

Dofasco Inc.

Revised January 14, 1986 (IC)
 Destroy all previous Basic and White
 cards on this Company

CUSIP Number 256900
 Stock Symbol DFS

Head Office — 1330 Burlington St. E. (P.O. Box 460), Hamilton, Ont. L8N 3J5

Telephone — (416) 544-3761

THE COMPANY is a fully integrated steel producer manufacturing a wide range of primary steel products and castings. Subsidiaries and other interests manufacture railway cars, prepainted steels, weld pipe and steel tubular products and are engaged in the production of limestone, coal and iron ore.

| COMPARATIVE DATA | | | | | | | | | |
|------------------|--------------|------------------|-----------------|-----------|------------|----------------|--------------|------------------|-----------------|
| Fiscal Year | Total Assets | Net Fixed Assets | Shldrs.' Equity | Sales | Net Income | Earns. Per Sh. | Divds. Decl. | Price Range High | Price Range Low |
| | \$ | \$ | 000's \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| 1984.... | 2,204,277 | 1,174,327 | 1,159,878 | 1,926,172 | 180,605 | 3.47 | 0.92 | 25.38 | 17.50 |
| 1983.... | 2,175,145 | 1,173,104 | 1,013,484 | 1,605,696 | 120,482 | 2.10 | 0.69 | 20.96 | 11.33 |
| 1982.... | 2,022,688 | 1,236,504 | 1,083,560 | 1,485,557 | 63,811 | 0.88 | 0.75 | 13.83 | 9.00 |
| 1981.... | 2,051,554 | 1,177,291 | 1,076,719 | 1,767,509 | 169,274 | 3.03 | 0.83 | 16.50 | 12.50 |
| 1980.... | 1,849,729 | 1,002,050 | 968,663 | 1,541,914 | 122,244 | 2.22 | 0.81 | 14.50 | 10.25 |

•Adjusted throughout to reflect 3-for-1 stock split in January, 1984.

| CONSOLIDATED CAPITALIZATION AS AT DECEMBER 31, 1984 | | | |
|---|-----------------------------|---|----|
| | Outstanding | | % |
| Long-term debt | \$386,471,000 | | 25 |
| Class A, Preferred stock | 168,374 shs. 16,837,000 | } | 5 |
| Class B, Preferred stock | 2,189,100 shs. 54,728,000 | | |
| Common stock | 50,726,823 shs. 133,768,000 | | |
| Stock dividends distributable | 2,461,000 | } | 9 |
| Retained earnings | 952,084,000 | | |

Note — All class B preferred shares were redeemed on Jan. 15, 1986 at \$25 per share.

SUMMARY STATEMENT

For the nine months ended Sept. 30, 1985, net income increased marginally to \$140,400,000 or \$2.37 per share on a 5% gain in sales to \$1,524,400,000. Production and shipments of flat rolled products for the nine month period of 1985 were comparable to those of the previous year.

Financial results for the year ended Dec. 31, 1984, showed net income up 50% on a 20% increase in sales compared with results for the previous year. Production, shipments and earnings for 1984 all exceeded previous records, reflecting good demand for all company products.

Dividends on common shares are being paid at the rate of 92 cents per share per annum, established with the quarterly payment of 23 cents per share on Jan. 1, 1985, which was paid on the class A and B shares prior to reclassification into a single class of common shares on May 1, 1985.

A new issue of 10,000,000 \$2.60 convertible class C preferred shares, series 1 was offered at \$32.50 per share in March, 1985 and all class B preferred shares were redeemed on Jan. 15, 1986 at \$25 per share.

Investment increases during 1985 included the purchase of an additional 1,013,000 shares of Aberford Resources Ltd. for a total consideration of \$11.2 million, raising the company's interest in Aberford to 12.3%, of which 6.3% are voting shares. The company also purchased a 20% interest in I.T.L. Industries Ltd. for \$2.0 million.

Shareholder, Ivaco Inc., arranged the divestiture of its holding of approximately six million common shares of the company through the issue of exchangeable preferred shares and debentures. Shares of Dofasco have been deposited with trustees for exchange at \$32 per share for the Ivaco debentures and on a share-for-share basis for the Ivaco preferred shares.

N.B. — For quick reference data, see page 2.

THE FINANCIAL POST CORPORATION SERVICE

Macleon Hunter Building, 777 Bay Street, Toronto M5W 1A7 Telephone (416) 596-5585

1001 Boul. de Maisonneuve ouest, Montréal H3A 3E1 Téléphone (514) 845-5141

Copyright © 1986 — Macleon Hunter Limited

QUICK REFERENCE DATA

Employees—At Dec. 31, 1984, the company had 11,600 employees.

Incorporated—Dominion charter, May 15, 1917; continued Oct. 6, 1980.

Auditors—Clarkson Gordon, C.A., Hamilton, Ont.

Fiscal Year Ends—December 31.

Annual Report Appeared—In March in 1985.

Annual Meeting Date—April 26 in 1985.

Listed—DFS, Toronto and Montreal Stock Exchanges.

Shareholders—At December 31, 1984, the company had 11,237 holders of common shares.

Transfer Agents and Registrars—National Trust Company, Toronto, Montreal, Vancouver, Winnipeg, Calgary; Canada Permanent Trust Company, Halifax; The Bank of Nova Scotia Trust Company of New York, New York.

Ranking in FP 500—38 by sales; 30 by assets.

COMPANY

The company is the second largest producer of steel in Canada producing about 25% of the nation's steel. The annual steelmaking capacity is approximately 4.0 million tons of ingots. Operations are fully integrated. Basic products include both sheet and coils in hot and cold rolled steel, plate, galvanized steel, tinplate, chromium coated and electrical steels, pre-painted steel and steel castings. The company, through wholly-owned subsidiaries, is also engaged in the production of small diameter tubular steel products for the oil, gas and construction industries and railway rolling stock. Operations also include interests in mines which provide iron ore pellets for the steel plants and the production of lime and limestone products.

The company's products are sold directly throughout Canada and in the United States by its own sales organization and through its export agents to other countries.

OPERATIONS

Production—Of ingots and castings of the company was as follows:

| Year | Net Tons | Year | Net Tons |
|------|-----------|------|-----------|
| 1975 | 3,053,000 | 1980 | 3,681,000 |
| 1976 | 3,335,000 | 1981 | 4,258,000 |
| 1977 | 3,333,000 | 1982 | 3,636,000 |
| 1978 | 3,588,000 | 1983 | 3,700,000 |
| 1979 | 4,060,000 | 1984 | 4,468,000 |

Shipments—Of flat rolled steel products and steel castings in recent years were as follows:

| Year | Net Tons | Year | Net Tons |
|------|-----------|------|-----------|
| 1975 | 2,348,000 | 1980 | 2,891,000 |
| 1976 | 2,652,000 | 1981 | 3,223,000 |
| 1977 | 2,596,000 | 1982 | 2,682,000 |
| 1978 | 2,763,000 | 1983 | 2,858,000 |
| 1979 | 2,958,000 | 1984 | 3,319,000 |

□ Includes shipments of semi-finished steel.

Plants—The company has a fully integrated steel-making plant at Hamilton, Ont. Production facilities consist of the following:

Three ore and coal unloading bridges, ore and coal docks, storage yards and handling equipment; four blast furnaces regularly used in ironmaking with an annual capacity of 3,540,000 net tons of iron, sufficient to support the steelmaking of 4,000,000 tons of ingots; 246 coke ovens capable of producing 1,640,000 tons of coke annually; two basic oxygen steelmaking plants

consisting of four basic oxygen steelmaking furnaces and related facilities, with a combined annual capacity of approximately 4,200,000 tons of ingots; four oxygen-producing plants of 750 tons per day combined capacity; a direct hot strip rolling mill consisting of 42 soaking pits at the mill and eight remote pits, an autoscarfer, one 2-hi reversing 66-inch roughing mill, one 7-stand 66-inch tandem hot strip finishing mill with a capacity to process 3,800,000 tons of ingots annually; one shearing line and two slitting lines for hot rolled 5-stand 72-inch tandem cold rolling mill; one 5-stand 56-inch tandem cold rolling mill; two 1-stand and two 2-stand temper mills; three continuous pickle lines, two electrolytic cleaning lines, shearing, coiling and slitting equipment relating to the cold mills; two continuous annealing lines, 171 bases for batch annealing and 16 bases for open coil annealing; four continuous galvanizing lines; one continuous electrolytic tinning and chromium coating line and related coil preparation line; electrical steel facilities including two continuous heat treating lines, one coating line and 60 bases for high temperature batch annealing facilities, and a continuous high temperature annealing tunnel furnace; and three electrical arc and three electrical induction furnaces and associated casting facilities.

There are also many types of auxiliary processing equipment and services, including modern utility and maintenance facilities and environmental control installations.

Lime producing facilities are located near Ingersoll and Guelph, Ont.

Production facilities of National Steel Car Corporation are located in Hamilton adjacent to the steelmaking operations of the company.

Prudential Steel operates at a hollow structural mill in Calgary, Alta. and has broadened its market to include oil well casing products.

Properties—The company now owns 694 acres of land at the Hamilton steel plant, as well as 45 acres of storage space and a 100 acre employee recreation park in Stoney Creek, Ont.

In addition the company holds 5,000 acres of land on the shore of Lake Erie west of Port Burwell in Elgin County.

CAPITAL EXPENDITURES

Capital expenditures in recent years have been as follows:

| | | | |
|------|---------------|------|---------------|
| 1975 | \$116,789,000 | 1980 | \$185,715,000 |
| 1976 | 90,898,000 | 1981 | 249,244,000 |
| 1977 | *160,163,000 | 1982 | 138,302,000 |
| 1978 | 134,125,000 | 1983 | 52,360,000 |
| 1979 | 71,989,000 | 1984 | 90,836,000 |

*Including for the first time the company's proportionate share of expenses by a partnership and a corporate joint venture.

PRODUCTS

Principal steel products include hot rolled sheet, coil and strip used in automobiles (frames, wheels and miscellaneous stampings), construction and agricultural applications; steel plate and checker plate used in automotive, railway and general fabrication; skelp used in the manufacture of pipe and tubing used for oil and gas related applications; electrolytic tin plate and chromium coated steel used in containers for food, beverages and perishable goods, and crowns, caps and aerosol containers; black plate used in containers; cold rolled sheet and strip used in automobiles, appliances, metal containers, mechanical tubing and agricultural equipment; galvanized sheet, coil and strip used in building and road construction industries, appliance and automotive industries; electrical steel used in generators, transformers and electrical motors; vitreous enamelling sheet used in home fixtures and appliances; pre-painted steel used in residential, farm and industrial siding, and in mobile homes and appliances; and carbon alloy and stainless steel castings used in undercarriages for railway and subway trains, diesel locomotive frames, electrical motor housings, gears and valves, and automotive parts.

Other products include railway rolling stock; heavy

steel equipment for mining and industrial use; freight and industrial cars which include boxcars, hopper, flat and gondola cars; electrical resistance weld pipe in the 2 1/2 inch through 8 inch diameter for the oil and gas industry; and hollow structural pipe used in construction.

HISTORY

The company was formed by the amalgamation of Dominion Steel Foundry Company and its subsidiary Hamilton Steel Wheel Company, Limited, under the Dominion charter by letters patent dated May 15, 1917 (the company was continued, effective Oct. 6, 1980, by Certificate of Continuance under the C.B.C.A.).

Dominion Steel Foundry Company, incorporated 1913, was the result of a merger of the Hamilton Malleable Iron Co. and the Dominion Steel Castings Co.

The Hamilton Steel Wheel Co. was organized late in 1916 and incorporated January, 1917, with an authorized capital of \$2,000,000 (80,000 shares of \$25 par value) of which \$1,000,000 was issued.

In 1919, the company acquired a controlling interest in the capital stock of the Adirondack Steel Company, which had been incorporated in New York in that year. Interest in this operation was sold in 1937.

