.2
	$23.9	$18.8

12. Related Party Transactions

The Corporation is a subsidiary of Canadian Pacific Enterprises Limited which at December 31, 1980 held approximately 57% of the Corporation's outstanding common shares. Canadian Pacific Enterprises Limited is a subsidiary of Canadian Pacific Limited, a diversified corporation with its head office in Montreal, Quebec and consequently the Corporation is related to the numerous companies in the Canadian Pacific group. The Corporation owns 42.8% of the common shares of the associated company, Dominion Bridge Company, Limited, and a 30% interest in the Tilden Mine joint venture.

In the normal course of business the Corporation sells its products to both Canadian Pacific Limited and to Dominion Bridge Company, Limited and to certain of their subsidiary companies at prevailing market prices and credit terms. Similarly, the Corporation regularly purchases transportation and other services, capital goods and iron ore pellets from the related parties. The Corporation has a revolving operating line of credit at competitive rates with Canadian Pacific Securities Limited, a wholly-owned subsidiary of Canadian Pacific Enterprises Limited, in the amount of $40 million under which there were no amounts outstanding at December 31, 1980.

Sales to related parties represented less than 9% of consolidated sales in 1980 and purchases from these parties represented approximately 12% of consolidated cost of products sold. During 1980 Canadian Pacific Enterprises Limited purchased from the Corporation under its rights issue 1,383,828 common shares for an aggregate consideration of $45.7 million.

The following amounts were receivable from and payable to related parties at December 31, 1980 (in millions of dollars):

Short term investments	$38.0
Accounts receivable	$13.9
Accounts payable	$ 1.1

13. Business Segments Information

Lines of Business

The Corporation is a vertically integrated steel producer which obtains most of its iron ore and coal requirements from properties which it owns, leases or in which it has an interest in Canada and the United States. The Corporation's revenue is derived almost entirely from the sale of rolled steel products, merchant iron, cokemaking by-products and raw materials that may be surplus to steelmaking requirements from time to time.

Virtually all of the Corporation's assets, excepting for the investment in the associated company, are related to steelmaking activities and raw material supply.

1980 Operations by Geographic Area	Canadian Operations	United States Operations	Eliminations	Consolidated
		(millions of dollars)		
Sales				
Sales to customers outside the enterprise	$1,027.0	$122.1		$1,149.1
Intra-enterprise transfers between geographic areas	114.9(a)	200.6(a)	$(315.5)	—
Total sales	$1,141.9(b)	$322.7	$(315.5)	$1,149.1
Earnings				
Earnings from operations	$ 130.7	$ 17.0	$ (1.3)	$ 146.4
Other income				3.7
Interest expense				(28.9)
Income taxes				(38.8)
Equity in earnings of associated company				26.8
Net earnings				$ 109.2
Assets at December 31				
Identifiable assets	$1,115.4	$138.0		$1,253.4
Investment in associated company				168.6
Total				$1,422.0

(a) Intra-enterprise sales between geographic segments are at market prices for similar products.

(b) Canadian operations include export sales of $323 million.

14. Remuneration

Total direct remuneration of directors and senior officers amounted to $2.0 million.

Auditors' Report to the Shareholders

We have examined the consolidated statement of financial position of The Algoma Steel Corporation, Limited as at December 31, 1980 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. For The Algoma Steel Corporation, Limited and for those other companies of which we are the auditors and which are consolidated in these financial statements, 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. For the associated company accounted for by the equity method, we have relied on the report of the auditors who have examined its financial statements.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1980 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.

Peat Marwick Mitchell & Co.

