

**CANAM GROUP INC.**

**ANNUAL INFORMATION FORM**

**Fiscal year ended December 31, 2004**

**March 7, 2005**

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## ITEM 1 - INCORPORATION

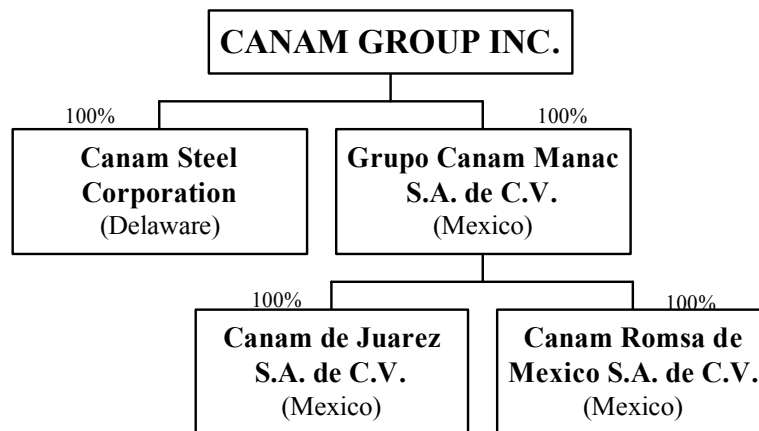
### 1.1 The Company

Canam Group Inc. is the result of the amalgamation, on January 1, 1997, of The Canam Manac Group Inc. and its subsidiary, Gestion 11535 Inc., under Part IA of the *Companies Act* (Quebec). On January 1, 2005, The Canam Manac Group Inc. changed its name to Canam Group Inc. (the “Company”). This change of name is conditional upon its ratification by the shareholders at the Annual and Special Meeting of Shareholders to be held on April 27, 2005.

The head office of the Company is situated at 11535 – 1<sup>st</sup> Avenue, Suite 500, Ville de Saint-Georges, Quebec, G5Y 7H5.

### 1.2 Subsidiaries

The following organizational chart describes the Company as well as its principal subsidiaries. The organizational chart presents, for each such subsidiary, their respective jurisdictions of incorporation, and the percentage of voting rights held as of December 31, 2004 (excluding certain subsidiaries whose assets represent less than 10% of the Company's consolidated assets at such date or whose revenues do not represent more than 10% of the Company's consolidated revenues).



## ITEM 2 - GENERAL BUSINESS DEVELOPMENT

Unless the context or wording indicates otherwise, (i) Canam Group Inc. and its subsidiaries are collectively designated below as the “Company,” and (ii) all cash amounts referred to in this document are in Canadian dollars.

## 2.1 General Profile

### *Overview*

The Company is engaged in the design, manufacture and sale of construction products for the multi-residential, commercial, industrial and institutional building industry. The Company operates 13 plants, including six in Canada, five in the United States and two in Mexico, and employed 2,897 people as at December 31, 2004. Revenues are generated from a variety of customers found mainly in North America.

### *Summary Description of Operations*

The Company carries out its business directly on its own or through its subsidiaries. The Company's three main areas of activity are CANAM – Joists and Steel Deck Canada, CANAM – Joists and Steel Deck United States, STRUCTAL – HEAVY STRUCTURAL STEEL, STRUCTAL – BRIDGES, HAMBRO – Concrete Floor Systems, MUROX – Industrial Building Systems, MUROX – Multi-Residential Building Systems, SOLICOR – SPS Technology Marketing and TECHNYX – Technical Outsourcing, and (ii) Grupo Canam Manac S.A. de C.V. (Mexico) and its wholly-owned subsidiaries. The business of the Company is carried out in Canada by the Company and in the United States by Canam Steel Corporation (“Canam Steel”). In Mexico, the business is carried out by Grupo Canam Manac S.A. de C.V. (Mexico) and its wholly-owned subsidiaries. In the United States, Canam Steel also operates SUN Building Systems – Pre-engineered Building Systems.

CANAM is the largest manufacturer of steel joists in Canada, with approximately 77% of the market, and is the second largest manufacturer of steel joists in North America, with an estimated market share of 17%. Canam is one of the largest manufacturers of steel joists in the United States, with an estimated market share of 11%. Canam supplies the North American market with an extensive range of construction products including steel joists and steel deck under the Canam name. The Company's products are used extensively by structural steel manufacturers in industrial, institutional, commercial and residential construction.

STRUCTAL – HEAVY STRUCTURAL STEEL designs and manufactures heavy structural steel components and is a supplier of structural steel to many of the major North American construction projects, including sports complexes, conference centres, airports and high rise office towers.

STRUCTAL – BRIDGES manufactures bridges and steel plates for the North American market.

MUROX designs, manufactures and markets prefabricated building shells for industrial, commercial and multi-residential markets. These products are sold mainly in the north-east of North America generally to contractors, developers and building owners.

HAMBRO designs, manufactures and markets concrete floor systems for the residential and multi-residential markets in North America.

SOLICOR designs, manufactures and markets products that use the SPS (Sandwich Plate System) technology in the construction of products such as bridge decks, shipping products and stadium risers.

TECHNYX provides technical engineering design and plant resource outsourcing services from its offices in Canada, Romania and India to members of Steel Plus Network, or any other person who needs such services. In addition, these three offices meet a large part of the internal needs of the different business units of the construction products sector of the Company.

SUN manufactures single-storey, rigid-frame buildings for the commercial, industrial and institutional markets.

Canam's plants are located in Canada, the United States and Mexico.

## **2.2 Developments Over the Last Three Fiscal Years**

The following events or conditions have affected the general development or the business over the last three fiscal years.

In July 2002, Financière Canam S.A.S, a wholly-owned subsidiary of the Company, entered into an agreement with International Protective Coatings Corp., a company controlled by Mr. Serge de Langsdorff, to sell a 66% interest in the shares of Canam S.A., an indirect wholly-owned subsidiary of the Company which operated a manufacturing plant in Niort, France. The Company sold its 66% interest in two phases – 49% on August 27, 2002 and the 17% balance on December 20, 2002. The sale was made in consideration of a nominal amount of two euros. With respect to its remaining 34% block, the Company has a seven-year option to sell its interest. This sale followed the April 2002 closure of the Jarny plant in France, which was operated by Canam Jarny SARL, an indirect wholly-owned subsidiary of the Company. The Jarny plant specialized in the manufacture of boiler parts and structural steel. The closure of the Jarny plant and the sale of a 66% interest in the Niort operations means the Company's withdrawal from manufacturing activities in France. For accounting purposes of the Company, these operations have been stated as discontinued.

Also in July 2002, Steel Plus Limited ("Steel Plus"), a wholly-owned subsidiary of the Company, and Zamil Industrial Investment Company ("Zamil"), a Saudi Arabian company, set up Canam Asia Limited ("Canam Asia"), a Saudi Arabian company, in which Steel Plus has a 35% interest. Canam Asia operates a manufacturing plant for short and mid span joists as well as Hambro joists, in Saudi Arabia for export primarily in the Middle-Eastern and North African markets. Steel Plus' investment in Canam Asia stands to date at approximately US\$560,000. This association with Zamil has allowed the Company to export its knowledge of joist manufacturing and to associate itself with a well-established industrial group in the Middle East steel construction market with the experience necessary to take charge of the manufacturing and marketing operations of Canam Asia.

In February 2003, Marc Dutil was appointed President and Chief Operating Officer of the Company. Mr. Dutil is in charge of all operations of the construction products sector. This nomination was part of the succession plan for senior management of the Company established by the Company's Human Resources Committee.

Along with its goal to consolidate its joist and steel deck sales and manufacturing activities in Canada where it is a dominant player, the Company announced in July 2003 the offering for sale of the Company's joist and steel deck production operations in the United States and Mexico. This decision targeted the seven steel joist and deck production operations located in those two countries. In the United States, the main competitors of the Company are integrated manufacturers which, contrary to Canam Steel, own their own steel mills. After evaluating the offers to purchase its American plants, the Company decided in the spring of 2004 to continue their operation and to take advantage of the increased selling price of steel products in the United States, announcing, however, firstly a restructuring of its U.S. activities by the closure on June 4, 2004 of its Columbus, Ohio plant. The closure of the Columbus plant was preceded in April 2003 by the closure of the Lafayette plant in Indiana. Decreased orders resulting from the economic slowdown in the U.S. and an excess production capacity in the Midwestern region explain this decision. Having trimmed its size and costs, Canam Steel is now trying to focus its activities more on steel joists and structural steelworks in complex contracts requiring more work hours per ton of steel, a market niche it believes will set it apart from its competitors. The Company is pursuing the plan to sell its Mexican operations.

After having obtained, in June 2003 from Intelligent Engineering Holdings Limited (IE), a license for the fabrication and marketing of the SPS (Sandwich Plate System) technology in North America and the Caribbean, the Company announced in November 2003 that it had successfully built the first bridge to use SPS technology for its bridge deck, in Saint-Martin de Beauce. The addition of this technology to the list of products offered by the Company is part of the Company's strategy to target value added applications with long-term growth potential. This technology is particularly applicable to bridge deck construction, stadium bleachers and other civil engineering applications. SPS is a structural product consisting of two steel plates bonded to a solid elastomer core. The product allows the use of efficient and light designs with a significant reduction in weight and which decrease the overall size and cost of infrastructures, while increasing service life.

In April 2004, the Company announced the adoption of a new strategic plan which will exclusively concentrate its activities in sectors related to construction products. The execution of this plan, which is intended to increase the profit outlook of the Company, involved a reorganization within the Company. The Company's goal is to concentrate its activities in sectors offering profitability and growth, while improving its balance sheet.

One of the important phases of the Company's new orientation was the sale of its activities in the semitrailers industry. In fact, on June 28, 2004, the Company completed the sale of the assets of its Manac division and the shares of Manac Trailers USA, Inc., a wholly-owned American subsidiary of the Company, to Manac Inc., a company whose shareholders were the Fonds de solidarité des travailleurs du Québec (F.T.Q.) (40%), Société Financière Bourgie (1996) Inc. and Montreal Partners Limited Partnership (40%), as well as Litud Inc. (20%), a company controlled by Mr. Charles Dutil, president of the division and son of Mr. Marcel Dutil, majority shareholder of the Company. The effective date of the sale is April 25, 2004. The sales price of the transaction totalled \$66,511,000, of which \$58,541,635 was payable in cash and the remaining amount was payable by the issuance by Manac Inc. to the Company of 5,000,000 Class "C" shares and 2,969,365 Class "D" shares of the capital stock of Manac Inc. This transaction excluded the equipment, land and building of the Orangeville plant in Ontario that closed in the summer of

2003, which all remain the property of the Company. An independent committee of the Board of Directors of the Company ruled that the consideration offered for this transaction was fair, from a financial point of view, for the Company. The independent committee relied on, among other things, a fairness opinion prepared by BMO Nesbitt Burns Inc. This transaction is described at greater length in Item 9 – “Interest of Management and Others in Material Transactions” of this Annual Information Form.