A steel plate mill at Hamilton was erected in 1920, but remained idle due to business conditions until November 1928. In 1935 and 1936, a finishing plant, idle since 1921, was converted into a cold rolling and tin plate plant.

In 1938, the company introduced its employee profit-sharing plan.

In 1951, the first blast furnace was installed, the second in 1956, the third in 1960 and the fourth in 1971.

In 1954, the company introduced the oxygen steel-making process to the North American continent.

In 1961, the company entered the Wabush Mines joint venture (for details see below).

In June, 1962, the company completed the acquisition of National Steel Car Corporation, Limited, following an offer made in November, 1961, to exchange one Dofasco common share for each three National Steel shares.

In late 1964, the company entered the Sherman Mine joint venture (for details, see below).

In January, 1965, Baycoat Ltd. was formed jointly by Dominion Foundries and Steel Co. of Canada to pre-paint steel in coils.

In September, 1966, the company's subsidiary, National Steel Car Corporation, Limited sold its 75% interest in Canadian Trailmobile Ltd.

In July, 1971, the company acquired all the assets of the Adams Mine at Kirkland Lake, Ont., from Jones & Laughlin Mining Co., Ltd. for the sum of approximately \$31 million.

In April, 1973, the company acquired all the issued shares of Prudential Steel Ltd. and its subsidiary, Cardinal Tube Coatings Ltd.

Also in early 1973, the company purchased from Cyanamid of Canada Ltd. its limestone quarry at Beachville, Ont., to be operated by a newly formed, wholly owned subsidiary, Beachvillime Limited.

In 1974, the company acquired a 16% interest in the Eveleth Expansion Company of Minnesota.

Effective Mar. 1, 1978, Guelph DoLime Limited, a subsidiary of Beachvillime Limited, purchased a 250-acre limestone quarry near Guelph, Ont.

The company's name was changed from Dominion Foundries and Steel, Limited to Dofasco Inc. effective Oct. 6, 1980.

Effective Dec. 31, 1983, the company exchanged its interest in Eveleth Expansion Company, a joint venture, for 6.1% of the shares of Iron Ore Company of Canada.

WHOLLY-OWNED SUBSIDIARIES

National Steel Car Limited—R. W. Cooke, pres. & chief exec. officer. Manufactures railway rolling stock, industrial and mining specialty rail cars and car parts.

Prudential Steel Ltd.—Box 1510, Calgary, Alta. T2P 2L6; J. S. Badyk, pres. Acquired in April, 1973. Manufactures electric resistance weld pipe, tubing and

casing for the oil and gas industry and hollow structural steel. Also owns a wrapping plant called Cardinal Tube Coatings Ltd.

Beachvillime Limited—Beachville, Ont.; D. A. Lindsey, pres. Formed in 1973 to operate the limestone quarry purchased from Cyanamid of Canada Ltd. to supply the parent company's limestone and burnt lime requirements. **Guelph DoLime Limited**, a wholly owned subsidiary of Beachvillime, produces dolomitic lime at a 250-acre limestone quarry in Guelph, Ont.

MINING INTERESTS

Wabush Mines, Wabush, Nfld.—Dofasco holds a 16.4% interest in the combined joint venture which includes both the Scully Mine and the pellet plant of Arnaud Pellets. Previously these operations were operated as separate joint ventures but were combined into a single joint venture effective Jan. 1, 1967. Prior to this consolidation Dofasco had increased its interest in Scully Mine by 1.4% and in Arnaud Pellets by 0.1% to 16.4% in each of these ventures.

The Scully Mine was formed to mine iron ore deposits about 200 miles north of Sept-Isles, Que. The property was brought into commercial production in April, 1966. Operations include an on-site concentrating plant and related facilities to produce high-grade concentrates, which are agglomerated into high grade pellets at the plant of Arnaud Pellets at Pointe Noire, Que., which went on stream in June, 1965.

In 1979, the company received 1.22 million tons of pellets from the operation. Reserves have been estimated to be sufficient to maintain this rate of output for 60 years.

Other participants are The Steel Company of Canada, Ltd., owning 25.6% and Wabush Iron Co. Ltd. with a 58% interest.

Pickands Mather & Co. is the operating and managing agent. The owner group receives production in proportion to their ownership.

The mineral rights to the main ore deposit were acquired from Canadian Javelin Limited under a long-term lease which continues to 2055 and it is estimated that the leased area will yield at least 400 million tons of high grade ore concentrates. Additional mining rights have been acquired in the Knoll Lake area and the Wabush Mountain area.

The Wabush group owns the **Wabush Lake Railway Co., Ltd.** and this company and Iron Ore Co. of Canada have jointly constructed a railway connecting the group's deposits to the Quebec North Shore and Labrador Railway at mile 224. The Wabush group also owns the **Arnaud Railway Co.**, which has constructed a railway to connect the Quebec North Shore and Labrador Railway with the dock facilities at Pointe Noire, Que.

Power for the Wabush development is supplied by the **Twin Falls Power Corp. Ltd.**, a company owned jointly by the Wabush group, Iron Ore Co. of Canada and Churchill Falls (Labrador) Corp. Ltd.

Sherman Mine—In late 1964, the company entered into an agreement with Cliffs of Canada Ltd. to develop an iron ore property and construct a 1,000,000-ton-per-anum pellet plant (present capacity 1,100,000 tons) in the Temagami area, N. Ont. Estimated cost of Dofasco's 90% interest was about \$51 million. The first shipment of pellets was made in March, 1968.

Dofasco receives all of the present production. Reserves are estimated to be sufficient to maintain the present rate of production for over 20 years.

Iron Ore Company of Canada—A 6.1% interest was acquired in 1983 in exchange for 16% of Eveleth Expansion Company. This joint venture includes both the Carol Project, Labrador City, Nfld. and rail and dock facilities in Sept-Isles, Que.

Hanna Mining Co. is the managing agent.

Adams Mine—Kirkland Lake, Ont. Wholly owned. Acquired in July, 1971, from Jones & Laughlin Mining Co., Ltd. for approximately \$31 million. Produces iron ore pellets from magnetite.

OTHER MINING INTERESTS

Dofasco's annual coal requirements are approximately two million net tons. Arrangements have been made for supply from Itmann Coal in West Virginia, with the remainder to be made up from contract sources, inventory on hand and open market purchases.

Itmann Coal Company—West Virginia. Interest of 6% was acquired in 1963 and was increased to 9% in 1967. Provides some of the company's requirements for low volatile coking coal. At the present rate of production, Dofasco's share of reserves is estimated to last almost 20 years.

ASSOCIATED COMPANIES

Baycoat Limited—Box 624, 244 Lanark St., Hamilton, Ont.; Bob Lye, v-p; 50% owned. Formed jointly in 1965 to prepaint galvanized and cold rolled steel for domestic and foreign markets. The prepainted steel is used for siding for industrial, farm, and residential buildings. A \$2 million plant at Hamilton came into production in the spring of 1966; plant facilities were doubled in 1972; a third production line went into production in 1977, increasing capacity by 50%. A fourth coating line was completed in 1979, again doubling capacity.

OTHER INVESTMENTS

| | % Owned |
|---|---------|
| Aberford Resources Ltd., Alta. | 12.3 |
| Arnaud Railway Co., Que. | 16.4 |
| Knoll Lake Minerals Ltd., Nfld. | 9.5 |
| Northern Land Co. Ltd., Nfld. | 8.2 |
| Twin Falls Power Corp., Ltd., Nfld. | 2.8 |
| Wabush Lake Railway Co., Ltd., Nfld. | 16.4 |

OFFICERS AND DIRECTORS

Officers—F. H. Sherman, chm. & chief exec. officer; R. R. Craig, v-chm.; J. G. Sheppard, v-chm.; P. J. Phoenix, pres. & chief oper. officer; W. L. Wallace, exec. v-p; Thomas Van Zuiden, sr. v-p, fin. & admin.; W. D. Simon, sr. v-p, commercial; J. H. McAllister, v-p, raw mat., purchases & traffic; W. H. Mulveney, v-p, sales; N. G. Thomas, v-p, technology; L. V. Walsh, v-p, works manager; F. J. McMullin, v-p, research; J. W. Craven, v-p, quality; D. H. Samson, v-p, eng.; W. P. Tinsley, v-p, personnel; H. G. Wilson, v-p & sec.; R. J. Swenor, asst. sec.; B. P. Solski, treas.; L. A. Root, asst. treas.; R. W. Grunow, compt.; R. E. Wodehouse, asst. to exec. v-p, fin.; E. R. Moore, asst. compt., ops.; J. J. Fitzpatrick, asst. compt., fin.

Directors—F. H. Sherman, J. G. Sheppard, P. J. Phoenix, Hamilton; R. R. Craig, Campbellville; G. H. Blumenauer, Oakville; J. D. Leitch, R. G. Doe, F. H. Logan, J. R. Evans, H. J. Lang, R. C. Dowsett, Toronto; all Ont.

CAPITAL STOCK*

| | Author. | Outstand. |
|---------------|--------------|-----------------|
| Cl. A Pref. | 500,000 shs. | |
| 4 3/4% Ser. A | | 168,374 shs. |
| Cl. B Pref. | Unlimited | |
| 1980 Ser. 4 | | 2,189,100 shs. |
| Cl. C Pref. | Unlimited | nil |
| Cl. A Com. | Unlimited | 49,826,992 shs. |
| Cl. B Com. | Unlimited | 899,831 shs. |

Note—All 1980 series 4, class B preferred shares were called for redemption on Jan. 15, 1986 at \$25 per share.

Class A Preferred Shares:

Issuable in series, and entitled to preference over the common shares and any other shares of the company ranking junior to the class A preferred shares with respect to dividends and distribution of assets.

Class A Preferred Series A—Entitled to fixed cumulative preferential dividends, accruing from June 1, 1965, at the rate of \$4.75 per share, per annum, payable quarterly.

In the event of liquidation, dissolution, winding up, etc., if voluntary, entitled to current redemption price; or if involuntary, to \$100; in each case plus accrued and unpaid dividends.

Redeemable in whole or in part at the option of the

company on 30 days' notice at the following rates plus accrued and unpaid dividends: \$105 per share on or before June 1, 1969; thereafter at \$103 per share on or before June 1, 1973; \$102 per share on or before June 1, 1977; and \$101 per share thereafter. The company may also at any time purchase for cancellation the whole or any part of the 4 3/4% preferred, series A shares, in the open market or by tender at prices not exceeding the current redemption price plus cost of purchase.

Purchase fund—The company shall make all reasonable efforts to purchase for cancellation on June 1, in each year commencing 1968, 2% of the aggregate paid-up value of the class A, series A preferred shares outstanding on May 1, 1968 at a price not exceeding the applicable redemption price in effect, plus costs of purchase.

Notwithstanding six quarterly dividends in arrears, when entitled to one vote per share, and to attend all meetings of the shareholders of the company, until all arrears have been paid.

Other provisions—No holder of preferred shares, series A, shall be entitled as a right to subscribe for or purchase securities of the company. Certain restrictions are placed on the issuance or creation of any additional preferred shares.

Purpose of issue—Net proceeds applied toward its capital expenditure program.

Offered—250,000 shares in May, 1965 at \$100 per share by a group headed by A. E. Ames & Co. Limited; Dominion Securities Corporation Limited; and Greenshields Incorporated.

On Jan. 16, 1984, all ser. 1, 2 and 3 pref. shs. were redeemed.

Class B Preferred Shares:

Issuable in series; shall rank junior to the class A preferred shares and over any other shares in the company's capital stock ranking junior to the class B preferred shares with respect to payment of dividends and in the distribution of assets in the event of liquidation, etc.

Class B, 1980 Series 4 Preferred—Entitled to fixed cumulative preferential dividends at the annual rate of \$2.35 per share, payable quarterly.

In the event of liquidation, dissolution or winding-up, etc. entitled to \$25 per share plus accrued dividends.

