

# LINAMAR CORPORATION MANAGEMENT INFORMATION CIRCULAR

This Information Circular is furnished in connection with the solicitation by and on behalf of the management of Linamar Corporation (the "Corporation") of proxies at the Annual and Special Meeting of Shareholders of the Corporation called for Thursday, May 2, 2002 (the "Meeting") or any adjournment thereof for the purposes set forth in the attached Notice of Annual and Special Meeting of Shareholders (the "Notice"). It is expected that the solicitation of proxies will be primarily by mail, but regular employees of the Corporation may also solicit proxies personally. The cost of this solicitation will be borne by the Corporation.

## PROXIES

In order to be voted at the Meeting, a proxy must be received by the Corporation prior to the Meeting or any adjournment thereof. A proxy may be revoked by the person giving it, pursuant to the provisions of subsection 110(4) of the *Business Corporations Act* (Ontario), either by signing a proxy bearing a later date or a written notice of revocation, signed personally or by an authorized attorney, and (a) delivering the proxy or notice of revocation to the registered office of the Corporation at any time up to the last business day prior to the date of the Meeting, or any adjournment thereof, or (b) delivering the proxy or notice of revocation to the chairman of the Meeting at the Meeting, or any adjournment thereof, or in any other manner permitted by law.

On any ballot that may be called for, the persons named in the enclosed form of proxy will vote, or withhold from voting, all shares in respect of which they are appointed to act and will vote or withhold from voting the shares in accordance with the shareholders' specifications. If a shareholder specifies a choice with respect to any matter to be acted upon, his shares will be voted accordingly. In the absence of such instructions, it is intended that the shares will be voted for the election of the named nominees for directors, for the reappointment of PricewaterhouseCoopers LLP as auditors and authorizing the Directors to fix their remuneration and the authorization of Resolution No. 1 as outlined below.

Every proxy given to the persons named in the enclosed form of proxy will confer discretionary authority with respect to amendments or variations to the matters identified in the Notice and with respect to any other matters that may properly come before the Meeting. The management of the Corporation presently knows of no matters to come before the Meeting other than the matters identified in the Notice. If any matters which are not now known should properly come before the Meeting, the persons named in the enclosed form of proxy will vote on such matters in accordance with their best judgement.

**The persons named in the attached form of Proxy are officers of the Corporation. Every shareholder has the right to appoint a person (who need not be a shareholder of the Company) as nominee to attend and act for and on such shareholder's behalf at the Meeting other than the management nominees named in the enclosed form of proxy.** To exercise this right, the shareholder should insert the nominee's name in the blank space provided for such purpose in the enclosed form of proxy or the shareholder should prepare another proxy in proper form appointing the nominee.

## VOTING SHARES AND PRINCIPAL HOLDER

As at the date hereof, the Corporation had 70,603,476 outstanding voting Common Shares (the "Common Shares").

To the knowledge of management of the Corporation, the following, as at March 12, 2002, is the only person beneficially owning directly or indirectly, or exercising control or direction over, shares representing more than 10% of the voting rights attached to any class of the issued and outstanding shares of the Corporation.

<u>NAME</u>	<u>CLASS OF SHARES</u>	<u>NUMBER OF SHARES</u>	<u>PERCENTAGE OF CLASS</u>
Frank J. Hasenfratz (1)	common	13,127,300	18.59%

- (1) Frank J. Hasenfratz, Chairman of the Corporation, beneficially holds 55% of the shares of Hasenfratz Investments Ltd., which is an investment company holding 10,081,500 Common Shares. These shares are included within the total noted above. His spouse, Margaret Hasenfratz, holds the remaining 45% of the shares of Hasenfratz Investments Ltd.

Only persons who are shareholders of record at the close of business on March 20, 2002, or who subsequently acquire Common Shares and make a request to vote and provide adequate proof of ownership to the Corporation before the close of business on April 22, 2002 will be entitled to vote at the Meeting. Each holder of Common Shares will be entitled to one vote for each Common Share held.

