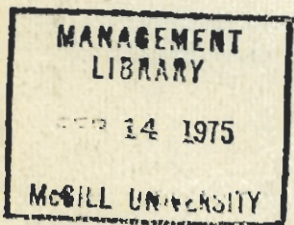


C

Alcan Aluminium Limited

Annual Report 1974



Contents

Highlights and Summary of 1974	1
Report to the Shareholders	2
Finance	4
Review of Operations	7
The Three Divisions	7
Management Structure	8
Canada	8
The Caribbean	9
United States	10
Latin America	10
Britain, Ireland and Scandinavia	11
Continental Europe	12
Far East	12
India	13
South Pacific	13
A New Emphasis for R & D	14
Financial Statements	17
Ten-Year Summary	27
Principal Operating Subsidiary and Related Companies	28
Directors, Officers, Committees, Area Managers	Inside back cover
Transfer Agents, Registrars, Stock Exchanges	Inside back cover

Édition française

On pourra se procurer le texte français de ce rapport annuel en s'adressant au secrétariat de la Compagnie, case postale 6090, Montréal, Canada H3C 3H2.

Definition of terms

In this report, all amounts are in United States dollars and all quantities are in short tons of 2,000 pounds, unless otherwise stated.

"Subsidiary" indicates a company owned directly or indirectly more than 50 per cent whereas "related company" indicates a company owned 50 per cent or less.

The term "Alcan" refers to the parent Alcan Aluminium Limited itself, or to one or more subsidiaries according to the context.

10-K Report

A copy of the Company's current annual 10-K Report filed with the United States Securities and Exchange Commission will be available to shareholders after 1 April upon written request to the Secretary of the Company.

Annual Meeting

The Annual Meeting of the shareholders of Alcan Aluminium Limited will be held on Thursday, 13 March 1975, at 10 a.m. in the Hotel Bonaventure, Montréal.

Alcan Aluminium Limited

1 Place Ville Marie, Montréal, Canada
Mail: Box 6090, Montréal, Canada
H3C 3H2

Highlights and Summary 1974

The year 1974 brought some good news, and some bad news, for Alcan and its shareholders. The good news was: strong and unsatisfied world markets for much of the year; long-awaited improvements in aluminum prices; Alcan revenues up 28 per cent, and sales tonnage about equal to 1973's record levels; net profit, including unusual items, at double the previous high. Capital expenditures for new plant and investments were also the highest in the Company's history.

The bad news was: serious international inflation which erodes the value of the good news items and sent Alcan's costs climbing; business recession and a sharp drop in aluminum demand in the final weeks of the year; growing pressure on financial resources, new heavy taxes on bauxite in several producing countries, and all the uncertainties of a troubled world in 1975.

But beyond that, there is the certainty that the world still needs its leading non-ferrous metal, aluminum – and that Alcan is well positioned to supply it.

Year ending 31 December	1974	1973	1965
Sales of all aluminum products ('000 tons)	1,662	1,676	993
Sales of fabricated products ('000 tons)	1,018	1,013	490
Sales of fabricated products (U.S. \$ millions)	\$1,489	\$1,191	\$ 461
Sales and operating revenues (U.S. \$ millions)	\$2,412	\$1,872	\$ 827
Net income (U.S. \$ millions)	\$ 169	\$ 83	\$ 58
Income per common share (excl. extraord. gain)	\$ 4.11	\$ 2.42	\$ 1.78
Dividends per common share	\$ 1.20	\$ 0.90	\$ 0.82
Capital expenditures (U.S. \$ millions)	\$ 268	\$ 117	\$ 133
As at 31 December			
Total assets (U.S. \$ millions)	\$2,958	\$2,449	\$1,586
Long-term debt (U.S. \$ millions)	\$ 886	\$ 744	\$ 575
Common shareholders' equity (U.S. \$ millions)	\$1,090	\$ 953	\$ 537
Book value per common share	\$31.41	\$27.71	\$17.27
Number of common shares outstanding (millions)	34.71	34.40	31.08
Number of common shareholders	47,978	50,062	52,409
Percentage of common shares held			
By residents of Canada	45.4	45.5	31.1
By residents of U.S.A.	44.1	44.7	65.0
By residents of other countries	10.5	9.8	3.9
Number of employees (thousands)	64	62	60

Report to the Shareholders

Although 1974 closed with a severe decline in the demand for aluminum, the year as a whole was marked by strong market conditions, rising prices and greatly improved earnings for Alcan which surpassed all previous levels. Excluding a \$27.4 million gain on the sale of one-half of Alcan's interest in the Norwegian company, A/S Årdal og Sunndal Verk (ÅSV), net income was \$141.8 million, or \$4.11 per share compared with \$82.6 million and \$2.42 in 1973. Dividends were increased during the year, resulting in a total payout of \$1.20 per share.

The strong inflationary forces which intensified as the year progressed contributed to increased profits. The financial section in this report describes the accounting treatment of inventories and the extent to which a portion of the year's profits may be of a non-recurring nature. The uncertainty of continuing "inventory profits" and the decline in the real value of the dollar should be taken into account in evaluating the level of earnings.

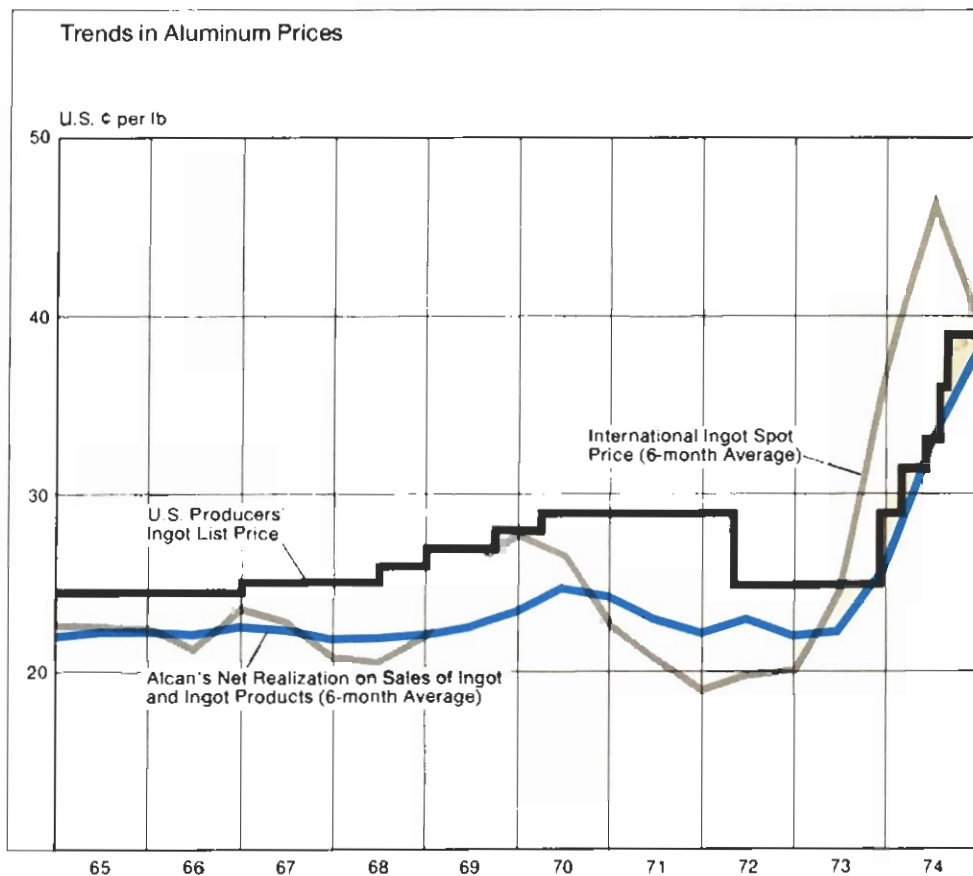
The unprecedented inflationary environment created cost pressures, cash requirements and other events of a magnitude far greater than anticipated. As discussed in the financial section, the large increase in operating working capital absorbed more than 80 per cent of the Company's total cash generation for the year.

In the volatile and uncertain capital markets which prevailed, credit is due to the Financial Division in successfully raising the funds required to meet the Company's internal operating needs and to provide the resources to maintain the fixed capital program.

While Alcan ended 1974 in a relatively strong financial position with no material change in its debt equity structure, the future capital required to maintain and modernize existing facilities and to expand appears out of proportion to the likely availability of funds, particularly during a recessionary period. Even assuming a return to a more buoyant world economy, the impact of inflation which has already occurred poses major financial problems for Alcan and probably for all others in a capital-intensive industry. If traditional standards remain unchanged, such as the historical valuation of assets and allowable depreciation thereon, taxation of inventory profits, present norms for debt ratios and present thinking related to "normal" profitability, the ability to finance and sustain modern plant and to undertake even modest expansion is thrown into serious doubt. Some

countries have adapted their tax and accounting procedures to provide some alleviation of these problems and it is to be hoped that others may follow suit. In the absence of higher profits than those that have been earned, present procedures effectively erode the capital base of industries such as ours.

Other events, also related to inflation, have had an important impact on the industry's cost structure and its potential for future profitability and market penetration. The formation of the International Bauxite Association and the resulting imposition of heavy taxes on bauxite in several areas had its seeds in the disadvantageous terms of trade in which these countries found themselves. Paying higher prices for their imports of manufactured and other products in relation to the prices received for their exports of raw



materials caused a progressive deterioration in their economic viability. This trend, followed by the crushing impact of higher prices for oil imports, created an economic emergency for many of these countries. In these circumstances we do not question that equity called for a higher contribution from bauxite revenues to the countries that were so adversely affected. We are, however, deeply concerned with the manner in which the additional bauxite levies were imposed and the magnitude of the cost impact. The unilateral impositions of tax, in most cases made on a retroactive basis, are actions which destroy confidence in understandings and commitments previously entered into. This brings into question the future security of international investment and trade in and with those areas which have adopted such practices.

The hardships of inflation have also been felt in terms of employment costs. During the past year, many of the Company's contracts with trade unions have been reopened and adjusted upwards. Although our labour costs have accordingly increased beyond foreseen levels, Alcan has not experienced major work stoppages which have been so damaging to many fields of productive activity and to the employees affected.

In 1966 the Government of Norway and Alcan reached an agreement under which Alcan acquired a 50 per cent interest in the then State-owned producer of aluminum, ÅSV. Over the intervening years, ÅSV has integrated forward with enlarged fabricating facilities to become the major supplier in the Norwegian market. This development, combined with the Government's desire to co-ordinate its interests in the aluminum industry, led to negotiations which have culminated in Alcan's sale to the Government of

one-half of its participation in ÅSV for a consideration of \$62 million. Alcan will continue to supply an important, but reducing, portion of ÅSV's raw material requirements and will purchase for its own requirements a significant, but also reducing, tonnage of primary metal. This evolutionary development has been agreed between the two parties in a spirit of cooperation which is expected to continue as Alcan moves from an equal to a minority partnership with the Government of Norway.

It has been an extraordinary year during which the Company's personnel at all levels have adapted to rapidly changing circumstances. As we enter 1975 in recessionary conditions, further adaptation will be required. The length and depth of the downturn being uncertain, adjustments have been made in the Company's level of production and the capital spending program is being revised downwards. Several desirable projects which had high priority are being slowed down until the outlook is clearer.

We are not encouraged by the near-term earnings outlook. In these circumstances, and recognizing the need to retain more cash in the business, the directors today declared a first-quarter dividend of 30 cents per share compared with 35 cents paid in the fourth quarter of 1974.

In today's climate, one might overlook that during a large part of 1974 the aluminum industry was unable to satisfy the total volume of demand despite the fact that the industry was producing at high levels, some new production facilities came into operation, and the U.S. stockpile was completely drawn down to meet purchasers' requirements. Preliminary figures indicate that total consumption of primary metal in 1974 in the free world was 12 million tons,

which was the same as consumption in 1973 when growth had been at a record 19 per cent. It seems evident that customer inventories were built up and that, as the year ended, rapid and substantial inventory liquidation commenced, fueled by the low level of economic activity in several countries. With no major amount of new capacity scheduled for completion in the next few years, when the economies of the world improve, the return to full production will occur, perhaps rapidly.