Redemption—Not redeemable on or prior to Oct. 15, 1985. Thereafter redeemable at the option of the company in whole or in part on at least 30 days' notice at \$25 per share plus accrued dividends. The company may also purchase for cancellation any part of the shares in the open market or by tender at a price not exceeding \$25 per share plus costs of purchase.

Purchase Obligation—The company will make all reasonable efforts to purchase for cancellation in the open market in each calendar quarter in 1981 to 1983, inclusive, 12,000 shares and, thereafter 24,000 shares, in each case at prices not exceeding \$25 per share plus costs of purchase. The purchase obligation shall carry over only to the successive calendar quarters of the same calendar year and shall thereafter be extinguished.

Warrants—Holders of the class B, series 4 preferred shares of record at the close of business on Nov. 28, 1980 received two common share purchase warrants in bearer form for each five shares held. Each warrant entitled the bearer to purchase three common shares of the company at \$15.167 per share (adjusted for 3-for-1 stock split on Jan. 24, 1984) on or before Oct. 15, 1985, when warrants expired.

Purpose of Issue—Net proceeds added to working capital and used to finance the company's expansion.

Offered—2,400,000 shares in September, 1980, at \$25 per share to yield 9.40% per annum, by a group headed by Dominion Securities Ltd., A. E. Ames & Co. Ltd. and Greenshields Inc.

Class C Preferred Shares:

Issuable in series; shall be junior to the class A and B preferred shares but entitled to preference over the

common shares with respect to payment of dividends and in the distribution of assets in the event of liquidation, etc.

\$2.60 Conv. Class C Preferred Shares, Ser. 1—Entitled to fixed cumulative cash dividends at the rate of \$2.60 per share per annum, payable quarterly.

Redemption—Non-redeemable prior to April 1, 1990; thereafter redeemable prior to April 1, 1995 at \$34 per share plus accrued and unpaid dividends, if the weighted average price at which the common shares have traded during the 20 consecutive trading days ending on the fifth trading day preceding the date on which notice of redemption is given is not less than 125% of the conversion price then in effect. On April 1, 1995 and thereafter, the series one preferred shares are redeemable at \$32.50 per share together with accrued and unpaid dividends.

Purchase Obligation—The company shall make all reasonable efforts to purchase during each calendar quarter, commencing April 1, 1995, 1% of the total number of the series one preferred shares outstanding at the close of business on March 31, 1995 at a price not exceeding \$32.50 per share plus cost of purchase. This obligation is cumulative within each calendar year.

Conversion Privilege—Convertible into common shares of the company at any time up to and including March 31, 1995 or, in the case of shares called for redemption, up to the close of business on the business day prior to the date fixed for redemption, whichever is earlier, at a conversion price of \$32.50 per common share.

Priority—Junior to the class A and class B preferred shares, on a parity with all other series of class C preferred shares which may be issued in future and prior to the common shares.

Voting—The series one preferred shares shall carry one vote per share.

Purpose of Issue—Net proceeds to be used to finance the company's current capital expansion program and an expansion of its activities both within and outside of the steel industry.

Offered—10,000,000 shares at \$32.50 per share on Mar. 21, 1985 by a group headed by Dominion Securities Pitfield Ltd.

Common—Entitled to one vote per share.

Shareholder Dividend Reinvestment and Share Purchase Plan:

The **Dividend Reinvestment Program** enables Canadian resident shareholders to reinvest cash dividends in Common Shares of Dofasco at 95% of market value.

The **Share Purchase Program** enables Canadian resident shareholders to purchase additional Dofasco Common Shares at 100% of market value up to a maximum of \$20,000 annually.

Warrants—Attached to class B, 1980 series 4 preferred shares issued in September, 1980. At Dec. 31, 1984, 872,788 warrants were outstanding. See provisions of the preferred shares for details.

Option Plan—During 1984, two new employee stock option plans replaced the plan which expired on Mar. 28, 1984. Under the first plan, which expires Mar. 1, 1994, options were granted to purchase 236,736 of the unissued class A common shares at \$18 per share. Under the second plan, which expires on Sept. 7, 1994, options were authorized to purchase up to 4,000,000 unissued class A common shares. At Dec. 31, 1984, options to purchase an aggregate 414,912 class A common shares had been granted with 181,776 shares at \$18 per share and 233,136 shares at \$22.75 per share.

PRICE RANGE OF STOCK Class A, Series A Preferred

| Year | High | Low | Year | High | Low |
|------|---------|---------|------|---------|---------|
| 1976 | \$55.50 | \$51.25 | 1981 | \$48.00 | \$33.00 |
| 1977 | 66.50 | 54.50 | 1982 | 42.50 | 35.13 |
| 1978 | 70.00 | 62.00 | 1983 | 54.25 | 41.50 |
| 1979 | 68.00 | 54.00 | 1984 | 56.00 | 47.88 |
| 1980 | 57.13 | 49.00 | 1985 | 64.00 | 50.00 |

Class B, 1980 series 4 Preferred

| Year | High | Low | Year | High | Low |
|-------|---------|---------|------|---------|---------|
| 1980* | \$23.50 | \$21.13 | 1983 | \$26.13 | \$19.75 |
| 1981 | 24.00 | 16.50 | 1984 | 25.75 | 23.00 |
| 1982 | 21.13 | 15.88 | 1985 | 26.00 | 24.50 |

*Listed Dec. 9.

\$2.60 Class C, Series 1 Preferred

| Year | High | Low |
|-------|---------|---------|
| 1985* | \$37.25 | \$32.38 |

*Listed Apr. 2, 1985.

Common*

| Year | High | Low |
|------|---------|---------|
| 1985 | \$29.75 | \$23.38 |

*Previously Class A and class B common prior to reclassification on Apr. 26, 1985.

Class A Common (old)*

| Year | High | Low | Year | High | Low |
|------|---------|---------|-------|---------|---------|
| 1975 | \$29.25 | \$22.88 | 1980 | \$43.50 | \$30.75 |
| 1976 | 30.38 | 22.63 | 1981 | 49.50 | 37.50 |
| 1977 | 27.00 | 21.00 | 1982 | 41.50 | 27.00 |
| 1978 | 32.00 | 22.00 | 1983 | 62.88 | 34.00 |
| 1979 | 36.25 | 30.50 | 1984† | 25.38 | 17.50 |

*Previously common stock prior to reclassification May 5, 1975.

†Following 3-for-1 stock split Jan. 24, 1984.

Class B Common (old)

| Year | High | Low | Year | High | Low |
|------|---------|---------|-------|---------|---------|
| 1975 | \$25.13 | \$22.88 | 1980 | \$38.63 | \$38.18 |
| 1976 | 28.50 | 24.63 | 1981 | 47.13 | 41.00 |
| 1977 | 25.63 | 22.00 | 1982 | 39.75 | 27.13 |
| 1978 | 31.25 | 24.13 | 1983 | 52.38 | 36.25 |
| 1979 | 34.13 | 30.88 | 1984† | 23.88 | 18.63 |

†Following 3-for-1 stock split Jan. 24, 1984.

Warrants

| Year | High | Low | Year | High | Low |
|------|---------|---------|-------|---------|--------|
| 1980 | \$11.25 | \$10.50 | 1983 | \$24.00 | \$6.13 |
| 1981 | 13.38 | 7.00 | 1984* | 30.25 | 12.00 |
| 1982 | 8.00 | 2.95 | | | |

*To expiry on Oct. 15, 1985.

CHANGES IN CAPITAL STOCK

The company was incorporated on May 15, 1917 under the provisions of the Dominion Companies' Act by Letters Patent with an authorized capital of \$6,000,000, divided into 60,000 shares of \$100 par value.

Of the authorized capital 7,199 8% cumulative preferred shares, \$100 par value, and 29,981 common shares, \$100 par value, were issued in payment for the assets of Dominion Steel Foundry Co. Ltd. and Hamilton Steel Wheel Co. Ltd.

During 1935, one preferred share and 19 shares of common stock were issued, increasing the total issued capital before reorganization to 7,200 preferred shares and 30,000 common shares.

At a meeting held Feb. 27, 1935, shareholders approved a plan of reorganization of the company's capital stock. Approval followed several years' deferred action awaiting an improvement in the company's cash position. Opposition later developed and the plan finally put into effect was changed in some respects from that adopted at first. By S.L.P. which authorized a change in capital to 12,000 6% cumulative preferred shares of \$100 each and 50,000 common shares of \$100 each, the plan was put into effect as follows:

Holders of old 8% cumulative preferred shares received an equal principal amount of new 6% preferred shares and 4,800 additional 6% preferred shares in lieu of arrears of dividends on their old shares. The additional shares given for dividend arrears were distributed at the rate of two new shares for each three old shares held. Dividends as at Dec. 31, 1934, were in arrears since June 1, 1923, with the exception of 7 1/2% paid on account of subsequent periods.

Holders of the old \$100 par value common shares received new common shares of \$100 par value on the basis of four new shares for each five old shares held.

By S.L.P. dated Dec. 29, 1936, the authorized common stock was increased to 200,000 shares of no par value. The 24,000 shares of common stock of \$100 par value then outstanding were exchanged into 96,000 shares of new common stock of no par value on the

basis of four new no par value shares for each old \$100 par value share held.

As at Dec. 31, 1938, 153,565 shares were outstanding.

By S.L.P. dated Feb. 22, 1939, the common stock was split on the basis of two new shares for each old share held, the authorized common stock being thereby increased from 200,000 to 400,000 shares. A second by-law was then passed increasing the number of shares authorized from 400,000 to 600,000.

Outstanding 6% preferred stock (\$1,200,000) was redeemed on Oct. 15, 1943, at \$105 and accrued dividends. Upon capital reorganization in 1935, the 6% preferred stock was issued to holders of old 8% preferred in accordance with the plan for liquidation of preferred arrears described above.

The right to subscribe to 44,773 unissued shares was granted to certain officers and employees on Sept. 28, 1948, at a price of \$25 per share. The right to subscribe extended over a period of five years from Oct. 1, 1948, at the rate of 20% per year. Additional rights were granted from time to time following the original offering.

In 1949, a total of 1,765 shares was issued under these rights: in 1950, 23,313 shares, for \$590,785 cash.

In July, 1950, authorized capital was increased by the issuance of 80,000 4% preferred shares, \$100 par.

In 1951, 47,100 new shares following the 4-for-1 split were issued, and rights were outstanding at Dec. 31, 1951, covering 52,448 new common shares. By S.L.P. dated July 12, 1951, common shares were divided on a 4-for-1 basis and an additional 2,600,000 shares authorized. Capitalization was thus increased to 5,000,000 authorized common shares, of which 2,347,552 were outstanding at Dec. 31, 1951. The rights issued in 1951 were exercised in 1952, bringing the outstanding stock to 2,400,000 shares at Dec. 31, 1952.

During 1952, 1,600 4% preferred shares were redeemed. A further 1,658 preferred shares were redeemed in 1953, 1,600 in 1954, 3,682 in 1956, 8,237 in 1957 and 10,111 in 1958.

During 1959, 3,514 common shares, in 1960, 4,963 common shares and in 1961, 35,548 common shares were issued upon exercise of stock options.

By S.L.P. dated May 12, 1959, authorized preferred share capital was reduced from 80,000 shares to 51,731 shares. During 1959, 11,677 preferred shares, in 1960, 10,785 shares, and in 1961, 3,316 additional shares were purchased for cancellation.

During 1962, 232,936 common shares were issued in connection with the acquisition of National Steel Car Corp. Ltd., and 17,317 common shares were issued upon exercise of stock options.

On May 14, 1962, all outstanding 4% preferred shares were called for redemption at 101 and accrued dividend.

In 1963, 20,097 shares were issued under options, increasing the number of shares outstanding to 3,828,215.

By S.L.P. dated May 2, 1964, common stock was split 4-for-1, changing authorized capital to 20,000,000 shares of no par value, and outstanding to 15,312,860 shs. and authorized capital was then increased by 5,000,000 shares. Following these changes there were 25,000,000 authorized common shares, of which 15,312,860 were outstanding.