The decision to refocus the activities of the Company on the construction products sector also implies the sale, by the Company, of its Tanguay Industries division, which specializes in the manufacture and distribution of forestry equipment. Pursuant to a letter of intent signed with Quadco Equipment Inc. in March of 2004, the Company, Quadco Equipment Inc. and Trans-Gesco Inc., a company affiliated with Quadco Equipment Inc., will transfer a substantial portion of their activities to Tanguay Machinery Inc. In consideration for the transferred assets, the Company will receive a 19% interest in the share capital of Tanguay Machinery Inc. and preferred shares redeemable over a predetermined time period. This transaction will be concluded at the book value of the assets. The assets sold are the fixed assets, raw material, goods in process and prepaid expenses; finished products of the Company are excluded from the sale. The Company intends to complete this transaction in the first half of 2005. For the accounting purposes of the Company, the operations of the Tanguay Industries division have been stated as discontinued.

In addition, a letter of intent was signed for the sale of the plant in Monterrey, Mexico, to a group of local investors. The agreement will allow the Company to recover the value of these assets. The transaction is expected to close in the first half of 2005 and is subject to a certain number of conditions. The slowdown in economic activity, restructuring costs and the write-off of future tax credits had resulted in heavy losses in Monterrey in 2002 and 2003.

In order to ensure profitability and long-term growth in the construction products sector, in April 2004 the Company also announced the temporary closing of the Laval plant in July 2004 as well as the slashing of around twenty jobs in the Structural heavy structural steel segment and at the corporate level in the United States and Canada. The Laval plant specialized in the manufacture of heavy structural steel products.

### **2.3 Strategy and New Directions**

The Company divided its activities into the nine following construction products and service areas of activity: (a) CANAM – Joists and Steel Deck Canada, (b) CANAM – Joists and Steel Deck United States, (c) STRUCTAL – Heavy Structural Steel; (d) STRUCTAL – Bridges, (e) HAMBRO – Concrete Floor Systems, (f) MUROX – Industrial Building Systems, (g) MUROX – Multi-Residential Building Systems (formerly “Expanpro”), (h) SOLICOR – SPS Technology Marketing and (i) TECHNYX – Technical Outsourcing. The Company has innovated by adding emerging products and services to SOLICOR and TECHNYX. For 2004, the implementation of the strategic plan was accomplished with the existing physical resources, by limiting capital expenditures and by launching cost reduction initiatives.

The Company's strategy consists of:

- (i) maintaining its position in the markets it dominates by pursuing an aggressive policy of customer satisfaction and continued improvement of its existing products;
- (ii) using its design, manufacturing and marketing know-how for the North American construction market to grow and profitably use recognized brand names such as Canam, Structal, Hambro and Murox; and
- (iii) pursue its positioning in emerging markets such as Eastern Europe, the Middle East and India, to take advantage of the Company's present leadership in human resources management and business opportunities in those areas.

Canam Joists and Steel Deck Canada and Canam Joists and Steel Deck United States aim to be recognized as the best designers and manufacturers of steel joists and structural steel components of the construction industry in North America, through their flexibility, the quality of their products and their exceptional service. These business segments aim to provide the best products, solutions and services in all of Canam's joists markets. In Canada, the coverage of a large territory, speedy delivery and technical expertise of Canam have allowed it to sign national agreements with store and restaurant chains. In the United States, Canam is now trying to focus its activities on complex contracts requiring a greater number of work hours per ton of steel. Canam believes that this will set the Company apart from its main competitors, which own their own steel mills.

In the heavy structural steel area, Structal's business strategy is to focus on complex, highly engineered projects such as sports complexes, convention centers, office towers, industrial complexes and airport facilities. Canam's ability to provide these specialized products has made it a supplier of choice for several major construction projects throughout North America.

In the bridge sector, Structal intends to remain the leader in Quebec and increase its presence throughout Canada. Structal has registered itself with suppliers of work in the United States and will continue this effort in 2005. The Company believes that acceptance of SPS as a bridge deck product will contribute to the growth of this segment of the business.

Hambro enjoys an excellent reputation with real estate developers in some of its markets, particularly in Florida. Moreover, this product, which has received many improvements and innovations over the years, is protected by several patents and applications for patents pending. The Company intends to take advantage of the notoriety of this product to expand its use throughout North America. By combining Hambro with Murox building systems as well as with its other steel products, the Company is able to offer a complete solution for the structure and building shell.

Similar to Hambro products, the Murox building systems are value added products that complete the other steel products of the Company. They allow the Company to offer its products and services to those who build industrial, commercial and residential buildings. Within the next few years, the Company intends to expand its sales coverage outside the province of Québec, and to develop new uses and exterior finishes for its products.

Technyx takes advantage of the highly educated and specialized labour force that was developed by the Company in Romania and India for its internal needs in order to offer outsourcing services for technical resources in the commercial, residential and industrial construction sectors, as well as for technical engineering in the Company's traditional geographic markets. Technyx also plans to actively pursue its development of the European market which it began in 2004.

Solicor will be able to design simple and lighter structures that result in significant weight savings and consequently reduce the size and total cost of the infrastructures while increasing service life. This innovative patented technology is part of the Company's new strategy to target value-added applications that have long-term growth potential. To that end, the Company obtained from Intelligent Engineering Holdings Limited in 2003 a license for the manufacturing and marketing of the SPS technology in North America and in the Caribbean.

### **ITEM 3 - DESCRIPTION OF OPERATIONS**

#### **3.1 General Profile**

##### *Overview*

The Company divided its business into nine areas of activity: (i) CANAM – Joists and Steel Deck Canada, (ii) CANAM – Joists and Steel Deck United States, (iii) STRUCTAL – Heavy Structural Steel; (iv) STRUCTAL – Bridges, (v) HAMBRO – Concrete Floor Systems, (vi) MUROX – Industrial Building Systems, (vii) MUROX – Multi-Residential Building Systems, (viii) SOLICOR – SPS Technology Marketing and (ix) TECHNIX – Technical Outsourcing. For the purposes of this item, CANAM – Joists and Steel Deck Canada and CANAM – Joists and Steel Deck United States are collectively called Canam.

##### Products and Services

The Company designs, manufactures and markets a wide range of structural steel components and steel construction products under the Canam brand name. These products include joists, roof trusses, beams, columns, steel deck and cold-formed sections.

The Company designs and manufactures heavy structural steel used for bridges and major construction projects under the Structal name.

The Company designs and manufactures specialized construction product systems that complete its range of steel products. These specialized products are offered under different brands: Murox building systems, Sun steel buildings and Hambro concrete floors. The Company has also started designing and manufacturing products that use SPS technology, such as bridge deck. Each of these products represents less than 10% of all sales of the Company.

The products are distributed mainly through Canam's sales and distribution network, which serves all of Canada, the United States and Mexico.

The construction products market follows the cycles of non-residential construction. Certain products such as Hambro and Murox, however, are widely used in the residential construction

market and therefore are influenced by construction cycles in this market. GDP and population growth tend to be leading indicators of demand for construction products.

### Plants

The Company operates 13 plants in Canada, the United States and Mexico. These plants are operated by the Company and its subsidiaries.

The following table lists, as of December 31, 2004, the location of the plants operated by the Company, the products manufactured at each plant and their steel products production capacity.

<b>PLANT LOCATION</b>	<b>PRODUCTS/PURPOSE</b>	<b>CAPACITY (TONS)</b>
<b><u>Construction Products Sector</u></b>		
Boucherville, Quebec	Cold-formed sections and steel deck	65,000
Calgary, Alberta	Steel joists and steel deck Hambro Systems	40,000
Ciudad Juárez, Mexico	Steel joists Hambro systems	27,000
Jacksonville, Florida	Steel joists and steel deck Hambro systems	85,000
Mississauga, Ontario	Steel joists and steel deck	60,000
Monterrey, Mexico	Steel joists and steel deck Hambro systems Structural steel	45,000
Point of Rocks, Maryland	Steel joists	51,000
Quebec City, Quebec	Structural steel, bridges and beams	25,000
Saint-Gédéon, Quebec	Steel joists Hambro systems and Murox Structural steel	100,000
Saint-Joseph-de-Beauce, Quebec	Murox Multi-residential Systems	
Sunnyside, Washington	Steel joists and steel deck	40,000
Sunnyside, Washington	Sun Building Systems	40,000
Washington, Missouri	Steel joists	47,000

### Raw Material

Raw material represents approximately 50% of the manufacturing costs for Canam, Structural Heavy Structural Steel and Structural Bridges. Steel is the main raw material used and its cost is set based on supply and demand in the international market. Since the Free Trade Agreement between Canada and the United States came into force, steel prices have been harmonized on both sides of the border. The significant tonnage of steel utilized by the Company has allowed Canam to purchase raw material at competitive rates. For the year ended December 31, 2004, no supplier accounted for more than 10% of the Company's steel supply.

### Recent Performance

After the year 2003, which was marked by a difficult economic situation in the non-residential construction sector in North America, fiscal year 2004 ended on a good note with the return of profit margins on the Company's sales prices in the joist and steel deck sectors. Increased profit margins were mainly due to the combination of two factors – an increase in the sales prices of the Company's products and a tighter control over its operating expenses. Following the excess production capacity stemming mainly from the United States, the industry began downsizing in 2003. Reduced capacity combined with buoyant demand to allow the Company to restore its sales prices to levels comparable to those it was asking before the bearish economic cycle struck the industry in mid-2001.

Improved result in the steel joist and steel deck sector coincided with a significant increase in steel prices in the first quarter of 2004, a trend that continued until the end of the third quarter. This price increase was due to a growing demand in world markets and the rising cost of certain raw materials. Prices went up by almost 100% for certain types of steel. Despite these increases and due to the turnaround in the non-residential construction sector in North America as well as downsizing efforts, the Company managed to improve its profit margins.

The Company's efforts to control costs resulted in the closure of Canam Steel's steel joist plants in Lafayette, Indiana, and in Columbus, Ohio, in 2003 and 2004 respectively, as well as in the temporary closure in 2004 of the Company's structural steel plant in Laval, Québec. These decisions were part of a restructuring of the Company's activities, which resulted in the division of its activities into separate business segments. In addition to the plant closures, the Company implemented a cost reduction program that led to staff layoffs. The Company was not alone in suffering the effects of the economic slowdown in the US, with several businesses in the structural steel sector closing their doors in 2003. In the United States, demand started to sag in 2001, and turned out to be one of the worst downturns experienced by the Company. However, this slowdown was not as pronounced in Canada.