It is to be fervently hoped that recessionary and inflationary forces can be brought under better control, the alternative being to continue to operate in the quicksands of changing standards and values. Nevertheless, the Company is resolved to maintain momentum, albeit at a slower rate, until conditions permit greater availability of capital resources. We do expect that, when recessionary forces recede, the demand/supply relationship for aluminum will change materially. From what has been said above, greatly improved levels of profitability and cash generation, combined with greater reliance on outside capital resources, are likely to be required to enable the Company to proceed with its full modernization and expansion program designed to put Alcan in the best possible position to meet future demand.

Nathaniel V. Davis
Chairman of the Board

Paul Leman
President

Montreal
29 January 1975

Finance

The year 1974 defies comparison with any other in the Company's 47-year financial history. Prices and costs both rose at unprecedented rates, and although a trend towards reduced profits was evident during the final quarter, the Company benefitted from the favourable conditions which prevailed during most of the year to post a record net income of \$169.2 million, surpassing by a wide margin the previous record of \$85.2 million set in 1969.

The 1974 net income includes an extraordinary gain of \$27.4 million on the sale of one-half of the Company's 50 per cent interest in A/S Årdal og Sunndal Verk for \$62 million to the Kingdom of Norway which was completed on 6 January 1975. The results also contain an "inventory profit", estimated at \$112 million at the gross profit level, reflecting the fact that in times of rising costs and under the Company's general accounting policy of using the "average cost" method to value inventories, the cost charged to cost of sales is less than the current production cost, owing to delay in inventory until the product is sold. The LIFO (last-in, first-out) method of inventory accounting, which is approved for income tax purposes in the United States, was adopted by the Company's U.S. subsidiary during the fourth quarter, retroactive to 1 January 1974, and reduced the Company's previously reported earnings for the first 9 months by \$11.5 million, and for the full year by \$13.6 million. Restated 1974 quarterly earnings per share appear in the table on page 6.

Revenues and Profits

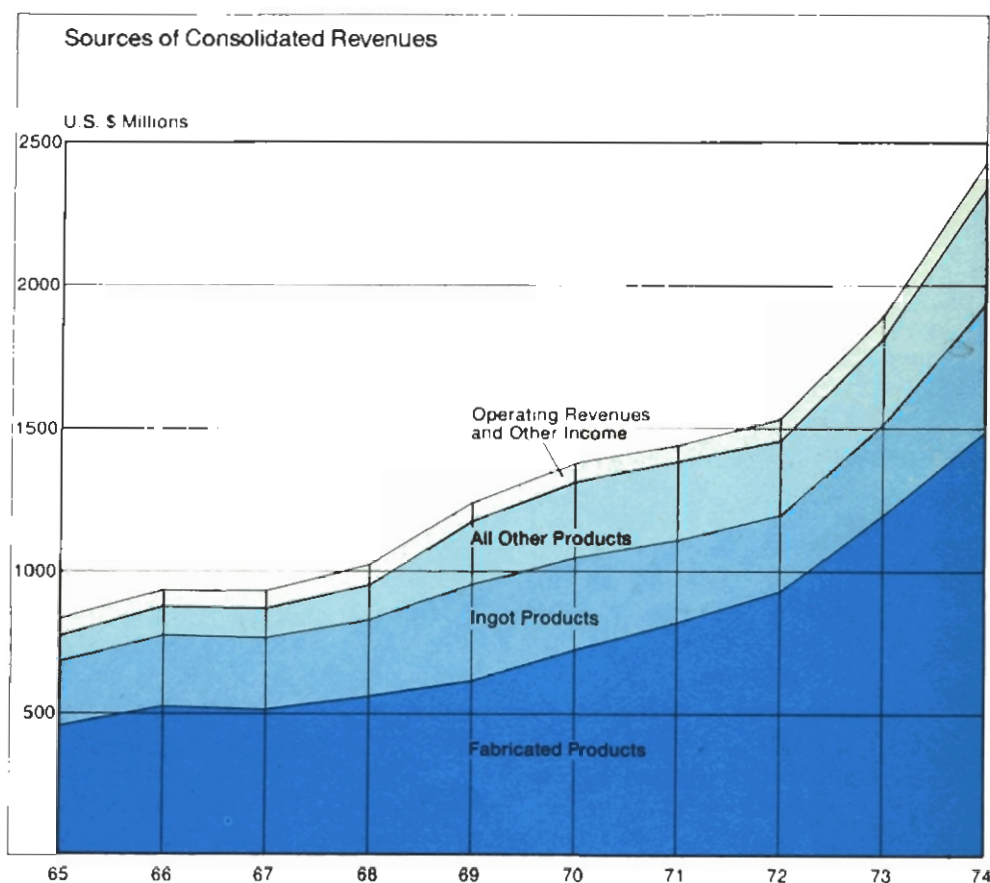
A shortage of Canadian-produced metal during the early and middle months of 1974 when demand was strong, and a rapid softening in most markets during the final quarter,

left consolidated shipments of aluminum slightly below the 1973 level, and some surplus metal in inventory. Aluminum sales revenues, however, improved substantially as world aluminum prices moved upwards under the pressure of the extremely strong levels of demand that carried over from 1973 into the first half of 1974. Helped also by a strong increase in the sales of other products, and a 31 per cent increase in operating revenues due mostly to higher shipping revenues, combined sales and operating revenues increased to \$2,412 million, 29 per cent above the previous year's total.

Gross profits on sales of aluminum in all forms rose to \$410 million, an increase of over 62 per cent, with sales of fabricated products contributing \$323 million, and ingot product sales an additional \$87 million. These results were adversely af-

ected by the bauxite production levies imposed by Jamaica and other countries, and by the cost of the production problems at Arvida which required a declaration of force majeure in August. Sales of non-aluminum products, together with revenues from power sales and shipping activities, recorded an increase in gross profit to \$76 million.

Interest charges, together with selling, research and administrative expenses, although decreasing as a proportion of gross profits, still grew in absolute terms by more than \$47 million in 1974. An important source of higher costs was the sharp increase in the rates of interest paid on the approximately \$450 million of Alcan borrowings which are tied to floating rates. Despite these cost pressures, and despite an increase in the effective rate of income taxes to 37.9 per cent from just under 32



per cent in 1973, income after taxes rose by more than \$64 million to a new peak of \$139 million.

A substantial portion of the earnings improvement was attributable to Aluminum Company of Canada, Ltd, Alcan's major operating subsidiary, which was a prime beneficiary of the worldwide rise in ingot prices. This company also enjoyed much improved results from its U.S. and Canadian fabricating operations, both of which benefitted directly or indirectly from the release of U.S. aluminum prices from the extremely low levels to which they had been held by price controls during most of 1973. Other areas showing improvements included Latin America and the United Kingdom, where the Lynemouth smelter reached full production for the first time. Some relief from stringent price controls in India allowed the operations in that coun-

try to increase profits despite operating problems referred to elsewhere in this report.

Equity Earnings and Minority Interests

The reduced contribution to Alcan's earnings by companies 20-50 per cent-owned was mainly attributable to Nippon Light Metal Company, Ltd. This company, which is the largest producer of primary metal in Japan, has suffered under the double blow of much higher prices for the oil used to generate power for its smelters and, particularly since August, of a rapid downturn in domestic aluminum demand. Amongst the other partially owned companies, Gränges Essem AB (Sweden) reported higher earnings, while A/S Årdal og Sunndal Verk (Norway) and Empresa Nacional del Aluminio, S.A. (Spain) showed small declines. Halco (Mining) Inc. (27 per

cent-owned), which owns 51 per cent of Compagnie des Bauxites de Guinée, contributed an increased loss in 1974 as a result of some early production problems in the operation of the Boké bauxite mine which started operations in late 1973.

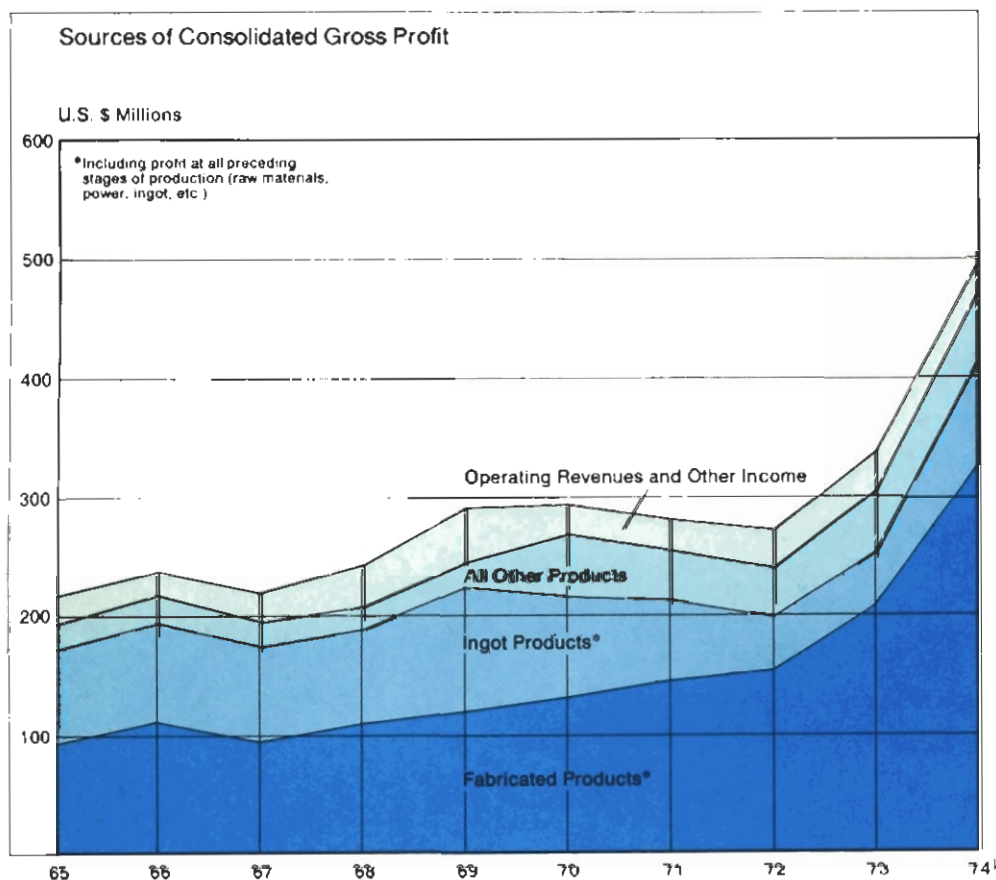
The interests of minority shareholders in the net income of consolidated subsidiaries not wholly-owned by Alcan declined in 1974 by \$1.6 million.

Sources and Uses of Funds

Despite an increase in cash generation to a record \$275 million, Alcan needed to borrow \$193 million on medium and long term, and to increase its short-term borrowings by \$88 million, in order to maintain its capital investment program in the face of unprecedented requirements for working capital funds. By year-end, total investment in operating working capital, defined for this purpose as the total of receivables and inventories, reduced by payables and current tax liabilities, had risen by \$226 million. This was not only attributable to a growth in physical inventories but also, to a very considerable extent, to the added cost of replacing old inventory with new at higher costs, and of financing sales at higher prices.

Most of the countries in which Alcan operates do not allow income tax relief on "inventory profits," but the United Kingdom has recently introduced such a measure, and the United States achieves the same result by permitting LIFO accounting. In a continuing business, the whole of the inventory profit is required to finance the growing value of inventory and therefore the imposition of current income taxes on such profits represents an added and unreasonable strain on a company's liquidity.

Dividends paid on Alcan's common shares increased to \$41.4 million



in 1974 from the 1973 level of \$30.4 million. The quarterly dividend rate was raised in April to 30 cents a share, and again in October to 35 cents, giving a total for the year of \$1.20, equal to the highest previous annual payment. The number of common shares outstanding increased by 315,383 during 1974, with 314,633 shares being issued to Nippon Light Metal Company, Ltd in an exchange of shares with that company in conjunction with moves to strengthen its integrated position in the Japanese aluminum industry.