In 1964, 10,084 old shares (equivalent to 40,336 new shares) and 9,016 new shares were issued on exercise of stock options.

By S.L.P. dated May 4, 1965, authorized capital was increased by creation of 500,000 preferred shares, \$100 par, of which 250,000 shares were issued as 4% cumulative redeemable preferred, series A, \$100 par.

During 1965, 25,136 common shares, in 1966, 9,655 shares, in 1967, 38,579 shares, in 1968, 14,208 shares, in 1969, 28,972 shares, in 1970, 17,990

shares, in 1971, 49,232 shares, in 1972, 59,016 shares, in 1973, 132,002 shares and in 1974, 9,960 shares were issued on exercise of options.

During 1967, the company purchased for cancellation series A preferred shares in the amount of 6,600 shares; in 1968, 13,780 shares; in 1969, 900 shares; in 1970, 2,095 shares; in 1971, 3,600 shares; in 1972, 6,500 shares; in 1973, 5,650 shares; and in 1974, 3,975 shares.

By S.L.P. dated May 5, 1975, existing authorized, issued and outstanding common shares were reclassified as class A convertible common shares of no par value and authorized capital was increased by creation of new 25,000,000 class B convertible common shares of no par value.

During 1975, 1,075 preferred shares were purchased for cancellation.

During 1976, 4,170 preferred shares were purchased for cancellation and 4,192 class A shares were issued for cash under the employee stock option plan.

During 1977, a total of 3,550 4% preferred shares were purchased for cancellation. By S.L.P. dated June 14, 1977, authorized capital stock of the company was increased by the creation of 12,000,000 preferred shares of \$25 par value, issuable in series. Subsequently, 6,000,000 preferred shares of \$25 par value in series one, two and three (each series consisting of 2,000,000 shares) were privately placed with institutional investors at \$25 per share.

During 1978, a total of 4,390 4% preferred shares were purchased for cancellation, and 28,439 class A shares were issued under options. By shareholder resolution, Nov. 24, 1978, the company transferred \$35,000,000 from retained earnings to paid-up capital relating to issued and outstanding class A and B shares.

During 1979, 5,749 4% series A preferred shares were purchased for cancellation, 110,798 class B common shares were issued as stock dividends, and 67,991 class A common shares were issued under options.

Shareholders approved the continuance of the company under the Canada Business Corporations Act on Apr. 25, 1980. Capital stock changes included the increase in all stock authorized to an unlimited number; redesignation of \$100 preferred shares as class A preferred stock; redesignation of \$25 preferred stock as class B preferred shares; and the creation of class C preferred shares.

During 1980, 65,084 class A, series A preferred shares were purchased for cancellation and 96,860 class A common shares were issued under the employee stock option plan. On Oct. 15, 1980, the company issued 2,400,000 class B, 1980 series 4 \$2.35 preferred shares.

During 1981, 5,747 class A, series A preferred shares and 48,000 \$2.35 preferred shares, series 1980, were purchased for cancellation. Also, 61,160 class A shares were issued under the employee stock option plan, 32,855 class B shares were issued as dividends, and 96 class A shares were exercised under warrants.

During 1982, 1,850 class A, series A preferred shares and 48,000 \$2.35 preferred shares, series 1980 were purchased for cancellation. Also, 28,660 class A common shares were issued under the employee stock option plan and 28,235 class B common shares were issued as dividends.

During 1983, 5,945 class A, series A preferred shares and 36,200 \$2.35 preferred shares series 1980, were purchased for cancellation. Also, 631,470 class A common shares were issued under the employee stock option plan; 2,172 class A common shares were issued on exercise of warrants; 14,127 shs. were issued under the share purchase plan; 49,149 class B common shares were issued as dividends; and 184,542 shares were issued under the dividend reinvestment plan. After giving effect to interconversions of class A and B common shares, capital stock outstanding at Dec. 31, 1983, consisted of

171,374 class A, series A preferred; 6,000,000 class B, series 1, 2 and 3 preferred; 2,267,800 class B, 1980 series preferred; and 48,776,712 class A common and 985,578 class B common shares.

On Jan. 24, 1984, class A and B common shares were split on a 3-for-1 basis. On Jan. 16, 1984, all series 1, 2 and 3 class B preferred shares were redeemed at \$25 per share.

During 1984, 3,000 class A, series A preferred shares and 78,700 \$2.35 preferred shares, series 1980 were purchased for cancellation.

Also during 1984, 36,756 class B shares were issued as dividends; 395,986 class A shares were issued under the dividend reinvestment plan; 257,424 shares were issued under the employee stock option plan; 15,191 shares were issued under the share purchase plan; and 259,176 shares were issued on conversion of warrants. After giving effect to interconversions of class A and B common shares, capital stock outstanding at Dec. 31, 1984, comprised 168,374 class A, series A preferred; 2,189,100 class B, 1980 series preferred; and 49,826,992 class A common and 899,831 class B common shares.

In March 1985, the company issued 10,000,000 \$2.60 convertible class C preferred, series one shares at \$32.50 per share.

On Apr. 26, 1985, shareholders approved reclassification of the company's class A and class B common shares into a single class of common shares on a share-for-share basis.

Rights Offerings—Additional shares of the company's common stock have been issued under offering of rights to shareholders as follows:

| Record Date | Price per Sh. | Basis | Shares Issued |
|---------------|---------------|----------|---------------|
| Mar. 15, 1937 | \$15 | 1 for 4 | *24,653 |
| July 15, 1938 | 15 | 1 for 4 | *32,912 |
| Jan. 2, 1940 | 15 | 1 for 10 | *35,067 |
| Jan. 20, 1948 | 18 | 1 for 4 | 90,214 |
| Dec. 15, 1950 | 30 | 1 for 5 | 94,808 |
| Feb. 21, 1955 | 12½ | 1 for 10 | 240,000 |
| Jan. 9, 1956 | 20 | 1 for 10 | 264,000 |
| Mar. 8, 1957 | 20 | 1 for 10 | 290,400 |
| Oct. 24, 1958 | 25 | 1 for 10 | 319,440 |

*Including shares taken up by employees.

DIVIDENDS

Class A Preferred, ser. A—Entitled to \$4.75 per share per annum, payable Feb., May, Aug., and Nov. 1 of each year. Initial payment of 80 cents per share was made Aug. 1, 1965. Quarterly dividend of \$1.18 per share on Nov. 1, 1965 and regularly since. The class A preferred were designated as 4¼% Preferred shares, \$100 par, prior to Apr. 1980.

Class B Preferred, 1980 ser. 4—Entitled to \$2.35 per share per annum, payable Jan., Apr., July and Oct. 15 of each year. Initial dividend of \$0.5875 per share was paid on Jan. 15, 1981, and regularly since.

Class C Preferred, ser. 1—Initial dividend of \$0.6429 per share was paid on July 1, 1985. Dividends of 65 cents per share paid quarterly, quarterly, since.

Common—Present rate is 92 cents per share per annum, established with the quarterly payment of 23 cents per share on July 1, 1985 (first following reorganization of class A and B common shares into common shares on share-for-share basis). Previously, dividends of 23 cents per share were paid on the class A and B common shares on Jan. 1 and Apr. 1, 1985, before shares were reorganized into one class of common shares on Apr. 26, 1985.

A rate of \$1.44 per share per annum was paid quarterly from July 1, 1975 (first following the capital reorganization) to Oct. 1, 1976, inclusive. The rate was increased to \$1.55 per share per annum from Jan. 1, 1977 to Apr. 1, 1978, inclusive. Quarterly dividends of 41 cents per share were paid from July 1, 1978 to Oct. 1, 1978 and 45 cents per share from Jan. 1, 1979 to Apr. 1, 1979, inclusive. An annual rate of \$2.20 per share was paid quarterly from July 1, 1979 to Apr. 1, 1980. An annual rate of \$2.50 per share was paid quarterly from July 1, 1980 to July 1, 1982. An annual rate of \$2 per share was paid quarterly from Oct. 1, 1982 to

Oct. 1, 1983, and 51 cents per share was paid on Jan. 1, 1984.

A dividend of 19 cents per share (first following 3-for-1 stock split on Jan. 24, 1984) was paid on Apr. 1, 1984. An annual rate of 84 cents per share per annum was paid quarterly July 1, 1984 and Oct. 1, 1984.

Dividends on the class B stock were paid at an equivalent rate but in the form of class B shares. Prior to Jan. 1, 1979, dividends on class B stock were paid on a tax-deferred basis, at rates shown in table following.

TAX-DEFERRED DIVIDENDS

Since Dec. 22, 1971, the company has made the following tax-deferred dividend distributions on its class B stock:

| Amount | Record | Amount | Record |
|---------|-------------|--------|-------------|
| 30.6c | June 10/75 | ▲38¼c | Mar. 11/77 |
| 30.6c | Sept. 10/75 | ▲38¼c | June 14/77 |
| 30.6c | Dec. 11/75 | ▲38¼c | Sept. 9/77 |
| 30.6c | Mar. 11/76 | ▲38¼c | Dec. 9/77 |
| 30.6c | June 14/76 | 38¼c | Mar. 10/78 |
| 30.6c | Sept. 10/76 | 41c | June 10/78 |
| 32.93¼c | Dec. 10/76 | 41c | Sept. 11/78 |

▲Adjusted to include portion of tax-deferred dividend previously declared but withheld pending the Mar. 31, 1977, budget resolution which became law Dec. 15, 1977.

Common (original)—A rate of 8% per share per annum was paid in 1918 on common stock of \$100 par value. Annual rates of 5% and 4% per share were paid in 1919 and 1920, respectively. On Mar. 1, 1921, one share of Adirondack Steel Foundries Corp. was given for every five old shares of Dominion Foundries and Steel Ltd.

Extra dividends were paid as follows: 10% in 1918, and 1919.

Common (old)—Initial payment on the no par value common stock was 25 cents per share paid on July 15, 1937. Similar payments were made each quarter to and including Apr. 15, 1938. Rate was increased to \$1.60 per annum with payment of 40 cents on July 2, 1938, and paid regularly quarterly to and including Jan. 3, 1939. Stock was split 2-for-1 in February, 1939.

Following the 2-for-1 split in February, 1939, 25 cents per share was paid Apr. 1, 1939; with quarterly payments of like amount thereafter to and including July 2, 1943. From Oct. 1, 1943, to Apr. 1, 1950, inclusive, quarterly payments were 35 cents per share, and from July 3, 1950, to July 3, 1951, inclusive, 50 cents per share was paid. Stock was split 4-for-1 in July, 1951.

Following the 4-for-1 split in July, 1951, 12½ cents was paid Oct. 1, 1951; with the same amount paid quarterly thereafter to and including July 2, 1952. Fifteen cents quarterly was paid Oct. 1, 1952, to July 2, 1955, inclusive; 20 cents Oct. 1, 1955 to Oct. 1, 1956, inclusive; 25 cents Jan. 1, 1957 to Oct. 1, 1958; 30 cents Jan. 2, 1959 to Oct. 1, 1959; 35 cents Jan. 2, 1960 to Oct. 1, 1961; 40 cents Jan. 2, 1962 to Oct. 1, 1963; 45 cents Jan. 2 and Apr. 1, 1964, after which the stock was split 4-for-1.

Initial rate following the 4-for-1 split in May, 1964, was 50 cents per share per annum paid from July 2, 1964 to Apr. 1, 1965, inclusive. Rate of 60 cents per share per annum was paid quarterly from July 2, 1965 to July 1, 1968, inclusive. Rate of 80 cents per share per annum was paid quarterly from Oct. 1, 1968 to Apr. 1, 1970, inclusive. Rate of 90 cents per share per annum was paid quarterly from July 1, 1970 to Apr. 1, 1973, inclusive. Rate of \$1.00 per share per annum was paid quarterly from July 1, 1973 to Jan. 1, 1974, inclusive. Rate of \$1.20 per share per annum was paid quarterly from Apr. 1, 1974 to Oct. 1, 1974, inclusive. Payments of 36 cents per share were made Jan. 1 and Apr. 1, 1975 (last prior to reorganization in 1975).