Buoyant demand for the Company's products, lower operating costs and higher sales prices in the steel joist and steel deck sector have all allowed the Company to make a slight operating income in the second quarter of fiscal year 2004 and to confirm its return to profitability in the two last quarters of 2004.

While the Company enjoyed a recovery in its steel joist sector, the slowdown that began in 2001 in the heavy structural steel sector in North America continued in 2004, although the United States experienced a slight recovery. The increase in steel and raw material prices has also put a damper on construction project starts. In light of the current situation, downsizing of the Company in Canada was limited mainly to this area of activity by such means as the temporary closing of the structural steel plant in Laval, Québec. This downsizing followed the Company's decision to review its position in the heavy structural steel sector.

The 13 plants produced 359,342 tons of steel products in 2004, compared to 389,182 tons in 2003, a 7.7% decrease. Sales in this sector stood at \$678,980,000 in 2004 compared to \$585,722,000 in 2003. As at December 31, 2004, the Company's unfilled orders totalled \$150,046,000 joist and steel components, compared to \$121,414,000 on the same date in 2003.

In fiscal year 2004, joist and deck products alone generated sales that accounted for at least 15% of that year's consolidated products. Joist and deck product sales totalled \$468,524, while the Company generated sales totalling \$683,582,000 in fiscal year 2004.

### 3.1.1 CANAM Joists and Steel Deck

Steel joists are key components that support the roof and floor of commercial and industrial buildings. They are typically used in the construction of one and two-story buildings such as stores, warehouses, shopping centers, restaurants, schools and churches. Joists are manufactured in a variety of sizes, shapes and extensions, customized to meet builders' requirements. Large steel joist manufacturers such as Canam sometimes supply steel deck used as complementary roofing and flooring components installed on top of the joists.

Steel joists are usually delivered by truck. Because of the low value to weight relationship, shipping joists beyond 500-800 kilometres is usually not economical. Competition for joists therefore takes place on a regional basis. In order to be successful, steel joist manufacturers have to offer not only good quality and a competitive price, but also on-time delivery.

#### Geographic Coverage

Since on-time delivery is a paramount customer requirement and since the cost of shipping joists is high, Canam serves the North American market through a large number of small and medium-sized plants located near markets rather than through a small number of large, distant facilities. The geographic distribution of Canam's plants gives it good coverage of North America.

Since 2002 the Company has also been present in the Middle East through a 35% investment in Canam Asia Limited ("Canam Asia"). Canam Asia operates a plant in Dammam, Saudi Arabia, which manufactures short and mid-span joists and Hambro joists. Its production capacity is expected to reach 22,000 tons. The joists manufactured in Dammam are primarily for export to markets in the Middle East and North Africa.

#### Customers

Steel joists and steel decks are mainly sold to structural steel manufacturers. In Canada, steel decks are also sold to installers. Canam has for several years been developing national accounts in Canada. Large real estate developers, and store and restaurant chain owners, buy directly from Canam. This approach reduces by close half the time needed to produce orders. National accounts represent approximately 11% of Canam's sales in Canada. Moreover, close ties with its clientele allow the Company to promote the benefits of its other construction products. All work is made to order. All sales contracts are firm, fixed-price contracts and are normally competitively bid against other suppliers for a project.

Once a bid for a project is awarded, a general contractor selects a manufacturer to supply the structural steel components required for the project. Consequently, the manufacturer chooses a qualified company with the ability to manufacture and supply the steel components. The Steel Plus Network (the "Network") allows Canam to obtain additional business for the supply of joists and steel decks when a manufacturer member of the Network is selected to provide steel joists and steel decks. Created by the Company, the Network is a business network of structural steel

manufacturers and suppliers in North America. The Network promotes the use of steel in construction by offering its members the products and services they need to increase their competitiveness, improve the quality of their products and services, and contribute to their own success. The Network allows the Company to preserve the loyalty of members, increase its production volumes and gain access to new markets. Members of the Network account for a large percentage of joist purchases from Canam, this despite only representing 10% of the Company's clientele. Generally speaking, the Network is expected to have a dampening effect on the cyclical nature of Canam's activities, all the while improving the Company's growth and profitability. The Network also gives the Company access to structural steel suppliers in its national contracts. The Company has begun to transfer ownership of the Network to its member manufacturers. A company is to be constituted for that purpose in which the Company will hold a minority interest. Ownership of the Network by its members will give them greater purchasing power with product and service suppliers.

For the year ended December 31, 2004, no single customer accounted for more than 5% of Canam's sales in the joist and steel deck sector.

### Competition

The Company is the largest manufacturer of steel joists in Canada with a market share of approximately 77% and one of the largest in the United States with a market share of approximately 11%, for an estimated 17% of the market share in North America. There are approximately 50 joist manufacturing plants in North America, with the main competitors in the U.S. being Nucor (Vulcraft), Commercial Metals Company (SMI Joists), Roanoke Electric (Hancock-Socar), Steel Dynamics (New Millennium), Schuff Steel (Quincy Joist), EBSCO Industries (Valley Joist) and Bouras Industries (New Columbia Joist). Nucor, Commercial Metals Company, Steel Dynamics and Roanoke Electric are integrated businesses which operate steel mills. In Canada, Canam is the only national player serving the country coast to coast. At the regional level, Canam competes with Delta Joists in Quebec, Omega Joists in western Canada and MBS Steel in Ontario. No Canadian manufacturer owns a steel mill. The Canadian market represents approximately 10% of the total North American market. Due to the different characteristics of the Canadian and U.S. markets, which include requirements related to harsher Canadian weather conditions, the building code and the metric system, there have been limited sales of U.S. manufactured steel components to Canada.

Since 2002, the joist and steel deck sector was affected by a marked slowdown in the United States' commercial and industrial construction sectors. This slowdown forced manufacturers to reduce their sale prices. Although the Company followed the price reduction in part, it refused to become involved in a price war and to sell below a certain price, which may have marginally and temporarily decreased its market share. At the end of 2003, the Company noted, however, an increase in prices which continued in 2004. Although Canada experienced a slowdown in non-residential construction since 2002, it did not have as much impact as in the United States, and as a result prices remained unchanged in 2003. Fiscal year 2004 ended on a good note with the restoration of profit margins on the Company's sales prices in the steel joist and steel deck sectors.

### 3.1.2 STRUCTAL – Heavy Structural Steel

The Company fabricates and sells heavy steel structural products under the Structal name. Structal provides specially designed structural steel parts for projects such as sports complexes, office towers and industrial complexes.

#### Geographic Coverage

The structural steel fabrication plants of Structal are located in the province of Quebec. Because of the geographical location of its plants, the Company has concentrated its sales efforts primarily in Eastern Canada, and the New England states. As in the joist sector, the cost of shipping steel products is high and represents a determining factor in the price of products. The projects undertaken by the Company are generally located within a radius of up to 1,100 kilometers of the structural steel fabrication plant.

The Company also owns a structural steel plant in Monterrey, Mexico, which services the southern United States and Mexico. The Company signed a letter of intent contemplating the sale of equipment and inventory of the Monterrey plant in Mexico to a group of local investors. The Company would keep a 19% equity interest in the business and remain the owner of the lot and building. The purchasers will have an option to purchase these immovables. The transaction is expected to be completed in the first half of 2005.

Other than the manufacturing distance factor, knowledge of the area is a determining element in penetrating a market. Although the Company may not operate a plant in a given area, its knowledge of the territory and the companies that operate therein provide it with opportunities to bid on projects. In such cases, the Company obtains its steel products from regional structural steel fabricators.

#### Customers

Structal focuses on more complex projects which allow it to maximize its engineering and construction expertise. Using this expertise, Structal helps its customers improve their designs by optimizing the quantity of steel required for a project, thereby allowing substantial savings. For large-scale projects, the Company offers design, manufacturing, supervision and installation services on the project site. The customers of Structal Heavy Structural Steel are mainly general contractors (such as Beacon Barton Malow, Pomerleau, PCL Contractors, Turner Construction), that retain the services of Structal as a sub-contractor. In turn, Structal retains the services of a steel erector if its contract provides that it is responsible for installing the steel on the job site. On average, one third of the costs of a contract will be paid by Structal to the steel erector.

The Company has acquired extensive experience in the supply of structural steel components for large-scale construction projects such as sports complexes, industrial complexes, airport facilities and office towers. Structal's most recent projects include the Casino in Niagara Falls, Ontario; the Eagles Stadium in Philadelphia, Pennsylvania; the Patriots Stadium (CMGI Field) in Foxboro, Massachusetts; the Boston Convention & Exhibition Centre, Massachusetts; the Lester B. Pearson International Airport in Toronto, Ontario; and the Pierre-Elliott-Trudeau Airport in Montreal, Quebec.

### Competition

The structural steel fabricating sector is very fragmented, with over 3,000 manufacturers operating in North America. Among the larger manufacturers, Super Metal and Walters are Structal's main competitors in Canada. In New England, the main competitors are Cives and Super Metal.

Concrete also competes with steel; some real estate developers prefer to erect buildings using concrete structures rather than steel.

#### 3.1.3 STRUCTAL – Bridges

The Company manufactures and sells steel structures for road, train and forestry bridges as well as plate work under the name Structal. These specialized products require complex and oversize manufacturing.

### Geographic Coverage

Structal's structural steel manufacturing plant is in Quebec City, Quebec. Structal serves the Canadian bridge manufacturing market. Structures are transported by trailer or by train. Rail transport is recognized as being less expensive than road transport and Structal is able to offer its products over a larger territory, including the Western provinces of Canada and the Yukon and Northwest Territories. Structal has also penetrated the American market with a few contracts; sales in the United States currently represent approximately 15% of its sales. Structal intends to continue developing this market.

### Customers

Over the next ten years, Structal estimates that 30,000 bridges will need to be repaired or replaced in North America. Structal serves general contractors, provincial governments, rail companies and forestry companies. In 2004, Structal manufactured some 60 bridges in the provinces of Quebec, Ontario, Nova Scotia, Manitoba, Alberta and British Columbia in Canada as well as in the State of New Jersey in the United States.

### Competition

In the province of Quebec, the Company believes that Structal is the main fabricator of bridge structures. Competition comes mainly from concrete, bridges made of concrete poured on site or bridges made from pre-stressed concrete beams. Steel price increases in 2004 generated an increase in competition in the short-span bridge sector. The safety, feasibility and cost of steel make it the construction material of choice for long-span and train bridges.