Per Share Figures

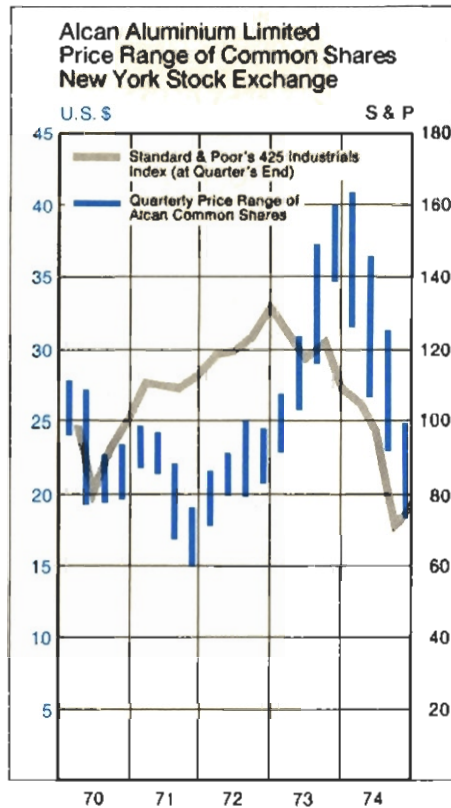
Earnings		1973	1974
First quarter	\$0.50	\$1.05	
Second quarter	0.62	1.32	
Third quarter	0.48	1.05	
Fourth quarter	0.82	*0.69	
Total	\$2.42	\$4.11	
Dividends		1973	1974
First quarter	\$0.20	\$0.25	
Second quarter	0.20	0.30	
Third quarter	0.25	0.30	
Fourth quarter	0.25	0.35	
Total	\$0.90	\$1.20	

*Before extraordinary gain of \$0.79

Capital Expenditures

Expenditures on plant and equipment and investments in 1974 amounted to \$268 million, a figure more than double the 1973 total, but one in which a substantial proportion of the increase was accounted for by inflation.

Fabricating expenditures accounted for \$80 million and included \$20 million on the Kingston and Oswego sheet expansions which will effectively double the cold-rolling capacities of these two plants before the end of 1975. Other fabricating expenditures were directed towards increased extrusion capacities in Canada, the U.K., Brazil and Indonesia. Canadian smelter expenditures were in the order of \$95 million, of which a little over \$20 million went into the Arvida and Kitimat smelter expansions, and another \$65



was spent on general upgrading. In Brazil, some \$10 million was spent on the expansion of the Aratú smelter.

Investments in 1974 totalled \$42 million and included a \$13.2 million purchase of additional shares in Halco (Mining) Inc., a \$9.5 million investment in Nippon Light Metal Company, Ltd, and a \$6.8 million subscription for additional shares in Gränges Essem AB.

Capital expenditures in 1975 are presently forecast to be somewhat below the 1974 level but will remain sensitive to any further deterioration in the world economic and business outlook. Spending on raw materials projects will account for about 10 per cent of the total, with the remainder equally divided between smelter and fabricating investments. As in 1974, the Canadian smelters will account for the great majority of the planned smelting outlays, although expenditures will con-

tinue on new Brazilian capacity at Aratú. The fabricating budget is more geographically spread, with spending plans for Canada, the United States, the United Kingdom, Europe and Brazil, each in the \$10 to \$25 million range.

Borrowings

New borrowings in excess of \$280 million were arranged in 1974, and \$53 million of debt was repaid. The largest single issue was a 20-year \$75 million long-term publicly-subscribed Canadian issue with an interest coupon of 10¾ per cent. Other borrowings included a \$45 million long-term private placement in the U.S. with \$14 million for delayed delivery in January 1975, a U.S. short-term bank line of \$36 million, and a U.S. \$30 million medium-term loan arranged by Alcan Jamaica Limited. In addition, Aluminum Company of Canada, Ltd arranged early in the year for an increase in its medium-term U.S. bank facilities from \$160 million to \$200 million, with the amount drawn against this facility increasing from \$100 million to \$145 million during the year. That company also arranged with a group of Canadian banks for medium-term commitments of Canadian \$60 million to be used as a back-up line to cover its issues of short-term commercial paper on the Canadian market.

Review of Operations

About 64,000 Alcan employees, working in various facilities in over 30 countries in vastly different and changing environments, together produced the consolidated 1974 record presented in the financial pages and in this Review of Operations. In addition, several thousand employees of related companies in 18 countries in which Alcan has an investment, contributed to our position as a worldwide aluminum enterprise.

Smelting

Because the production of primary aluminum requires large quantities of electrical energy, Alcan's principal smelting activities are in Canada where the Company, over a period of nearly 50

years, has developed its own extensive hydroelectric facilities. In 1974 these facilities supported the production of 963,000 tons of primary aluminum, the second largest volume in Alcan's history, but still below installed capacity due to operating problems.

Other smelting subsidiaries in Australia, Brazil, Britain, India and Italy produced 290,000 tons. In a year of unsatisfied demand in most markets, all smelters produced at the maximum rates they could reach. As the year ended, all smelting subsidiaries, except the small one in Italy, were developing plans for a reasonable expansion of capacity but many of these plans face delays in the light of the present economic and financial outlook. These plans can be activated when conditions justify.

Alcan also has equity holdings in smelter operations in Japan, Norway, Spain and Sweden. In 1974, these related companies produced a total of 921,000 tons of primary aluminum, the largest volume so far recorded.

In total, as shown on the chart on page 10, Alcan subsidiary and related companies produced a record 2,174,000 short tons in 1974.

Fabricating and Sales

Sales by consolidated subsidiaries, although limited by metal supplies in 1974, reached a total of 1,662,000 tons, just slightly lower than 1,676,000 tons in 1973. Of the 1974 total, Alcan's fabricating operations accounted for 1,018,000 tons or 61 per cent of the total while sales of ingot products to third parties were 644,000 tons. The attainment of this rate of fabricated sales, at an improved level of profit in most areas, reflects the heavy emphasis placed on fabricating expansion in the past decade. Operational capacities were stretched in many countries, resulting in well-advanced plans to round out and expand fabricating facilities as conditions permit.

The United States was again the largest market for Alcan's consolidated sales, followed by the United Kingdom, Canada, and the E.E.C. countries. The North American market absorbed 73 per cent of Alcan's Canadian production. Japan was also a substantial user of Canadian metal.

To supplement its own production and to meet sales commitments, Alcan purchased 479,000 tons of primary aluminum in 1974, against 528,000 tons in 1973, as shown on the chart page 12. Sales of purchased metal gave a lower margin of profit than that produced in the Company's own plants.

Consolidated sales of aluminum in all forms and from all sources were, in thousands of tons:

	1970	1971	1972	1973	1974
Canada	160	189	195	235	248
U.S.A.	357	387	416	480	452
U.K.	222	186	210	265	287
E.E.C.					
less U.K.	168	148	172	208	207
All others	439	488	458	488	468
	1,346	1,398	1,451	1,676	1,662



Light, Rapid, Comfortable, the LRC was developed and built by a Canadian consortium including Alcan. It is

designed for high performance on existing trackage. Aluminum coaches bank automatically on curves.

Raw Materials

To supply the needs of its own main smelting system, and to support sales of alumina to related companies, Alcan obtained its alumina requirements as follows:

About 38 per cent from its own production facilities in Arvida, Canada. This alumina, destined for reduction in the five Quebec smelters, was refined from bauxite produced in Guinea (West Africa) and purchased from Guyana, Surinam and other sources.

About 36 per cent from Alcan Jamaica Limited, derived from local bauxite. This alumina was supplied to smelters of subsidiary and related companies in Britain and Europe and to the smelters in Canada.

▲ About 15 per cent from an affiliated company in Australia, Queensland Alumina Limited. This was converted mainly at Kitimat, Canada and at Alcan's Australian smelter.

About 11 per cent by purchase.

In 1974, its second year of operation, Compagnie des Bauxites de Guinée, in which Alcan has a 13.5 per cent interest, supplied about one million tons of bauxite to Arvida. By the sixth year of operation, Alcan expects to receive 2.6 million tons from this source.

Future bauxite supplies for the Canadian alumina plants will be increasingly derived after 1977 from a new source being developed by Alcan and a group of Brazilian and international companies in the Amazon River region of Brazil. The Company is also planning a large-scale alumina plant in Ireland, to be based mainly on bauxite from Guinea and geared to supply related smelters in Britain and Europe

Management

From the foregoing summary it is apparent that Alcan's operations are interlinked on an international basis because of the geographical dispersion of raw materials, economic energy sources and ultimate markets for fabricated and primary aluminum. Strategic, logistical and financial planning are,

therefore, centralized at corporate headquarters in Montreal but direction of current operations, market development and preliminary planning are largely decentralized to management structures in regional areas and underlying national companies.

The following sections summarize the main developments in Alcan's operations in 1974 on a regional basis.

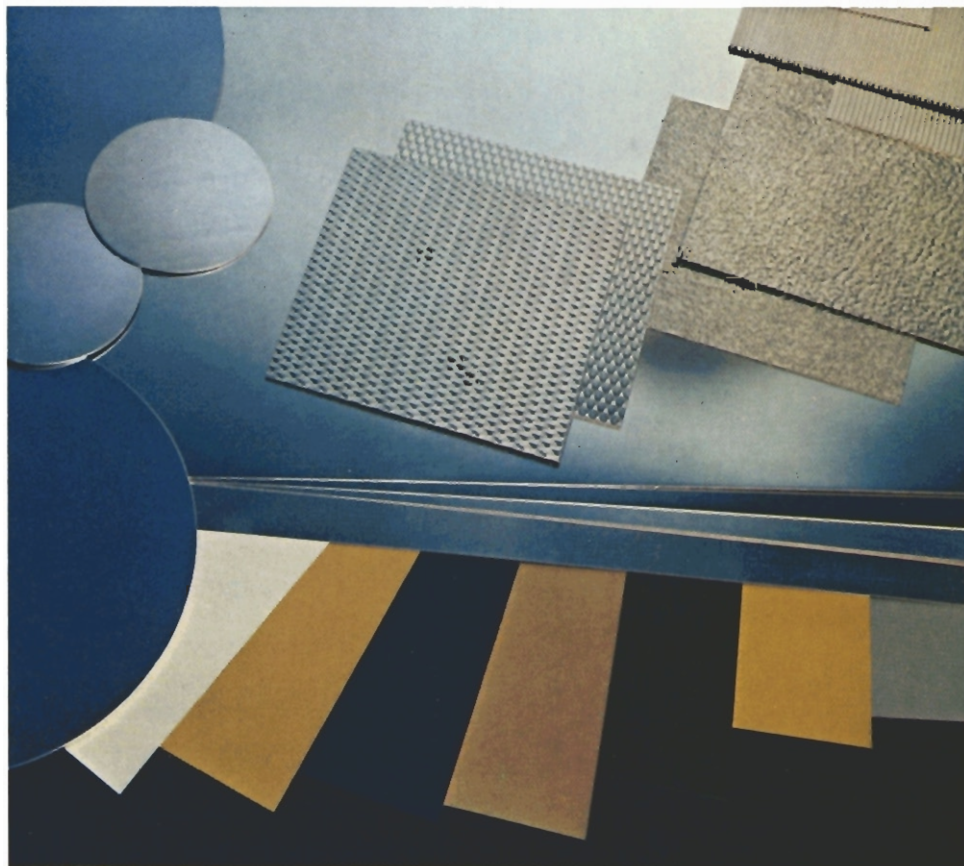
Canada

In common with other Canadian industries, and measured by traditional statistical and financial standards, Alcan's operations in 1974 and its sales in the Canadian market could be described as buoyant. But the domestic market softened in the final quarter and, as stated earlier in this report, the present recession in international markets is adversely affecting the 1975 prospects for aluminum ingot exports which are vital to Alcan's total Canadian performance.

Smelting Operations

As 1974 opened, the Canadian smelting system was given maximum production targets in an effort to meet unprecedented demand from ingot customers, including Alcan's domestic and international fabricating systems. Smelter production was raised from 872,000 tons in 1973 to 963,000 tons in 1974, but the target of one million tons or more proved unattainable. The shortfall in tonnage and in metal purities was due to late deliveries of necessary equipment and to pot failures and operational problems originating in 1973 and continuing in 1974.