## ELECTION OF DIRECTORS

**Seven directors are to be elected at the Meeting. Unless the shareholder signing the accompanying form of proxy specifies that the proxy be withheld from voting on the election of all directors, or except to the extent that such shareholder specifies that authority to vote for any individual nominee be withheld, the persons named in the enclosed form of proxy intend to vote for the election as directors of the seven proposed nominees of management who names are set forth in the table below.** Seven of these nominees are current members of the Corporation's Board of Directors (the "Board") as indicated below. The Corporation's management does not contemplate that any of the nominees will be unable to serve as a director, but, if such should be the case at the time of the Meeting, the persons named in the enclosed form of proxy intend to vote for such other nominees as in their best judgement they deem advisable. Each director will hold office until the next annual meeting of shareholders of the Corporation or until such director's successor is elected or appointed.

Following are the names of each person proposed to be nominated by management for election as a director; the principal occupation of each nominee; the year when each nominee first became a director; and the number of Common Shares beneficially owned, directly or indirectly or over which control or direction is exercised, by each nominee as at the date hereof.

NAME AND PRINCIPAL OCCUPATION	DIRECTOR SINCE	COMMON SHARES OWNED OR OVER WHICH CONTROL OR DIRECTION IS EXERCISED
Frank J. Hasenfratz Chairman and Chief Executive Officer of Linamar Corporation	1966	13,127,300
Linda Hasenfratz President and Corporate Secretary of Linamar Corporation	1998	2,198,490
Hugh Guthrie * Partner - Hungerford, Guthrie & Berry Barristers & Solicitors	1966	9,125
William J. Harrison ** President & Chief Executive Officer Lift Technologies Inc.	1990	4,500
David Buehlow ** Retired Partner of PricewaterhouseCoopers LLP (formerly Coopers & Lybrand)	1998	5,255
John Jarrell * Retired General Motors Executive	1998	6,000
Mark Stoddart Director of Sales, Marketing & Product Development Linamar Corporation	1999	209,000

\* Member of the Audit Committee

\* Member of the Human Resources and Corporate Governance Committee

NOTE: Each of the proposed directors has been engaged in the indicated principal occupation for more than the past five (5) years except in the case of William J. Harrison who was Executive Vice President of Cascade Corporation from 1997 to 1998, and who from 1999 to the present time has been the President and Chief Executive Officer of Lift Technologies Inc.

## COMPENSATION OF DIRECTORS AND EXECUTIVE OFFICERS

### 1. Summary Compensation Table

The following table sets forth a summary of all compensation earned during the last three completed financial years or periods by the Chief Executive Officer and the four other most highly compensated executive officers of the Corporation as of the end of the 2001 financial year, and an executive who would have been a member of this group but for his departure from the Corporation during the 2001 financial year collectively, (the "Named Executive Officers").

Name and Principal Position	Fiscal Period	Annual Compensation			Long-Term Compensation			All Other Compensation <sup>(2)</sup>
		Salary (\$)	Bonus (\$)	Other Annual Compensation <sup>(1)</sup> (\$)	Awards		Payouts	
					Number of Securities Under Options Granted Linamar	Mezogep	Restricted Shares or Restricted Share Units (\$)	
Frank Hasenfratz Chairman of the Board and Chief Executive Officer	Dec. 2001	\$ 457,875	\$ 1,050,098	-	601,000	-	-	\$ 3,500
	Dec. 2000	\$ 458,548	\$ 1,674,971	-	650,000	90,000	-	\$ 3,500
	Dec. 1999	\$ 468,946	\$ 1,589,295	-	400,000	-	-	\$ 3,500
Linda Hasenfratz President	Dec. 2001	\$ 334,571	\$ 700,267	-	601,000	-	-	\$ 3,500
	Dec. 2000	\$ 298,406	\$ 1,116,513	-	450,000	60,000	-	\$ 3,500
	Dec. 1999	\$ 260,771	\$ 1,059,530	-	200,000	-	-	\$ 3,500
Jim Jarrell Chief Operating Officer	Dec. 2001	\$ 270,830	\$ 526,310	-	100,000	-	-	\$ 3,500
	Dec. 2000	\$ 263,288	\$ 835,096	-	200,000	-	-	\$ 3,500
	Dec. 1999	\$ 163,197	\$ 942,044	-	20,000	-	-	\$ 3,500
Csaba Havasi Group Vice President	Dec. 2001	\$ 163,886	\$ 186,324	-	-	-	-	\$ 3,500
	Dec. 2000	\$ 158,810	\$ 392,973	-	-	25,000	-	\$ 3,500
	Dec. 1999	\$ 120,194	\$ 290,210	-	10,000	50,000	-	\$ 3,500
Robert Mallette Group Vice President	Dec. 2001	\$ 131,413	\$ 94,072	-	-	-	-	\$ 3,500
	Dec. 2000	\$ 119,422	\$ 106,371	-	-	-	-	\$ 3,500
	Dec. 1999	\$ 4,231	\$ 3,462	-	-	-	-	\$ -
Nick Efthimakis Group Vice President	Dec. 2001	\$ 121,654	\$ 73,045	-	-	-	-	\$ 703,500
	Dec. 2000	\$ 176,797	\$ 302,923	-	-	-	-	\$ 3,500
	Dec. 1999	\$ 165,611	\$ 797,613	-	-	-	-	\$ 3,500