Sault Ste. Marie, Canada
February 10, 1981

Chartered Accountants

Ten Year Summary of Operating and Financial Data

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

		1980	1979
Operations			
Production—Iron Ore (1)	G.T.	**3,691**	4,125
—Coal (2)	N.T.	**2,907**	2,868
—Coke	N.T.	**1,470**	1,546
—Iron	N.T.	**3,039**	3,374
—Raw Steel	N.T.	**3,179**	3,528
Shipments—Steel Products	N.T.	**2,415**	2,597
Earnings and Related Statistics			
Sales	$	**1,149.1**	1,081.2
Earnings Before Income Taxes and Equity Earnings	$	**121.2**	120.2
Income Taxes	$	**38.8**	35.3
Equity in Earnings of Associated Company	$	**26.8**	27.0
Net Earnings	$	**109.2**	111.9
Applicable to Preference Shares	$	**11.6**	10.7
Applicable to Common Shares	$	**97.6**	101.2
Dividends Paid:			
On Preference Shares, and Related Taxes	$	**11.6**	10.6
On Common Shares	$	**12.3**	8.2
Earnings Retained in Business	$	**85.3**	93.1
Cash Flow From Operations	$	**181.4**	180.7
Per Common Share—Net Earnings (3)(4)	$	**8.21**	8.65
—Cash Flow From Operations (3)(4)	$	**14.29**	14.54
—Dividends Paid	$	**1.00**	.70
Net Earnings as % of			
—Sales	%	**9.5**	10.4
—Average Common Shareholders' Equity (5)	%	**14.8**	19.0
—Average Total Investment (6)	%	**11.0**	13.3
Cost of Products Sold as % of Sales	%	**81.2**	80.9
Depreciation and Amortization	$	**47.3**	39.9
Capital Expenditures			
Manufacturing Facilities	$	**82.4**	65.2
Mining Properties	$	**24.8**	24.1
Total	$	**107.2**	89.3
Long Term Debt			
Borrowings—Debentures	$		106.9
—Other	$	**35.0**	.3
—Total	$	**35.0**	107.2
Repayments	$	**39.9**	57.3
Interest and Expense	$	**27.5**	27.6
Financial Position at Year End			
Current Assets	$	**562.1**	435.5
Current Liabilities	$	**157.2**	150.9
Working Capital	$	**405.0**	284.6
Net Fixed Assets	$	**644.8**	587.0
Total Assets	$	**1,422.1**	1,224.1
Total Investment (7)	$	**1,264.9**	1,073.2
Long Term Debt	$	**293.7**	298.6
Preference Shares	$	**136.5**	139.8
Common Shareholders' Equity	$	**741.0**	578.8
Number of Common Shares Issued (000)	No.	**14,029**	11,691
Common Shareholders' Equity Per Share (8)	$	**52.77**	49.44
Number of Common Shareholders	No.	**7,812**	8,748