#### 3.1.4 HAMBRO – Concrete Floor Systems

The Hambro floor system is a combination of Hambro steel joists and a concrete slab. The system forms composite beams with a continuous slab. This system has many advantages over conventional wood floors: increased protection against fire and better soundproofing. The slab also eliminates the need for support columns under the floors when concrete is being poured. The

system is used for the framework of buildings made of masonry, steel and concrete, wood or concrete. It is used for single-family dwellings, multi-story residential condominiums or commercial buildings. The Hambro system is patented in Canada and the United States. These patents belong to the Company. The system is also certified fire safe in Canada and the United States.

The Hambro system is sold throughout North America. It has been widely used by real estate developers in Florida, which in itself accounted for over 70% of Hambro sales in 2004. The Company sees great potential for this product and intends to increase its sales efforts to other markets to expand its use. The competition uses wood, concrete and steel based construction.

### 3.1.5 MUROX – Industrial Building Systems

Murox completes the range of products offered in the construction products sector in terms of structure and building shells. By combining these systems with Hambro concrete floor systems and Canam steel joists and deck, the Company is able to design the entire structure and shell of a building.

The industrial and commercial divisions of Murox engineers, manufactures and erects buildings for industrial, commercial and institutional applications. These buildings use Murox bearing panels. These load bearing wall panels measure three metres wide and can reach 16 metres high; they are shop assembled. They considerably reduce on site erection time as well as site management and supervision by reducing the number of trades required for erection. The exterior finish of the Murox panels is made of galvanized steel roll formed in Canam plants. The current properties of the Murox bearing walls allow the Company to cover the territory located north of the North American Snow Belt. Murox intends to increase its product range to include items such as cold storage panels, fire resistant panels and solar panels. It also plans on developing new factory-applied finishes for its load-bearing wall panels.

### 3.1.6 MUROX – Multi-Residential Building Systems

The multi-residential segment of Murox (formerly Expanpro) engineers and manufactures building shells, namely the structure, floors and walls. One of the features of this system is the prefabricated shop-assembled wall panels. The finishing of the Expanpro panels may be textured or in granite. These panels allow flexibility in the design of architectural forms adapted to customer needs. These panels are erected much faster than conventional walls. The Company's sales are concentrated mainly in the province of Quebec. The Company intends to develop the market in New England in the United States, and then further penetrate the market they began developing a few years ago in Toronto, Ontario. The Company only has market penetration to date of approximately 2%. This business sector competes with other prefabricated wall manufacturers and conventional building construction companies.

### 3.1.7 SOLICOR – SPS Technology Marketing

In July 2003, the Company signed a licence agreement with Intelligent Engineering Holdings Limited (IE) to manufacture and market products using SPS (Sandwich Plate System) technology in North America and the Caribbean, particularly in the construction of bridge decks for bridges as well as other civil engineering applications. This license covers the production and sale of SPS

plates for the construction of bridges, risers, and building and semitrailer components. The license is exclusive for the marketing of applications related to bridges, risers, building components and semitrailers. The license is for a period of one year, during which the Company must, among other things, complete a pilot project, following which it will be renewed for an additional period of ten years.

SPS is a structural product consisting of two metal plates bonded to a solid elastomer core. The product allows the design of simplified lighter structures that ensure significant weight reductions, thereby decreasing the size and cost of the infrastructures, while increasing their service life. The technology is protected by more than forty patents or patents pending in the world. Tests on the characteristics and structural properties of SPS plates were conducted in several laboratories. The product was mainly used over the last few years in the naval construction sector for bridge decks, ferry ramps and watertight compartments for ships.

In the infrastructure and construction sector, the first applications identified by the Company were bridge decks and stadium risers. In 2003, the Company completed the construction of the first bridge whose deck was built using the new SPS technology in Saint-Martin de Beauce, Quebec. This pilot project was completed with the assistance of the provincial department of transportation of Quebec and the local municipality in order to replace a bridge that had been swept away by spring floodwaters. The bridge measured 74 feet by 23 feet. Without the need for formwork or concrete slabs, the bridge was erected much more rapidly than with traditional methods. The bridge deck, composed of 10 SPS panels, is supported by three girders. The total weight of the bridge is 32 tons while the same structure using concrete would have weighed approximately 96 tons.

The addition of this innovative technology is part of the Company's new strategy to add value-added applications that have long-term growth potential. Several departments of transportation in Canada and the United States are interested in the development of this new product due to its ability to increase the service life of highway infrastructures. Several U.S. states have filed applications for federal subsidies before the Federal Highway Administration (FHWA) as part of new technology research programs to build bridges using the SPS technology. The Company has evaluated the bridge rehabilitation market in the United States at approximately US\$3 billion per year. Quebec and Ontario have approximately 20,000 bridges. According to Quebec's department of transportation, 40% of the bridges located in Quebec will need to be replaced or repaired in the upcoming years.

### 3.1.8 TECHNIX – Technical Outsourcing

Steel Plus Limited (SPL), a Cyprus-based wholly-owned subsidiary of the Company, and Technix Euro Services s.r.l., a wholly-owned Romanian subsidiary of SPL, under the Technix trade name, provide, in India and Romania respectively, technical resources outsourcing services for industrial drafting and engineering. Technix has a highly-educated specialized team at its offices in Brasov, Romania, and Kalkota, India, where it employs approximately 160 and 45 people, respectively. These offices were first created at the end of the 1990s in response to a shortage in specialized labor in the North American industrial drafting sector and strong pricing competition on structural steel project bids. The Company believes that labor in countries such as

Romania and India is much less expensive than in North America, allowing the Company and those who use these resources to be more competitive with their bids.

Technyx offers its technical resource services to commercial, residential and industrial construction markets, and to users of CAD 3D products. Among its clients are several North American companies who are members of Steel Plus Network, European companies and business units of the construction products sector of the Company. The outsourcing of resources is by contract for hire over a specific period while the client assumes entire responsibility for the contract period. In the current global market, all communications between the client and the resource may be done online. Technyx uses the latest technology in its office equipment and communications tools. To the Company's knowledge, there is no other company using this outsourcing model, although there are firms with their own resources in Eastern Europe and in India, but they offer services on a flat rate basis per project. Clients have the advantage of less expensive resources than they can find in North America, a second shift due to the time difference, access to a pool of qualified and motivated resources, use of the latest technology and supervision of the resources by the expertise of the Company.

### **3.2 Other Activities**

As disclosed in its audited consolidated annual financial statements, the Company owns a portfolio of investments (the "Investments") in a number of private and public companies with a book value of \$77,511,000 as at December 31, 2004. However, there is no assurance that the market value of these Investments is equal to or higher than the book value. Certain of the companies in which the Company invests provide services to the Company, such as chartering planes and leasing real estate. The Company has guaranteed a number of loans and other commitments of such companies for an aggregate amount of \$92,075,000 as at December 31, 2004.

The Company's most important investment consists of preferred shares of Finloc Inc. ("Finloc") with a book value of approximately \$60,080,000. Mr. Marcel Dutil indirectly owns all of the voting securities of Finloc. As of December 31, 2004, Finloc had consolidated assets of approximately \$85.6 million divided primarily amongst the following types of activities: approximately \$27 million for financing activities, \$32.6 million for investments, \$19.7 million for real estate and \$6.3 for other assets. Of these assets, management estimates that an amount of approximately \$35.7 million is directly or indirectly related to the operations of the Company. As at December 31, 2004, Finloc had liabilities of approximately \$59.1 million (excluding \$47 million of Class C preferred shares held by the Company) and shareholders' equity of approximately \$26.5 million (which includes the \$47 million of Class C preferred shares held by the Company which are to be repurchased by Finloc).

Prior to June 2001, the Company had a participating interest of 49.5% of the voting shares of Finloc and also held preferred shares in the capital stock of Finloc, the balance of the shares being held indirectly by Mr. Marcel Dutil. In June 2001, and in furtherance of a plan designed to focus on its industrial activities and production assets, the Company completed a reorganization of its investments in Finloc. Following such reorganization, the Company no longer held any voting shares in Finloc and retained only an investment in the form of preferred shares in the amount of \$66,079,694. Also in June 2001, the Company and Finloc entered into a shareholders' agreement

which provides, inter alia, that such preferred shares are redeemable in cash over a period of 15 years and entitle the Company to cumulative dividends that are payable semi-annually and that vary according to prevailing interest rates. The shareholders' agreement further provides that the Company shall not grant any additional security for loans or other commitments of Finloc. Since the June 2001 reorganization, Finloc (i) declared dividends totalling \$10,021,655 on the preferred shares owned by the Company, of which \$8,180,655 were paid and (ii) redeemed from the Company the required amount of \$6 million in preferred shares that it had agreed to purchase on or before June 30, 2004. Finloc may have to dispose of some of its investments or assets in order to pay the required dividends and repurchase the required amount of preferred shares if Finloc's cash flow is not sufficient to meet such requirements, such dispositions being subject to applicable lender consents under Finloc's credit facility. Indeed, Finloc was required to do so for the redemption of part of its preferred shares in fiscal 2004.

In the context of its activities, the Company uses a number of assets owned or financed by Finloc and, in connection with such transactions, the Company has guaranteed a number of loans and commitments of Finloc and certain of its affiliated companies for an aggregate amount of \$49,872,000 as at December 31, 2004. Of these guarantees, Mr. Marcel Dutil has indirectly provided back-to-back guarantees to the Company in an amount of US\$10,050,000, and a parallel guarantee in the amount of \$15,100,000. Mr. Marcel Dutil also indirectly provided the Company with a US\$3,562,000 back-to-back guarantee on advances in an equal amount made by a subsidiary of the Company to a third party.

The Board of Directors of the Company mandated a committee made up of independent directors who are unrelated to the majority shareholder, in order to analyse all of the undertakings with affiliates of the Company, including those of Finloc. The Company, wishing to protect the value of its investment in Finloc and its other financial undertakings toward Finloc, is currently in discussions with Finloc in order to find accommodations which will allow it to meet this objective. The Company also undertook to refund the undertakings of the companies under common control in an amount of US \$10,050,000 guaranteed by the Company in consideration of the issuance of additional preferred shares of Finloc. The financing of this amount is expected in the global refinancing of the Company. This amount is also included in the subsequent guarantees provided by Mr. Marcel Dutil to the Company. The Company is confident that it will be able to renegotiate a global accord which will protect the values set out in the balance sheet.

During the course of their operations, the Company and its parent company, subsidiaries, significantly influenced companies and portfolio investments entered into related party transactions. For the year ended December 31, 2004, the total income and expenses from these transactions amounted to \$5,361,000 and \$10,378,000, respectively.