\* Mezogep Rt. is a subsidiary of Linamar Corporation.

Notes to the Summary Compensation Table:

- (1) The value of perquisites and other personal benefits for each Named Executive Officer did not exceed the lesser of \$50,000 and 10% of the total annual salary and bonus.
- (2) Amounts disclosed under the category "All Other Compensation" include payments made by the Corporation pursuant to its defined contribution pension plan, with the exception of a termination payment made by the Corporation to Nick Efthimakis in 2001.

### 2. Incentive Plan

The Corporation currently has a share option plan in place known as the Share Option Plan (the "Plan"). The Plan is administered by the Board, which may act upon the recommendations of the Human Resources and Corporate Governance Committee. The Plan is the only corporate incentive plan.

Individuals eligible to be granted options under the Plan (the "Options") are limited to selected employees and directors of the Corporation and its affiliates, by the discretion of the Board. The number, terms and conditions of the Options granted to participants in the Plan ("Participants") may vary, as determined by the Board.

The term of any Option granted under the Plan may not exceed five years, except that upon the death of a Participant, the Option may be exercised by the deceased's executors or personal representatives within six months of the Participant's death, even though such time period may exceed the five-year maximum term. Options granted to non-Board members vest at the rate of 20% per annum.

The exercise price for each Common Share purchasable under any Option must be equal to the fair market value of the Common Shares calculated by taking the average of the daily high and low board lot trading prices of the Common Shares on The Toronto Stock Exchange for the five trading days prior to the date of grant of the Option.

The aggregate number of Common Shares that may be issued pursuant to the exercise of Options granted under the Plan cannot exceed 12,338,250 Common Shares in the aggregate.

Note that in several prior years the Corporation has inadvertently reported this figure as being somewhat lower. As of the date hereof, after taking into account Common Shares previously issued upon the exercise of Options, the maximum number of Shares issuable under the Plan going forward is 4,048,000 Common Shares with a total of 3,866,000 Options currently outstanding. Accordingly, there remain available for grant Options to purchase only 182,000 Common Shares under the Plan, and the Corporation will be submitting an amendment to the Plan for the ratification of shareholders that would increase the number of Common Shares available for issuance under the Plan by 1,818,000. See "Ratification of Amendment to the Share Option Plan."

### 3. Option Grants

The following table sets forth details of the individual grants of Options under the Plan during the financial year ended December 31, 2001 to each of the Named Executive Officers.