Industrial relations in the smelter system were considerably improved in 1974 but wage costs continued to escalate as provided by the 1973 settlements with the trade unions. Wage rates were further increased in the fourth quarter of 1974 in response to pressures arising from inflation in the cost of living. Other cost increases in bauxite and alumina — resulting in large part from new tax levies on bauxite —



Alcan's expertise in sheet products, surface finishes and coatings helps develop markets around the world for

embossed and prepainted sheet products. These samples are from Alcan Australia Limited.

in fuel oil, coke, pitch, and virtually all other raw materials had a severe impact on smelting costs. Efforts to reduce such costs are continuous but the obstacles are formidable in an inflationary climate. In January 1975, Alcan reduced the operating rate of smelters in Quebec and British Columbia by the equivalent of 135,000 tons per year to bring production more in line with short-term sales forecasts and to hold surplus ingot inventories at supportable levels.

Smelter Expansion

To meet intermediate-term growth in aluminum demand when economic conditions improve, Alcan initiated two modest expansions in ingot capacity, of 25,000 tons each at the Arvida and Kitimat smelters, to be completed in 1975 and 1976. These would bring Alcan's effective capacity in Canada to over 1,060,000 tons but the completion of the new facilities, and their start-up, are being deferred in response to financial constraints and market conditions.

As mentioned at the 1974 shareholders' meeting, Alcan intends to undertake a progressive rebuilding of its older smelters over a period of years to improve productivity and environmental and working conditions. This modernization would also economize in consumption of electric energy. Such economies, together with the recovery of some power now being sold for utility use, would permit the eventual expansion of Alcan's Canadian smelting capacity by some 300,000 tons, or about 30 per cent, based entirely on the Company's presently-owned generating capacity.

The rebuilding program remains an item of top priority but the timing and speed of its implementation must depend on economic and financial factors discussed earlier.

Improving the Environment

Further major projects which will improve in-plant working conditions and protect the external environment at the smelter locations were undertaken in 1974. In all, some \$27 million was expended in the general field of environmental controls. A further \$20 million is earmarked for 1975.

Fabricating and Sales

In the Canadian market served by Alcan Canada Products Limited, shipments of aluminum to Canadian customers totalled 248,000 tons, a five per cent increase over 1973. Demand for aluminum declined in the final months.

Continuing efforts were made during the year to develop new long-term markets for aluminum in transportation, natural gas distribution lines, building products and electric cables. The beverage can market continues to be significant and the Company worked with others on the development and institution of can recycling programs.

With the increased focus on energy consumption, the advantage of using aluminum to reduce weight in transportation equipment was emphasized. Progress was made in road tests with the LRC (Light, Rapid, Comfortable) passenger train developed jointly with MLW-Worthington Limited and Dominion Foundries and Steel, Limited. Freight movement by rail is another area for greater aluminum use; during the year an order to supply aluminum for the construction of 1,600 grain hopper cars was obtained.

Special efforts were made to continue to supply the needs for distribution of electricity at high and low voltages and for building wire. A full line of glass fibre runabout boats was offered for the first time through the acquisition of Peterborough and Princecraft designs and production facilities. These boats supplement Alcan's existing Springbok series of aluminum boats.

New Fabricating Facilities

Work progressed towards the start-up in 1975 of the high-speed cold-rolling mill being installed in Kingston, Ontario, where work on a \$4 million continuous-annealing line was also started. Further developments in the continuous casting and rolling facility of Saguenay Works at Arvida resulted in an increase in the range of product and production capabilities.

Caribbean

Jamaica

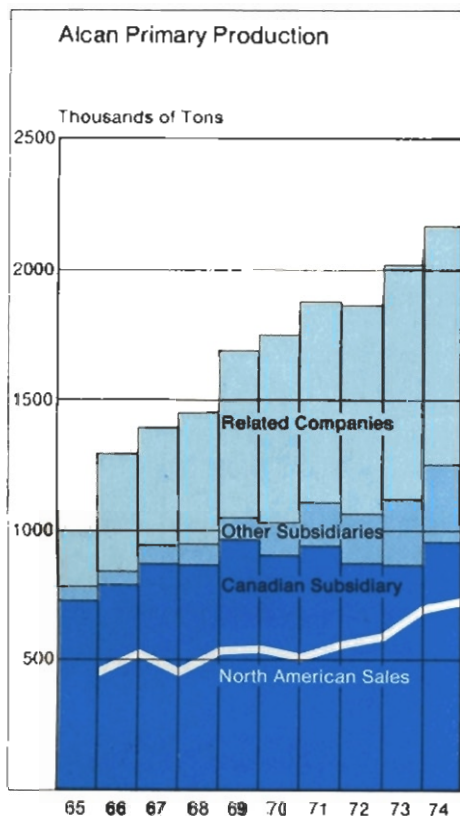
In Jamaica, Alcan Jamaica Limited operated at capacity and produced 1,240,000 tons of alumina at its two plants, approximately 36 per cent of Alcan's alumina requirements for its own use and sales commitments in 1974. On 10 June, the Government of Jamaica passed legislation imposing a new bauxite production levy, retroactive to 1 January 1974, which increased the average tax on bauxite mined in Jamaica by all companies from a level of approximately \$2.50 per ton to more than \$11 per ton at current price realizations for aluminum ingot to which the amount of the levy is directly related on a percentage basis. Alcan Jamaica Limited has paid under protest the new level of tax for 1974, amounting to \$27 million, based on prescribed minimum tonnage production.

The Government of Jamaica has also initiated further negotiations with the bauxite/alumina companies regarding the future terms and conditions of their operations in Jamaica. In particular, the Government has said that it wishes to negotiate with the individual companies such questions as ownership of land and bauxite reserves, government participation in the companies' equity, and expansion of existing mining and processing facilities. The Government has concluded negotiations with two of the bauxite companies but so far has not opened talks with Alcan Jamaica Limited.

Sprostons (Jamaica) Limited and Alcan Products of Jamaica Limited continued to operate their trading, services functions and aluminum fabricating operations, including exports of fabricated products.

Trinidad and Guyana

In Trinidad, Chaguaramas Terminals Limited continued the satisfactory operation of the bauxite storage and transfer station. Sprostons (Trinidad) Limited carried on its trading and services business, while its associated fabricating company, Geddes Grant Sprostons Industries Limited, maintained an encouraging level of activity.



Sproston (Guyana) Limited sustained a high level of operations in 1974 in the fields of trading, services and fabricating. The shipyard was particularly busy. Sales of industrial equipment and supplies were at record levels.

United States

Alcan Aluminum Corporation in 1974 completed its tenth year as Alcan's fabricating subsidiary in the United States, having first taken over and then expanded certain earlier fabricating activities and having assumed the traditional role of selling primary ingot products from Alcan's Canadian smelters to independent fabricators. In its brief history, this subsidiary has grown to be the fourth largest aluminum fabricator in the U.S., with a network of sales offices, nine major fabricating plants and 40 other operations including service centres and warehouses. It is organized as a supplier of products for selected markets, mainly building products, electrical conductors, containers and packaging, pigments, powders, and automotive products.

In 1974 sales and profits, strengthened by improved prices and near-capacity demand, were at record levels despite limitations in metal supply in the first nine months, and despite the subsequent downturn in U.S. industrial activity. Sales reached a total of 452,000 tons. Performance improved notably in sheet and cable products and general metals distribution. Sales to utilities, and to the petroleum and chemical industries remained strong but the automotive and building industries turned down in the late summer.

Fabricating Expansion

A plant expansion program of moderate size was continued last year and will be completed as conditions permit. The second 100,000-ton high-speed cold-rolling mill will be in operation at the Oswego, New York, plant late this year. A plant to produce awnings, canopies and similar products was opened in North Carolina, and a new 29-inch paint-coating line for building products was started in New Jersey. To provide better service to the mobile home industry, service centres were added in Indiana, Ohio and Texas. A related company, Fabral Corporation, increased its marketing area with a new plant in Illinois for producing roofing and siding panels for farm and commercial buildings.

Although operating in a depressed American economy as 1975 began, Alcan Aluminum Corporation has developed the marketing organization, production strengths and product acceptance to take advantage of the next economic upturn.

Latin America

All Alcan companies in the Latin American area set new sales and earnings records, which were accompanied by a significant increase in capital expenditures, mainly in Brazil. Close collaboration was maintained with all local shareholders and the program to increase depth in local management progressed. Alcan continues to believe that most Latin American countries have good growth prospects involving progress for aluminum.

Going Ahead in Brazil

In Brazil, Alcan Alumínio do Brasil S.A.'s integrated facilities operated practically at capacity. The addition of a fourth press at the São Paulo-Utinga plant added significantly to its extrusion results for the year. A decision was taken to install a modern all-purpose cold-rolling mill at a new site, with an eventual capacity of 110,000 short tons per annum, for initial production in early 1977. Good progress was made in the expansion to 30,000 short tons per annum of the Aratú smelter located in the Sudene development area near Salvador (Bahia). When this stage is completed, mainly with Brazilian funds, it will be the first aluminum producer in Brazil with annual capacity in excess of 66,000 short tons. Further expansions are contemplated at Aratú.

Implementation of a major bauxite mining project near the Trombetas River, in the Amazon region, is being carried out by Mineração Rio do Norte S.A. — a consortium company in which Brazilian shareholders hold 51 per cent of the equity, while Alcan holds 19 per cent and six international companies hold the remaining 30 per cent. The initial project is expected to produce about 3.5 million metric tons of bauxite per annum for export. Shipments are to begin in 1978. Alcan expects to receive 1.2 million metric tons per annum for use in its Canadian plants and has an option to purchase an additional 1.2 million metric tons a year when the project expands.

Other Fabricating and Sales

In Mexico, continuous improvements were made to the existing fabricating facilities of Alcan Alumínio S.A. which operated at a high rate of utilization. Strategic studies were undertaken to formulate a long-term expansion plan for the company. Alumínio Alcan de Colombia, S.A. achieved a high level of performance at its Cali plant.

Alcan Alumínio del Uruguay S.A. operated at a very satisfactory level. Alcan de Venezuela, S.A. participated in Venezuela's economic growth and is in the process of doubling its extrusion capacity at its plant near Caracas. In Argentina, Camea S.A.I.C., in which

Alcan holds a 35 per cent interest, continued fabricating operations at its plant near Buenos Aires.

Alcan Aluminio (America Latina) Limited was successful in selling Alcan products in most Latin American countries in which there are no Alcan operations, through its extensive network of sales agents.

Britain, Ireland and Scandinavia

Despite the economic and financial downturn in the closing months, Alcan Aluminium (U.K.) Limited and its subsidiaries experienced their best year and made good profits. This group has consolidated its position as the leading supplier of aluminum to British industry, both at the primary and fabricated stage.

Total sales of all products were some 287,000 tons, an increase of eight per cent, while consumption of alumi-

num in the U.K. increased by about one per cent. Prices for aluminum showed substantial and necessary improvement in a climate of rising costs.

During the year, Alcan's operations generally experienced rising productivity and continued to develop sound relationships with employees and trade unions. The new Lynemouth smelter completed its start-up program in 1974. It operated close to its installed capacity of 132,000 tons, with high efficiencies and metal purities, and supplied about one-half of Alcan's sales of primary ingot in the U.K.

Alcan Booth Industries Limited, owned 75 per cent by Alcan, achieved a highly satisfactory performance, following rationalization of operations and reorganization of the management structure over the past few years. New investments included two new extrusion presses, and the upgrading or expansion of remelting, sheet-rolling, anodizing, and EC rod facilities. Progress was made with the installation of

three new foil mills in Rogerstone, South Wales, which will be commissioned in 1975.

Organizational changes were introduced to improve sales and service to the building industry, road and rail transport, and the vehicle body business. Alcan Booth's stockist division has been strengthened and now operates 14 warehouses for broad regional distribution.

A drop in British industrial activity, accompanied by high inflation and economic uncertainty, resulted in weakening demand towards year-end which will affect Alcan's prospects in Britain in 1975, but its organization and facilities remain strongly based.