Dates payable—Jan., Apr., July and Oct.
Extra dividends were paid as follows: 5 cents Jan. 2, 1942 and 1943; 10 cents July 2, 1943; 50 cents Jan. 3, 1950.

4½% Preferred (old)—Entitled to \$4.50 per share per annum, cumulative from July 15, 1950. Initial pay-

ment of \$1.12 $\frac{1}{2}$ made Oct. 16, 1950, and paid regularly quarterly to Feb. 16, 1962. Final payment of 38 cents per share was made on redemption, May 14, 1962.

6% Preferred (old)—Quarterly dividends at rate of 6% per annum were paid regularly from initial payment on Sept. 1, 1935, to Sept. 1, 1943. Accrued dividends, amounting to 75 cents per share were paid on redemption of preferred stock on Oct. 15, 1943.

The original preferred stock was entitled to 8% per annum cumulative. As at Decm. 31, 1934, arrears totaled \$4.5%. In 1935, payments of \$1.50 on Mar. 1 and \$3.50 on June 1 were made on the old preferred. Arrears were settled as described on page 5 under "Changes in Capital Stock."

LONG-TERM DEBT

At Dec. 31, 1984, the company had outstanding long-term debt \$386,471,000. Debt comprised \$332,345,000 in sinking fund debentures including \$3,500,000 due in one year; and \$54,126,000 in accrued liability for relining blast furnaces.

Requirements for repayment of long-term debt within the next five years were as follows: \$3,500,000 in 1985; \$4,400,000 in 1986; \$26,300,000 in 1987; \$17,400,000 in 1988; and \$17,900,000 in 1989.

6½% Sinking Fund Debentures:

Dated May 15, 1967; due May 15, 1987.

Principal and half yearly interest (May and Nov. 15) and redemption premium, if any, payable in lawful money of Canada at any branch in Canada of the bank designated in the debentures, at the holder's option.

Denominations—Coupon debentures in the denomination of \$1,000 with the provision of registration as to principal only, and in fully registered form in denominations of \$1,000 and authorized multiples thereof; interchangeable.

Authorized and issued, \$35,000,000; outstanding at Dec. 31, 1984, \$17,150,000.

Trustee—National Trust Co.

Redemption—In whole or in part on 30 days' notice at the following percentages of principal amount on or before May 14 in each year:

| | | |
|----------------|----------------|----------------|
| 1968 .. 106.50 | 1974 .. 104.20 | 1980 .. 102.10 |
| 1969 .. 106.10 | 1975 .. 103.85 | 1981 .. 101.75 |
| 1970 .. 105.70 | 1976 .. 103.50 | 1982 .. 101.40 |
| 1971 .. 105.30 | 1977 .. 103.15 | 1983 .. 101.05 |
| 1972 .. 104.90 | 1978 .. 102.80 | 1984 .. 100.70 |
| 1973 .. 104.55 | 1979 .. 102.45 | 1985 .. 100.35 |

and thereafter at par to maturity, in each case plus accrued interest to date of redemption; provided that, except through the operation of the sinking fund, the company may not redeem any debentures prior to May 15, 1982 as part of or in anticipation of a refunding operation involving the application directly or indirectly of funds obtained through borrowing having an interest cost to the company or an affiliate of less than 6½% per annum.

Sinking Fund—A mandatory sinking fund to retire not less than \$1,190,000 principal amount on May 15 in each of the years 1972 to 1986 inclusive. The company will have the right to increase the principal amount to be retired in any of these years by not more than \$600,000. In satisfaction in whole or in part of any sinking fund obligation, the company may tender at par debentures purchased otherwise then through the sinking fund. For sinking fund purposes redeemable at par plus accrued interest to the date fixed for redemption.

Security—A direct obligation of the company, but not secured by any mortgage, pledge, etc.

Other provisions—Certain restrictions are placed on the right of the company to issue funded debt, or to mortgage, or pledge its assets.

Purpose of Issue—Net proceeds applied in part to the reduction of current bank indebtedness and the remainder to reduce the revolving bank credit.

Offered—In April, 1967, at \$99 and accrued interest by Dominion Securities Corp. Ltd., A. E. Ames & Co. Ltd. and Greenshields Incorporated.

9% Sinking Fund Debentures:

Dated Feb. 1, 1971; due Feb. 1, 1991.

Principal and half-yearly interest (Feb. and Aug. 1) and redemption premium, if any, payable in Canadian funds at any branch in Canada of the bank designated in the debentures, at the holder's option.

Authorized and issued, \$50,000,000; outstanding at Dec. 31, 1984, \$29,140,000.

Denominations—Coupon debentures registrable as to principal only in denominations of \$1,000 and as fully registered debentures in denominations of \$1,000 and authorized multiples thereof.

Trustee—National Trust Co.

Redemption—At the option of the company in whole or in part, at any time, on 30 days' notice at the following percentages of principal amount, during the 12-month periods beginning on Feb. 1:

| | | |
|----------------|----------------|----------------|
| 1971 .. 109.00 | 1976 .. 106.00 | 1981 .. 103.00 |
| 1972 .. 108.40 | 1977 .. 105.40 | 1982 .. 102.40 |
| 1973 .. 107.80 | 1978 .. 104.80 | 1983 .. 101.80 |
| 1974 .. 107.20 | 1979 .. 104.20 | 1984 .. 101.20 |
| 1975 .. 106.60 | 1980 .. 103.60 | 1985 .. 100.60 |

and thereafter at par to maturity, in each case plus accrued interest to date of redemption. The company may not redeem the debentures prior to Feb. 1, 1986, for refunding purposes at an interest cost of less than 9% per annum.

The company will have the right to purchase the debentures at prices not exceeding the redemption price plus accrued interest and costs of purchase.

Sinking Fund—Sufficient to retire \$1,700,000 principal amount on Feb. 1 in each of the years 1976 to 1990, inclusive. In addition, the company will have the non-cumulative right to make optional sinking fund payments sufficient to retire principal amounts not in excess of \$850,000 on Feb. 1 in each of the years 1976 to 1990, inclusive. For sinking fund purposes redeemable at par plus accrued interest to the date fixed for redemption.

Security—Direct obligation of the company but not secured by any mortgage, hypothec, pledge, charge or other encumbrance.

Purpose of Issue—Net proceeds applied to the financing of plant expansion.

Offered—In December, 1970, at 100 and accrued interest by a group headed by Dominion Securities Corp. Ltd., A. E. Ames & Co. Ltd. and Greenshields Incorporated.

10% Sinking Fund Debentures:

Dated May 29, 1974; due June 1, 1994.

Principal and half-yearly interest (June and Dec. 1) and redemption premium, if any, payable in Canadian funds at any branch in Canada of the bank designated in the debentures, at the holder's option.

Authorized and issued \$50,000,000; outstanding at Dec. 31, 1984, \$30,708,000.

Denominations—Coupon debentures registrable as to principal only in denominations of \$1,000 and as fully registered debentures in denominations of \$1,000 and authorized multiples thereof.

Trustee—National Trust Co.

Redemption—At the option of the company in whole or in part, at any time, on 30 days' notice at the following percentages of the principal amount, during the 12-month periods beginning on June 1:

| | | |
|----------------|----------------|----------------|
| 1974 .. 110.00 | 1979 .. 106.50 | 1984 .. 103.00 |
| 1975 .. 109.30 | 1980 .. 105.80 | 1985 .. 102.40 |
| 1976 .. 108.60 | 1981 .. 105.10 | 1986 .. 101.80 |
| 1977 .. 107.90 | 1982 .. 104.40 | 1987 .. 101.20 |
| 1978 .. 107.20 | 1983 .. 103.70 | 1988 .. 100.60 |

and thereafter at par to maturity, in each case plus accrued interest to date of redemption. The company may not redeem the debentures prior to June 1, 1989 as part of a refunding operation having an interest cost of less than 10% per annum.

Sinking Fund—Sufficient to retire \$2,170,000 on June 1 in each of the years 1979 to 1993, inclusive. In addition, the company will have the non-cumulative right to make optional sinking fund payments not in

excess of \$340,000 in each of the years 1979 to 1993, inclusive. For sinking fund purposes redeemable at par plus accrued interest to the date fixed for redemption.

Security—Direct obligation of the company but not secured by any mortgage, hypothec, pledge, charge or other encumbrance.

Purpose of Issue—Net proceeds applied to the financing of plant expansion.

Offered—In May, 1974, at 100 and accrued interest by a group headed by Dominion Securities Corp. Harris & Partners Ltd., A. E. Ames & Co. Ltd. and Green-shields Incorporated.

10% Sinking Fund Debentures:

Dated May 28, 1975; due May 15, 1995.

Principal and half-yearly interest (May and Nov. 15) and redemption premium, if any, payable in Canadian funds at any branch in Canada of the bank designated in the debentures, at the holder's option.

Authorized, and issued \$60,000,000; outstanding at Dec. 31, 1984, \$40,720,000.

Denominations—Coupon debentures registrable as to principal only in denominations of \$1,000, \$5,000 and \$25,000, and as fully registered debentures in denominations of \$1,000 and multiples thereof.

Trustee—National Trust Co.

Redemption—At the option of the company in whole or in part, at any time, on 30 days' notice at the following percentages of the principal amount, during the 12-month periods beginning on May 15:

| | | |
|-----------------|----------------|----------------|
| 1975 .. 110.875 | 1980 .. 106.80 | 1985 .. 103.00 |
| 1976 .. 110.00 | 1981 .. 106.00 | 1986 .. 102.40 |
| 1977 .. 109.20 | 1982 .. 105.20 | 1987 .. 101.80 |
| 1978 .. 108.40 | 1983 .. 104.40 | 1988 .. 101.20 |
| 1979 .. 107.60 | 1984 .. 103.60 | 1989 .. 100.60 |

and thereafter at par to maturity, in each case plus accrued interest to date of redemption. The company may not redeem the debentures prior to May 15, 1990, as part of a refunding operation having an interest cost of less than 10% per annum.

Sinking Fund—Sufficient to retire \$2,600,000 principal amount on May 15 in each of the years 1980 to 1994, inclusive. In addition, the company will have the non-cumulative right to make optional sinking fund payments not in excess of \$400,000 in each of the years 1980 to 1994, inclusive. For sinking fund purposes redeemable at par plus accrued interest to the date fixed for redemption.

Security—Direct obligation of the company but not secured by any mortgage, hypothec, pledge, charge or other encumbrance.

Purpose of Issue—Net proceeds applied to the financing of plant expansion.

Offered—In May, 1975, at 100 and accrued interest, if any, by a group headed by Dominion Securities Corp. Harris & Partners Ltd., A. E. Ames & Co. Ltd. and Green-shields Incorporated.

10% Sinking Fund Debentures:

Dated Mar. 15, 1976; due Mar. 15, 1996.

Principal and half-yearly interest (Mar. 15 and Sept. 15) and redemption premium, if any, payable in Canadian funds at any branch in Canada of the bank designated in the debentures, at the holder's option.

Authorized and issued \$60,000,000; outstanding at Dec. 31, 1984, \$42,755,000.

Denominations—Coupon form registrable as to principal only in denominations of \$1,000, \$5,000 and \$25,000. Fully registered in denominations of \$1,000 and multiples thereof.

Trustee—National Trust Co.

Redemption—At the option of the company in whole or in part, at any time, on 30 days' notice at the following percentages of the principal amount, during the 12-month periods beginning Mar. 15:

| | | |
|-----------------|----------------|----------------|
| 1976 .. 109.875 | 1981 .. 106.40 | 1986 .. 103.00 |
| 1977 .. 109.20 | 1982 .. 105.70 | 1987 .. 102.40 |
| 1978 .. 108.50 | 1983 .. 105.00 | 1988 .. 101.80 |
| 1979 .. 107.80 | 1984 .. 104.30 | 1989 .. 101.20 |
| 1980 .. 107.10 | 1985 .. 103.60 | 1990 .. 100.60 |

and thereafter at par to maturity; in each case plus accrued interest to date of redemption. The company may not redeem the debentures prior to Mar. 15, 1991, as part of a refunding operation having an interest cost of less than 10.43% per annum.