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise Price (\$/Security)	Market Value of Securities Underlying Options on the (\$/Security)	Expiration Date
Frank Hasenfratz	601,000	40.15%	\$ 14.44	\$ 14.44	August 14, 2006
Linda Hasenfratz	601,000	40.15%	\$ 14.44	\$ 14.44	August 14, 2006
Jim Jarrell	100,000	6.68%	\$ 14.44	\$ 14.44	August 14, 2006
Csaba Havasi	-	-	-	-	-
Robert Mallette	-	-	-	-	-
Nick Efthimakis	-	-	-	-	-

The following table sets forth details of the individual grants of options to purchase common shares of the Company's subsidiary, Mezogep Rt., during the financial year ended December 31, 2001 to each of the Named Executive Officers.

Name	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Financial Year	Exercise Price (HUF <sup>1</sup> /Security)	Market Value of Securities Underlying Options on the Date of Grant (HUF <sup>1</sup> /Security)	Expiration Date
Frank Hasenfratz	-	-	-	-	-
Linda Hasenfratz	-	-	-	-	-
Jim Jarrell	-	-	-	-	-
Csaba Havasi	60,000	100.00%	HUF 1,566	HUF 1,566	April 12, 2006
Robert Mallette	-	-	-	-	-
Nick Efthimakis	-	-	-	-	-

<sup>1</sup> Hungarian Forint - as of December 31, 2001, 1 HUF = CDN\$0.005794

#### 4. Options Exercised and Year-End Option Values

The following table provides certain information with respect to Options exercised by Named Executive Officers during fiscal year 2001 as well as the fiscal year 2001 year end values of unexercised Options.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized	Unexercised Options at December 31, 2001 (#)		Value of Unexercised In-the-Money Options at December 31, 2001 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Frank Hasenfratz	510,000		1,651,000	-	650,000	-
Linda Hasenfratz	120,000		1,251,000	-	450,000	-
Jim Jarrell	-	-	100,000	220,000	80,000	120,000
Csaba Havasi	-	-	10,000	-		
Robert Mallette	-	-	-	-	-	-
Nick Efthimakis	-	-	-	-	-	-

The following table provides certain information with respect to options to purchase common shares of the Corporation's subsidiary, Mezőgép Rt., during fiscal year 2001 as well as fiscal year 2001 year end values of all such unexercised options.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized	Unexercised Options at December 31, 2001 (#)		Value of Unexercised In-the-Money Options at December 31, 2001 (HUF <sup>1</sup> )	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Frank Hasenfratz	-	-	315,000 <sup>2</sup>	-	-	-
Linda Hasenfratz	-	-	97,000	-	-	-
Jim Jarrell	-	-	-	-	-	-
Csaba Havasi	-	-	152,000	-	-	-
Robert Mallette	-	-	-	-	-	-
Nick Efthimakis	-	-	-	-	-	-

<sup>1</sup> Hungarian Forint - as of December 31, 2001, 1 HUF = CDN\$0.005794

<sup>2</sup> Frank Hasenfratz surrendered 40,000 share options granted on February 26, 1997.

#### 5. Pension Plan

The Corporate pension plan is a defined contribution plan. Contributions paid on behalf of the Named Executive Officers are included in the Summary Compensation Table under "All Other Compensation."

#### 6. Compensation of Directors

Directors are compensated for their services as directors through a combination of annual retainer fees and meeting attendance fees. Directors who are not officers of the Corporation receive an annual retainer of \$10,000. Committee Chairs receive an annual retainer fee of \$500. Directors receive a fee of \$900 for each board meeting attended and \$800 for each committee meeting attended.

Mr. Hugh Guthrie, a director, is a partner in the law firm of Hungerford, Guthrie & Berry, which provides legal services to the Corporation. This firm billed the Corporation \$55,200.00 for the year ended December 31, 2001.

#### 7. Composition of the Human Resources and Corporate Governance Committee (the "Committee")

The Committee is comprised of two outside directors, Messrs. William J. Harrison and David Buehlow and one related director, Hugh Guthrie, who serves as Chair. John Jarrell attends by invitation. Messrs. Harrison, Buehlow and Guthrie served for the entire fiscal year ended December 31, 2001. None of the members of the committee were officers, employees or former employees of the Corporation or any of its subsidiaries during such fiscal year. The Committee meets as required. The

Committee has the responsibility of reviewing and recommending to the Board the levels of compensation, benefits and other remuneration for the Chief Executive Officer and President.