Scandinavia

In Norway, as described earlier in this report, Alcan completed the sale to the Kingdom of Norway of half of its equity interest (previously 50 per cent) in A/S Årdal og Sunndal Verk, the largest aluminum producer in Norway. In Sweden, Alcan took up its share of a rights issue by Gränges Essem AB, maintaining its interest in that company at 20.8 per cent.

Republic of Ireland

A new subsidiary, Alcan Ireland Limited, announced its proposal to build with partners an 880,000 ton-per-annum alumina plant on the River Shannon in southwest Ireland at a cost now estimated in excess of \$350 million. Planning permission was granted by the Irish authorities in September but the start of construction has been delayed by the need to finalize financial and partnership arrangements. Tentative plans provide for a flexible construction schedule with completion in 1980, although present plans indicate only a small expenditure in 1975. The plant would process bauxite from Guinea in West Africa or other sources and would supply alumina to Alcan smelters and related customers in Britain and Western Europe.

Unidare Limited, a diversified manufacturing and aluminum fabricating company, owned 25 per cent by Alcan, had another successful year.



Kambara Research Centre, related to Nippon Light Metal, Japan, where researchers explore such diverse fields as

pore-free die-casting, red mud uses, anti-pollution techniques and gallium arsenide for the electronics industry.

Continental Europe

In Alcan's regional structure, Continental Europe also extends to North Africa and the Near and Middle East. In this area, the aluminum business in 1974 started out strongly but finished in a softening and hesitant condition due to the economic and monetary situation. Business trends were dominated by financial instability, widespread and serious inflation, partly due to high oil prices which impacted on all countries, but especially Italy and France. Trade was encumbered by wide swings in exchange rates and progressively the major countries imposed tighter credit and other deflationary measures.

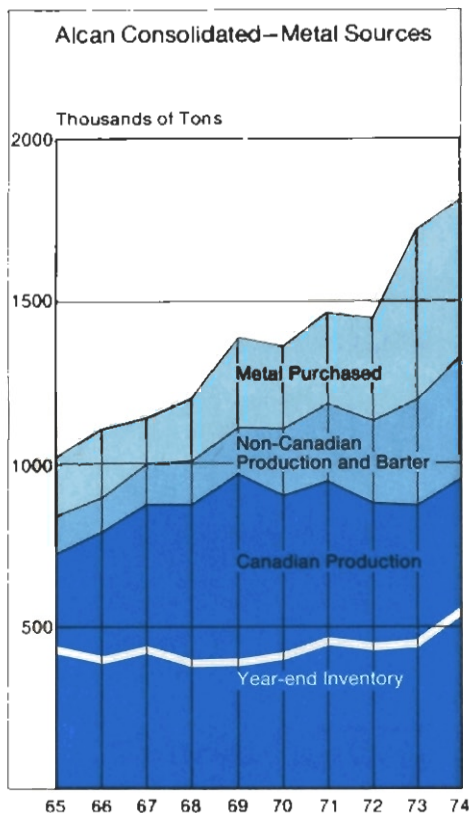
Shipments and Prices

In the circumstances, the reaching of new high levels of earnings and a net gain in Alcan's aluminum shipments to area customers was creditable. The sales increase would have been larger had greater supplies been available when demand was strong, but the higher level of activity was facilitated by significant metal purchases from non-Alcan sources and the toll-fabricating of metal for others. Market prices firmed during the first nine months although government price controls restrained the advances in Spain and France and, until mid-year, in Italy.

Fabricating Operations

Alcan has fabricating subsidiary or related companies in Belgium, France, Germany, Italy, Spain and Switzerland. At the most important sheet-rolling operation, a partnership at Norf in Germany, the installation of a second cold mill continued last year, and production will start in a few months. All extrusion capacity in the area, reinforced by the addition of new presses in Belgium in late 1973 and in Italy in 1974, was operated at high levels through the first nine months. A new foil conversion plant commissioned at Goldach, in Switzerland, was operating at capacity by year-end. A small foil converter in Berlin was purchased.

Progress was made on the modernization of the secondary smelter in Italy and on an expansion of the aluminum paste capacity in France.



Other Activities

In Spain, Empresa Nacional del Aluminio, S.A. (Endasa), of which Alcan owns 25 per cent, had another good year with volume up from 1973. The major new alumina and smelter project planned for the northwest of Spain, in which Endasa will have a 55 per cent equity, was delayed due to possible environmental problems. A new site was selected and in December the necessary governmental clearances for power supply, finance and appropriate incentives were assured so that the government and the potential partners could approach decisions on the timing of construction. In France, Alcan's subsidiary produced 540,000 tons of bauxite for third party customers.

The Business Outlook

The latter days of 1974 saw more hesitancy in the European market as building and automotive industries in all countries suffered a reduction in activity. The acute financial problems of some European countries may result in continued difficulties for aluminum markets, but reflating moves, begun by mid-year in Germany and followed in

December by other countries, have resulted in lower interest rates and may provide the seeds of industrial recovery later in 1975.

Far East

In the territories of the Far East and Southeast Asia, with special reservations in Japan, the aluminum business was strong for most of 1974 and prices and profits generally improved.

In Japan, as discussed in the financial section, Nippon Light Metal Company, Ltd (owned 50 per cent by Alcan) is adversely affected by energy problems and by industrial recession. As its economic situation improves, Japan will continue to be a leading consumer of aluminum, but the opportunities for smelter expansion within the country are expected to be limited. During 1974 Alcan concluded agreements with Nippon Light Metal whereby Alcan will convert their alumina at its Kitimat smelter into 50,000 tons of aluminum annually for Nippon Light Metal's requirements for a 25-year period commencing in 1977. Also in 1974, that company implemented a merger with its fabricating subsidiary, Nikkei Aluminium Company Ltd, in order to rationalize and strengthen its operations as an integrated company. Toyo Aluminium K.K., a 50 per cent-owned foil-rolling company, had again a profitable year.

New Projects

A new subsidiary, P. T. Alcan Indonesia, commenced operations with an extrusion press and corrugating line. Plans were developed for a major expansion of Alcan Malaysia Berhad which is engaged in producing sheet and extrusions. In Thailand, Alcan purchased from its partners their equity in Alcan Thai Company which had a profitable year in extrusions and end products. In the Asian area generally, Alcan's trading companies found strong markets for ingot for much of the year but were constrained by metal supplies.

In Malaysia, Southeast Asia Bauxites Limited mined 878,000 tons of bauxite, mainly for use by Nippon Light Metal Company, Ltd in Japan.

India

Indian Aluminium Company, Limited, owned 55 per cent by Alcan and 45 per cent by Indian public shareholders, is now entering its third year of smelter operating problems arising from low rainfall and power cuts by state power authorities. Its 1974 ingot production was some 75,000 tons out of a capacity of 110,000 tons. Fabricating operations were limited by the availability of metal. Despite these limitations, and with some relaxation of price controls, the Indian company realized a significant improvement in earnings over 1973. The company has plans for progressive expansion when justified, to serve the Indian market.

South Pacific

In both Australia and New Zealand, the year 1974 brought a deterioration in the general business and economic climate, and the aluminum industry slipped back from the profit levels it

had experienced. In a period of inflation in labor and materials costs, the squeeze between rising costs and controlled selling prices grew increasingly serious in Australia.

Smelting and Fabricating

Alcan Australia Limited operated its Kurri Kurri, New South Wales smelter at close to its rated capacity of 50,000 tons per annum despite some industrial relations problems which affected the whole company. Alcan Australia is planning to increase the capacity of its Kurri facility as soon as market and financial conditions make this appropriate. It is also proceeding with the rationalization of its fabricating and marketing structure to enhance the benefits of its recent emphasis on forward integration into architectural and building products, transport equipment, foil and packaging and other end use products.

Alcan New Zealand Limited is a major supplier of sheet, extrusion, foil and cable products to the domestic market. The company has announced

its intention to build a new extrusion plant at Christchurch on the South island in late 1975 or early 1976.

Raw Materials

Queensland Alumina Limited, in which Alcan has a 21 per cent interest, provided Alcan with some 500,000 tons of alumina from its Gladstone plant for use in the Kurri Kurri smelter and in the Kitimat smelter in Canada. This represented 15 per cent of Alcan's alumina requirements for its own use during the year. Devaluation of the Australian dollar had a beneficial effect on the cost of alumina exported from the Gladstone plant. The capacity of the Gladstone alumina plant is now 2.7 million tons per annum.

Work on proving up Alcan's bauxite reserves in the Cape York area of northern Australia was essentially completed in 1974.



The Kingston Research Centre, Canada, concentrates on research into the processes used to fabricate

aluminum products and into the properties of aluminum engineering materials.

Response and Direction ...a New Emphasis for R & D

At Alcan, R & D is a corporate way of life, vital to the continuing excellence of today's product, and essential as an investment in tomorrow's business. The Company's extensive research and development programs continued through 1974 at an approximate cost of \$16 million.

The development of the entire aluminum industry has been directed largely by those seeking out change rather than waiting for it to happen. In the 150 years since its isolation as a metal, aluminum mainly as a result of research and development has been transformed from an extremely precious material worth more than \$500 per pound to its present position as the most used non-ferrous metal in the world. Total primary production of aluminum in the non-communist countries during 1974 exceeded 12 million tons and for the last 25 years, in spite of ups and downs, the average increase in consumption has been in the order of nine per cent annually.

Because of this continuing growth in terms of tonnage as well as in variety of uses Alcan, a leading world producer of primary ingot, allocates substantial human and financial resources to all aspects of aluminum research and development. Approximately 1,000 scientists, engineers, technicians and support staff are involved in areas ranging from geological exploration and fundamental and applied research to plant and product development.

Alcan's extensive R & D programs at the operating level throughout the world are carried out in association with three large research centres: Kingston, Ontario, and Banbury, England, where scientists and technologists concentrate on studies related to fabricating processes and finished products; and Arvida, Québec, where emphasis is on smelting operations and raw materials.

Fabricated Products

The work being done at Kingston and Banbury is focused on im-

proved materials and aluminum alloys with desired combinations of mechanical and physical properties; on bettering the processes of melting, casting, rolling, extruding and drawing used along the way in converting molten metal to sheet, wire, foil and other semi-finished products; and on extensive research on brazing, painting and anodizing techniques in the manufacture of a wide range of products used in the transportation, building and packaging industries. Further integration with Alcan Group operating companies is achieved through the provision of technical support on new and existing products, and research in such fields as high-energy joining of natural gas distribution lines and general product redesign. The research centres at Kingston and Banbury are equipped with the latest analytical instruments which provide factual rather than conjectural information on alloy structures and their chemical, physical and mechanical properties, and the nature of surfaces in relation to oxidation, paint adhesion, and lubricant development for metal working.

Raw Materials and Smelting

At the Arvida Research Centre, research and development projects are related to ore processing, alumina production and smelter operations. Currently, emphasis is on improving the Hall-Héroult process used in the commercial smelting of aluminum around the world. Designed to safeguard the Company's position in the marketplace as well as to obtain significant cost savings and provide better environmental conditions, the efforts are on three fronts: a) developing a next-generation process control system using advanced control logic for reduction cells; b) devising a mathematical simulation of a reduction cell so that the effects of changes in design and process variables can be determined without need for lengthy and costly experi-

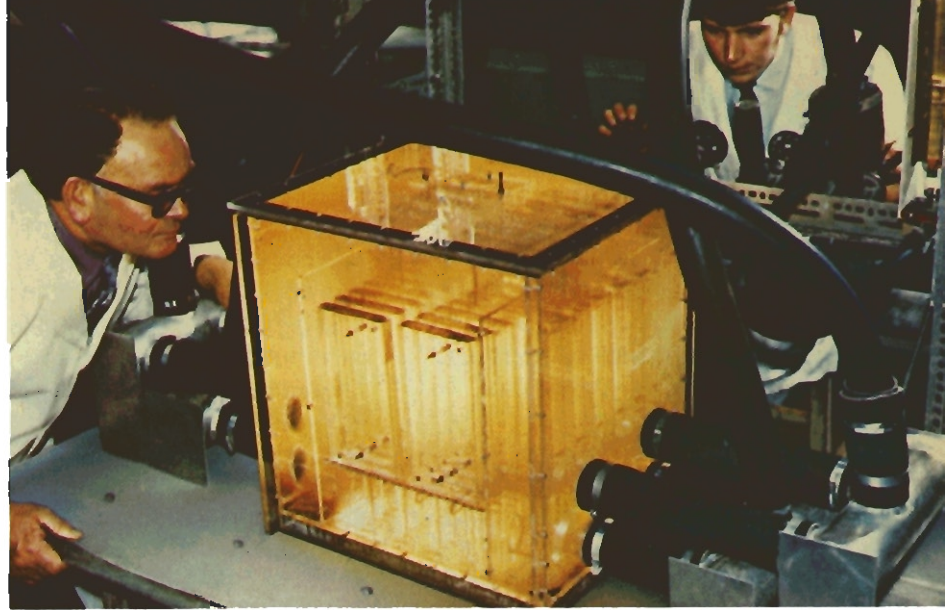


Alcan's first research centre opened at Banbury, England, in 1938. Its scientists and technologists deal with the metal-

lurgy of fabricated aluminum products and the techniques of casting, heat-treating, extruding and finishing.