### **3.3 Environmental Policies and Considerations**

Respect for and protection of the environment represent important values for the Company, whose policy is to comply with all applicable laws and regulations in all its operations. The Company does not foresee making any expenditures outside the normal course of business to comply with environmental requirements and standards.

The core business of the Company is the transformation of steel through cutting, bending and welding. The finished products are generally covered with a primer coat.

Steel, the raw material, poses little risk to the environment and is easily recyclable.

Operations which pose a potential environmental impact are welding, which creates smoke (emitted in the form of suspended particles), and painting, which results in the emission of volatile organic compounds (VOC) and generates dangerous residual materials. The Company has implemented appropriate measures to keep to a minimum any impact that the storage and disposal of its dangerous residual materials might have on the environment.

### 3.4 Human Resources

As of December 31, 2004, the Company employed 2,897 people. The following table illustrates the number of employees by country.

**CANAM GROUP INC.**  
**TOTAL NUMBER OF EMPLOYEES AT DECEMBER**  
**31, 2004**

<b>Country</b>	<b>Number of employees</b>
Canada	1,516
United States	725
Mexico	401
Romania	215
India	<u>40</u>
<b>Total</b>	<b><u>2,897</u></b>

Most employees working in the plants are unionized. The Company has 13 collective agreements with its employees. Five collective agreements were renewed in 2004 – three in Canada, one in the United States and one in Mexico. Negotiations are currently underway to renew two collective agreements which expired in 2004 (included in the total of 13). The Company believes that labour relations in the divisions and subsidiaries are good.

### 3.5 Risk Factors

The item “Risk factors Relating to the Company’s Business” in the management’s discussion and analysis portion of the 2004 Annual Report is incorporated herein by reference.

## ITEM 4 - CAPITAL STRUCTURE

### 4.1 General Description of the Capital Structure

The authorized capital stock of the Company is comprised of an unlimited number of Class “A” Subordinate Shares without par value (the “Subordinate Voting Shares”), an unlimited number of Class “C” shares without par value (the “Multiple Voting Shares”), an unlimited number of Class “D” shares without par value, an unlimited number of Class “E” shares without par value and an

unlimited number of Class “F” shares without par value. Class “D”, Class “E” and Class “F” shares may be issued in one or more series and the directors may determine the conditions attached to said shares at the time of issuance. If such shares are voting shares, they may only confer one (1) vote per share upon their holder.

As of March 3, 2005, 34,163,820 Subordinate Voting Shares and 5,150,000 Multiple Voting Shares of the capital stock of the Company were issued and outstanding.

The following is a brief description of the attributes of the Subordinate Voting Shares and the Multiple Voting Shares. This description does not purport to be complete, and is subject to, and qualified in its entirety by reference to, the Company’s articles.

### **Subordinate Voting Shares**

#### *Voting Rights*

Subject to the Companies Act, the holders of Subordinate Voting Shares are entitled to receive notices of, and to be present and to vote at, all Company’s shareholders meetings. Each Subordinate Voting Share entitles the holder thereof to one vote per share, which may be exercised in person or by proxy.

#### *Dividends*

Subject to the preferential rights of holders of Multiple Voting Shares, the holders of Subordinate Voting Shares are entitled to receive dividends, if, as and when declared by the directors from the Company funds duly set aside therefor, which dividends shall be declared and paid in equal amounts per share on all Subordinate Voting Shares of the Company issued and outstanding, without preference, priority or distinction.

#### *Winding-up*

In the event of the winding-up or dissolution of the Company, whether voluntary or forced, or for any other distribution of Company assets among shareholders for the purpose of winding-up its affairs, the holders of Subordinate Voting Shares shall be entitled to receive, after the Company has paid to the holders of Multiple Voting Shares the amounts which are due to them upon winding-up, for each Subordinate Voting Share (i) an amount equal to the average per share of the amounts paid into the issued and paid-up capital stock account which is held for Subordinate Voting Shares, which amount shall also depend on the number of Subordinate Voting Shares which they hold, and (ii) all dividends declared on Subordinate Voting Shares and still unpaid. Moreover, following payment by the Company to the holders of Multiple Voting Shares of the amounts which are due to them upon winding-up, the holders of Subordinate Voting Shares shall be entitled to share equally in the remaining assets of the Company property, share for share, without preference or distinction, and in proportion to the number of shares which they hold.

### *Rank of Subordinate Voting Shares*

Subordinate Voting Shares shall rank (i) with respect to the payment of dividends, after Multiple Voting Shares, (ii) with respect to the repayment of capital and the payment of dividends in the event of the winding-up or dissolution of the Company, after Multiple Voting Shares.

### **Multiple Voting Shares**

#### *Voting Rights*

Subject to the Companies Act, the holders of Multiple Voting Shares are entitled to receive notices of, and to be present and to vote at, all Company's shareholders meetings. Each Multiple Voting Share entitles the holder thereof to five votes per share, which may be exercised in person or by proxy.

#### *Dividends*

The holders of Multiple Voting Shares are entitled to receive if, as and when declared by the directors, and from Company funds duly set aside therefor, an annual, fixed, non-cumulative and preferential dividend of \$0.02666 per share. Such dividends are payable quarterly on the last day of the month of March, June, September and December of each year. The holders of Multiple Voting Shares shall not be entitled to dividends exceeding, or other than, those provided above.

#### *Right of Redemption*

Subject to the provisions of the Companies Act, any holder of Multiple Voting Shares shall be entitled to require that the Company, at any time, redeem all or part of the Multiple Voting Shares registered in his or her name. This right may be exercised once only for the holders of Multiple Voting Shares, or several times for a number of Multiple Voting Shares indicated by the holder thereof. holders of Multiple Voting Shares exercising such right shall be entitled to receive for each Multiple Voting Share so redeemed, (i) an amount equal to the average, per Multiple Voting Share, of the amounts paid into the issued and paid-up capital stock account held for Multiple Voting Shares as well as (ii) an amount equal to all the dividends on a Multiple Voting Share which have been declared but remain unpaid as of the date of redemption. All Multiple Voting Shares redeemed by the Company in accordance with the provisions above shall be cancelled.

#### *Winding-up*

In the event of the winding-up or dissolution of the Company, whether voluntary or forced, or for any other distribution of Company assets among shareholders for the purpose of winding-up its affairs, the holders of Multiple Voting Shares shall be entitled to receive, before any distribution of Company assets to holders of Subordinate Voting Shares, for each Multiple Voting Share (i) an amount equal to the average per share of the amounts paid into the issued and paid-up capital stock account which is held for Multiple Voting Shares, which amount shall also depend on the number of Multiple Voting Shares which they hold and (ii) all dividends which have been declared on Multiple Voting Shares and remain unpaid. Multiple Voting Shares shall not entitle the holders thereof to any other rights with respect with the distribution of profits or assets of the Company.

### *Rank of Multiple Voting Shares*

Multiple Voting Shares shall rank, (i) with respect to the payment of the dividends, before Subordinate Voting Shares, and (ii) with respect to the repayment of capital in the event of the winding-up of dissolution of the Company, before Subordinate Voting Shares.

### *Provisions upon Change of Control*

Each Multiple Voting Share which entitles the holder thereof to five votes per share shall entitle the holder to only one vote per share upon the occurrence of any of the following events: (i) the death of Marcel Dutil, currently the Chairman of the board and Chief Executive Officer of the Company, (ii) the beneficial ownership of one or more Multiple Voting Shares, by any individual other than Marcel Dutil or by any corporation which is not controlled directly or indirectly by Marcel Dutil, and (iii) the loss of control of a corporation by Marcel Dutil if such corporation was until then controlled by Marcel Dutil and if such corporation holds one or more Multiple Voting Shares at the time control is lost. For the purposes of the foregoing, a person "controls" a corporation when (i) such person holds or is the beneficiary of, other than as guarantee, securities which entitles him or her to more than 50% of the maximum votes possible with respect to the election of such corporation's directors and (ii) the securities of such person entitle him or her to voting rights, the exercise of which would enable the election of the majority of the directors of such corporation. The term "corporation" means any legally constituted legal person, irrespective of its location or method of constitution.

The Company may, at all times, purchase by private contract all or part of Multiple Voting Shares or redeem them at the request of a holder thereof in accordance with the redemption rights described above, but for the purposes of cancellation only. Notwithstanding such purchase or redemption, each Multiple Voting Share which remains outstanding shall continue to entitle the holder thereof to five votes, subject to the provisions regarding change of control set forth above.

### *Anti-Dilution Right*

Multiple Voting Shares shall entitle the holder thereof to subscribe at all times for an additional number of Multiple Voting Shares equal to the product of the number of votes attaching to voting shares of any other class of the Company's capital stock issued after March 11, 1988 multiplied by 0.3714; should the resulting product include a fraction, it shall be rounded out to the next whole number.

The right to additional subscriptions may always be exercised by holder, in whole or in part, provided that at all times the maximum number of Multiple Voting Shares available for subscription is equal to the product obtained as described above (rounded out to the next whole number, if need be). The subscription price for each Multiple Voting Share so subscribed pursuant to the foregoing shall be equal to the average per Multiple Voting Share of the amounts paid into the issued and paid-up into the capital stock account which is held for Multiple Voting Shares. Should there be several registered holders of Multiple Voting Shares, such holders shall have the rights to additional subscriptions in proportion to the number of Multiple Voting Shares they hold.

The Company shall not issue voting shares of the capital stock unless it has concurrently offered, by notice in writing to the registered holders of Multiple Voting Shares, to subscribe for a number of Multiple Voting Shares as determined hereinabove at the time of any issue of voting shares by the Company after March 11, 1988.

Multiple Voting Shares shall no longer entitle the holders thereof to the right to additional subscriptions provided as set forth above upon the occurrence of the following events: (i) the death of Marcel Dutil, currently the Chairman of the board and Chief Executive Officer of the Company, (ii) the beneficial ownership of one or more Multiple Voting Shares, by any individual other than Marcel Dutil or by any corporation which is not controlled directly or indirectly by Marcel Dutil, and (iii) the loss of control of a corporation by Marcel Dutil if such corporation was until then controlled by Marcel Dutil and if such corporation holds one or more Multiple Voting Shares at the time control is lost. For the purposes of the foregoing, a person "controls" a corporation when (i) such person holds or is the beneficiary of, other than as guarantee, securities which entitles him or her to more than 50% of the maximum votes possible with respect to the election of such corporation's directors and (ii) the securities of such person entitle him or her to voting rights, the exercise of which would enable the election of the majority of the directors of such corporation. The term "corporation" means any legally constituted legal person, irrespective of its location or method of incorporation.