## 8. Report On Executive Compensation

This report discusses the consideration given by the Committee to compensation paid to the Chief Executive Officer and other executive officers of the Corporation for the fiscal year ended December 31, 2001. This Committee is guided by principles which have been in effect in substantially the same form since 1985. These principles provide that compensation should reflect:

- (a) Fair and competitive compensation commensurate with an individual's experience and expertise;
- (b) An emphasis on high productivity;
- (c) Contribution to enhancement of shareholder equity; and
- (d) Bonuses and stock options to reward individual performance and contribution to the achievement of corporate performance and objectives.

The Corporation's Chief Executive Officer makes recommendations to the Committee for his salary, bonus and for all stock options which is then reviewed by this Committee. The Committee considers these recommendations in the context of his leadership, performance, contribution and expertise bearing in mind the above-noted principles. If accepted, the recommendations are made to the Board for final approval.

The Chief Executive Officer has the responsibility for determining the level of salary and benefits of the President. The President has the responsibility for determining the level of salary and benefits of the other Named Executive Officers. The salaries and benefits of the President and the other Named Executive Officers are set within guidelines developed by the Board of Directors.

The compensation paid to the Named Executive Officers, as described in the foregoing narrative and tables, was comprised of:

- (a) A relatively low base salary as compared to salaries paid by manufacturers of similar size;
- (b) An annual incentive bonus in the discretion of the Board or the President, as the case may be, derived from a predetermined percentage calculated on pre-tax earnings; and
- (c) Stock options at option exercise prices not less than the fair market value of the Common Shares at the time of option grant, motivating executive performance and enhancing shareholder value.

(a) **BASE SALARY**

The base salary for each of the Named Executive Officers is determined for a fiscal period. Salary increases were recommended for the fiscal year ended December 31, 2001, to reflect comparable industry salaries and an adjustment in the annual incentive or bonus formula. Salary increases were also recommended for the fiscal year ended December 31, 2002 to reflect comparable industry salaries.

(a) **ANNUAL INCENTIVE**

Annual incentives or bonuses are based on a formula for each Named Executive Officer. For the Chief Executive Officer, for the President and for the Chief Operating Officer, the formula is derived from a predetermined percentage of pre-tax earnings. For the Group Vice Presidents, the formula is derived from a predetermined percentage of pre-tax and pre-interest earnings for the group of companies managed by each of them. The bonuses paid for the fiscal year ended December 31, 2001 reflect the foregoing formulae.

(c) **STOCK OPTIONS**

Stock options align the interests of the Named Executive Officers with shareholders, in that the options have no value unless and until the market price of the Common Shares increases. Options were granted to the Named Executive Officers as set out in the table of Option Grants set forth above.