The company has the right at any time to purchase debentures in the open market or by private contract at prices not exceeding the redemption price plus accrued interest and reasonable costs of purchase.

Sinking Fund—Sufficient to retire \$2,600,000 principal amount on Mar. 15 in each of the years 1981 to 1995, inclusive. In addition, the company has the non-cumulative right at its option to retire up to an additional \$400,000 principal amount of debentures on Mar. 15 in each of the years 1981 to 1995, inclusive. For sinking fund purposes redeemable at par plus accrued interest to the date fixed for redemption.

Security—Direct obligation of the company but not secured by any mortgage, hypothec, pledge or other charge and will rank pari passu with all other unsecured debt of the company.

Purpose of Issue—Net proceeds added to general funds of the company to be applied to general corporate purposes, including repayment of short-term notes and the financing of plant expansion.

Offered—In February, 1976, at 99.50 and accrued interest, to yield 10.43% by a group headed by Dominion Securities Corp. Harris & Partners Ltd., A. E. Ames & Co. Ltd. and Green-shields Incorporated.

9% Sinking Fund Debentures:

Dated Feb. 15, 1977; due Feb. 15, 1997.

Principal and half-yearly interest (Feb. 15 and Aug. 15) and redemption premium, if any, payable in Canadian funds at any branch in Canada of the bank designated in the debentures, at the holder's option.

Authorized and issued, \$75,000,000; outstanding at Dec. 31, 1984, \$64,650,000.

Trustee—National Trust Co.

Denominations—Coupon debentures registrable as to principal only in denominations of \$1,000, \$5,000 and \$25,000, and as fully registered debentures in denominations of \$1,000 and multiples thereof.

Redemption—Redeemable at the option of the company in whole or in part on at least 30 days' notice at the following percentages of the principal amount if redeemed in the 12-month period beginning Feb. 15:

| | | |
|-----------------|----------------|----------------|
| 1977 .. 108.875 | 1982 .. 105.80 | 1987 .. 102.80 |
| 1978 .. 108.20 | 1983 .. 105.20 | 1988 .. 102.20 |
| 1979 .. 107.60 | 1984 .. 104.60 | 1989 .. 101.60 |
| 1980 .. 107.00 | 1985 .. 104.00 | 1990 .. 101.00 |
| 1981 .. 106.40 | 1986 .. 103.40 | 1991 .. 100.50 |

and thereafter at par; in each case plus accrued and unpaid dividends to the date fixed for redemption. The company may not redeem the debentures prior to Feb. 15, 1992, as part of a refunding operation involving funds having an effective interest cost of less than 9.43% per annum.

The company will have the right to purchase debentures in the open market or by private contract at prices not exceeding the then current redemption price plus accrued interest and reasonable costs of purchase.

Sinking Fund—Mandatory fund sufficient to retire the following principal amounts of debentures on Feb. 15 in each of the years indicated: 1983 to 1986—\$2,000,000; 1987 to 1990—\$3,000,000; 1991 to 1993—\$3,500,000; 1994—\$4,500,000; 1995 and 1996—\$5,000,000. In addition, the company will have the non-cumulative right at its option to increase the amount to be retired for sinking fund purposes, on Feb. 15 in each of the years 1983 to 1996, inclusive, by an amount not in excess of \$800,000 principal amount of the debentures. Redeemable for sinking fund purposes at par plus accrued interest.

Security—Direct obligation of the company but not secured by any mortgage, hypothec, pledge or other charge. Debentures rank pari passu with all unsecured debt of the company.

Purpose of Issue—Net proceeds applied to general corporate purposes including both working capital and capital expenditures.

Offered—In January, 1977, at 99.50 and accrued interest to yield approximately 9.43% by a group headed by Dominion Securities Corp. Harris & Partners Ltd., A. E. Ames & Co. Ltd. and Greenshields Incorporated.

13½% Sinking Fund Debentures:

Dated Nov. 4, 1980; due Nov. 1, 2000.

Principal, half-yearly interest (May and Nov. 1) and redemption premium, if any, payable in Canadian funds at any branch in Canada of the bank designated in the debentures, at the holder's option.

Authorized and issued, \$60,000,000 and outstanding at Dec. 31, 1984, \$47,222,000.

Denominations—Coupon debentures registrable as to principal only in denominations of \$1,000, \$5,000, \$25,000, and fully registered debentures in denominations of \$1,000 and multiples thereof.

Trustee—National Trust Co.

Redemption—Redeemable at the option of the company in whole at any time or in part from time to time on not less than 30 days' notice at the following percentages of the principal amount if redeemed during the twelve month period ending Oct. 31:

| | | |
|----------------|----------------|----------------|
| 1981 .. 113.00 | 1986 .. 108.50 | 1991 .. 104.00 |
| 1982 .. 112.10 | 1987 .. 107.60 | 1992 .. 103.20 |
| 1983 .. 111.20 | 1988 .. 106.70 | 1993 .. 102.40 |
| 1984 .. 110.30 | 1989 .. 105.80 | 1994 .. 101.60 |
| 1985 .. 109.40 | 1990 .. 104.90 | 1995 .. 100.80 |

and thereafter at par; plus accrued interest in each case. The company may not redeem any debentures prior to Nov. 1, 1995 with funds having an effective interest cost of less than 13.57% per annum. The company has the right to purchase for cancellation, at any time and from time to time, debentures in the open market or by private contract at prices not exceeding the redemption prices in effect at the time of purchase plus accrued interest and costs of purchase.

Sinking Fund—Sufficient to retire \$2,280,000 principal amount on Nov. 1 in each of the years 1981 to 1999, inclusive. In addition, the company has the non-cumulative right to optional sinking fund payments not in excess of \$600,000 in the same time period. For sinking fund purposes redeemable at par plus accrued interest to the date of redemption.

Security—Direct obligation of the company, but not secured by any mortgage, hypothec, pledge, charge or other encumbrance, and ranks pari passu with all other unsecured debt of the company except as to sinking funds.

Purpose of Issue—Net proceeds used to finance plant expansion.

Offered—In October, 1980, at 99.50 to yield approximately 13.5% per annum, by a group headed by Dominion Securities Ltd., A. E. Ames & Co. Ltd., and Greenshields Inc.

17% Sinking Fund Debentures:

Dated Apr. 26, 1982; due May 1, 1997.

Principal, half-yearly interest (May 1 and Nov. 1) and redemption premium, if any, payable in Canadian funds at any branch of company's bankers in Canada.

Authorized, issued and outstanding, \$60,000,000.

Denominations—Coupon debentures registrable as to principal only in denominations of \$1,000, \$5,000, \$25,000, and fully registered debentures in denominations of \$1,000 and multiples thereof.

Trustee—National Trust Co.

Redemption—Redeemable at the option of the company in whole or in part from time to time on not less than 30 days' notice at the following percentages of the principal amount if redeemed during the 12 month period ending Apr. 30:

| | | |
|----------------|----------------|----------------|
| 1983 .. 116.50 | 1988 .. 110.00 | 1993 .. 103.75 |
| 1984 .. 115.20 | 1989 .. 108.75 | 1994 .. 102.50 |
| 1985 .. 113.90 | 1990 .. 107.50 | 1995 .. 101.25 |
| 1986 .. 112.60 | 1991 .. 106.25 | |
| 1987 .. 111.30 | 1992 .. 105.00 | |

and thereafter at par; in each case plus accrued interest to the date fixed for redemption. The company may not redeem any debentures as part of or in anticipation of a refunding operation involving the application of funds obtained through borrowing having an effective interest rate of less than 17.09% per annum.

The company will have the right, at any time, to purchase the debentures in the open market or by private contract at prices not exceeding the then current redemption price plus accrued interest and costs of purchase.

Sinking Fund—Mandatory fund sufficient to retire \$3,500,000 principal on May 1 in each of the years 1985 to 1996 inclusive. For sinking fund purposes redeemable at par plus accrued interest to the date of redemption.

Security—Direct obligation of the company, not secured by any mortgage, hypothec, pledge or any other charge, and ranks pari passu with all other unsecured debt of the company.

Purpose of Issue—Net proceeds applied to general corporate purposes including both working capital and capital expenditures.

Offered—On Apr. 5, 1982, at 99.50 and accrued interest to yield approximately 17.09% per annum, by a group headed by Dominion Securities Ames Limited.

Other Long-Term Debt—Outstanding at Dec. 31, 1984, \$54,126,000 accrued liability for relining blast furnaces.

Revolving Bank Credit:

The company has revolving bank credit available until Dec. 31, 1991, in the amount of Cdn\$150,000,000 plus an additional \$50,000,000 in either Canadian or U.S. funds, none of which was outstanding at Dec. 31, 1984. Interest is at the rate of ½ of 1% above prime commercial rate.

INTERIM REPORT

For the nine months ended Sept. 30, 1985, sales increased 5% to \$1,524,400,000 from \$1,450,400,000 in the corresponding 1984 period. Production and shipments of flat rolled products for the nine months of 1985 were comparable to those of the previous year.

Net income increased marginally to \$140,400,000 or \$2.37 per share compared with \$136,600,000 or \$2.63 per share for the nine months of 1984.

Expenditures during the third quarter of 1985, included the purchase of approximately 20% of I.T.L. Industries Limited for \$2 million and several major orders for components of the Cast Slab Project including structural steel, the caster machine, and two slab reheating furnaces.

The overall level of incoming orders declined during the third quarter of 1985. Strong demand for products in the automotive, housing and general construction industries heightened expectations for maintaining good operating and shipping rates throughout the fourth quarter. The company's outlook for National Steel Car and related foundry products was unfavorable based on poor demand for railway rolling stock. Operations at Prudential Steel, Baycoat, and Beach Lime were expected to continue at good levels.

Changes in Financial Position:

Funds derived from operations amounted to \$163,700,000, investment activities totaled \$140,400,000, and dividends were \$38,100,000.

Cash derived from financing activities totaled \$326,200,000, of which \$319,500,000 was proceeds from the issue of class C preferred shares and \$18,400,000 from common shares issued for cash.

Cash increased by \$311,400,000 to stand at \$528,500,000 at Sept. 30, 1985.