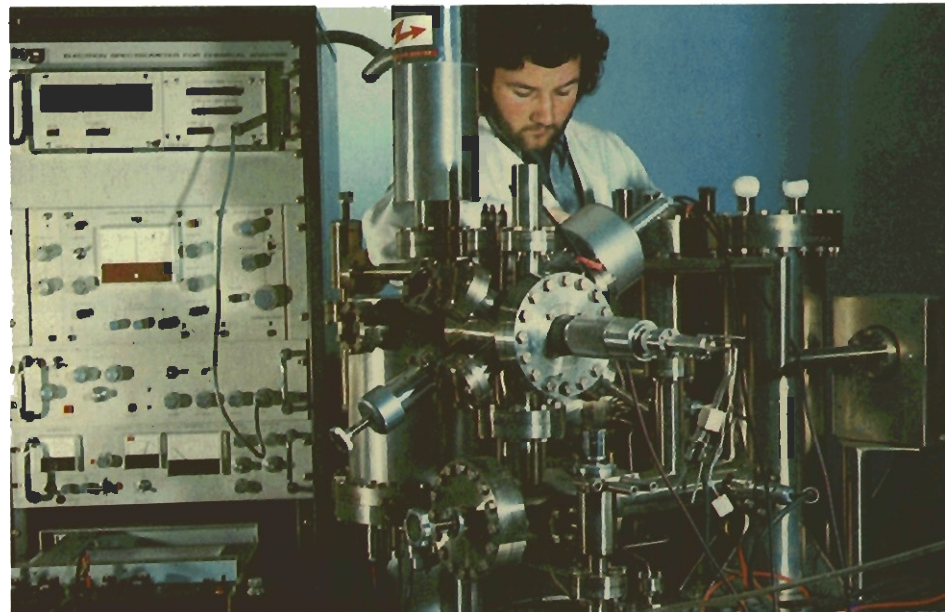


Above: Using Alcan designed techniques, high-energy joining of aluminum provides fast and economic installation of continuous coils of gas distribution pipe in the field.



Top right: Flow patterns are studied in a scale water model of an ingot heating furnace at Banbury. The results help conserve fuel and improve the effectiveness of remelting and heat-treating equipment.

At right: The Banbury Centre is a world leader in the use of ESCA (electron spectroscopy for chemical analysis) for studying surfaces. This provides a better understanding of paint adhesion, oxidation of metals and leads to the development of lubricants.



Below: Modular autoanalyzer system at Arvida automatically performs continuous chemical analysis and will be used to monitor and control chemical plant processes.



mentation; and c) conducting a series of studies on smelter design in the context of an integrated alumina-to-metal system. At the same time, alternative processes of metal production continue to be appraised with detailed research applied to those of special interest.

During the year, a computer-based module started to operate optical emission spectrographs for the analysis of ingot and fabricated products. This development reinforces Alcan's expertise in the area of process and quality control. More importantly, however, the growing use of such instruments, X-ray techniques, data processing and telecommunications in chemical analysis, results in greater accuracy, efficiency and economy than that possible with the now generally displaced flasks and chemical solutions of the traditional laboratory.

Improved Use of Resources

As awareness of resource limitation has grown, so has the Company's R & D effort in the fields of energy consumption, chemicals and raw materials. The increasing costs of operations vis-à-vis the economic advantages of new techniques, without sacrificing quality, makes this particular area of R & D one of the most challenging. Significant is the exploration directed to new sources of alumina. The factors of rising transportation costs and the recent increase in the price of bauxite have given impetus to R & D work on processes for alumina production from such non-bauxitic materials as high-alumina clays, coal mine shales, fly-ash from coal-burning boilers, and anorthosite which is found in abundance in the vicinity of Alcan's major installation at Arvida, Québec. Perhaps the most noteworthy step taken in this direc-

tion was in December when Alcan and Aluminium Pechiney de France signed an agreement to further develop Pechiney's H-plus process for producing alumina from clays and shales. At an estimated cost of \$25 million to be spent over the next five years, the process will be developed at a pilot plant near Marseilles, France, where production will be approximately 20 tons of non-bauxitic alumina per day.

Trade In Technology

Although Alcan generates much of the expertise used in its varied operations, the Company occasionally purchases new technology from outside sources. Similarly, Alcan finds a demand for its developed technology by other aluminum producers and by other industries using related processes. Recently, Alcan added two more processes to those it had already put on the industrial market: a method of recovering and re-using costly reduction cell linings, and the mathematical simulation of petroleum coke calcining operations which leads to substantially improved production on a controlled basis at significantly lower cost.

Through 1974, as Alcan continued to explore new ways of producing aluminum, improving its product and meeting the growing expectations and requirements of world markets, the "R" for research and "D" for development increasingly came to represent **response** and **direction**, two forces essential to any enterprise which wishes to retain the confidence of its shareholders, customers and employees.



The Arvida Research Centre specializes in the study of raw materials and smelting. The Analytical Centre (upper

left) is a sophisticated laboratory specializing in process quality control and research on analytical methods.

**Alcan Aluminium
Limited**

year ending 31 December 1974

in thousands of U.S. dollars

**Consolidated
Statement of
Income**

	1974	1973
Revenues		
Sales	\$2,337,513	\$1,814,883
Operating revenues	74,632	56,863
Other income (note 9)	14,614	19,357
	2,426,759	1,891,103
Costs and expenses		
Cost of sales and operating expenses	1,823,846	1,452,008
Depreciation and depletion	102,857	101,290
Selling, research and administrative expenses	163,952	138,188
Interest on debt not maturing within one year	75,604	65,920
Other interest	24,743	13,144
Other expenses	11,180	10,617
	2,202,182	1,781,167
Income before income taxes and other items	224,577	109,936
Income taxes (note 10)		
Current	53,060	50,220
Deferred	32,050	(15,439)
	85,110	34,781
Income before other items	139,467	75,155
Equity income less minority interests (note 11)	2,325	7,492
Income before extraordinary gain	141,792	82,647
Gain on sale of investment (note 3)	27,364	---
Net Income	\$ 169,156	\$ 82,647

in U.S. dollars

Income per common share (after preferred dividends)		
Before extraordinary gain	\$4.11	\$2.42
Extraordinary gain	0.79	---
	\$4.90	\$2.42
Dividends per common share	\$1.20	\$0.90

**Alcan Aluminium
Limited**

year ending 31 December 1974

in thousands of U.S. dollars

1974 1973

**Consolidated
Statement of
Changes in
Financial
Position**

Source of funds

Income before extraordinary gain	\$ 141,792	\$ 82,647
Depreciation and depletion	102,857	101,290
Deferred income taxes	32,050	(15,439)
Other	(2,051)	(5,374)
From operations	274,648	163,124
Common shares	9,533	1,213
New debt	193,497	20,770
Disposals of plant and equipment	7,810	6,590
Sale of investments (including extraordinary gain)	61,382	877
Other	16,369	1,237
	563,239	193,811

Application of funds

Plant and equipment	226,083	111,630
Investments	41,767	5,747
Debt	53,186	70,778
Redemption of preferred shares (par value)	987	—
Dividends on preferred shares	136	1,279
Dividends on common shares	41,387	30,381
	363,546	219,815

Change in working capital (note 14)

199,693 (26,004)

Working capital — beginning of year

441,781 467,785

Working capital — end of year

\$ 641,474 \$ 441,781

**Consolidated
Statement of
Retained
Earnings**

year ending 31 December 1974

in thousands of U.S. dollars

1974 1973

Retained earnings — beginning of year	\$ 686,886	\$ 635,899
Net income	169,156	82,647
	856,042	718,546
Dividends on preferred shares	136	1,279
Dividends on common shares	41,387	30,381
	41,523	31,660
Retained earnings — end of year (note 6)	\$ 814,519	\$ 686,886

Alcan Aluminium Limited

Notes to Financial Statements

*in millions of
United States dollars*

1. Summary of accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of all companies more than 50% owned. In addition, under the equity accounting principle, consolidated net income includes Alcan's equity in the net income of all companies 20-50% owned and the investments in these companies have been increased by Alcan's share of their undistributed net income since acquisition. When the cost of an investment exceeds the book value of Alcan's equity therein at date of acquisition, the excess is amortized over the estimated useful life of the related fixed assets. Intercompany items and transactions between consolidated companies, including profits in inventories, are eliminated.

Translation of accounts into United States dollars

The consolidated financial statements are expressed in U.S. dollars since this is the principal currency of international trade in which Alcan's business is mainly involved.

Accounts, other than U.S. dollar accounts, included in the consolidated balance sheet are translated at rates of exchange current at year end except that (a) inventories, investments, fixed assets and accumulated depreciation and depletion are at rates current at dates of acquisition, (b) debts not maturing within one year are at rates current at dates of issue, and (c) deferred income taxes are at rates current at dates of origin. Accounts included in the consolidated statement of income, except depreciation and depletion, are translated at average rates of exchange prevailing during the year. Translation adjustments, not significant in amount, are included in income.

Deferred income taxes

Income tax regulations in Canada and certain other countries permit the deduction from taxable income of certain items (principally depreciation) in amounts which do not coincide with those charged for financial reporting purposes. The effect of such timing differences on income taxes otherwise payable is recognized as deferred income taxes.

Investment allowances are recognized as a reduction of income taxes when realized.

Inventories

Aluminum, raw materials and other supplies are stated at cost or net realizable value, whichever is the lower. Cost is determined for the most part on the monthly average method; however, in the fourth quarter of 1974, the basis of determining the cost of aluminum and raw materials of a United States subsidiary was changed to the last-in first-out method, with effect from 1 January 1974. This method is generally accepted in the United States and is acceptable for income tax purposes in that country. This change had the effect of reducing consolidated net income and retained earnings by \$13.6 million in 1974 (\$0.39 per share). Previously reported net income for the first, second and third quarters of 1974 is restated to \$36.1 million (\$1.05 per share), \$45.5 (\$1.32 per share) and \$36.2 (\$1.05 per share), respectively, as a result of this change.

Other

Property, plant and equipment includes the cost of renewals and betterments. Repairs and maintenance are charged against income as incurred.

Depreciation is calculated on the straight-line method using rates based on the estimated useful lives of the respective assets. Depletion, not significant in amount, is calculated on the unit of production basis.

Income per common share is calculated by dividing net income less preferred dividends by the average number of shares outstanding during the year.

2. Deferred receivables

Deferred receivables include \$52.0 million arising from the nationalization in 1971 of Alcan's bauxite and alumina assets in Guyana. This amount, bearing interest at 6% per annum, is receivable from the Government of Guyana over the period 1976 to 1991.

Alcan Aluminium Limited

Notes to Financial Statements

In millions of United States dollars

3. Investments in companies owned 50% or less	1974	1973
At cost plus equity in undistributed net income since acquisition		
Companies 50% owned (cost \$55 million)	\$ 92	\$147
Companies 20% to 50% owned (cost \$92 million)	115	49
At cost		
Companies less than 20% owned	5	3
	<u>\$212</u>	<u>\$199</u>

During 1974 Alcan negotiated the sale of half of its 50% interest in A/S Årdal og Sunndal Verk (ÅSV) to the Kingdom of Norway for \$62.0 million resulting in an extraordinary gain of \$27.4 million after estimated income taxes.