**Report presented by:** Hugh Guthrie, Chairman  
William J. Harrison  
David Buehlow  
John Jarrell

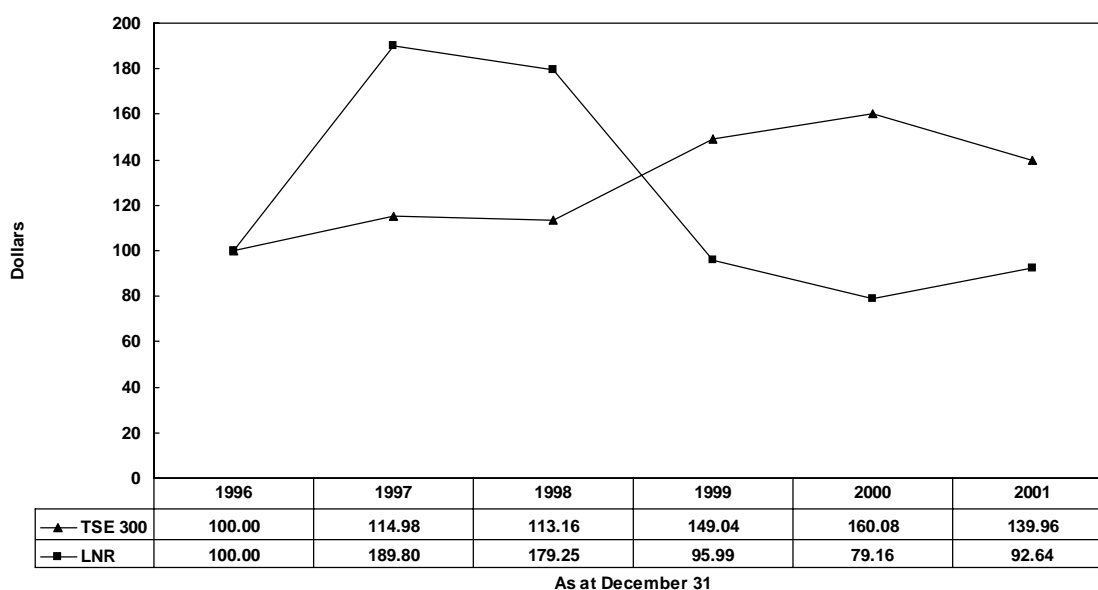
## 9. Employment Contracts

None of the Named Executive Officers has an employment contract with the Corporation.

## PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the cumulative total shareholder return over the last five years on the Common Shares with the cumulative total return of the TSE 300 Stock Index.

### FIVE YEAR TOTAL RETURN ON A \$100 INVESTMENT ASSUMING REINVESTMENT OF DIVIDENDS



## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS AND SENIOR OFFICERS

None of the directors, executive officers or senior officers were indebted to the Corporation or its subsidiaries, and no guarantee or similar support was provided to any of the directors, executive officers, or senior officers by the Corporation or its subsidiaries during the fiscal year ended December 31, 2001.

### DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation purchased liability insurance on behalf of its directors and officers. This policy took effect on January 31, 2002 and expires on January 31, 2003. The premium for this policy to be paid by the Corporation is approximately \$56,511.00.

The policy provides coverage for up to \$10,000,000 per policy period, subject to a deductible of \$100,000 to be paid by the Corporation per occurrence.

## STATEMENT OF CORPORATE GOVERNANCE POLICIES

The guidelines on Corporate Governance in Canada adopted by The Toronto Stock Exchange in March 1995 ("TSE Report") and by the Ontario Securities Commission in May 1995 require the annual disclosure of the corporate governance practices of the Corporation.

To implement the Corporation's intention to regularly review these practices, which are essential to the best interests of the Corporation and its shareholders, this Statement has been prepared by the Human Resources and Corporate Governance Committee of the Board and approved by it.

For the purpose of this Statement, the term "unrelated director" has the meaning ascribed to it in the TSE Report, i.e. "a

director who is independent of management and is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests arising from shareholding". A "related director" is a director who is not an "unrelated director". An "outside director" is a director who is not a member of the management of the Corporation.

## Mandate of the Board

### TORONTO STOCK EXCHANGE CORPORATE GOVERNANCE GUIDELINES

TSE Guidelines	Does Linamar Comply	Comments
1. The Board should explicitly assume responsibility for stewardship of the corporation, and specifically for:		
(a) adoption of a strategic planning process	Yes	Matters of strategic importance are brought to the Board for input, consideration and approval.
(b) identifying the principal risks of Linamar's business and implementing risk management systems	Yes	The Board receives, reviews and considers at least quarterly financial reports and committee reports from management.
(c) succession planning and monitoring senior management	Yes	<p>The mandate of the Board's Human Resources and Corporate Governance Committee is:</p> <ul style="list-style-type: none"> <li>• reviews and recommends remuneration of directors;</li> <li>• review the mandates of the Board's committees and recommends changes;</li> <li>• oversees succession planning;</li> <li>• develops and monitors the Corporation's system of governance; and</li> <li>• provides formal orientation and education of new directors.</li> </ul>
(d) communications policy	Yes	<p>which includes monitoring the performance of senior management.</p> <p>The Chief Executive Officer and President are available to ensure effective communication with stakeholders and public.</p>
(e) integrity of internal control and management information systems.	Yes	<p>The Board's Audit Committee reviews compliance with financial reporting obligations, applicable accounting principles and appropriate internal controls. It meets with the external auditors at least once in each financial quarter, reviews interim results and reports such to the Board.</p>
2. Majority of directors should be "unrelated."	No	<p>Directors during and post fiscal 2001:</p> <ul style="list-style-type: none"> <li>• David Buehlow – unrelated</li> <li>• William J. Harrison – unrelated</li> <li>• Frank J Hasenfratz – related; Chairman and Chief Executive Officer, Linamar</li> <li>• Linda Hasenfratz – related; President, Linamar</li> <li>• Mark Stoddart – related; Director of Sales, Marketing &amp; Product Development, Linamar</li> <li>• Hugh Guthrie – related; Counsel to Linamar</li> <li>• John Jarrell – related; Father of Chief Operating Officer of Linamar</li> </ul>