#### **ITEM 5 - DIVIDENDS**

The Company's ability to declare dividends is subject to contractual restrictions found in its credit facilities. In fiscal 2002, the Company declared and paid a dividend of \$0.14 per share to all holders of Subordinate Voting Shares. As a result of the economic situation in the Company's sectors of activity in 2003 and 2004, and in order to respect its loan covenants, the Company did not declare dividends on its Subordinate Voting Shares for fiscal years 2003 and 2004. The level of dividends is reviewed annually by the Board of Directors of the Company.

The Company's charter gives holders of Multiple Voting Shares the right to receive an annual, preferential, fixed, non-cumulative dividend of \$0.0266 per share, which represents \$0.00665 per quarter. At every dividend declaration since September 1999, the sole holder of Multiple Voting Shares has waived a portion of its dividend entitlement. In fiscal 2002, the Company paid a total of \$110,000 in dividends to the holder of Multiple Voting Shares. For the fiscal years ended December 31, 2003 and 2004, the Company did not pay dividends to the holder of Multiple Voting Shares.

#### **ITEM 6 - MARKET FOR SECURITIES**

The Subordinate Voting Shares and the 9.25% unsecured convertible subordinate debentures due in 2008 are listed on the Toronto Stock Exchange and are identified by the symbols "CAM.SV.A" and "CAM.DB" respectively.

The following tables indicate, for each month during the fiscal year 2004, the price ranges and volume traded on the Toronto Stock Exchange of the Subordinate Voting Shares and the 9.25% unsecured convertible subordinate debentures due in 2008.

**Subordinate Voting Shares**

<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
January 2004	4.85	4.00	740,700
February 2004	5.35	4.26	291,700
March 2004	4.65	4.15	358,300
April 2004	5.15	4.25	128,100
May 2004	4.79	4.27	170,100
June 2004	4.69	4.01	172,300
July 2004	4.70	4.10	123,800
August 2004	4.80	4.25	201,200
September 2004	6.00	4.30	396,000
October 2004	5.88	4.50	364,900
November 2004	5.10	4.21	332,800
December 2004	5.33	4.37	<u>198,500</u>
<b>Total</b>			<b><u>3,478,400</u></b>

**9.25% unsecured convertible subordinate debentures due in 2008**

<b>Month</b>	<b>High (\$)</b>	<b>Low (\$)</b>	<b>Volume</b>
January 2004	104.50	100.01	65,000
February 2004	109.74	102.00	1,060,000
March 2004	104.00	97.00	976,000
April 2004	104.50	99.50	951,800
May 2004	104.50	102.00	236,000
June 2004	104.65	102.00	679,000
July 2004	104.65	102.50	385,000
August 2004	104.65	101.01	259,100
September 2004	109.75	103.50	745,000
October 2004	108.50	105.00	665,000
November 2004	109.00	105.51	615,000
December 2004	109.50	107.25	<u>290,000</u>
<b>Total</b>			<b><u>6,926,900</u></b>

**ITEM 7 - DIRECTORS AND OFFICERS**

**7.1 Directors**

The following table sets out the name, municipality and the province of residence, position and principal occupation of the directors and the year in which each became a director:

<b>Name and municipality of residence</b>	<b>Position and principal occupation</b>	<b>Director since</b>
Elaine Beaudoin Westmount, Quebec <sup>(1)(2)</sup>	Corporate Director and Chartered Accountant	2000
André Bérard Montreal, Quebec <sup>(2)</sup>	Corporate Director	2003
Pierre Bourgie Montreal, Quebec <sup>(1)(3)(4)</sup>	President and Chief Executive Officer Société financière Bourgie (1996) Inc. (Investment Company)	1997
Anne-Marie Dutil Blatchford Town of Mount Royal, Quebec	Corporate Director	1998
Marcel Dutil, c.m. Montreal, Quebec <sup>(1)</sup>	Chairman of the Board and Chief Executive Officer Canam Group Inc.	1972
Marc Dutil Ville de Saint-Georges, Quebec <sup>(1)</sup>	President and Chief Operating Officer Canam Group Inc.	2002
Paul Gobeil Montreal, Quebec <sup>(1)(3)(4)</sup>	Vice Chairman of the Board Metro Inc. (Food Retailer)	1992
Pierre Lortie, c.m. Saint-Lambert, Quebec <sup>(2)</sup>	Chairman Comité de transition de l'agglomération de Montréal (Government Agency)	2004
Yvon Martineau Montreal, Quebec	Senior Partner Fasken Martineau DuMoulin LLP (Law Firm)	1984
Robert Parizeau Montreal, Quebec <sup>(2)(3)</sup>	Chairman of the Board Aon Parizeau Inc. (Insurance Brokers and Risk Management Advisors)	1990
Bruno Riverin Ayer's Cliff, Quebec <sup>(1)(4)</sup>	Corporate Director	1994

- 
- (1) Member of Executive Committee  
(2) Member of Audit Committee  
(3) Member of Human Resources Committee  
(4) Member of Corporate Governance Committee

All members of the Board of Directors are Canadian residents. All of these people will continue in office until the next annual meeting of the shareholders of the Company. During the past five years, they have all held their current positions or another position within the firm indicated opposite their name or a predecessor of that firm, except Mr. André Bérard who was Chairman of the Board of the National Bank of Canada until March 10, 2004, Mr. Pierre Lortie, who held various management positions with Bombardier Inc. until December 2003, the last of which was as President and Chief Operating Officer of Bombardier Transport, and Mr. Bruno Riverin who held management positions with Investissement Desjardins until August 2003. Mr. Lortie had also been a director of the Company prior to January 12, 2003.

## 7.2 Executive Officers

The following table indicates the name, municipality and province of residence, position and principal occupation of the executive officers of the Company.

<b>Name and municipality of residence</b>	<b>Position within the Company</b>
Marcel Dutil Montreal, Quebec	Chairman of the Board and Chief Executive Officer Canam Group Inc.
Pierre Arcand Sherbrooke, Quebec	President, Murox
Mario Bernard Ville de Saint-Georges, Quebec	President, Canam Steel Works and Structal
Sam Blatchford Town of Mount Royal, Quebec	President, Canam Steel Corporation and Hambro
John Bradley Sainte-Julie, Quebec	Vice President, Credit Canam Group Inc.
Mihran Cicek Montreal, Quebec	Vice President, Analysis and Research Canam Group Inc.
Marc Dutil Ville de Saint-Georges, Quebec	President and Chief Operating Officer Canam Group Inc.
Robert Dutil Quebec City, Quebec	Vice President, Structal, Bridges
Michael D. Gallant Oakville, Ontario	Vice President and General Manager, Ontario and Supervisor of the Calgary, AB plant Canam

Jasmin Gosselin Saint-Bruno, Quebec	Vice President, Communications Canam Group Inc.
Louis Guertin Kirkland, Quebec	Vice President, Legal Affairs and Secretary Canam Group Inc.
Georges Hage-Chahine Town of Mount Royal, Quebec	Vice President, Construction, International and Innovation Canam Group Inc.
René Guizzetti Laval, Quebec	Vice President, Taxation and Corporate Controller Canam Group Inc.
Michel Lafrance Ville de Saint-Lin des Laurentides, Quebec	Vice President, Structal, Heavy Structural Steel
Richard Moisan Mont St-Hilaire, Quebec	Vice President, Internal Control and Audit Canam Group Inc.
Joël Nadeau Saint-Gédéon-de-Beauce, Quebec	Vice President, Sales Canam, Joists and Steel Deck
Daniel Paillé Knowlton, Quebec	Vice President and Chief Financial Officer Canam Group Inc.
Luc Pelland Beaconsfield, Quebec	President, Solicor and Vice President, Purchasing Canam Group Inc.
Raymond Pomerleau Longueuil, Quebec	Treasurer Canam Group Inc.
Claude Provost Ville de Saint-Georges, Quebec	Vice President, Human Resources Canam Group Inc.
Jean Thibodeau Laval, Quebec	President, Technyx and Vice President, Computer Systems Canam Group Inc.
Richard Vincent Westmount, Quebec	Vice President, Research and Development Canam Group Inc.

During the past five years, the executive officers have all held their current positions or another position within the firm indicated opposite their name or a predecessor of that firm, with the exception of: Mr. Pierre Arcand who, prior to January 2001, was Vice President and General

Manager of Sodisco Inc.; Mr. Louis Guertin who, prior to December 2000, was Vice President Legal Affairs and Secretary of Vidéotron Communications Inc.; Mr. Daniel Paillé who, prior to July 2001, was Senior Vice President and Chief Financial Officer of SGF Inc.; and Mr. Luc Pelland who, prior to April 2002, was General Manager of Westburne Quebec, Electrical Division.

### **7.3 Security Holdings**

As at December 31, 2004, directors and officers owned directly or indirectly, as a group, 13,497,106 Subordinate Voting Shares and 5,150,000 Multiple Voting Shares, representing respectively 39.5% and 100% of the total number of shares of each class of voting securities.

### **7.4 Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

To the knowledge of the Company, no director or executive officer of the Company is, as at date of this Annual Information Form, nor has been over the last 10 fiscal years, a director or executive officer of any other company (including the Company) that, while that person was acting in that capacity, (i) was the subject of a cease trade order or similar order or was denied an application for an exemption under securities legislation, for a period of more than 30 consecutive days, including after the director or executive officer ceased to be a director or executive officer, or (ii) became bankrupt, made a proposal to its creditors under any legislation relating to bankruptcy or insolvency or had proceedings brought against it by creditors, concluded an arrangement or compromise with them, instituted proceedings against them or took steps for the purpose of concluding an arrangement or compromise with them or for which a receiver, receiver manager or trustee was appointed to hold its assets, including during the fiscal year of that person ceasing to act in that capacity, with the exception of (i) Mr. Marcel Dutil, who sat on the board of directors of Total Containment, Inc. when that corporation filed for bankruptcy under Chapter 11 (Bankruptcy) of the *United States Code* on March 4, 2004, and (ii) Mr. Paul Gobeil, a director of the Company who sat on the Board of Directors of BridgePoint International Inc. and its wholly-owned subsidiary, BridgePoint International (Canada) Inc., until November 12, 2001. BridgePoint International (Canada) Inc. filed on January 25, 2002 a proposal in bankruptcy with its creditors and on January 31, 2002 the Toronto Stock Exchange advised BridgePoint International Inc. that it would halt the trading of its shares.