1978	1977	1976	1975	1974	1973	1972	1971
4,109	3,839	4,089	3,478	3,165	3,217	2,961	2,797
2,069	1,929	2,235	2,425	1,984	2,413	2,490	2,202
1,424	1,371	1,539	1,294	1,376	1,429	1,413	1,375
3,148	2,848	2,806	2,624	2,774	2,619	2,288	2,136
3,317	2,974	2,888	2,748	2,763	2,650	2,426	2,360
2,456	2,201	2,036	1,968	2,018	1,946	1,753	1,700
864.2	687.8	584.8	541.5	474.1	376.2	310.0	271.8
57.7	5.5	(14.3)	16.3	57.9	30.8	12.2	11.8
10.7	(15.8)	(25.6)	(10.6)	13.5	7.5	(.3)	.1
22.6	16.0	12.5	13.1	8.6	5.0	5.2	2.7
77.1(9)	37.3	23.8	43.5(10)	53.0	28.3	17.7	35.9(11)
9.5	6.9	4.0					
67.6	30.4	19.8	43.5(10)	53.0	28.3	17.7	35.9(11)
9.4	6.8	3.5					
	2.3	12.9	16.3	15.8	7.3	5.8	5.8
67.7	28.2	7.4	27.2	37.2	21.0	11.9	30.1
109.5	41.2	19.2	49.6	89.4	57.8	32.7	51.8(11)
5.79	2.60	1.70	3.72(10)	4.54	2.43	1.53	3.10(11)
8.57	2.94	1.30	4.25	7.66	4.97	2.82	4.47(11)
	.20	1.10	1.40	1.35	.625	.50	.50
8.9	5.4	4.1	8.0	11.2	7.5	5.7	13.2
15.0	7.5	5.1	11.7	15.7	9.2	6.1	13.3
10.6	6.3	4.9	8.1	11.0	6.9	4.9	10.0
84.1	88.2	89.8	85.1	77.8	80.8	84.8	84.7
35.7	33.6	33.0	29.3	26.1	23.5	20.6	18.9
24.2	15.1	33.5	84.1	113.0	49.0	45.4	35.0
15.0	14.5	17.0	18.6	18.6	16.0	6.6	4.1
39.2	29.6	50.5	102.7	131.6	65.0	52.0	39.1
			65.0	50.0			34.0
3.5	3.5	10.7	31.4	15.5	30.7	1.2	
3.5	3.5	10.7	96.4	65.5	30.7	1.2	34.0
6.1	16.4	6.7	3.5	2.2	3.4	2.2	2.2
24.8	22.5	23.1	19.2	10.6	6.4	5.9	5.3
362.4	298.4	264.5	220.0	166.1	131.3	129.5	124.7
155.5	145.2	175.2	141.7	109.2	68.2	75.3	40.5
206.9	153.2	89.3	78.3	56.9	63.1	54.2	84.2
549.8	557.9	560.4	539.7	468.4	366.1	326.5	293.7
1,050.8	973.1	924.4	849.4	706.7	551.7	502.8	458.3
895.3	827.9	749.2	707.7	597.5	483.5	427.5	417.8
248.7	251.3	264.2	260.2	167.4	104.1	76.8	77.8
140.0	140.0	60.0					
485.4	417.7	389.7	384.0	356.8	319.1	297.5	285.6
11,672	11,672	11,672	11,670	11,670	11,635	11,595	11,595
41.53	35.73	33.35	32.90	30.58	27.42	25.65	24.63
9,369	10,393	10,542	11,536	12,220	14,958	16,191	17,080

Notes:

(1) Includes mines operated by the Corporation and its share of production from joint ventures.

(2) Metallurgical and steam coal.

(3) After provision for dividends on preference shares.

(4) Based on weighted average number of common shares outstanding during the year.

(5) Net earnings are after deduction of amount applicable to preference shares.

(6) Net earnings are before deduction of interest on long term debt net of income taxes.

(7) Total assets less current liabilities.

(8) Based on common shares issued as at December 31.

(9) Includes an extraordinary credit of $7.5 million amounting to 64¢ per common share.

(10) Includes an extraordinary gain of $3.5 million amounting to 30¢ per common share.

(11) Includes an extraordinary gain of $21.5 million amounting to $1.85 per common share.

Directors

RUSSELL S. ALLISON
Toronto, Ontario
Vice President
Eastern Region
Canadian Pacific Limited

*‡ROBERT D. ARMSTRONG
Toronto, Ontario
Chairman and Chief Executive
Officer, Rio Algom Limited

IAN A. GRAY
Vancouver, British Columbia
President, Canadian Pacific
Air Lines, Limited

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

†W. EARLE McLAUGHLIN
Montreal, Quebec
Former Chairman,
The Royal Bank of Canada

*MAXWELL C. G. MEIGHEN, O.B.E.
Toronto, Ontario
Chairman, Canadian General
Investments, Limited

†‡ARTHUR H. MINGAY
Toronto, Ontario
Chairman, The Canada
Trust Company

*†PAUL A. NEPVEU
Montreal, Quebec
Vice-Chairman
Canadian Pacific
Enterprises Limited

‡LEONARD N. SAVOIE
Sault Ste. Marie, Ontario
President and Chief
Executive Officer
Algoma Central Railway

*W. JOHN STENASON
Montreal, Quebec
President, Canadian Pacific
Enterprises Limited

ROBERT J. THEIS
Syracuse, New York
President, Canadian Pacific
Enterprises (U.S.) Inc.

