ALCAN ALUMINIUM LIMITED

ANNUAL REPORT 1991

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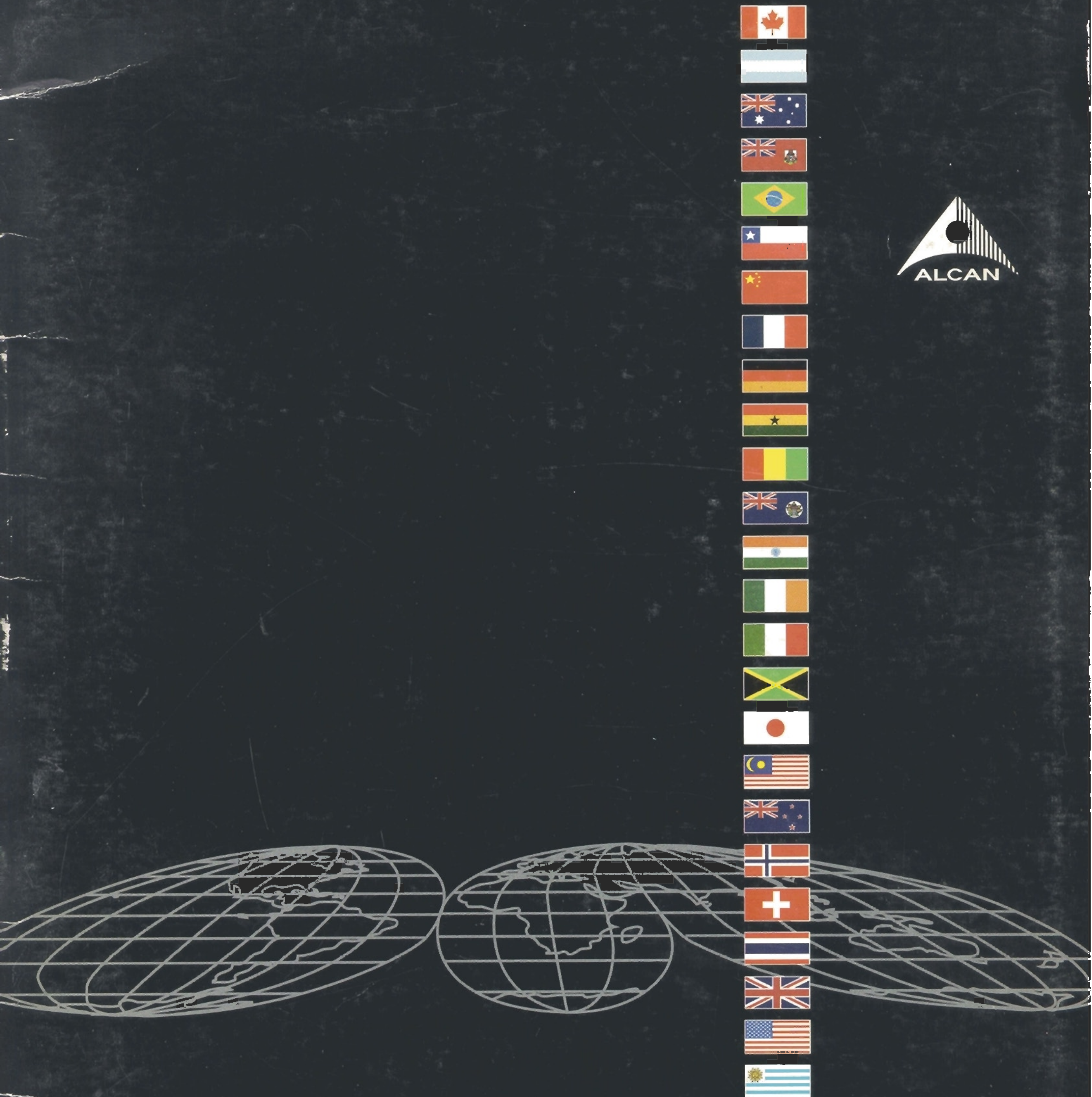
ALCAN



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COVER

The flags on our cover represent the 25 countries in which Alcan operates. From the top, they are: Canada, Argentina, Australia, Bermuda, Brazil, Chile, China, France, Germany, Ghana, Guinea, Hong Kong, India, Ireland, Italy, Jamaica, Japan, Malaysia, New Zealand, Norway, Switzerland, Thailand, United Kingdom, United States and Uruguay.

ANNUAL MEETING

The Annual Meeting of the holders of common shares of Alcan Aluminium Limited will be held on Thursday, April 23, 1992. The meeting will take place at 10:00 a.m. in the Ballroom of Le Centre Sheraton Montréal at 1201 René-Lévesque Boulevard West.

TERMS

In this report, unless stated otherwise, all dollar amounts are stated in United States dollars and all quantities in metric tons, or tonnes. A tonne is 1,000 kilograms, or 2,204.6 pounds.

A "subsidiary" is a company controlled by Alcan. A "related company" is one in which Alcan has significant influence over management but owns 50 per cent or less of the voting stock.

The word "Company" refers to Alcan Aluminium Limited or, as the context requires, to a subsidiary.

The following abbreviations are used:

/t	per tonne
kt	thousand tonnes
kt/y	thousand tonnes per year
Mt	million tonnes
Mt/y	million tonnes per year

VERSION FRANÇAISE

Pour obtenir la version française de ce rapport, veuillez écrire aux Services aux actionnaires d'Alcan dont l'adresse figure en page 37.

This report is printed on recycled paper using vegetable-based inks.

COMPANY PROFILE

Alcan Aluminium Limited, a Canadian corporation, is the parent company of a multinational industrial group engaged in all aspects of the aluminum business. Through subsidiaries and related companies around the world, the activities of the Alcan Group include bauxite mining, alumina refining, aluminum smelting, manufacturing, sales and recycling. Over 50,000 people are directly employed by the Company, with thousands more employed in its related companies.

In the 90 years since it was established, Alcan has developed a unique combination of competitive strengths, with low-cost, owned hydroelectricity in Canada, proprietary process technology and international diversification. Today, Alcan is one of the world's largest aluminum companies. The word ALCAN and the symbol are registered trademarks in more than 100 countries and are synonymous with aluminum the world over.

The Alcan Group is a multicultural and multilingual enterprise reflecting the differing corporate and social characteristics of the many countries in which it operates. Within a universal framework of policies and objectives,* individual subsidiaries and divisions conduct their operations with a large measure of autonomy.

Alcan Aluminium Limited has more than 33,500 holders of its common shares and approximately 2,500 holders of its preference shares widely distributed internationally — the majority in North America.

*The document *Alcan, Its Purpose, Objectives and Policies* is available by writing to the Alcan Public Relations Group at the Head Office address shown on page 37.