The results of operations and the financial position of the 20-50% owned companies, which are located mainly in Australia, Germany, Guinea, Japan and Norway, are summarized below.

Results of operations for the year	1974	1973
Revenues	\$1,708	\$1,259
Costs and expenses	1,629	1,186
Income before income taxes	79	73
Income taxes	39	22
Net income	\$ 40	\$ 51
Alcan's share of net income*	11.5	18.3
Dividends received by Alcan	6.4	5.2
Financial position at 31 December		
Working capital	\$ 492	\$ 333
Property, plant and equipment (net)	1,411	1,132
Other assets (net)	245	171
	<u>2,148</u>	<u>1,636</u>
Less: Deferred taxes	129	82
Debt	1,322	1,061
Net assets	\$ 697	\$ 493
Alcan's equity in net assets	197	182

*Where a company operates as a joint venture supplying materials to each participant, Alcan's share of the net income is applied to the cost of the materials so obtained.

4. Property, plant and equipment	Cost	Accum. Deprec.	Net 1974	Net 1973
Land, and water rights	\$ 63	\$ 1	\$ 62	\$ 62
Mineral properties, rights and development	18	7	11	12
Raw material, power and other facilities	997	572	425	438
Smelting facilities	877	467	410	321
Fabricating facilities	795	373	422	384
	<u>\$2,750</u>	<u>\$1,420</u>	<u>\$1,330</u>	<u>\$1,217</u>

Expenditures in 1975 are expected to be in the range of \$200 to \$250 million.

Alcan Aluminium Limited

Notes to Financial Statements

in millions of United States dollars

	<u>1974</u>	<u>1973</u>
5. Debt not maturing within one year		
Aluminum Company of Canada, Ltd		
*Bank loans under \$200 million revolving credit agreement, due 1978/1982	\$145	\$100
9½% Sinking fund debentures, due 1995	100	100
10¾% Sinking fund debentures, due 1994 (Can. \$75 million)	77	—
9¾% Sinking fund debentures, due 1991 (Can. \$60 million)	59	59
4½% Sinking fund debentures, due 1980	30	33
7⅞% Serial debentures, due 1976/1979 (Can. \$40 million)	40	40
5.10% Notes, due 1975/1992	81	86
Other debt, due 1975/2001	15	42
Alcan Aluminum Corporation (U.S.A.)		
9½% Notes, due 1980/1994	31†	—
4¾% Notes, due 1975/1984	34	35
Other debt, due 1975/1990	8	12
Alcan Aluminium (U.K.) Limited (consolidated)		
*Loan, due 1979 (£15 million)	36	36
9% Loan stock, due 1981/1994 (£10 million)	24	26
10½% Loan stock, due 1981/1994 (£8 million)	19	19
*Bank loans, due 1975/1977 (£12 million)	29	29
Other debt, due 1975/1994 (£8 million)	20	17
Alcan Europe N.V. (consolidated)		
5½% Bonds, due 1987 (Sw. F. 100 million)	26	26
Bank loans, due 1975/1981	21	22
Alcan Jamaica Limited		
*Bank loans, due 1975/1980	33	11
Indian Aluminium Company, Limited		
Debentures and bank loans, due 1975/1984 (principally rupees)	28	33
Other companies		
Bank loans, due 1975/1980	36	32
Debentures and notes, due 1975/1987	44	50
	<u>936</u>	<u>808</u>
Less: Debt maturing within one year included in current liabilities (equivalent to \$52 million and \$67 million, respectively, at year-end rates of exchange)	50	64
	<u>\$886</u>	<u>\$744</u>

*Interest fluctuates with lender's prime commercial rate.

†In January 1975, additional notes were issued for \$14 million.

If translated into United States dollars at year-end rates of exchange, debt not maturing within one year would increase by \$20 million and, if there were no further change in exchange rates, this amount would be charged to income as the debt matures.

After allowing for prepayments, sinking fund and other requirements over the next five years amount to \$50 million in 1975, \$53 in 1976, \$54 in 1977, \$80 in 1978 and \$114 in 1979.

6. Retained earnings

Consolidated retained earnings at 31 December 1974 include \$165 million which, pursuant to the provisions of certain debt issues of Aluminum Company of Canada, Ltd, is not distributable as dividends either in cash or in kind to Alcan, the holder of its common shares.

Consolidated retained earnings at 31 December 1974 also include about \$250 million, some part of which may be subject to certain taxes on distribution to the parent company. No provision has been made for such taxes because these earnings are reinvested in the business.

Alcan Aluminium Limited

Notes to Financial Statements

In millions of United States dollars

7. Minority interests in subsidiary companies	1974	1973
Preferred shares	\$ 41	\$ 45
Common shares	45	37
Retained earnings	30	24
	<u>\$116</u>	<u>\$106</u>

8. Alcan preferred and common shares

The number of 4¼% cumulative redeemable convertible preferred shares originally authorized and issued was 1,500,000 of which 1,404,289 were exchanged for an equal number of common shares prior to the expiration of the conversion privilege on 14 July 1973 and 26,618 were purchased on the open market in 1974. The outstanding preferred shares are subject to redemption in whole or in part at any time at the option of the Board of directors on thirty days' notice at Can. \$43 per share.

The number of common shares authorized is 60,000,000. During the year, 314,633 shares were issued to Nippon Light Metal Company, Ltd in exchange for additional shares in this 50% owned company. These shares were valued at \$30.22 per share, being the average of the market price of Alcan's shares on the New York Stock Exchange during the 30 days preceding the date of issuance.

During 1974, 750 common shares were issued upon the exercise of options granted in 1967 at Can. \$33.0625 per share. At 31 December 1974, 104,000 shares remained under option to employees, including 24,000 to officers and directors of the Company. These options were granted in 1967 at Can. \$33.0625 per share and expire in 1977.

9. Other income	1974	1973
Interest	\$ 9.4	\$10.3
Net gain from sale of investments in subsidiaries and other companies (excluding extraordinary gain)	.8	5.4
Net gain from disposal of fixed assets	2.4	1.0
Other	2.0	2.7
	<u>\$14.6</u>	<u>\$19.4</u>

10. Income taxes

Income taxes provided in 1974 represent approximately 37.9% of consolidated pre-tax income, a lower effective rate than statutory rates in Canada. This difference is attributable to various tax rates in other countries, to investment allowances and prior years' losses in certain subsidiaries, and to non-taxable income.

11. Equity income less minority interests	1974	1973
Alcan's equity in net income of companies 20-50% owned	\$11.5	\$18.3
Less minority shareholders' interest in net income of subsidiary companies	9.2	10.8
	<u>\$ 2.3</u>	<u>\$ 7.5</u>

12. Geographical distribution of capital employed

	Canada	U.S.A.	South Amer. & Carib.	U.K.	Cont. Europe	Other	Total
Working capital	\$ 311	\$ 110	\$ 67	\$ 65	\$ 52	\$ 36	\$ 641
Fixed capital	1,519	218	329	302	132	250	2,750
Accumulated depreciation	(889)	(90)	(176)	(91)	(66)	(108)	(1,420)
Investments and other assets	12	3	69	8	89	104	285
Capital employed							
— 31 December 1974	\$ 953	\$ 241	\$ 289	\$ 284	\$ 207	\$ 282	\$2,256
— 31 December 1973	743	217	270	257	204	238	1,929

Alcan Aluminium Limited

Notes to Financial Statements

In millions of United States dollars

13. Commitments

Alcan has entered into long-term cost-sharing joint ventures under which the Company is required to pay its share of operating costs of facilities and costs of servicing long-term debt. The fixed portion of the commitments under these and other arrangements amounts to \$17.9 million in 1975, \$21.5 in 1976, \$21.2 in 1977, \$25.5 in 1978, \$19.0 in 1979, \$22.7 in 1980 and lesser annual amounts up to 1992.

Minimum rental commitments, including charter hire of ships, amount to \$35.0 million in 1975, \$22.8 in 1976, \$14.9 in 1977, \$10.5 in 1978, \$8.1 in 1979 and lesser annual amounts thereafter. Total rental expense amounted to \$64.5 million for 1974.

See also reference to capital expenditures in note 4 and debt repayments in note 5.

14. Changes in working capital	<u>1974</u>	<u>1973</u>
Current assets		
Cash and time deposits	\$ 46.6	\$(69.2)
Receivables	53.5	76.1
Aluminum, raw materials and other supplies	281.8	62.1
	<u>381.9</u>	<u>69.0</u>
Current liabilities		
Payables and short-term borrowings	173.4	54.3
Income and other taxes	23.5	23.9
Debt maturing within one year	(14.7)	16.8
	<u>182.2</u>	<u>95.0</u>
Net increase (decrease)	<u>\$199.7</u>	<u>\$(26.0)</u>

15. Pension plans

Alcan and its subsidiaries (with some exceptions) have established pension plans in the principal countries where they operate, for the greater part contributory and generally open to all employees. The total pension expense for 1974 was \$25.4 million which includes, as to certain of the plans, amortization of unfunded actuarial liabilities which the Company and its subsidiaries are funding. Pension expense was \$16.7 million in 1973. Based on the most recent actuarial reports, the unfunded actuarial liability for all plans amounted to \$70 million, of which \$50 million arose from amendments made to the principal Canadian pension plan in 1974 and will be funded over a period of 16 years.

16. Remuneration of directors and officers

The Company has 14 directors. Their remuneration, together with that of past directors, was paid by the Company and amounted to \$54,738 in 1974 (\$57,314 in 1973). The Company has 12 officers, five of whom are directors of the Company. The aggregate remuneration received by these officers and by past officers amounted to \$1,404,711 in 1974 (\$1,368,717 in 1973) of which \$1,150,508 was paid by Aluminum Company of Canada, Ltd, the Company's principal operating subsidiary, and \$254,203 by two subsidiary management companies.

**Alcan Aluminium
Limited**

Price Waterhouse & Co.

chartered accountants
5 Place Ville Marie, Montreal, Canada

28 January 1975

**Auditors'
Report**

To the Shareholders of Alcan Aluminium Limited

We have examined the consolidated balance sheets of Alcan Aluminium Limited as at 31 December 1974 and 1973 and the related consolidated statements of income, retained earnings, and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the consolidated financial position of the Company and its subsidiaries as at 31 December 1974 and 1973 and the results of their operations and the changes in their financial position for the years then ended, in accordance with generally accepted accounting principles applied on a consistent basis, except for the change in accounting for certain inventories, with which we concur, referred to in Note 1.

Price Waterhouse & Co.

Chartered Accountants

A Ten-Year Summary

Adjusted to give effect to changes in accounting practices.