			The determination as to whether a director was related or unrelated was reached by a review of the definitions in the TSE report, and an analysis of the financial, contractual and other relationships of each director with Linamar and an assessment of the materiality of any such relationships and the effect, if any, on the independence of each individual director.
3.	Appoint a committee composed exclusively of unrelated, non-management directors responsible for appointment/assessment of directors.	No	Directors are recruited by the Chief Executive Officer after discussion with unrelated directors and thereafter by the full Board.
4.	Implement a process for assessing the effectiveness of the Board, its committees and individual directors.	No	No formal process is in place.
5.	Provide orientation and education programs for new directors	Yes	The Human Resources and Corporate Governance Committee provides orientation and education of new directors.
6.	Consider the size of the Board, with a view to improving effectiveness.	No	The Board, given the entrepreneurial nature of Linamar and its strategic plans, does not believe that the quality of decisions or the implementation thereof would be improved or affected by altering its current composition.
7.	Review compensation of directors in light of risks and responsibilities.	Yes	The Human Resources and Corporate Governance Committee annually reviews and recommends remuneration of directors.
8.	Committees should generally be composed of non-management directors.	Yes	Both Committees were composed entirely of non-management directors.
9.	Appoint a committee responsible for approach to corporate governance issues.	Yes	The Human Resources and Corporate Governance Committee is responsible for developing and monitoring Linamar's approach to corporate governance issues.
10.	Define limits to management's responsibilities by developing mandates for:		
	(a) the Board	Yes	The Board supervises the management and direction of the business and the affairs of Linamar. Management is delegated to senior management.
	(b) the Chief Executive Officer	Yes	The limits to the authority of the Chief Executive Officer are defined in the strategic planning process, which the board reviews and monitors.
11.	Establish structures and procedures to enable the Board to function independently of management.	No	The majority of the Board are not independent of management. Its committees do, however, meet independently of management when warranted.
12.	Establish an Audit Committee with a specifically defined mandate.	Yes	All members of the Audit Committee are independent and non-management directors. Its chairman has significant accounting expertise. The

mandate of the Committee is:

- reviews the annual and interim financial statements;
- reviews the nature and scope of the annual audit;
- evaluates the external auditors' performance for the preceding year;
- reviews the external auditors' fees;
- reviews the adequacy of the management's internal accounting procedures and systems; and
- makes recommendations to the Board in respect of each of the foregoing.

13. Implement a system to enable individual directors to engage outside advisers, at the corporation's expense.

No

No formal system of the engagement of outside advisors has been implemented. There is no policy in place prohibiting this activity or establishing specific guidelines as to how arrangements are to be made.

### **Shareholders' Feedback**

Interested investors and analysts are invited, after all significant public announcements, including the release of interim and annual financial information, to discuss with senior management the impact on the Corporation of such information. The CEO and President are available to discuss matters of concern to shareholders.

### **Expectation of Management**

The Board expects management to act in the best interests of the Corporation. To this end, the Board must have confidence in the quality of the reports provided to it. The Human Resources and Corporate Governance Committee will continue to monitor the adequacy of the information requested by and provided to the Board.