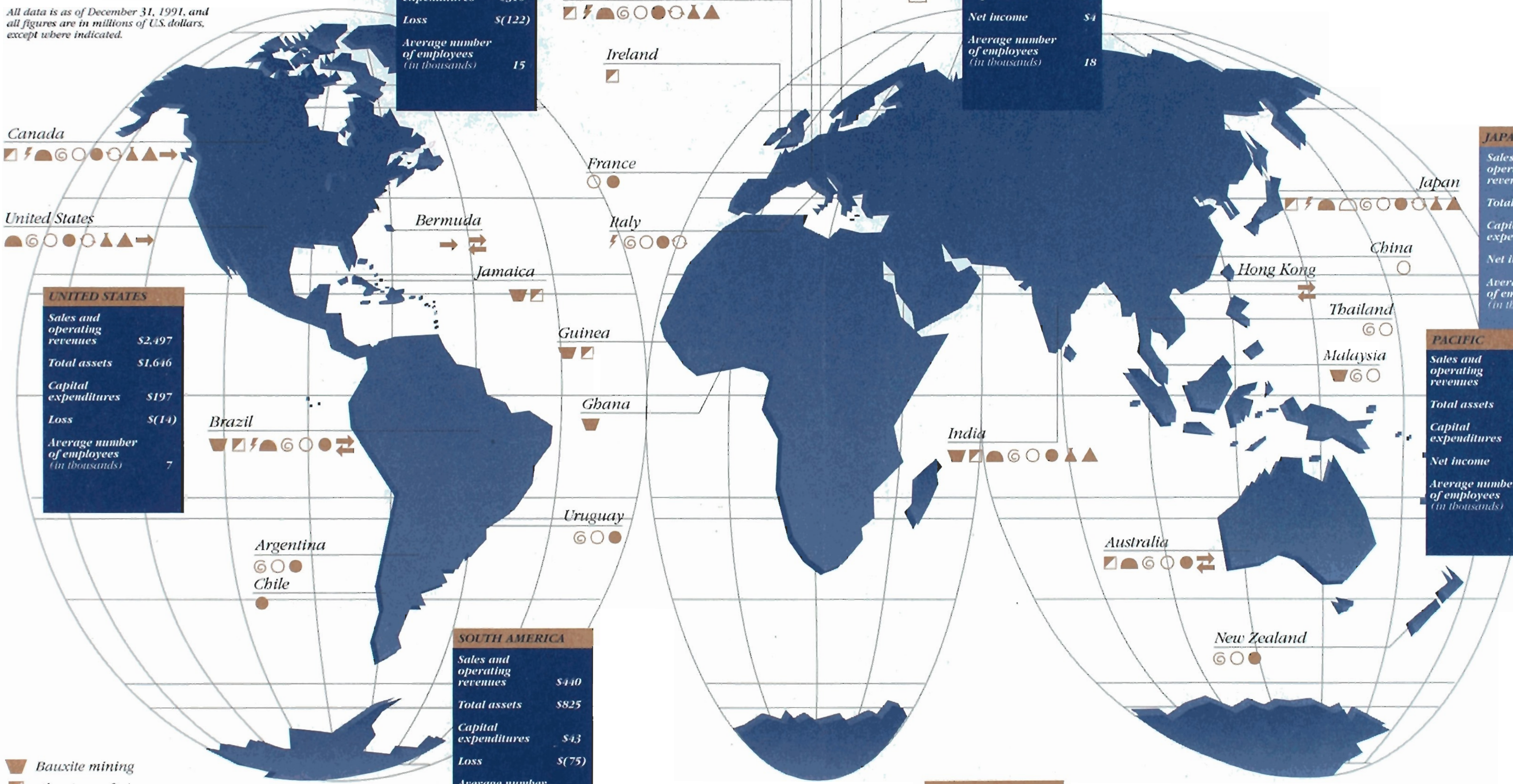
- While Western World aluminum demand was stable, higher primary production and increased exports from the former Soviet Union led to an oversupply of the metal.
- Record low aluminum prices, along with charges related to cost reduction programs, were largely responsible for Alcan's loss of $36 million.
- Alcan's operations around the world achieved annualized cost improvements of $320 million against a target of $200 million.

	1991	1990
Financial data *(in millions of US$, except per common share data)*		
Sales and operating revenues	7,748	8,757
Net income (Loss)	(36)	543
Return (%) on average shareholders' equity	(1)	11
Total assets (at year-end)	10,816	10,649
Capital expenditures	880	1,367
Ratio of borrowings to equity, including minority interests (at year-end)	37:63	33:67
Per common share *(in US$)*		
Net income (Loss)	(0.25)	2.33
Dividends	0.86	1.12
Common shareholders' equity (at year-end)	21.17	22.19
Operating data *(in thousands of tonnes)*		
Fabricated product shipments	1,333	1,488
Ingot product shipments	866	857
Fabrication of customer-owned metal	145	81
Primary aluminum production	1,695	1,651
Secondary aluminum production	304	281

A GLOBAL PRESENCE

The map depicts the major activities of Alcan's principal subsidiaries and related companies worldwide. The financial information is consistent with Note 17 on page 32, with the exception of the additional information for the related companies in Japan.

All data is as of December 31, 1991, and all figures are in millions of U.S. dollars, except where indicated.



CANADA	
Sales and operating revenues	$1,000
Total assets	$4,141
Capital expenditures	$310
Loss	$(122)
Average number of employees (in thousands)	15

EUROPE	
Sales and operating revenues	$2,874
Total assets	$3,068
Capital expenditures	$258
Net income	$4
Average number of employees (in thousands)	18

JAPAN*	
Sales and operating revenues	$5,302
Total assets	$6,035
Capital expenditures	$474
Net income	$105
Average number of employees (in thousands)	13

UNITED STATES	
Sales and operating revenues	$2,497
Total assets	$1,646
Capital expenditures	$197
Loss	$(14)
Average number of employees (in thousands)	7

PACIFIC	
Sales and operating revenues	$863
Total assets	$1,253
Capital expenditures	$36
Net income	$68
Average number of employees (in thousands)	4

SOUTH AMERICA	
Sales and operating revenues	$440
Total assets	$825
Capital expenditures	$43
Loss	$(75)
Average number of employees (in thousands)	8

ALL OTHER	
Sales and operating revenues	$74
Total assets	$639
Capital expenditures	$36
Net income	$58
Average number of employees (in thousands)	2

Includes Jamaica, Bermuda, Guinea and Ghana

- Bauxite mining
- Alumina refining
- Power generation
- Aluminum smelting
- Super purity aluminum refining
- Sheet and/or foil rolling
- Extrusion
- Other fabricating
- Secondary smelting (recycling)
- Chemical production
- Research & development
- Transportation
- Trading

*These figures are on a 100% basis for Nippon Light Metal Company, Ltd. and Toyo Aluminium K.K., of which Alcan owns 45% and 48.9%, respectively. Alcan's investments in these companies and its portion of their incomes for the year are included in Total assets and Net income of the Pacific region.

CHAIRM MESSAG

David Morton
Chairman and
Chief Executive Officer

The past year has been a very difficult one for the aluminum industry and for Alcan. The severity of the drop in the Company's earnings to a loss of $36 million follows directly from a similarly severe drop in world aluminum prices, which in real terms had reached, by the end of 1991, their lowest levels ever.

The year marked a new era in the history of the aluminum industry. Hitherto, the Commonwealth of Independent States (CIS) – formerly the Soviet Union – and the other East Bloc countries have operated in a self-contained and isolated way, with relatively little interaction with the aluminum markets of the West. Now the sudden end to this isolation has added over 25% to the world primary aluminum supply capacity of the industry, but without, in the short-term, adding anything like the same amount to world demand. Last year saw the export of a significant part of the output from that capacity to Western markets, already suffering from oversupply, causing steadily rising inventories and drastic falls in the price of aluminum during the year.

Driven by weak internal demand and the need for hard currency, these CIS exports may continue or even grow in 1992, adding to the problem of additional Western capacity due to come on stream during the year. This problem will continue until Western demand picks up sufficiently to absorb the supply, or a corresponding amount of capacity is shut down in the West, in addition to the 900,000 tonnes per annum that has already been closed. As part of this total, Alcan has shut down 143,500 tonnes per annum, or 8.5% of the Company's worldwide smelting capacity.

On a more optimistic note for the future, with a population of 270 million in the CIS alone and a consumption per capita well under half that of Western Europe, there is the prospect of a large market developing there and in other Eastern European countries as a market economy develops.