Operating Data *(in thousands of tons)*

Aluminum sales by consolidated subsidiaries

	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974
Ingot and ingot products	503	561	563	614	742	655	626	592	663	644
Fabricated products	490	554	541	606	621	691	772	859	1,013	1,018
	993	1,115	1,104	1,220	1,363	1,346	1,398	1,451	1,676	1,662

Fabricated products sales by all subsidiary and related companies

	629	725	701	800	862	937	1,033	1,177	1,376	1,420
--	-----	-----	-----	-----	-----	-----	-------	-------	-------	-------

Production of primary aluminum

Canada	728	788	878	873	969	903	945	880	872	963
Subsidiary and related companies outside Canada	269	286	521	585	720	849	935	981	1,146	1,211

Consolidated Income Statement Items

(in millions of U.S. dollars)

Revenues

Sales of aluminum ingot and ingot products	224	251	249	271	342	321	284	267	318	448
Sales of aluminum fabricated products	461	523	514	560	611	723	821	922	1,191	1,489
Sales of all other products	87	100	104	127	224	268	277	266	306	400
Operating revenues	55	53	52	49	48	52	49	56	57	75
Other income	7	6	8	15	14	10	10	18	19	15
	834	933	927	1,022	1,239	1,374	1,441	1,529	1,891	2,427

Costs and expenses

Cost of sales and operating expenses	548	624	635	685	864	988	1,062	1,161	1,452	1,824
Depreciation and depletion	70	70	74	91	83	94	98	94	101	103
Interest charges	30	32	36	39	50	60	64	69	79	100
All other expenses (except income taxes)	70	78	82	79	99	113	123	126	148	175

Income taxes

	56	58	44	59	65	54	38	20	35	85
--	----	----	----	----	----	----	----	----	----	----

Equity in net income of companies 20-50% owned

	4	4	7	7	11	11	9	8	18	11
--	---	---	---	---	----	----	---	---	----	----

Extraordinary gains

	—	11	—	—	—	9	—	—	—	27
--	---	----	---	---	---	---	---	---	---	----

Minority interests

	6	4	4	3	4	4	5	6	11	9
--	---	---	---	---	---	---	---	---	----	---

Net Income

	58	82	59	73	85	81	60	61	83	169
--	----	----	----	----	----	----	----	----	----	-----

Consolidated Balance Sheet Items

(in millions of U.S. dollars)

Working capital	308	306	399	323	384	444	401	468	442	641
Property, plant and equipment (net)	1,003	1,043	1,074	1,085	1,130	1,223	1,224	1,234	1,217	1,329
Investments in companies owned 50% or less	59	60	118	157	177	170	174	178	199	212
Long-term debt	575	566	676	608	668	751	740	798	744	886
Deferred income taxes	138	146	150	148	144	150	142	130	123	161
Minority interests	82	82	81	84	92	112	114	114	106	116
Shareholders' equity	592	645	710	747	808	847	872	904	957	1,093
Total assets	1,586	1,664	1,823	1,867	2,047	2,215	2,297	2,370	2,449	2,958

Per Common Share *(in U.S. dollars)*

Income (after preferred dividends but before extraordinary gains)	1.78	2.19	1.74	2.17	2.52	2.11	1.75	1.78	2.42	4.11
Extraordinary gains	—	0.36	—	—	—	0.27	—	—	—	0.79
Income (after preferred dividends)	1.78	2.55	1.74	2.17	2.52	2.38	1.75	1.78	2.42	4.90
Dividends paid	0.82	0.92	1.00	1.02	1.12	1.20	1.00	0.80	0.90	1.20
Funds generated from operations	4.07	5.06	4.14	4.63	4.94	5.33	4.70	4.16	4.81	7.96
Book value	17.27	18.91	20.27	21.42	22.85	24.03	24.78	25.76	27.71	31.41

Other Statistics

Capital expenditures (net of government development grants — in millions of U.S. dollars)	133	113	176	136	156	165	153	115	117	268
Funds generated from operations (millions of U.S. dollars)	129	160	136	152	165	178	157	140	163	275
Return on average equity (as a percentage)	10.0	13.2	8.7	10.0	11.0	9.8	7.0	6.9	8.9	16.5
Number of common shareholders at year end (thousands)	52	57	67	73	72	76	70	64	50	48
Number of employees at year end (thousands)	60	64	63	61	62	67	61	62	62	64

Principal Operating Companies

31 December 1974

North America

Canada

Aluminum Company of Canada, Ltd
Alcan Canada Products Limited
Alcan-Price Extrusions Limited**
AlSCO (1974) Inc.
Revalex Inc.*
Roberval and
Saguenay Railway Company, The
Saguenay Shipping Limited
Storaal Limited
Supreme Aluminum Industries Limited***
Venchem Limited*

United States

Alcan Aluminum Corporation
V. E. Anderson Mfg Co.*
Fabral Corporation**
Luxfer USA Limited***

Bermuda

Alcan (Bermuda) Limited

Caribbean

Guyana

Sproston (Guyana) Limited

Jamaica

Alcan Jamaica Limited
Alcan Products of Jamaica Limited
Sproston (Jamaica) Limited

Trinidad

Chaguaramas Terminals Limited
Geddes Grant Sproston Industries Limited***
Sproston (Trinidad) Limited

Latin America

Argentina

Camea S.A.I.C.***

Brazil

Alcan Alumínio do Brasil S.A.
Alumínio do Brasil Nordeste S.A.
Mineração Rio do Norte S.A.***

Colombia

Alumínio Alcan de Colombia, S.A.*

Mexico

Alcan Alumínio, S.A.*
TKF Engineering and
Trading de México, S.A.*

Uruguay

Alcan Alumínio del Uruguay S.A.*

Venezuela

Alcan de Venezuela, S.A.

Europe

Belgium

Alcan Aluminium Raeren S.A.

Denmark

Aluminord A/S***†

Europe (continued)

France

Aluminium Alcan de France
Alcan-Schwartz, Filage et Oxydation*
S.A. des Bauxites et Alumines de Provence
Société Industrielle de Transformation et de
Construction (SITRACO)***

Germany

Alcan Aluminiumwerke GmbH
Alcan Aluminiumwerk Nürnberg GmbH
Alcan Folien GmbH
Aluminiumfolienwerk GmbH*
Aluminium Norf GmbH**

Ireland

Alcan Ireland Limited*
Unidare Limited***

Italy

Alcan Alluminio Italiano S.p.A.
Alcan Angeletti & Ciucani Alluminio S.p.A.

Netherlands

Alcan Europe N.V.

Norway

A/S Årdal og Sunndal Verk (ÅSV)***
A/S Nordisk Aluminiumindustri***†
DNN Aluminium A/S**

Spain

Empresa Nacional del
Aluminio, S.A. (ENDASA)***

Sweden

Granges Essem AB***

Switzerland

Aluminiumwerke A.-G. Rorschach

United Kingdom

Alcan Booth Extrusions Limited*
Alcan Booth Industries Limited*
Alcan Booth Sheet Limited*
Alcan Building Materials Limited*
Alcan Design Products Limited*
Alcan Ekco Limited***
Alcan Enfield Alloys Limited**
Alcan Foils Limited*
Alcan Polyfoil Limited*
Alcan (U.K.) Limited
Alcan Wire Limited*
Thomas Bennett Limited*
Freight Bonalack Limited*
Johnson & Bloy Aluminium Pigments
Limited***
Luxfer Limited***
E.C. Payter & Co. Limited*
Saguenay Shipping (U.K.) Limited
Tenon Contracts Limited*
Ulam Light Metal Company(1954)Limited***

Africa

Ghana

Ghana Aluminium Products Limited*

Guinea

Compagnie des Bauxites de Guinée***

Nigeria

Alcan Aluminium of Nigeria Limited*
Flag Aluminium Products Limited*

South Africa

Huletts Aluminium Limited***
Republic Aluminium Company (Pty) Limited***
Silicon Smelters (Pty) Limited***

Asia

India

Indian Aluminium Company, Limited*

Indonesia

P.T. Alcan Indonesia*

Asia (continued)

Japan

Nippon Light Metal Company, Ltd**
Toyo Aluminium K.K.**

Malaysia

Alcan Malaysia Berhad*
Southeast Asia Bauxites Limited*
Johore Mining and Stevedoring Co. Ltd*

Singapore

Precision Metal Industries Private Ltd**

Thailand

Alcan Thai Company Limited

South Pacific

Australia

Alcan Australia Limited*
Alcan Queensland Pty Limited
Queensland Alumina Limited***
Wm Breit & Company Pty Ltd*

New Zealand

Alcan Forlong & Maisey Limited***
Alcan New Zealand Limited*
Aluminium Anodizers Limited***
Aluminium Conductors Limited***
Barker Aluminium Windows Ltd*
Horizon Aluminium Products Ltd***
Rolls Holdings Ltd***

International Sales

Alcan Alumínio (America Latina) Limited —
Latin America
Alcan Asia Limited — Certain areas of Asia
including Japan, Afghanistan and Pakistan
Alcan Southeast Asia Limited — Certain
areas of Asia including Hong Kong, India
and the Philippines
Alcan S.A. — Continental Europe
(excluding Germany and Scandinavia),
Near and Middle East, North Africa, U.S.S.R.
Alcan Metall GmbH — Germany
Alcan (U.K.) Limited — U.K., Scandinavia
Alcan Sales (Division of Alcan Aluminium
Corporation) — U.S.A. and Caribbean
Alcan Trading Limited

Unless otherwise indicated, companies are 100%
owned

*Less than 100% owned but more than 50%

**50% owned

***Less than 50% owned

†100% owned by A/S Årdal og Sunndal Verk (ÅSV)

Directors

Erk Brofoss

Oslo — Chairman of the Norwegian Regional Development Fund, an agency of the Norwegian Government

James W. Cameron

Montréal — Executive Vice President

David M. Culver

Montréal — Executive Vice President

Nathanael V. Davis

Montréal — Chairman of the Board and Chief Executive Officer

Dr. John J. Deutsch, c.c.

Kingston, Ontario — Professor of Economics, Queen's University

P. John Elton

London — Chairman of Alcan Aluminium (U.K.) Limited

John H. Hale

Montréal — Executive Vice President

The Rt. Hon.

Viscount Harcourt, K.C.M.G., O.B.E.

London — Chairman of Legal and General Assurance Society Limited, an insurance company

James T. Hill, Jr.

New York — Director of various companies

Paul H. Leman

Montréal — President

Louis Rasminsky, C.C., C.B.E.

Ottawa — Chairman of the International Development Research Centre, an agency of the Canadian Government

Hon. James Sinclair, P.C.

Vancouver — Chairman of Lafarge Canada Ltd, manufacturers of cement and related products

Eric A. Trigg

Geneva — Managing Director of Alcan Aluminium (Europe) S.A.

Eric F. West

Cleveland — President of Alcan Aluminum Corporation

Transfer Agents

Common shares: National Trust Company, Limited, Montréal, Toronto, Calgary, Vancouver. Mellon Bank, N.A., Pittsburgh. First National City Bank, New York. Morgan Grenfell & Co. Limited, London.

Preferred shares: National Trust Company, Limited, Montréal, Toronto, Calgary, Vancouver.

Officers

Nathanael V. Davis

Chairman of the Board and Chief Executive Officer

Paul H. Leman

President

James W. Cameron

Executive Vice President, Raw Materials and Smelting

N. Stewart Crerar

Executive Vice President, Engineering, Supply and Distribution

David M. Culver

Executive Vice President, Fabricating and Sales

John H. Hale

Executive Vice President, Finance

F. G. Barker

Vice President, Bauxite and Alumina

Duncan C. Campbell

Vice President, Public Affairs

H. Stewart Ladd

Vice President, Personnel

R. E. Rosane

Vice President and Planning Coordinator

A. A. Bruneau

Secretary

T. F. D. Simmons

Treasurer

Registrars

Common shares: The Royal Trust Company, Montréal, Toronto, Calgary, Vancouver. Pittsburgh National Bank, Pittsburgh. Manufacturers Hanover Trust Company, New York. The Royal Trust Company of Canada, London.

Preferred shares: The Royal Trust Company, Montréal, Toronto, Calgary, Vancouver.

Group Executive Committee

Nathanael V. Davis, Chairman
James W. Cameron
N. Stewart Crerar
David M. Culver
John H. Hale
Paul H. Leman

Audit Committee

John H. Hale, Chairman
Dr. John J. Deutsch, c.c.
The Rt. Hon. Viscount Harcourt, K.C.M.G., O.B.E.

Personnel Committee

Nathanael V. Davis, Chairman
James T. Hill, Jr.
Paul H. Leman
Louis Rasminsky, c.c., c.b.e.
Hon. James Sinclair, P.C.

Area General Managers

Canada, Fabricating and Sales: Harold Corrigan, Toronto
Canada, Smelting: R. F. Donahoe, Montréal
Caribbean: J. J. Gagnon, Kingston, Jamaica
United States: Eric F. West, Cleveland
Latin America: P. J. J. Rich, Buenos Aires
United Kingdom, Ireland and Scandinavia: P. John Elton, London
Continental Europe, Near and Middle East: Eric A. Trigg, Geneva
Far East: J. Boetschi, Osaka
India: J. B. Leslie, Calcutta
South Pacific: J. B. Clarkson, Sydney

Stock Exchanges

The common shares of Alcan Aluminium Limited are listed on the Montréal, Toronto, Vancouver, New York, Midwest, Pacific, London, Paris, Brussels, Amsterdam, Frankfurt, Basle, Geneva, Lausanne and Zurich stock exchanges.

The preferred shares are listed on the Montréal, Toronto and Vancouver stock exchanges.