### **7.5 Conflicts of Interest**

Paragraph 3.2 of item “Description of Operations - General Profile” of this Annual Information Form describes the Company’s investment in Finloc Inc., a company whose voting shares are beneficially owned, directly or indirectly, by Mr. Marcel Dutil. Finloc Inc., and certain other companies whose voting shares are beneficially owned, directly or indirectly, by Mr. Marcel Dutil, provide such services as the financing of specialized equipment and leasing of immovable property to the Company. These transactions are conducted in the normal course of business or, where applicable, have been authorized by the Board of Directors of the Company. In the opinion of the Company’s management, these transactions were conducted under market conditions as though negotiated at arm’s length. The Audit Committee is responsible for reviewing these transactions once a year.

## **ITEM 8 - LEGAL PROCEEDINGS**

There are several legal proceedings and claims currently filed against the Company. Such proceedings are common to the type of activities the Company engages in and, in some cases, no provisions have been made. While it may be impossible to predict the outcome of such proceedings, management believes that all of these suits, taken together, will not result in pecuniary damages likely to interfere materially with the Company's activities.

## **ITEM 9 - INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

### **9.1 Sale of Manac**

On June 28, 2004, the Company completed its sale of the assets of its Manac division and the shares of Manac Trailers USA, Inc., a wholly-owned American subsidiary of the Company, to Manac Inc., a company whose shareholders are Litud Inc. (20%), Fonds de solidarité des travailleurs du Québec (F.T.Q.) (40%) as well as Société Financière Bourgie (1996) Inc. and Montreal Partners Limited Partnership (40%).

Litud Inc. is a company whose sole shareholder is Mr. Charles Dutil, who was President of the Manac division and of Manac Trailers USA, Inc. at the time of the sale. Mr. Charles Dutil is the son of Mr. Marcel Dutil, Chairman and Chief Executive Officer of the Company. Mr. Marcel Dutil beneficially owns, directly or indirectly, 28.3% of the Subordinate Voting Shares and 100% of the Multiple Voting Shares of the Company. Mr. Charles Dutil beneficially owns, directly or indirectly, 14,200 Subordinate Voting Shares of the Company.

Société Financière Bourgie (1996) Inc. is controlled by Mr. Pierre Bourgie, a director of the Company. Mr. Pierre Bourgie beneficially owns, directly or indirectly, 10.4% of the Subordinate Voting Shares of the Company. Mr. Bourgie also beneficially owns, directly or indirectly, 47% of the units held by the special partners and 33% of the units of the general partner of Montreal Partners. Messrs. Marcel Dutil and Robert Parizeau, a director of the Company, both beneficially own, directly or indirectly, 1.96% of the units of the special partners of Montreal Partners. Mr. Parizeau beneficially owns, directly or indirectly, 40,000 Subordinate Voting Shares of the Company.

The effective date of the sale is April 25, 2004. The sales price of the transaction is \$61,511,000, of which \$58,541,635 was payable in cash, and the remaining amount payable by the issuance by Manac Inc. to the Company of 5,000,000 Class "C" shares and 2,969,365 Class "D" shares of the share capital of Manac Inc. The price of this transaction excludes the equipment, land and building of the Orangeville plant in Ontario that closed in the summer of 2003, which will remain the property of the Company. An independent committee of the Board of Directors of the Company ruled that the consideration offered for this transaction was fair, from a financial point of view, for the Company. The independent committee relied on, among other things, the fairness opinion prepared by BMO Nesbitt Burns Inc.

The assets of Manac Trailers USA, Inc. had been acquired by that company in August of 2002 at the purchase price of US\$4,500,000. The price of these assets was set at \$5,529,760 when the

sales prices of the assets of the Manac division and the shares of Manac Trailers USA, Inc. were being determined for the purposes of their sale to Manac Inc.

The Class “C” shares of Manac Inc., the value of which stood at \$5 million on the transaction date, were written off by the Company for accounting purposes. The shares do not entitle their holders to dividends and may be redeemed under certain conditions. The Class “D” shares are valued at \$2,969,365, carry no dividends and may be redeemed by Manac Inc. for an amount equal to the monies disbursed thereby to honour the reserves set aside for manufacturer guarantees and the financing of semitrailers taken on by the Company upon closing of the transaction. As at December 31, 2004, the Company held only 1,758,336 Class “D” shares of Manac Inc.

Concurrently with this transaction, the Company undertook, in favour of GE Canada Equipment Financing G.P., to guarantee a \$25,000,000 term loan granted to Manac Inc. This guarantee will end December 31, 2006, provided Manac Inc. is not in breach of the terms of its loans and maintains certain financial ratios for the fiscal year ending December 31, 2006. Where applicable, the guarantee will remain in effect until the loan has been completely reimbursed. As at December 31, 2004, the loan balance stood at \$23,625,000.

The addresses of individuals listed in the description entitled “Sale of Manac” are the following:

Pierre Bourgie	Société Financière Bourgie (1996) Inc. 1980 René-Lévesque Blvd. West Montreal, Quebec H3H 1R6
Charles Dutil	Manac Inc. 2275 – 107th Road Ville de Saint-George, Quebec G5Y 8G6
Marcel Dutil	Group Canam Inc. 270 chemin du Tremblay Boucherville, Quebec J4B 5X9
Robert Parizeau	Aon Parizeau Inc. 1801 McGill College Ave., Suite 550 Montreal, Quebec H3A 3P3

## **9.2 Investment in Finloc Inc.**

See paragraph 7.5 of Item 7 – “Directors and Officers” of this Annual Information Form.

## **ITEM 10 - TRANSFER AGENTS AND REGISTRARS**

The transfer agent and registrar for the Subordinate Voting Shares of the Company is Computershare Trust Company of Canada, 1500 University, Suite 700, Montreal, Quebec, H3A 3S8. The Computershare Trust Company of Canada also has offices in Toronto, Ontario.

## **ITEM 11 - MATERIAL CONTRACTS**

### **11.1 Sale of Manac**

See Item 9 – “Interest of Management and Others in Material Transactions” of this Annual Information Form for a description of the transaction involving the sale of the Manac division of the Company and the shares of Manac Trailers USA, Inc.

### **11.2 Investment in Finloc Inc.**

See paragraph 7.5 of Item 7 – “Directors and Officers” of this Annual Information Form.

## **ITEM 12 - INTERESTS OF EXPERTS**

With regard to the sale of the Manac division and shares of Manac Trailers USA, Inc. (see Item 9 hereof), the independent committee of the Board of Directors of the Company responsible for evaluating the transaction relied on the fairness opinion prepared by BMO Nesbitt Burns Inc. At the time of handing down its opinion, BMO Nesbitt Burns Inc. beneficially owned, directly or indirectly, less than 1% of the outstanding Subordinate Voting Shares of the Company.

## **ITEM 13 - INFORMATION ON THE AUDIT COMMITTEE**

### **Composition**

The Audit Committee is composed of Ms. Éline Beaudoin and Messrs. André Bérard, Pierre Lortie and Robert Parizeau. Each member of the Committee is independent and financially literate within the meaning of Regulation 52-110.

### **Financial Literacy**

Each member of the Company’s Audit Committee has a good command of generally accepted accounting principles and has the ability to understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements. This section describes at greater length how these members acquired that financial literacy.

**Éline Beaudoin.** Ms. Beaudoin is a corporate director. She holds a bachelor’s degree in accounting from Université du Québec and a bachelor of commerce from McGill University. She is a member of the Ordre des comptables agréés du Québec.

In addition to her university education, Ms. Beaudoin acquired auditing skills while a corporate auditor with Coopers & Lybrand. Ms. Beaudoin was also President and Chief Executive Officer of the manufacturer Unifix Inc. for more than nine years.

She has four years of experience as a member of the audit committees of LMS Medical Systems Ltd., Beaudier Inc., Hebdo-Litho Inc., Publications J. W. Allan Publishing Inc. and Brome Lake Boating Club.

**André Bérard.** Mr. Bérard is a corporate director. He is a fellow of the Institute of Canadian Bankers and holds two honorary doctorate degrees conferred by the University of Ottawa in 1991, and by the École des Hautes Études Commerciales of Université de Montréal in 1999.

Mr. Bérard spent more than forty years with the National Bank of Canada and filled a number of positions, including that of Chairman of the Board and Chief Executive Officer, office that he held for 12 years.

For the past 15 years, Mr. Bérard has been sitting on the audit committees of BMTC Group Inc, Kruger Inc., Groupe Saputo Inc., Société financière Bourgie Inc., Banque Saradar France, Vasogen Inc., BCE Inc., The MacDonald Stewart Foundation, Noranda Inc., National Bank of Canada and Bombardier Inc.

**Pierre Lortie.** Mr. Lortie is Chairman of the Comité de transition de l'agglomération de Montréal. He holds an MBA from the University of Chicago.

During his more than 12-year career at Bombardier Inc., Mr. Lortie performed many duties, including that of President and Chief Operating Officer of Bombardier Capital and, more recently, that of President and Chief Operating Officer of Bombardier Transport. While with Bombardier Capital, he was responsible for overseeing internal controls and monitoring the accuracy of financial reporting, information and disclosures required by the US Securities and Exchange Commission, Bombardier Inc. being a reporting issuer on the American market.

He also acted as President and Chief Executive Officer of Provigo Inc., and as President of the Montreal Exchange. In that capacity, he was responsible for the financial audit of several securities brokers and the compliance of financial reports and other disclosures with the listing requirements of the Montreal Exchange and the securities legislation.

Mr. Lortie is a director of the Canadian Institute of Chartered Accountants and of Lyrtech Inc.

**Robert Parizeau.** Mr. Parizeau is Chairman of the Board of Aon Parizeau Inc. He holds a diploma granted to him by the École des Hautes Études Commerciales in 1957.

Mr. Parizeau acquired his auditing skills over the course of his career while working with public and private corporations. He was Chief Executive Officer of Sodarcan Inc. He has more than 15 years of experience as an audit committee member. Mr. Parizeau currently sits on the audit committees of Power Corporation and Gaz Métro. He is chairman of the audit committees of National Bank Life Insurance Company, the SCOR Reinsurance Company of Canada and Van Houtte Inc. He also sat on the audit committees of the National Bank of Canada and National Bank Financial.

### **Audit Committee Charter**

The Audit Committee Charter sets out the roles and responsibilities of the Audit Committee of the Company. A copy of the charter is attached hereto as Schedule A.

## Pre-approval Policies and Procedures for Audit Services

In November 2004, the Audit Committee adopted a policy regarding the breadth of services provided by external auditors. This policy forbids the Company from hiring external auditors to provide certain non-auditing services, such as bookkeeping and other services relating to accounting records or financial statements, financial information systems design and implementation, valuation services, fairness opinions on prices offered or contribution-in-kind reports, actuarial services, internal audit outsourcing services, management functions, human resources, brokerage, investment or investment banking services, as well as legal services or expert services unrelated to auditing. Under certain exceptions, the policy provides that the Company may hire external auditors to provide non-audit services that are not prohibited, on condition that they be pre-approved by the Audit Committee.