An encouraging feature of 1991 has been that, despite the recession in some countries, Western World aluminum demand has held up well, virtually at the same level as in 1990. This sustained demand during a recession augurs well for the balance of the 1990s, when average growth rates for aluminum consumption are forecast to be higher than they were in the '80s. Beverage cans, particularly outside North America, and the exciting prospects for the increased use of aluminum in automobiles will be the backbone of this growth. On the supply side of the industry, the environmental advantages of recycling aluminum will see this activity playing an increasing part in the years ahead.

But during 1991, the downward pressure on prices, due largely to the level of Soviet exports, has been unrelenting, with an inevitable impact on Alcan's earnings. We have, however, responded energetically to the challenge. Last year, in my message to shareholders, I said that we would improve 1991 costs by $200 million. In fact we did better, and cost improvement programs have yielded $320 million on an annual basis. We are setting a target of a further $300 million of cost improvements for 1992. These improvements have not been just simple cuts in expenditure. They have resulted from more focused management and greater productivity, as well as rationalization of plants and product lines. This has been achieved by the involvement of employees at all levels in the Company, seeking innovative solutions to tough problems. On behalf of the Directors, I would like to express appreciation to all of Alcan's employees for their personal efforts during the year. They truly did make a difference.

In response to the lower earnings, capital spending in 1991 was reduced to $880 million from $1.37 billion in 1990, and a further reduction to about $550 million is planned for 1992. The 1992 program will be limited to the bare essentials, but will include continuing expenditure on the important expansions of rolling capacity in the United States and Germany, aimed largely at the high-growth beverage can and automotive sheet markets. In view of the overriding need to conserve cash, the Board reluctantly decided to cut the quarterly dividend in July from 28 cents to 15 cents a share.

The Company's environmental management program made steady progress during the year. In implementing Alcan's environmental policy, which is set out alongside, our operating companies have primary responsibility for environmental performance. Assessments were carried out at Alcan plants around the world, which heightened the level of environmental awareness and involved the refining of action plans and R & D requirements, as well as the establishment of financial commitments. Capital and operating expenditures on environment-related projects totalled $110 million in 1991, and for 1992 will rise to $120 million. In recognition of its achievements in the recycling of aluminum, British Alcan, the Company's U.K. subsidiary, was awarded one of the Better Environment Awards for Industry 1991. In addition, at the UNCED Earth Summit Conference to be held in Rio de Janeiro in June, Alcan, in conjunction with its related company Mineracão Rio do Norte (MRN) in Brazil, will be presenting a paper on the notable achievements in rehabilitation and reforestation at MRN's bauxite mining operations in the Amazon region.

In May, the Kemano Completion Project in British Columbia suffered a substantial setback when a Canadian federal court judgment quashed the 1987 Kemano Settlement Agreement with the federal and provincial governments, under which the Company was carrying out the project. Under the terms of the Agreement, which is the result of seven years of environmental studies and consultations with federal and provincial governments, the Company surrendered for fisheries and other purposes about half the undeveloped water rights remaining to it under the 1950 agreement with the province.

Alcan is appealing this judgment but, in the light of the uncertainties it introduced, has halted work on the project. Despite the fact that the 1987 Agreement with the federal and provincial governments gave environmental clearance to the project, it is possible that further legal proceedings, on

It is the policy of Alcan Aluminium Limited to achieve compatibility between the environment and the processes and products of its operations. Alcan and its subsidiaries will take those practical steps necessary to prevent or abate adverse impacts on the environment which may result from their operations and products. They will respect the local legal standards and quickly implement such changes as are appropriate to achieve compliance. They will minimize waste and seek to achieve the most efficient use of energy and other raw materials.

environmental issues, may result in conditions that will have an adverse economic impact on the project. If such conditions do result, the Company would seek to recover the costs so far incurred (approximately $500 million) on the basis of the 1987 Agreement.

At the Annual Meeting last April, two distinguished directors, the Rt. Hon. Lord Peyton of Yeovil and the Hon. Jean-Marie Poitras, left the Board, having reached retirement age. Lord Peyton, who also stepped down last year as Chairman of Alcan's U.K. subsidiary, rendered great services to Alcan, especially in the U.K., and also as a member of the Board where his incisive contributions were always valued. Senator Poitras, in his nine years as a Director, brought wisdom and support to the deliberations of the Board, drawing on his deep understanding of Canadian business and politics.

Nineteen hundred ninety-one was a testing year. This year will be another, with world oversupply of aluminum remaining a serious problem. Despite the unexpected severity of these difficulties, we are meeting the short-term challenge without losing sight of the long-term opportunities. Our position in the important markets of the world and our major investment projects equip us well for the growth markets of the '90s. We have made valuable operating and cost improvements in 1991 and will make more in 1992. These will be important in the tough year ahead and will show major benefits as the world economy recovers.

D Morton

David Morton

February 6, 1992

Jacques Bougie
President and
Chief Operating Officer

Last year proved to be as difficult for Alcan as it was for the industry in general. A severe oversupply of aluminum drove prices, adjusted for inflation, to record low levels and this was reflected in Alcan's financial performance. There were, however, some notable Company achievements during the year, with important implications for both the short and long term:

- As mentioned in the Chairman's Message, we surpassed our cost improvement goals, achieving an annualized improvement of $320 million in 1991. A further $300-million improvement is targeted for 1992.
- Applied Engineering Centres were established in North America, Europe and Japan to help individual automakers meet their respective design and production objectives.
- The focus of our research and development activities was tightened in order to align them more closely with the technological needs of Alcan's businesses, with emphasis on environment, recycling and automotive areas.
- Greater emphasis on environmental management and health and safety performance in all our plants showed good results.

NORTH AMERICA

Alcan produces approximately 1.3 million tonnes of primary aluminum in North America, or 75% of its worldwide production. The Company is also an important manufacturer in this geographic market, producing about 800 thousand tonnes (kt) of semi-finished and finished products for a wide range of uses.

Over 60% of fabricated product output is in the form of flat-rolled products, making the Company the second largest supplier of such products on the continent. Through the Enterprises group of downstream manufacturing companies, which account for the remainder of the fabricated product shipments, Alcan also has leading positions in other end-use markets.

CANADA

Operations in Canada recorded losses of $122 million in 1991 compared to profits of $29 million in 1990. The poor results reflected lower selling prices for ingot products and a decline in fabricated product prices and volumes.

Smelting: The Company's seven Canadian smelters produced 1,086 kt of primary aluminum in 1991, up 4% from the previous year. Canadian customers purchased 202 kt of ingot and fabricated products, compared to 240 kt in 1990, with the balance exported to Alcan's fabricating operations and to third-party customers in the United States, Europe and Asia.

In response to the supply/demand imbalance on international aluminum markets, production at three Quebec smelters was reduced towards the end of the year. These temporary closures were necessary because of a water shortage in Alcan's hydroelectric generating system in Quebec; the alternative of higher cost purchased power was precluded by the very low market prices of aluminum. A total of 68 thousand tonnes-per-year (kt/y) of capacity was temporarily closed at Shawinigan, Alma and Jonquière, leaving the Canadian smelter system operating at approximately 94% of capacity at year-end.

The Company's newest smelter, Laterrière Works, in Chicoutimi, Quebec, reached its full 200-kt/y capacity with the start-up of the final 50-kt/y phase during the second quarter. As with earlier phases, the new tonnage replaced older, less environmentally sound capacity permanently closed at Arvida Works in Jonquière. The completion of this smelter and its associated casting facilities increases the Company's capacity to produce high-quality sheet ingot for the North American and European markets. Far East markets, such as Japan, are being served by the newly-built casting facilities at the Kitimat, British Columbia, smelter.