### **NORMAL COURSE ISSUER BID**

The Corporation filed a Notice of Intention to make a Normal Course Issuer Bid with The Toronto Stock Exchange on November 29, 2000, which permitted the Corporation to purchase its own Common Shares through the facilities of The Toronto Stock Exchange between December 4, 2000 and November 30, 2001. The Corporation did not subsequently purchase any such shares during the period.

### **INTEREST OF MANAGEMENT, NOMINEES AND OTHERS IN MATERIAL TRANSACTIONS**

During the year ended December 31, 2001, other than as described below, no director, senior officer or principal shareholder of the Corporation, nor any affiliate thereof, has had any material interest, direct or indirect, in any transaction which has materially affected or will affect the Corporation or any of its subsidiaries.

The Corporation paid approximately \$0.4 million in fiscal year 2001 to 941345 Ontario Ltd. in lease payments in respect of certain properties leased by the Corporation for the operations of certain of its subsidiaries located in Guelph. 941345 Ontario Ltd. is owned jointly by the President of the Corporation, Linda Hasenfratz, and the Director of Sales, Marketing & Product Development of the Corporation, Mark Stoddart.

In addition the Corporation paid to Kiwi-Newton Construction Ltd. approximately \$7.1 million in fiscal year 2001 in respect of the construction of buildings, building additions and building improvements for the operation of certain of its subsidiaries located in Ontario. Kiwi-Newton Construction Ltd. is owned by the spouse of the President of the Corporation.

## REAPPOINTMENT AND REMUNERATION OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the reappointment of PricewaterhouseCoopers LLP, Chartered Accountants (“PWC”), as auditors of the Corporation and to vote for authorization of the Board to fix the remuneration of the auditors unless a shareholder signing a form of proxy specifies that the shares represented by the form of proxy are to be withheld from voting in respect of the reappointment of auditors. PWC have been the auditors of the Corporation since January 30, 1986. If reappointed, PWC will hold office until the next Annual Meeting of shareholders of the Corporation or until their successors are appointed.

## RATIFICATION OF AMENDMENT TO THE SHARE OPTION PLAN

At the Meeting, shareholders will be asked to consider, and, if thought fit, ratify an amendment to the Share Option Plan of the Corporation (the “Plan”) that was previously passed by the Board of Directors of the Corporation, that increased the number of Common Shares that may be reserved and authorized for issuance under the Plan from 12,338,250 to 14,156,250.

As described in “Compensation of Directors and Officers” above, the Plan is the Corporation’s long-term incentive plan and is intended to align the interests of the Corporation’s executives and key employees with those of its shareholders, as well as serve a key performance-based element of over-all compensation, both as a means of retaining and providing an incentive to existing members of the management team, and as a means of attracting the high-calibre candidates necessary to fill key positions. The Board is of the opinion that the amendment regarding the increase in the size of the Plan that is being submitted to shareholders for ratification is necessary to ensure that the Plan retains a sufficient number of reserved shares available to meet its objectives. There currently remain Options to purchase 182,000 Common Shares available for grant under the Plan. Accordingly, ratification of the amendment would result in a total of 2,000,000 Common Shares being reserved and available for future grants of Options.

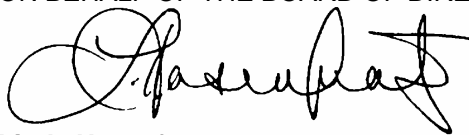
In order to be effective, the proposed resolution ratifying the amendment to the Plan must be approved by a majority of the votes cast by the holders of the Common Shares at the Meeting.

**The persons named in the enclosed form of proxy intend to vote in favour of ratification of the resolution amending the Plan at the Meeting unless a shareholder signing a form of proxy specifies that the shares represented by the form of proxy be voted against such ratification.**

## DIRECTORS’ APPROVAL

The board of directors of the Corporation has approved the contents of this Information Circular and the sending of it to the shareholders.

ON BEHALF OF THE BOARD OF DIRECTORS



**Linda Hasenfratz**  
President

**March 21, 2002**

**NOTES**

**LINAMAR CORPORATION**  
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