INTERIM EARNINGS

| Fiscal Year | | | | | | | | | |
|----------------|-----------|---------------|--------------------|-----------|---------------|--------------------|-----------|---------------|--------------------|
| | Sales | Net Income | Earns. per Sh.* | Sales | Net Income | Earns. per Sh.* | Sales | Net Income | Earns. per Sh.* |
| | 3 months | | | 6 months | | | 9 months | | |
| | —\$000's— | | | —\$000's— | | | —\$000's— | | |
| 1979 | 356,600 | 31,000 | 0.59 | 729,200 | 65,700 | 1.26 | 1,080,050 | 101,900 | 1.96 |
| 1980 | 405,000 | 39,100 | 0.74 | 790,400 | 70,900 | 1.33 | 1,111,900 | 89,700 | 1.64 |
| 1981 | 423,900 | 42,000 | 0.77 | 854,800 | 85,300 | 1.55 | 1,328,900 | 126,600 | 2.28 |
| 1982 | 409,600 | 31,700 | 0.54 | 798,100 | 46,500 | 0.74 | 1,155,600 | 55,400 | 0.81 |
| 1983 | 352,400 | 16,300 | 0.24 | 760,000 | 48,800 | 0.81 | 1,171,700 | 84,200 | 1.45 |
| 1984 | 484,100 | 41,200 | 0.79 | 976,300 | 88,100 | 1.70 | 1,450,400 | 136,600 | 2.63 |
| 1985 | 490,900 | 40,900 | 0.77 | 1,012,700 | 91,900 | 1.60 | 1,524,400 | 140,400 | 2.37 |

*Adjusted throughout for 3-for-1 stock split on Jan. 24, 1984.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

Years Ended December 31

| | 1984 | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 |
|------------------------------|-----------|---------|---------|---------|---------|---------|---------|
| | —\$000's— | | | | | | |
| Source of Funds: | | | | | | | |
| Funds from operations: | | | | | | | |
| Net income | 180,605 | 120,482 | 63,811 | 169,274 | 122,244 | 136,945 | 94,922 |
| Deprec. & amort. | 89,613 | 77,961 | 79,089 | 74,003 | 65,634 | 64,876 | 53,370 |
| Deferred income taxes | ▼14,900 | 37,100 | 23,400 | 37,600 | 18,900 | 35,600 | 31,600 |
| Other changes | ▼1,615 | 18,431 | 15,288 | 21,788 | 315 | 475 | 306 |
| Issue of stock | 7,193 | 6,142 | 740 | 1,605 | 61,443 | 1,793 | 744 |
| Decrease invests. | 568 | ..... | ..... | ..... | 842 | 718 | 627 |
| Debent. issue | ..... | ..... | 58,800 | ..... | 58,620 | ..... | ..... |
| | 261,464 | 260,116 | 241,128 | 304,270 | 327,998 | 240,407 | 181,569 |
| Application of Funds: | | | | | | | |
| Increase fixed assets: | | | | | | | |
| Manufacturing | 84,012 | 49,809 | 133,050 | 238,259 | 176,848 | 61,257 | 128,205 |
| Mines & quarries | 6,824 | 2,551 | 5,252 | 10,985 | 8,867 | 10,732 | 5,920 |
| Dividends | 39,331 | 45,532 | 56,762 | 61,600 | 51,531 | 41,048 | 34,895 |
| Decrease l.-t. debt | 19,228 | 17,234 | 17,355 | 19,789 | 7,787 | 22,370 | 17,637 |
| Pref. share redemp. | 2,073 | 151,168 | 948 | 1,223 | 166 | 364 | 285 |
| Increase investments | ..... | 326 | 2,192 | 4,767 | ..... | ..... | ..... |
| | 151,468 | 266,620 | 215,559 | 336,623 | 245,199 | 135,771 | 186,942 |
| Increase working capital | 109,996 | ▲6,504 | 25,569 | ▲32,353 | 82,799 | 104,636 | ▲5,373 |
| ▲Decrease. ▼Subtract. | | | | | | | |

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
Years Ended December 31

| | 1984 | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 |
|--------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | \$000's | | | | | | |
| Sales | 1,926,172 | 1,605,696 | 1,485,557 | 1,767,509 | 1,541,914 | 1,435,058 | 1,120,383 |
| Less: Cost of sales | 1,515,764 | 1,285,271 | 1,288,304 | 1,407,802 | 1,257,306 | 1,117,388 | 892,125 |
| Operating income | 410,408 | 320,425 | 197,253 | 359,707 | 284,608 | 317,670 | 228,258 |
| Add: Invest. income | 26,478 | 22,926 | 21,252 | 39,675 | 21,914 | 19,602 | 12,418 |
| Net before deprec., etc. | 383,930 | 343,351 | 218,505 | 399,382 | 306,522 | 337,272 | 240,676 |
| Less: Deprec. & amort. | 89,613 | 77,961 | 79,089 | 74,003 | 65,634 | 64,876 | 53,370 |
| Interest l.t. debt | 37,486 | 42,575 | 39,584 | 33,721 | 32,339 | 32,672 | 35,195 |
| Employees' profit sharing plan | 25,282 | 20,833 | 6,921 | 22,884 | 14,705 | 20,479 | 13,189 |
| Income tax: Current | 118,800 | 44,400 | 5,700 | 61,900 | 52,700 | 46,700 | 12,400 |
| Deferred | ▲14,900 | 37,100 | 23,400 | 37,600 | 18,900 | 35,600 | 31,600 |
| Net income | 180,605 | 120,482 | 63,811 | 169,274 | 122,244 | 136,945 | 94,922 |
| Add: Previous ret. earns. | 819,603 | 749,797 | 743,191 | 636,069 | 568,754 | 476,729 | 452,258 |
| Less: Preferred dividends | 6,012 | 16,874 | 21,044 | 22,204 | 14,940 | 11,754 | 9,485 |
| Common dividends | 42,306 | 34,134 | 36,598 | 40,499 | 39,021 | 33,377 | 26,120 |
| Capitalization ret. earns. .... | ..... | ..... | ..... | ..... | ..... | ..... | 35,000 |
| Pref. share issue cost ..... | ..... | ..... | ..... | ..... | 1,107 | ..... | ..... |
| Add: Disc. on pref. shs. purch. | 194 | 332 | 437 | 551 | 139 | 211 | 154 |
| Retained earnings | 952,084 | 819,603 | 749,797 | 743,191 | 636,069 | 568,754 | 476,729 |

▲Credit.

Remuneration—Of officers and directors as follows: \$3,726,024 in 1984; \$3,414,859 in 1983; \$2,855,801 in 1982; \$2,307,732 in 1981; \$2,110,281 in 1980; \$1,982,000 in 1979; and \$1,499,000 in 1978.

Times Interest Earned:

| | | | | | | | |
|---------------------------|-------|------|------|-------|------|-------|------|
| Before depreciation | 10.24 | 8.06 | 5.52 | 11.84 | 9.48 | 10.32 | 6.84 |
| After depreciation | 7.85 | 6.23 | 3.52 | 9.65 | 7.45 | 8.34 | 5.32 |

Earnings per Share:

| | | | | | | | |
|-------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Pref.: Times earn. | 130.04 | 17.14 | 13.03 | 17.62 | 18.18 | 111.66 | 110.01 |
| Class A & B com.: Earned | \$3.47 | \$2.10 | \$0.88 | \$3.03 | \$2.21 | \$2.83 | \$1.81 |
| Fully diluted | 3.32 | 2.02 | 0.88 | 2.91 | 2.14 | ..... | ..... |

►Based on average number of shares outstanding; adjusted throughout for 3-for-1 stock split on Jan. 12, 1984.

Dividends Paid or Declared:

| | | | | | | | |
|--------------------------|--------|--------|--------|--------|----------|--------|--------|
| Preferred: Class A | \$4.75 | \$4.75 | \$4.75 | \$4.75 | \$4.75 | \$4.75 | \$4.75 |
| Series 4 | 2.35 | 2.35 | 2.35 | 2.35 | ■ 0.5875 | ..... | ..... |
| Common: Class A | 0.84 | 2.07 | 2.25 | 2.50 | 2.425 | 2.10 | 1.65% |
| Class B | stk. | stk. | stk. | stk. | stk. | stk. | ►1.65% |

►Tax-deferred. ■ Initial.

Note—Dividends on series 1, 2 and 3 class B preferred shares are not individually recorded as they are privately held.

Shares Outstanding at December 31:

| | | | | | | | |
|-----------------------------|------------|-------------|------------|------------|------------|------------|------------|
| Preferred: Class A ● | 168,374 | 171,374 | 177,319 | 179,169 | 184,916 | 187,966 | 193,715 |
| Cl. B, ser. 1, 2, & 3 ..... | ..... | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 | 6,000,000 |
| 1980 Series 4 | 2,189,100 | 2,267,800 | 2,304,000 | 2,352,000 | 2,400,000 | ..... | ..... |
| Common: Class A | 49,826,992 | ▲48,776,712 | 15,920,763 | 15,794,692 | 15,177,449 | 13,832,543 | 14,136,838 |
| Class B | 899,831 | ▲985,578 | 372,757 | 441,933 | 965,065 | 2,125,839 | 1,642,755 |

●Designated as 4% preferred, \$100 par prior to reclassification in April, 1980.

■Designated as preferred, \$25 par, prior to reclassification in April, 1980.

▲After giving effect to 3-for-1 stock split on Jan. 24, 1984.

CONSOLIDATED BALANCE SHEET, AS AT DECEMBER 31

| | 1984 | 1983 | 1982 | 1981 | 1980 | 1979 | 1978 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | -\$000's | | | | | | |
| Assets | | | | | | | |
| Current: | | | | | | | |
| Cash & s.t. investments | 217,104 | 323,802 | 179,800 | 123,955 | 202,857 | 182,045 | 127,319 |
| Accts. receivable | 239,319 | 208,790 | 136,832 | 223,873 | 209,519 | 174,527 | 159,930 |
| Inventories: | | | | | | | |
| Materials & supplies | 271,204 | 226,017 | 214,082 | 272,732 | 257,742 | 207,802 | 175,588 |
| Work in prog. & fin. prods. | 276,179 | 216,215 | 239,099 | 240,432 | 168,527 | 214,591 | 151,863 |
| | 1,003,806 | 974,824 | 769,813 | 860,992 | 838,645 | 778,965 | 614,700 |
| Investments | 22,196 | 22,764 | 11,394 | 9,202 | 4,435 | 5,277 | 5,995 |
| Fixed: | | | | | | | |
| Mfg. facilities & equip. | 1,814,563 | 1,768,969 | 1,365,017 | 1,333,589 | 1,407,296 | 1,232,013 | 1,173,061 |
| Mining facilities | 206,289 | 200,703 | 251,577 | 246,934 | 240,530 | 234,897 | 226,706 |
| Less: Accum. deprec. | 917,117 | 830,585 | 774,720 | 701,113 | 645,776 | 584,941 | 524,911 |
| Constr. in progress | 70,592 | 34,017 | 394,630 | 297,881 | | | |
| | 1,174,327 | 1,173,104 | 1,236,504 | 1,177,291 | 1,002,050 | 881,969 | 874,856 |
| Unamortized debt exps. | 3,948 | 4,453 | 4,977 | 4,069 | 4,599 | 3,534 | 4,009 |
| | 2,204,277 | 2,175,145 | 2,022,688 | 2,051,554 | 1,849,729 | 1,669,745 | 1,499,560 |
| Liabilities | | | | | | | |
| Current: | | | | | | | |
| Bank indebtedness | | | | | | 9,869 | 20,613 |
| Accts. pay. & accr. chgs. | 191,570 | 154,164 | 126,225 | 207,171 | 179,413 | 173,545 | 150,494 |
| Acct. pay. for empl. profit sharing | 25,282 | 20,833 | 6,921 | 22,884 | 14,705 | 19,479 | 13,189 |
| Taxes payable | 75,985 | 51,488 | 28,014 | 44,877 | 29,221 | 47,350 | 8,159 |
| Dividends pay. | 10,691 | 11,557 | 13,098 | 16,081 | 13,929 | 10,683 | 8,936 |
| Long-term debt due 1 yr. | 3,500 | | 2,269 | 2,262 | 2,592 | 2,053 | 1,959 |
| Oblig. to redeem pref. shs. | | 150,000 | | | | | |
| | 307,028 | 388,042 | 176,527 | 293,275 | 239,860 | 262,979 | 203,350 |
| Long-term debt: | | | | | | | |
| 6½% S.F. Deb., due 1987 ... | 17,150 | 17,150 | 18,480 | 19,670 | 21,212 | 21,633 | 22,992 |
| 9% S.F. Deb., due 1991 | 29,140 | 30,948 | 33,516 | 35,519 | 37,274 | 37,932 | 40,798 |
| 10% S.F. Deb., due 1994 | 30,708 | 33,445 | 36,331 | 38,556 | 40,485 | 41,223 | 45,347 |
| 10½% S.F. Deb., due 1995 | 40,720 | 43,730 | 46,748 | 49,236 | 51,590 | 52,202 | 60,000 |
| 10½% S.F. Deb., due 1996 | 42,755 | 45,820 | 48,748 | 51,877 | 54,639 | 55,455 | 60,000 |
| 17% S.F. Deb. due 1997 | 60,000 | 60,000 | 60,000 | | | | |
| 9¾% S.F. Deb., due 1997 | 64,650 | 67,618 | 70,690 | 72,233 | 75,000 | 75,000 | 75,000 |
| 13½% S.F. Deb., due 2000 | 47,222 | 49,362 | 50,794 | 53,302 | 58,050 | | |
| Bank loans | | | | | | | |
| Joint venture debt | | | 29,024 | 31,286 | 33,548 | 35,601 | 37,185 |
| Accr. liab. re equip. | 54,126 | 56,246 | 38,339 | 23,343 | | | |
| Less: Amt. due 1 yr. | 3,500 | | 2,269 | 2,262 | 2,592 | 2,053 | 1,959 |
| | 382,971 | 404,319 | 430,401 | 372,760 | 369,206 | 316,993 | 339,363 |
| Deferred income tax | 354,400 | 369,300 | 332,200 | 308,800 | 272,000 | 253,100 | 217,500 |
| Shareholders' Equity | | | | | | | |
| Capital stock: | | | | | | | |
| Preferred: Class A | 16,837 | 17,137 | 17,732 | 17,917 | 18,492 | 18,797 | 19,372 |
| Class B, ser. 1, 2 & 3 | | | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 |
| 1980 ser. | 54,728 | 56,695 | 57,600 | 58,800 | 60,000 | | |
| Class A & B common | 133,768 | 118,036 | 108,248 | 106,542 | 103,505 | 97,964 | 92,536 |
| Stock divd. distributable | 2,461 | 2,013 | 183 | 269 | 597 | 1,158 | 710 |
| Retained earnings | 952,084 | 819,603 | 749,797 | 743,191 | 636,069 | 568,754 | 476,729 |
| | 2,204,277 | 2,175,145 | 2,022,688 | 2,051,554 | 1,849,729 | 1,669,745 | 1,499,560 |

• Class A, preferred were designated as 4½% preferred, \$100 par and class B preferred, as preferred, \$25 par, prior to reclassification in April, 1980.