A superwhite hydrate facility at the alumina plant in Jonquière, Quebec, was commissioned during the year. The facility will produce commercial alumina-based chemicals for high-growth markets in North America.

Aluminum sheet for car bodies is just one of the metal's many applications in automobiles. According to the U.S. Aluminum Association, if a new car used all of the aluminum components available today, it would contain more than 150 kilograms of aluminum and be 25% lighter.

Customer service and cost reduction remained the points of focus for the Canadian smelters and chemicals group in 1991. Despite the higher Canadian dollar and costs incurred for personnel restructurings and the temporary closure of smelting capacity, unit costs in the Canadian smelter system were down 5% in U.S. dollar terms, from 1990.

In March, two labour contracts with workers at five of Alcan's Quebec-based smelters, as well as several other facilities, expired. Negotiations on new agreements are continuing.

In British Columbia, the Kemano hydro-electric expansion project is threatened by a federal court judgment that put into question the contract, signed with the governments of Canada and B.C., upon which the project is based. In light of the uncertainties introduced by this decision, Alcan decided to halt further investment and lodge an appeal. Approximately $500 million has now been invested in the project.

Recycling: During 1991, Alcan, along with some municipalities and recycling program coordinators in Canada, began exploring the practicality of expanding curbside recycling to include the collection of aluminum foil and semi-rigid containers. Pilot programs were established in several cities.

Fabricating: The recession in Canada hurt the performance of Alcan Enterprises companies, as weak demand and declining prices squeezed profits. However, cost reduction programs and the continued emphasis on world-class manufacturing excellence helped to soften the impact of the recession. In the process, the division maintained positive cash generation, and market share gains were realized in several of its businesses.

The Company has received commitments from North American and Japanese automobile producers for use of its metal matrix composite material, Duralcan™, in brake rotors and drive shafts for the 1995 model year. Alcan already has a full-scale production facility in Jonquière, enabling it to meet the growing demand for this composite material.

In the rolled products area, the Kingston, Ontario, plant discontinued coating operations in order to concentrate on bare sheet products, with an emphasis on the metals distribution market. It also recently completed a $12-million upgrade that will enable the plant to produce heat-treated sheet for automotive applications.

UNITED STATES

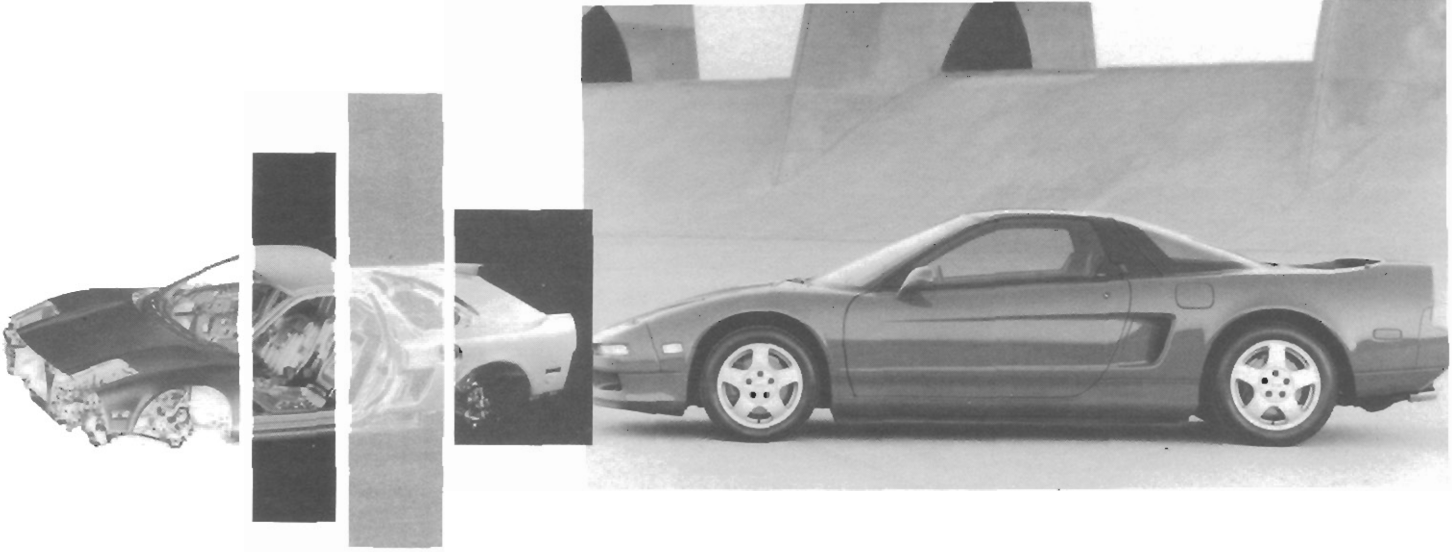
Excluding after-tax restructuring and other charges of $29 million, earnings from operations in the U.S. declined to $15 million from $83 million in 1990, as the Company felt the full impact of the recession and lower selling prices. Shipments to U.S. customers, at 808 kt in 1991, were 9% lower than in the prior year. While market conditions were generally weaker, some of the drop in shipments was also the result of more fabricating capacity being diverted to the processing of customer-owned scrap. This activity is not reflected in Alcan's shipments, but revenues are included in operating revenues.

The rolled products division continued to hold strong positions in its markets, despite results for 1991 that reflected a sluggish economy. Revenues were down more than 15% due to lower prices and volumes for most sheet products.

The only market to show good growth in 1991 was the beverage can sheet market, which increased 3%. The packaging foil and building sheet markets reflected the general softness in the economy.

Cost management programs in the rolled products division achieved annual savings of nearly $25 million in 1991. These savings were realized through tighter inventory and cost control, and higher levels of productivity in plants specializing in specific products for high-volume sheet and foil markets.

Investments in new rolling facilities have been directed at quality enhancement and cost reduction. During 1991, the second of three important capital projects was completed.



The $135-million upgrade of casting and hot rolling facilities at the Oswego, New York, plant added significantly to its ability to supply premium products to customers in the beverage can sheet market. Earlier in the year, the $75-million light-gauge sheet mill, commissioned in 1990 at the Terre Haute, Indiana, plant, reached targeted production levels. The state-of-the-art mill has transformed the plant into a producer of high-quality foil for household and institutional use and semi-rigid container foil for food containers.

The third project, a $255-million expansion of the cold rolling facilities at Logan Aluminum Inc. in Russellville, Kentucky, is scheduled for completion in early 1993. The expanded plant will continue to produce high-quality beverage can sheet, but will also have the ability to serve new growth markets such as automotive sheet.

An important feature of Logan is its 10-acre, man-made wetlands system, used to purify and recycle plant wastewater. An alternative to chemical treatment, the wetlands uses natural biological processes, offering both ecological and cost benefits. When fully operational in early 1992, it will be the largest application of an environmental wetlands in the industry.

In support of projected growth in the automotive sheet market, Alcan, as mentioned earlier, upgraded heat-treatment facilities at the Kingston, Ontario, plant. A further $10 million was invested in two finishing lines at the Warren, Ohio, plant in support of a new line of sheet products for automotive body panels and structural components. In addition, an Applied Engineering Centre was established in Detroit, Michigan, to work closely with the automobile manufacturers.

The downstream manufacturing companies of Alcan Enterprises in the U.S. saw prices decline and profit margins erode as the economic recession weakened many of their markets.

Alcan's cable business continued to strengthen its market position with the start-up of a plant in Roseburg, Oregon. With the new facility, the Company has increased its U.S. cable-making capacity by 25%.