A copy of the policy regarding the breadth of services offered by external auditors is available, free of charge, upon request sent to the Corporate Secretary of the Company at 270, chemin du Tremblay, Boucherville, Quebec, J4B 5X9.

### External Auditor Service Fees (by Category)

The following table sets out the fees billed by the external auditors of the Company, PriceWaterhouseCoopers, for the fiscal years ended December 31, 2003 and 2004. These numbers include fees billed by PriceWaterhouseCoopers for services provided to the Company's subsidiaries.

Fee Category	2004 (CA\$)	2003 (CA\$)
Audit fees	402,600	381,185
Audit-related fees	144,377	43,965
Tax fees	207,880	202,447
All other fees	73,116	--
<b>Total</b>	<b>827,973</b>	<b>627,597</b>

“**Audit fees**” include total fees paid to PriceWaterhouseCoopers for the audit of the annual consolidated financial statements and other audits and statutory filings.

“**Audit-related fees**” include total fees paid to PriceWaterhouseCoopers for audit-related services such as retirement plan audit and advice on accounting standards and financial reporting.

“**Tax fees**” include total fees paid to PriceWaterhouseCoopers for tax compliance, tax advice, and tax planning as regards the preparation of the income tax returns of the Company, capital taxes and sales taxes.

“**All other fees**” include total fees paid to PriceWaterhouseCoopers for all services other than those described above, such as due diligence services as part of acquisitions.

#### **ITEM 14 - ADDITIONAL INFORMATION**

Additional information on the Company is available on the Internet, on the SEDAR (System for Electronic Document Analysis and Retrieval) website at [www.sedar.com](http://www.sedar.com), as well as on the Company's website ([www.groupecanam.ws](http://www.groupecanam.ws)).

The Company will provide copies of the following documents to any person or company who makes such a request to the Communications Department or to the Secretary of the Company at 270, chemin Du Tremblay, Boucherville, Quebec J4B 5X9:

(a) when the securities of the Company are in the course of a distribution under a short form prospectus, or a preliminary short form prospectus, (i) a copy of the annual information form ("AIF") of the Company and a copy of any document, or the relevant pages of any document, incorporated by reference in the AIF, (ii) a copy of the comparative financial statements of the Company for its most recently completed fiscal year and any auditors' report thereon as well as a copy of the most recent quarterly financial statements of the Company that have been filed, if any, for any period after the end of its most recently completed fiscal year, (iii) a copy of the management proxy circular of the Company in respect of its most recent annual meeting of the shareholders during which directors were elected or a copy of any documents prepared in the place and stead of such circular, if any, and (iv) a copy of any other document incorporated by reference in the preliminary short form prospectus or the short form prospectus which has not been provided pursuant to (i) to (iii) hereinabove; or

(b) at any other time, a copy of any document to which reference is made in (a) (i) to (iii) above, provided that the Company may require the payment of a reasonable charge if the request is made by a person or company who is not a holder of securities of the Company.

Additional information, including directors' and officers' remuneration as well as loans that have been granted to them, if any, the principal holders of the Company's securities, securities authorized for issuance under equity compensation plans, indebtedness of principal holders of securities of the Company, and interests of insiders in material transactions, if applicable, is presented for the 2004 fiscal year in the Management Proxy Circular of the Company relating to the annual meeting of shareholders scheduled for April 27, 2005, which circular will be filed separately by the Company through SEDAR in March 2005. Additional financial information, in particular the audited consolidated financial statements for the fiscal year ended December 31, 2004 and the related Management Discussion and Analysis, were filed separately by the Company through SEDAR.

## SCHEDULE A

### CANAM GROUP INC.

#### **Audit Committee Charter**

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This Charter sets out the roles and responsibilities of the Audit Committee of Canam Group Inc. (the "Company"). The roles and responsibilities described in this Charter must at all times be exercised in accordance with the requirements of the legislation and regulations governing the Company and its subsidiaries.

#### **COMPOSITION:**

The Audit Committee is composed of four directors of the Company, all of whom are independent of the Company and financially literate. The quorum necessary to constitute a meeting of the Audit Committee is set at two directors.

"Independent" refers to an individual who has no direct or indirect material relationship with the Company. A material relationship refers to a relationship which could, in the view of the Company's Board of Directors, reasonably interfere with the exercise of a member's independent judgment.

"Financial literacy" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

The Audit Committee's responsibilities extend to the Company and its subsidiaries.

#### **OBJECTIVES:**

The audit committee's objectives are as follows:

- to assist the Board of Directors in performing its duties and in particular to ensure that the Company's management assumes its responsibilities with respect to:
  - the production of reliable financial information;
  - the identification of the Company's principal risks and the implementation of the appropriate systems to manage those risks;
  - the integrity of the Company's internal controls and management information systems;
  - the Company's compliance with the requirements of the stock exchanges, government agencies, laws and regulations; and

- a communications policy targeting the shareholders and the general public;
- to establish effective lines of communication between the Board of Directors, management and the external and internal auditors;
- to reinforce the independent status of the external and internal auditors;
- to ensure the integrity of published financial reports.

## **ROLES AND RESPONSIBILITIES:**

### **1. REPORTS TO THE BOARD OF DIRECTORS**

The Audit Committee (the "Committee") must periodically report on the results of the review services rendered and make recommendations to the Board of Directors.

### **2. FINANCIAL INFORMATION**

- 2.1 The Committee reviews the Company's annual audited financial statements and annual Management Discussion and Analysis and recommends their adoption by the Board of Directors.
- 2.2 The Committee reviews the Company's interim financial statements and Management Discussion and Analysis and recommends their adoption by the Board of Directors.
- 2.3 The Committee reviews the press releases concerning the Company's annual and interim earnings and recommends their adoption by the Board of Directors.
- 2.4 In addition to the annual and interim financial statements and management's interim and annual Management Discussion and Analysis, the Committee reviews all the documents containing financial information, audited or not, notably the prospectuses and the Annual Information Form, and approves them or recommends their approval by the Board of Directors, as the case may be, before their publication.
- 2.5 The Committee must be satisfied that adequate procedures are in place to review the Company's public disclosure of financial information extracted or derived from its financial statements, other than the financial information referred to in subsections 2.1, 2.2 and 2.3 above, and periodically assesses the adequacy of those procedures.
- 2.6 The Committee reviews the external auditor's reports.
- 2.7 The Committee reviews, together with the Company's management and the external auditor, the different accounting policies and the changes proposed to those policies, as well as the different estimates performed by management that could have a significant impact on the financial information.

- 2.8 The Committee reviews, together with the Company's management and the external auditor, all major decisions regarding the evaluation or presentation of the financial information.
- 2.9 The Committee reviews the accounting treatment of material operations outside the ordinary course of business of the Company.
- 2.10 The Committee ensures coordination between the Company's management and the stock exchanges, the government agencies and the external auditor.

### **3. INTERNAL CONTROLS**

- 3.1 The Committee, through communications with the external and internal auditors, ensures the effectiveness of the internal controls and the reliability of the published financial information.
- 3.2 The Committee keeps informed, through the external and internal auditors, of any weaknesses in the systems that could cause errors or deficiencies in financial reporting or deviations from the accounting policies of the Company or from applicable laws and regulations.
- 3.3 The Committee ensures the effectiveness of the coordination between the internal auditor and the external auditor.
- 3.4 The Committee periodically reviews financial management's organization chart, the circumstances surrounding the departure of the management member in charge of finance and of any other senior finance employee involved in procedures for financial reporting, as well as the appointment of individuals in these functions.
- 3.5 The Committee reviews the financial and accounting aspects of transactions between related parties.

### **4. INTERNAL AUDIT**

- 4.1 The Committee reviews and approves the internal auditor's mandate.
- 4.2 The Committee assesses the internal auditor's degree of independence from management and other employees of the finance department of the Company and its subsidiaries. The internal auditor reports to the Company's Chief Executive Officer. He is independent of the other officers of the Company. At least once a year, a meeting is held between the Committee and the internal auditor in the absence of the Company's management.
- 4.3 The Committee reviews the annual internal audit plan and suggests mandates or studies as it deems necessary.

- 4.4 The Committee reviews the internal auditor's recommendations, including management's comments, and reviews the corrective measures taken by the Company's management.

## **5. EXTERNAL AUDIT**

- 5.1 The external auditor is independent of the Company and its directors, management and employees. He reports directly to the Committee. The Committee may, at any time, communicate directly with the external auditor. In that regard, at least once a year, a meeting is held between the Committee and the external auditor in the absence of the Company's management.
- 5.2 The Committee reviews the mandate and budget regarding the external auditor's service fees and recommends their approval by the Board of Directors.
- 5.3 The Committee recommends to the Board of Directors the external auditor or auditors to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or certification services for the Company.
- 5.4 The Committee approves the non-audit services that the external auditor may provide to the Company and its subsidiaries, in accordance with the policy and procedures for the services of the external auditor.
- 5.5 The Committee oversees and reviews the work of the external auditor and his audit plans, service fees and audit results as well as the special mandates entrusted to him.
- 5.6 The Committee must be informed of cases where the Company's management requested the opinion of an accounting firm other than the firm appointed as external auditor on matters that would otherwise fall within the mandate of the external auditor.
- 5.7 The Committee ensures that the external auditor obtained the cooperation of the Company's employees and management. In this regard, the Committee resolves disagreements between the Company's management and the external auditor regarding financial reporting.
- 5.8 The Committee reviews the post-audit letter or letter of recommendation issued by the external auditors as well as management's reactions to them and the actions taken by management in response to observed deficiencies.
- 5.9 The Committee discusses the acceptability and quality of the Company's accounting principles with the external auditor.
- 5.10 The Committee ensures itself of the satisfactory performance of the external auditor.

5.11 The Committee reviews questions related to the nomination of a new external auditor, when applicable.

5.12 The Committee reviews and approves the Company's hiring or retention of services policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company.

## **6. COMPLAINTS**

6.1 The Committee establishes a procedure for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal controls or auditing matters.

6.2 The Committee establishes a procedure for the confidential, anonymous submission by the Company's employees of concerns regarding questionable accounting or auditing matters.

## **7. GENERAL**

7.1 The Committee may, at the Company's expense, hire independent counsel and any other advisors it deems necessary to carry out its duties. The Committee may set the compensation to be paid to these individuals.

Adopted: 24 February 2005