*WALTER G. WARD
Toronto, Ontario
Chairman, The Algoma
Steel Corporation, Limited

* Member of Executive Committee
† Member of Compensation Committee
‡ Member of Audit Committee

Principal Officers

WALTER G. WARD
Chairman

JOHN MACNAMARA
President and Chief
Executive Officer

PETER M. NIXON
Group Vice President—
Manufacturing and Mining

§ JOSEPH D. R. POTTER
Group Vice President—
Finance and Corporate Services

ROBERT N. ROBERTSON
Group Vice President—
Marketing and Sales

DOUGLAS JOYCE
Senior Vice President

ROSS H. CUTMORE
Vice President—
Accounting

SAMUEL H. ELLENS
Vice President—
Administration

R. GORDON PATERSON
Vice President—
Engineering

PATRICK L. ROONEY
Vice President—
Operations

DONALD L. McEACHERN
Assistant Vice President—
Sales

HENRY A. SMITH
Secretary and
General Counsel

WILLIAM J. REED
Controller—
Steel and
Iron Ore Operations

J. KENNETH MORANO
Treasurer

§ Resigned January 1,1981

Corporate Information

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

United States

West Virginia

Cannelton Industries, Inc.
- Kanawha Division, Cannelton
- Pocahontas Division, Superior
- Indian Creek Division, Peytona

Maple Meadow Mining Company, Fairdale

Michigan

Cannelton Iron Ore Company
- Tilden Mine Joint Venture, Ishpeming

Algoma Tube Corporation, Dafter

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

VALUATION DAY VALUES

(for Canadian Income Tax Purposes)

Series C Debenture	$ 94.00
Series D Debenture	$103.50
Common Share	$ 13.38

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 Shapes
H-Bearing Piles
Standard Angles, Channels and Beams
Zees
Heavy and Light Rails
Tie Plates and Splice Bars
Hot Rolled Bars
Reinforcing Bars
Forged Steel Grinding Balls
Grinding Rods
Hot Rolled Sheet
Cold Rolled Sheet and Strip
Plate
- Sheared and Gas Cut
- Heat Treated
- Universal Mill
- Floor

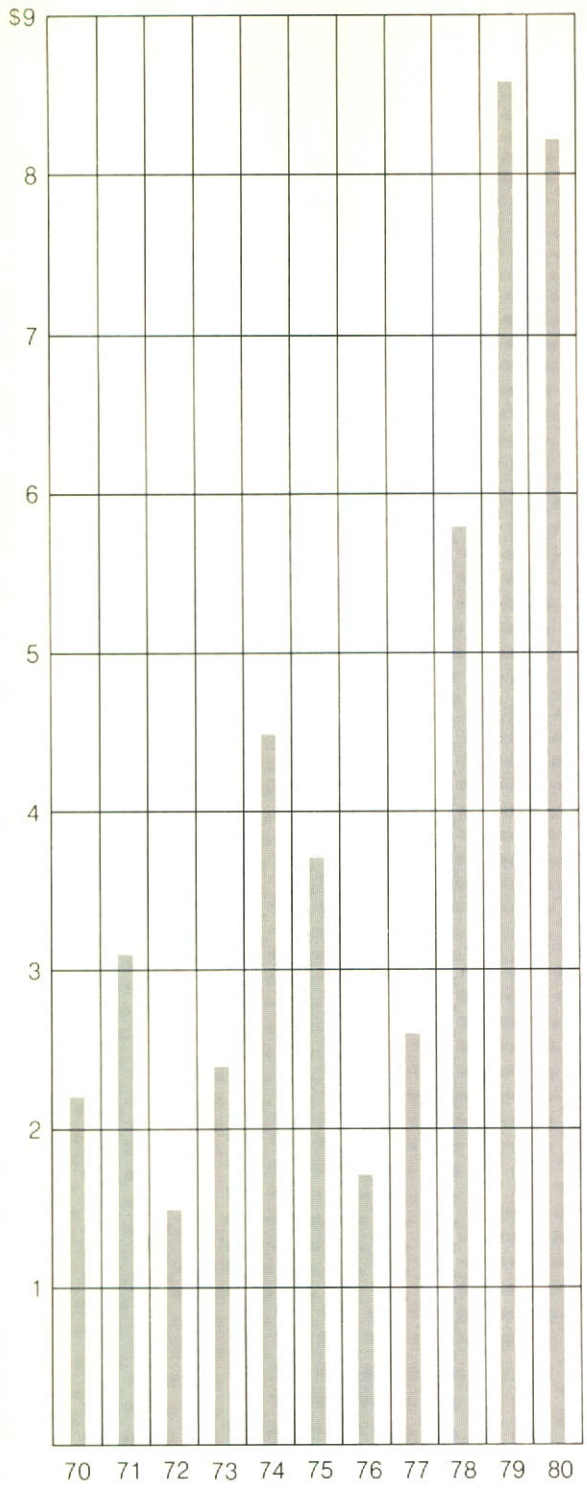
Seamless Tubular Products
- Casing
- Line Pipe
- Standard Pipe
- Mechanical Tubing
- Coupling Stock