Despite the poor economy, Metal Goods, a metals distribution business, was able to increase its market share to a record high level. Sagging prices for aluminum and stainless steel, however, cut into profits.

JAMAICA

Alcan's two 93%-owned alumina refineries in Jamaica, at Kirkvine and Ewarton, operated at their combined one million tonne-per-year (Mt/y) capacity. Advanced process control systems were installed at Kirkvine as part of a program to increase the operation's competitiveness. A bauxite conveyor system was also commissioned to transport ore from new reserves.

EUROPE

Earnings from Alcan's European operations were $4 million in 1991, which included net after-tax restructuring and other charges of $2 million. This was down from the previous year's level of $78 million, which included a net non-operating gain of $50 million principally on the sale of an investment in Spain. The decline in operating earnings was largely due to poor results from operations in the United Kingdom and Italy, both of which continued to be battered by very difficult economic conditions. Shipments to customers in Europe, mainly in the form of fabricated products, were 581 kt in 1991 versus 630 kt in the prior year.

Aluminum is a natural ally of motion and is nowhere more valuable than in the automobile. In the next few years, growing demands for better fuel economy, recyclability and less pollution will bring more lightweight vehicles such as the Acura NSX. Almost every major component in this exciting sports car is constructed of aluminum.

During the year, Alcan made changes to its operational management structure in Europe to bring it in line with the Company's European strategies for rolled products and other downstream products.

GERMANY

Alcan's operations in Germany continued their good earnings performance. Demand for aluminum rolled products held up well in the first half of the year, but softened as the year progressed. Demand from the building sector was strong throughout 1991. Competition was intense in all markets and prices were pressured by continuing low ingot prices.

However, cost reduction programs and the lower cost of aluminum purchased by the operation helped to maintain profitability and improve cash generation. Cost savings came mainly from productivity improvements.

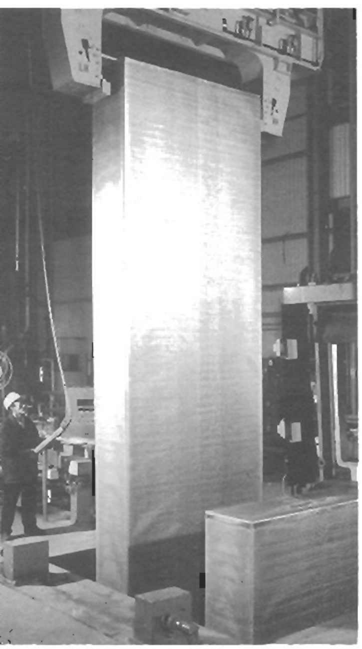
The Company continues to be the leading producer of rolled products in Europe. During the year, its production facilities in Göttingen and Norf ran at full capacity. With domestic demand for rolled products at high levels throughout 1991, Alcan was able to take full advantage of its integrated operations in Europe to import rolled products from the United Kingdom and Italy.

The foil business enjoyed buoyant demand from all market sectors although orders were down from the exceptional levels of the prior year. As an incidental result of the Gulf War, the foil operation at Ohle experienced a significant reduction in the demand for airline food trays.

In response to government legislation requiring retailers and their suppliers to take back packaging materials for recycling, Alcan is part of an organization that will oversee the set-up of a nation-wide collection system by 1995.

Alcan continued to emphasize the development of ecologically sound production and recycling processes. The Ohle operation has developed an exclusive process for the separation and recovery of used aluminum foil containers and is rapidly expanding its application.

The $590-million expansion of the Norf rolling mill, owned equally by Alcan and Vereinigte Aluminium-Werke AG (VAW), got under way in 1991. It will virtually double the output of the 650-kt/y plant and reinforce Alcan's leading low-cost position in the European rolled products market.



More than 1.3 million used aluminum beverage cans were remelted to make this single 25-tonne ingot. Alcan's new plant in the United Kingdom can produce nearly 40 such ingots per week. The aluminum is recycled back into new cans with no loss in metal quality.

UNITED KINGDOM

The U.K. economy continued in recession during the whole of 1991, keeping demand for aluminum and chemical products depressed and placing heavy pressure on prices and margins.

Despite the recession and lower beverage sales, the beverage can sheet market continued to expand, increasing by more than 8% over the prior year. The can sheet market now accounts for approximately 30% of U.K. rolled product consumption. Overall, the rolled products market was down 4% in 1991, while the extrusion market was off by more than 19%. To offset weak domestic markets, Alcan continued to develop export sales, mainly to continental Europe. The rolled products group received the Queen's Award for Export Achievement in recognition of its success.

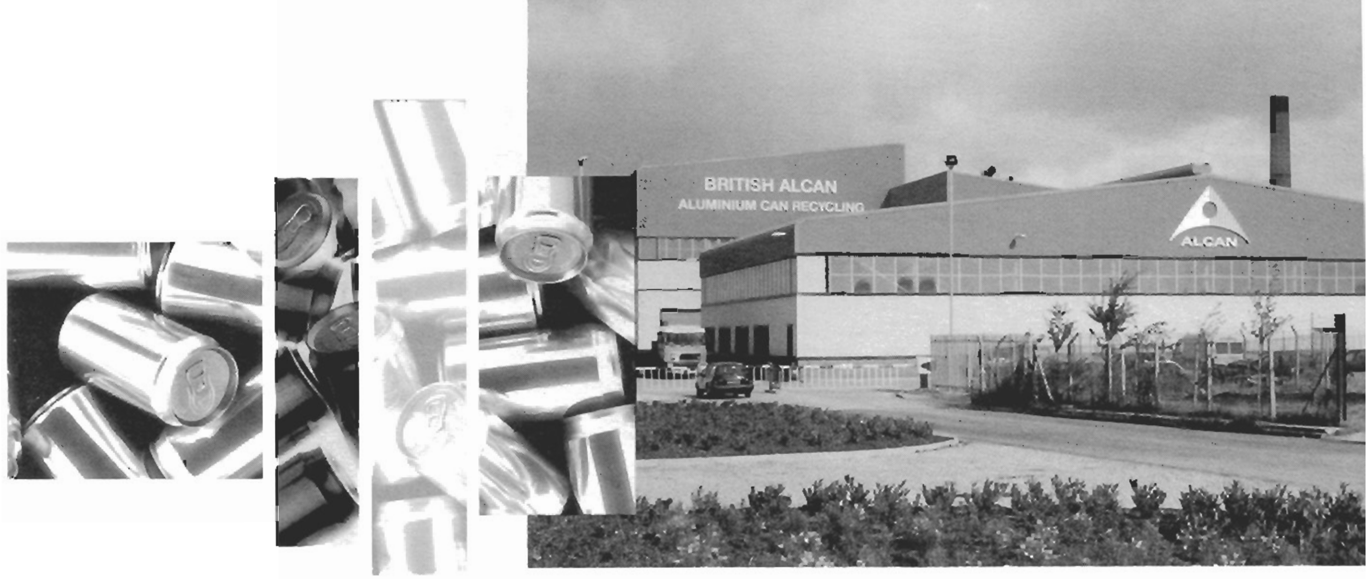
While domestic and foreign sales of chemicals were generally lower, towards year-end there were some encouraging signs in the U.S. market, particularly for zirconium chemicals. The Company is devoting much effort to developing new chemical products for growth markets in the paper, ceramics, water treatment, automotive and aerospace industries.

A new 50-kt/y used beverage can recycling plant was commissioned at Warrington, England, expanding the scale of collection and recycling in the U.K. and further reinforcing the environmental advantages of aluminum as a beverage can material. To supply the plant, Alcan has established eight Company-owned collection centres in the U.K.