Commitments—At Dec. 31, 1984, the estimated amount required for the completion of capital projects, including an allowance for the effect of inflation, totaled \$825,000,000.

Working capital (\$000's) 696,778 586,782 593,286 567,717 598,785 515,986 411,350
Ratio 3.27—1 2.51—1 4.36—1 2.94—1 3.50—1 2.96—1 3.02—1

Equities:

Net worth* (\$000's) 1,159,878 1,013,484 1,083,560 1,076,719 968,663 836,673 739,347
S.F. Debent., per \$1,000 \$4,490 \$3,912 \$3,966 \$4,361 \$3,864 \$3,952 \$3,431
Preferred: Class A 6,889 5,914 6,111 6,010 5,238 4,451 3,817
Class B† (Ser. 1, 2, 3 & 4) 522.15 439.35 128.35 126.77 113.12 136.31 120.00
Class A & B, Common 21.45 18.88 17.56 17.45 15.28 13.95 12.04

* Available for capital stock; based on shareholders' equity. Debentures taken in at par for calculation of their equity. Preferred stock deducted at paid-up values, in order of parity, before calculating common stock equity.

† Designated 4½% preferred shares, \$100 par, prior to reclassification April, 1980.

‡ Designated preferred shares (Ser. 1, 2 & 3 only), \$25 par, prior to reclassification April, 1980.

■ Adjusted to reflect 3-for-1 stock split in January, 1984.

Note: Equity on class B preferred stock calculated on series 4 only in 1983 and forward.

HISTORICAL SUMMARY

| Year | Production (000's net tons) | Total Assets | Net Fixed Assets | L-term Debt \$000's | Sales | Net Income | Earns. per Sh. \$ | Class A Price Range■ High \$ Low \$ |
|------|-----------------------------------|-----------------|---------------------|---------------------------|-----------|---------------|-------------------------|--|
| 1922 | | 5,840 | 3,787 | 116 | | d83 | | 15.00 15.00 |
| 1923 | | 5,714 | 3,659 | 116 | | 9 | | 13.00 7.00 |
| 1924 | | 5,471 | 3,600 | 130 | | 4 | | 11.00 7.50 |
| 1925 | | 5,249 | 3,596 | 130 | | 3 | | |
| 1926 | | 5,155 | 3,503 | 130 | | 3 | d1.82 | |
| 1927 | | 4,918 | 3,346 | 124 | | 4 | d1.77 | |
| 1928 | | 5,423 | 3,369 | 124 | | 7 | d1.70 | 20.00 5.00 |
| 1929 | | 5,609 | 3,346 | 111 | | 188 | 4.24 | 29.00 16.00 |
| 1930 | | 5,369 | 3,356 | 111 | | 90 | 1.03 | 14.00 10.00 |
| 1931 | | 5,015 | 3,155 | 111 | | 124 | 1.81 | |
| 1932 | | 4,925 | 3,140 | 111 | | 1 | d1.89 | |
| 1933 | | 4,969 | 2,972 | 89 | | 33 | d0.84 | |
| 1934 | | 5,048 | 3,054 | | | 97 | 1.31 | 5.00 5.00 |
| 1935 | | 4,457 | 3,307 | | | 193 | ▲5.03 | ▲30.00 ▲29.25 |
| 1936 | | 5,127 | 3,550 | 600 | | 311 | ▲2.49 | ▲80.00 ▲32.00 |
| 1937 | | 6,071 | 4,307 | 500 | | 688 | 5.52 | 43.50 24.00 |
| 1938 | | 7,179 | 4,416 | | | 1,179 | 6.73 | 56.00 25.50 |
| 1939 | | 8,373 | 4,979 | | | 1,213 | ▲3.47 | ▲40.50 ▲19.00 |
| 1940 | | 9,895 | 6,696 | | | 501 | 1.18 | 36.50 19.00 |
| 1941 | | 11,414 | 5,923 | | | 1,096 | 2.80 | 24.00 17.00 |
| 1942 | | 12,203 | 5,535 | | | 1,042 | 2.66 | 22.00 16.25 |
| 1943 | | 11,674 | 4,674 | 735 | | 1,042 | 2.68 | 30.75 20.75 |
| 1944 | | 12,453 | 4,469 | 1,152 | | 1,124 | 3.08 | 26.50 21.50 |
| 1945 | | 11,759 | 6,067 | 902 | | 523 | 1.43 | 32.75 24.88 |
| 1946 | | 13,129 | 6,310 | 1,002 | | 1,030 | 2.82 | 39.00 27.00 |
| 1947 | | 14,617 | 6,952 | 1,002 | | 1,034 | 2.83 | 33.50 26.50 |
| 1948 | | 23,184 | 7,508 | 6,000 | | 1,341 | 2.95 | 28.50 22.00 |
| 1949 | | 23,436 | 8,619 | 6,000 | | 1,837 | 4.02 | 29.25 22.50 |
| 1950 | | 36,200 | 10,944 | 6,000 | | 2,540 | 4.91 | 42.00 26.50 |
| 1951 | | 41,658 | 25,344 | 5,900 | | 1,665 | ▲0.51 | ▲15.00 ▲12.50 |
| 1952 | | 39,528 | 19,194 | 5,550 | | 1,826 | 0.61 | 15.75 11.25 |
| 1953 | | 40,011 | 17,059 | 5,250 | | 1,907 | 0.65 | 15.63 12.38 |
| 1954 | | 60,791 | 40,649 | 10,898 | | 3,068 | 1.14 | 20.50 13.38 |
| 1955 | 542 | 74,889 | 51,935 | 10,530 | | 5,471 | 1.94 | 30.00 17.50 |
| 1956 | 631 | 105,982 | 74,399 | 25,095 | | 7,876 | 2.60 | 35.50 27.50 |
| 1957 | 604 | 118,605 | 82,278 | 24,795 | 91,328 | 8,428 | 2.54 | 33.50 22.38 |
| 1958 | 731 | 134,980 | 84,983 | 23,393 | 97,768 | 11,236 | 3.12 | 41.75 23.25 |
| 1959 | 884 | 168,086 | 106,183 | 42,488 | 114,945 | 13,437 | 3.76 | 52.75 41.75 |
| 1960 | 992 | 170,757 | 125,017 | 41,048 | 117,774 | 11,827 | 3.31 | 52.00 38.50 |
| 1961 | 1,126 | 188,000 | 126,805 | 39,869 | 133,385 | 14,094 | 3.93 | 68.50 45.00 |
| 1962 | 1,243 | 221,187 | 146,393 | 39,025 | 167,502 | 16,557 | 4.34 | 67.25 44.00 |
| 1963 | 1,391 | 237,222 | 160,382 | 35,971 | 177,314 | 19,741 | 5.15 | 68.50 60.50 |
| 1964 | 1,584 | 285,777 | 200,510 | 33,719 | 229,194 | 23,457 | ▲1.53 | ▲25.88 ▲20.00 |
| 1965 | 1,785 | 352,657 | 231,709 | 31,384 | 268,347 | 25,609 | 1.61 | 30.50 23.38 |
| 1966 | 1,877 | 415,713 | 295,143 | 29,270 | 271,086 | 24,557 | 1.52 | 29.50 17.25 |
| 1967 | 1,879 | 436,510 | 319,784 | 61,325 | 265,083 | 24,566 | 1.52 | 26.75 18.50 |
| 1968 | 2,180 | 456,755 | 316,778 | 55,171 | 280,128 | 38,374 | 2.41 | 24.38 14.75 |
| 1969 | 2,279 | 486,992 | 335,874 | 61,705 | 332,610 | 41,991 | 2.64 | 26.88 19.75 |
| 1970 | 2,322 | 528,123 | 382,623 | 49,910 | 331,658 | 33,102 | 2.07 | 24.00 17.00 |
| 1971 | 2,468 | 602,536 | 438,478 | 130,781 | 380,723 | 28,019 | 1.74 | 27.13 20.00 |
| 1972 | 2,773 | 628,563 | 437,506 | 113,209 | 443,775 | 36,123 | 2.25 | 30.25 24.00 |
| 1973 | 3,036 | 667,834 | 447,194 | 88,754 | 519,558 | 52,541 | 3.29 | 33.50 25.00 |
| 1974 | 3,060 | 791,181 | 500,307 | 126,438 | 681,636 | 70,402 | 4.41 | 33.88 19.63 |
| 1975 | 3,053 | 944,405 | 569,257 | 207,337 | 738,083 | 55,473 | 3.46 | 27.38 22.13 |
| 1976 | 3,335 | 1,033,151 | 618,345 | 242,830 | 903,874 | 66,699 | 4.17 | 30.38 22.63 |
| 1977 | 3,333 | 1,385,487 | 781,322 | 359,079 | 919,036 | 68,518 | 4.01 | 27.00 21.00 |
| 1978 | 3,588 | 1,499,560 | 874,856 | 341,322 | 1,120,383 | 94,922 | 5.42 | 32.00 22.00 |
| 1979 | 4,060 | 1,669,745 | 881,969 | 319,046 | 1,435,058 | 136,945 | 7.88 | 36.25 30.50 |
| 1980 | 3,681 | 1,849,729 | 1,002,050 | 371,798 | 1,541,914 | 122,244 | 6.67 | 43.50 30.75 |
| 1981 | 4,258 | 2,051,554 | 1,177,291 | 375,022 | 1,767,509 | 169,274 | 9.08 | 49.50 37.50 |
| 1982 | 3,636 | 2,022,688 | 1,236,504 | 432,670 | 1,485,557 | 63,811 | 2.63 | 41.50 27.00 |
| 1983 | 3,700 | 2,175,145 | 1,173,104 | 404,319 | 1,605,696 | 120,482 | ▲2.10 | 62.88 34.00 |
| 1984 | 4,468 | 2,204,277 | 1,174,327 | 386,471 | 1,926,172 | 180,605 | 3.47 | ▲25.38 ▲17.50 |

■ Denoted as common stock prior to reclassification to class A common shares on May 5, 1975.

▲ Adjusted for capital reorganization and 4-for-5 consolidation, April 1935; 4-for-1 split December, 1936; 2-for-1 split, February 1939; 4-for-1 split, July, 1957; 4-for-1 split, May, 1964; and 3-for-1 split, January, 1984.

(This information is obtained from sources we believe to be reliable, but is not guaranteed)