SALES OFFICES

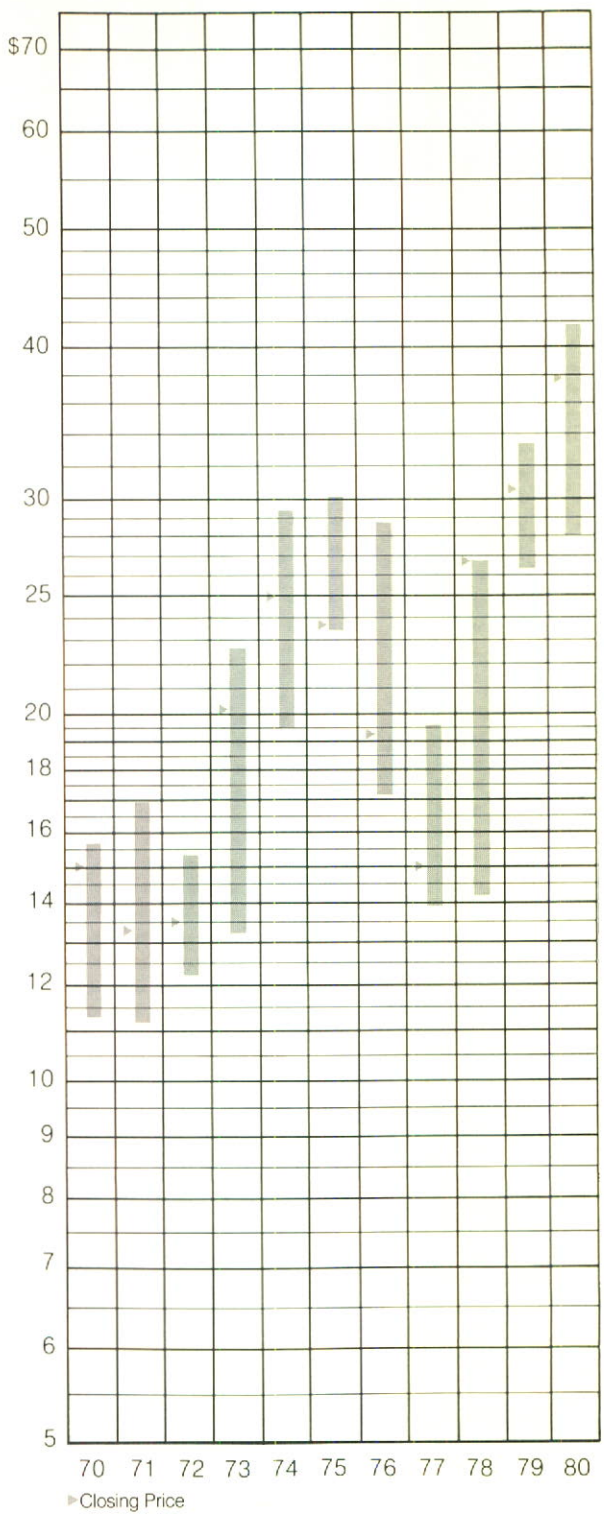
Sault Ste. Marie, Ontario
Moncton, New Brunswick
Montreal, Quebec
Toronto, Ontario
Hamilton, Ontario
Windsor, Ontario
Winnipeg, Manitoba
Calgary, Alberta
Vancouver, British Columbia
Houston, Texas*

*Algoma Tube Corporation

Net Earnings per common share



Price Range common shares



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