In response to the U.K. recession, ongoing rationalization programs have been accelerated. For example, during 1991 Alcan closed a foil conversion plant at Silvertown, England, and production was transferred to the modernized Glasgow, Scotland, plant. In addition, the cessation of aircraft sheet production at Falkirk, Scotland, allows the facility to concentrate on high volume production of sheet and foil for European markets.

Record low ingot prices led the Company to close 65 kt/y of capacity at the 130-kt/y Lynemouth, England, smelter in November. In July, 10 kt/y of capacity was shut down at the 38-kt/y smelter in Lochaber, Scotland.

Despite deteriorating economic conditions and slower building and construction activity,



Alcan's dedicated beverage can recycling plant in Warrington, England, is the first of its kind in the European Community and the most advanced in the world. Supplied by a growing network of U.K. collection centres, the $49.5-million plant raises Alcan's worldwide beverage can recycling capacity to 15 billion cans per year.

Alcan's building products operations in France increased their share of the aluminum building systems market by strengthening customer service and offering a wider range of high-quality products. Prices, however, were affected by increased competition and declining ingot prices. Continued robust growth in Spain and Portugal helped to offset some of the weakness in the French market.

ITALY
Business conditions for the Company's operations in Italy continued to be difficult in 1991 as the domestic economic slowdown kept prices and demand in most end-use markets depressed. Market conditions were particularly severe in the secondary alloys market due to weakness in the automotive sector.

In response, businesses were reorganized to focus on core activities as well as to reduce costs and improve efficiencies. For example, the metal and alloy division will now specialize in the production of high-grade secondary alloys and in the environmentally efficient recycling of scrap from Alcan's rolling operations in continental Europe.

The integration of rolling operations in Italy with the rest of Alcan's European system will be strengthened with the start-up of the new 120-kt/y cold mill in Pieve in April 1992.

SWITZERLAND
Despite lower revenues, profits from Alcan's packaging operations in Switzerland rose as a direct result of cost reduction programs. Sales of converted foil to principal markets, including pet food, dairy, pharmaceutical and industrial applications, remained relatively stable. Price pressure from continuing low ingot prices was evident in all areas.

The drive for quality continues as tolerances become tighter and lacquering systems have to conform to increasingly higher standards. Alcan has increased its product and process development to meet the more demanding standards.

IRELAND
The Aughinish alumina refinery, 65%-owned by Alcan, operated at the 1.0-Mt/y level in 1991 despite problems related to bauxite quality. Achievements in product quality continued, and future efforts will be aided by an upgrade of the plant's process control equipment.

SOUTH AMERICA
A deteriorating economic situation in Brazil resulted in Alcan's operations in South America posting a loss of $75 million in 1991, which included after-tax restructuring charges of $13 million. These results were substantially worse than the 1990 loss of $12 million. Shipments to customers in the region totalled 98 kt in 1991 versus 92 kt in 1990.

In view of the political processes under way to establish an open market among countries in the continent's Southern Cone, Alcan is taking steps to strengthen its marketing activities and streamline operations in the region.

BRAZIL
In a further attempt to curb spiralling inflation, the Brazilian government introduced a new economic plan in early 1991. The plan, which reinstated price controls while imposing large cost increases for power and fuel, compounded the problems of an economy already in recession. When price controls were eased later in the year, inflation returned and the recession deepened.

In spite of the continuing poor economy, total domestic demand for aluminum products was 5% higher in 1991, up from the 15-year low reached in 1990. The rolled products market was the main contributor to the increase, with growth coming from the beverage can and transportation markets. Alcan is the only domestic producer of can sheet.

Shipments of fabricated products to the domestic market grew in line with demand, thus maintaining the Company's market share. Lower exports of fabricated products were offset by an increase in ingot exports. Selling prices were on average 20% lower in U.S. dollar terms than in 1990 due to falling ingot prices and the impact of the more open domestic economy. This situation, combined with rationalization expenses and higher costs for raw materials, resulted in the Brazilian operation recording the worst financial performance in its 50-year history.

Aggressive cost reduction programs during the year resulted in a permanent decrease in the workforce by 1,200 employees, bringing total reductions over two years to 2,500 employees, or 30% of the Brazilian operation's workforce. The decrease in 1991, coupled with improvements in productivity and recoveries, reduced ongoing costs by $60 million per year.

At Mineracão Rio do Norte S.A. (MRN), a 24%-owned company that mines bauxite in the Amazon region, impressive progress was made in all aspects of the operation. Cost reduction programs reduced employment levels, simplified the administrative structure and decreased mining costs. At year-end, Alcan announced that it will exchange 12% out of its 24% shareholding in MRN for a 10% interest and future expansion rights in a 1.0-Mt/y alumina refinery that forms part of the Alumar consortium, owned by Alcoa and Billiton. This will secure a long-term and growing bauxite market for MRN and will provide Alcan with expansion opportunities in this competitive refinery.

A new wetlands system for wastewater treatment, pictured here during construction last fall, is an economic and environmental success for Logan Aluminum Inc. in Kentucky. The 40-acre system naturally purifies water from the mill while aiding the local ecosystem.

ARGENTINA AND URUGUAY

After a difficult start to 1991, the Argentinian government's aggressive economic plan led the country's economy into recovery in the latter half of the year, while keeping inflation low. As a result, demand for aluminum products picked up as the year progressed, helping Alcan's operations to increase profitability. A new aerosol can line was installed to strengthen the Company's position in the packaging market, and a joint venture was formed to manufacture laminated tubes in Argentina and Chile.

The profitability of Alcan's operations in Uruguay improved in 1991. Investments are being made in the packaging business in preparation for the opening-up of the domestic economy.

PACIFIC

Earnings from operations in the Pacific region, excluding non-operating gains, declined to $63 million from $111 million in 1990, largely reflecting the recession in Australia and the effects of lower ingot prices. In Japan, aluminum demand was good in the first half of the year but tapered off in the second half as the economy slowed. Other countries in Asia, however, continued to register impressive demand growth. Shipments to customers in the region were 405 kt compared to 376 kt in the prior year.

AUSTRALIA

The Australian economy remained in recession throughout the year, only showing tentative signs of improvement near year-end as interest rates and inflation fell to their lowest levels in many years. Shipments by Alcan Australia Limited, 73.3%-owned by Alcan, were virtually unchanged from their level in the previous year, despite an 8% decline in demand in the markets served by the Company. Intense competition from imports and other domestic suppliers, however, caused prices to slip and squeezed the Company's profit margins.

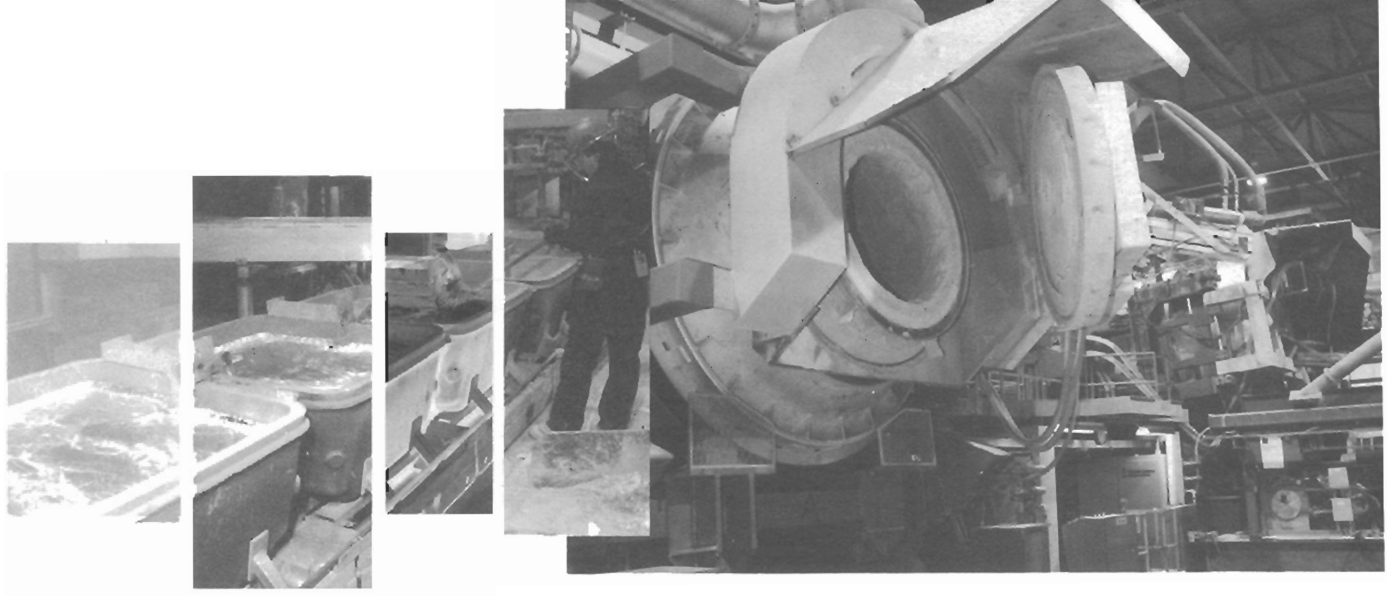
Alcan responded by intensifying the drive to reduce costs and improve efficiency. Employee numbers were reduced by 15% in 1991, and good productivity gains were achieved in both the smelting and fabricating operations. Safety objectives were exceeded and lost-time accidents fell by 60%.

Just before year-end, the Kurri Kurri smelter successfully negotiated an advantageous flexible power rate contract with the New South Wales Electricity Commission.

During the year, Queensland Alumina Limited, 21.4%-owned by Alcan, achieved record alumina production of 3,157 kt/y.

JAPAN

Alcan is active in Japan through its interests in two related companies, Nippon Light Metal Company, Ltd. (NLM) and Toyo Aluminium K.K. (Toyal), and through its own sales



activities in supplying primary and fabricated aluminum products. NLM and Toyal have combined sales of approximately $5.3 billion annually, which are not included in Alcan's consolidated sales.

The Japanese economy continued to grow strongly through the first half of 1991, but started to slow during the third quarter. The impact of declining private investment and personal consumption was most noticeable in the construction and automotive sectors. Nevertheless, aluminum consumption was up 6% over 1990 partly due to continuing good growth in the packaging market.

NLM, 45%-owned by Alcan, turned in another good performance in 1991, contributing $45 million of profits to Alcan's results. While this was $115 million lower than the previous year, the higher profits in 1990 were largely due to a non-recurring gain recorded when a minority interest was created in one of NLM's subsidiaries.

Toyal, 48.9%-owned by Alcan and a leading producer of aluminum foil and paste products, reported lower profits in 1991 as automobile production cutbacks in North America and Europe reduced demand for the aluminum paste used in paints.

Alcan continues its strategy of close collaboration with NLM and Toyal, emphasizing the development of packaging and automotive products and the high-growth markets of Southeast Asia.

INDIA

Revenues for Indian Aluminium Company, Limited, 39.6%-owned by Alcan, rose 5% in 1991. While profits remained healthy, they were lower than in the previous year as the company was unable to fully recover higher costs, most notably for electricity. Lower volumes and prices for exported alumina, an important market for the company in recent years, also contributed to the profit decline. Good gains were made in safety performance during the year.

AFRICA

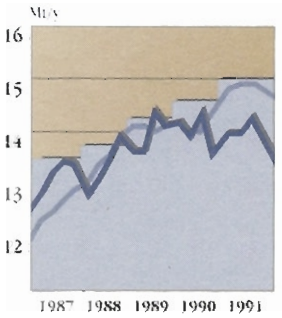
GUINEA

At Compagnie des Bauxites de Guinée (CBG), 13.8%-owned by Alcan, production remained at close to 11 Mt/y. A new bauxite deposit was opened and trial quantities were shipped to Alcan's alumina plants in Canada and Ireland. The emphasis in CBG remains on achieving consistent bauxite quality.

Jacques Bougie

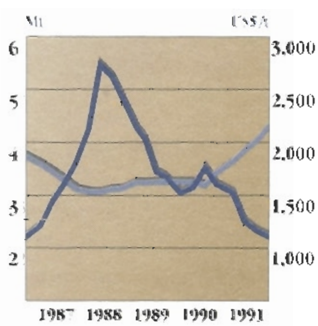
Using a revolutionary plasma torch technology, Alcan's dross recycling plant in Quebec efficiently breaks down the casting byproduct into aluminum and other reusable materials. A four-time award winner in 1991, this process provides superior environmental protection, higher aluminum recoveries and lower operating costs than conventional methods.

WESTERN WORLD PRIMARY ALUMINUM PRODUCTION AND SHIPMENTS



Production
Shipments (seasonally adjusted)
Capacity at year-end

TOTAL PRIMARY ALUMINUM INVENTORIES AND SPOT INGOT PRICES



Total inventories (IPAI, LME, COMEX)
Spot ingot prices (average of LME cash and Metals Week" U.S. quotation)

INDUSTRY REVIEW

In 1991, Western World consumption of aluminum, including both primary and recycled aluminum, declined by an estimated 1% to a total of 19.6 million tonnes (Mt).

Recessions in Canada and the United States caused North American consumption of aluminum to fall for the second consecutive year, dropping 6% in 1991. With the exception of can sheet, marked declines were evident in all markets.

European aluminum consumption was only slightly lower during the year, slipping 1%. While the German economy continued to expand, its growth was not sufficient to offset the weakness in other European countries.

In the Pacific area, aluminum usage in Australia fell 2%, the third consecutive year of decline.

The two regions that experienced marked growth in aluminum consumption in 1991 were South America and Asia. After four years in decline, growth in the comparatively small South American market increased by 8%. In Asian markets, aluminum consumption rose by 7%. While the Japanese economy slowed in the second half of 1991, the economies of most countries in Southeast Asia exhibited robust growth throughout the year.

Western World shipments of primary aluminum dipped in the opening months of 1991, as recession-weakened demand was further dampened by the Gulf War. As the year progressed, shipments recovered and, for 1991 as a whole, were at the 1990 level of 14 million tonnes per year (Mt/y). Despite flat demand, smelter capacity continued to grow. Early in 1991, approximately 400 thousand tonnes (kt) of new smelter capacity came on stream in Canada and Brazil and quickly reached full production. By June, the industry was operating at 100% of effective capacity and producing aluminum at a record rate of 15 Mt/y.

This oversupply situation was exacerbated by greatly increased exports from the former Soviet Union. Prior to 1991, the Soviet Union and Eastern Bloc countries had little interaction with the aluminum markets of the West. Weak domestic demand and the need for hard currency resulted in more than 800 kt of aluminum being shipped to Western markets in 1991.

As a result, total inventories held by Western producers and commodity exchange warehouses rose from 3.4 Mt at the end of 1990 to 4.3 Mt at the end of 1991.

These developments resulted in the price for ingot dropping from $1,535 per tonne (/t) at the beginning of the year, to a low in December of $1,073/t. Consequently, between June and December, the industry announced production cuts of approximately 900 kt on an annual basis. As some of these cuts became effective, the industry's operating rate fell to 97% at year-end.

The outlook for 1992 is not encouraging. Exports from the former Soviet Union are likely to continue or even increase. In addition, about 650 kt of new smelter capacity is expected to start up in 1992. To balance this additional supply, demand will have to pick up substantially or further smelter capacity will have to be shut down.

FINANCIAL PERFORMANCE

REVENUES

Alcan's Sales and operating revenues for 1991 were $7.7 billion, down from $8.8 billion in 1990. The decline reflected lower prices and volumes for fabricated products, as well as markedly lower prices for ingot. In addition, the stronger U.S. dollar had the effect of depressing revenues earned in European currencies. Total aluminum shipments were 2,199 kt, 116 kt less than in 1990.

In 1990, the Company's sales and operating revenues were virtually unchanged from their level in 1989, while shipments were 4% higher. Revenues in 1990 benefited from a weaker U.S. dollar but were negatively affected by declining ingot prices and a higher proportion of ingot products in the sales mix.

Alcan's year-end level of aluminum inventories was 463 kt, 4% higher than at the end of 1990. This tonnage represented 11 weeks of supply, compared to 10 weeks reached at the end of 1990.

Fabricated product sales: Shipments of fabricated products were 1,333 kt in 1991, 155 kt less than in the previous year. The economic slowdown that started in 1990 and continued into 1991 was particularly marked in several countries where the Company has significant market share. As a result, demand for fabricated products was generally lower. While there was a decline in shipments of products fabricated from the Company's own metal, it was partially offset by an increase in the processing of customer-owned scrap by Alcan's fabricating operations. During the year, the Company transformed 145 kt of customer-owned scrap and ingot, compared to 81 kt in 1990 and 64 kt in 1989. This activity is not included in fabricated product shipments, realizations and margins, but is included in operating revenues.

For the year, fabricated product shipments accounted for 61% of total shipments, versus 63% in 1990 and 67% in 1989. If fabrication of customer-owned metal were to be included in shipments, fabricated products would have accounted for 63% of total shipments in 1991, compared to 65% in 1990 and 68% in 1989.

Average U.S.-dollar price realizations on the sales of fabricated products declined to \$3,678/t in 1991 from \$3,839/t in 1990. While prices in local currency terms have been trending down over the last two years in line with declines in ingot prices, currency translation has also affected realizations in U.S. dollar terms. In 1990, the strengthening of several currencies against the U.S. dollar offset price declines in local currencies, leaving average U.S. dollar realizations virtually unchanged from 1989. In 1991, however, the opposite occurred with local currencies weakening against the U.S. dollar, thus resulting in even lower realizations in U.S. dollar terms.

The average cost for fabricated products rose by less than 2% in 1991, to \$3,217/t. This cost includes metal from the Company's smelters and recycling units at cost of production. In local currency terms, the cost of fabricating on a per-tonne basis was generally higher in 1991 due to lower volumes and inflation. This was offset by cost improvements, the weakness of local currencies against the U.S. dollar, lower market prices for scrap and a decline in the Company's ingot production costs. In 1990, the average cost for fabricated products was \$3,168/t, 10% higher than in the previous year, as costs were affected by inflation and the impact of stronger local currencies.

Gross margins on the sale of fabricated products declined from \$671/t in 1990 to \$461/t in 1991.

Alcan's performance in various end-use markets was as follows:

Containers and packaging: This market continues to grow worldwide, with the aluminum beverage can continuing to make significant gains in Japan and the U.K. Although Alcan's shipments to this end-use market were down in 1991, the decline was offset by an increase in the processing of customer-owned scrap.

Transportation: Sales to this market dropped 21% in 1991, reflecting the second consecutive year of slowing car and truck production worldwide. This was most pronounced in North America, where Alcan's sales were sharply lower. Sales were also down in Brazil, the U.K. and Italy, but remained at 1990 levels in Germany.

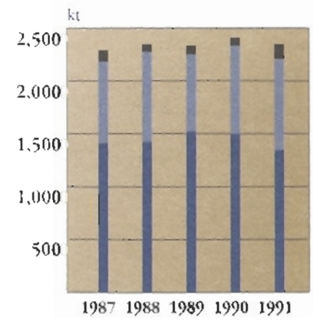
Electrical: The weak North American market was largely responsible for the 11% decline in 1991 sales. Modest gains, however, were seen in offshore markets.

Building and construction: Sales to this market declined by 11% in 1991. The residential sector was particularly weak in North America, with U.S. housing starts down 16%. Revenues were also lower in Brazil and the U.K., but higher in Germany.

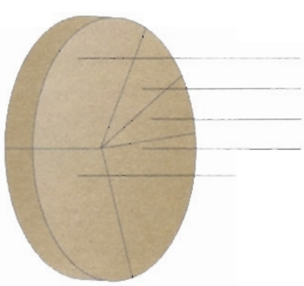
Other: In all other markets, sales were down 7% in 1991. Sales to distributors in Canada and the U.S. were reduced from year-ago levels due to weaker prices for aluminum, nickel alloys and stainless steel. Sales of bauxite and alumina were also lower, as discussed in Non-aluminum products.

Ingot product sales: Total shipments of ingot products, at 866 kt, were similar to their

ALUMINUM SHIPMENTS



1991 FABRICATED AND NON-ALUMINUM SALES BY MARKET
(in millions of US\$)



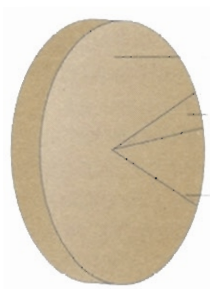
		1991	1990	1989	1988	1987
31%	Containers and packaging	**1,926**	2,288	2,279	1,948	1,630
8%	Transportation	**484**	612	651	548	463
9%	Electrical	**535**	598	714	695	506
25%	Building and construction	**1,517**	1,714	1,592	1,468	1,249
27%	Other	**1,679**	1,802	1,806	1,770	1,517
100%	Total fabricated and non-aluminum sales	**6,141**	7,014	7,042	6,429	5,365
	Aluminum ingot sales	**1,228**	1,439	1,537	1,846	1,182
	Total sales	**7,369**	8,453	8,579	8,275	6,547

Figures for prior years have been reallocated in accordance with 1991 classifications.

1991 SALES BY PRODUCT
(in millions of US$)

		1991	1990	1989	1988	1987
38%	Flat-rolled products	**2,776**	3,368	3,406	3,152	2,821
17%	Extruded, rolled, drawn products	**1,293**	1,516	1,640	1,578	1,166
11%	Other fabricated products	**835**	827	781	666	470
17%	Ingot products					
	– own primary ingot	**592**	749	402	549	566
	– other	**636**	690	1,135	1,297	616
17%	Non-aluminum products	**1,237**	1,303	1,215	1,033	908
100%	Total sales	**7,369**	8,453	8,579	8,275	6,547
	Operating revenues and other income	**461**	466	468	351	331
	Total	**7,830**	8,919	9,017	8,626	6,878

1991 GROSS PROFIT BY PRODUCT
(in millions of US$)



		1991	1990	1989	1988	1987
81%	Total fabricated products (integrated)	**615**	999	1,433	1,603	1,015
5%	Ingot products					
	– own primary ingot	**46**	144	132	255	160
	– other	**(7)**	(13)	15	33	16
14%	Non-aluminum products	**107**	166	182	175	111
100%		**761**	1,296	1,762	2,066	1,302
	Operating revenues and other income	**212**	261	290	189	179
	Total	**973**	1,557	2,052	2,255	1,481

Figures for prior years have been reallocated in accordance with 1991 classifications

level of one year ago but 123 kt higher than in 1989. Ingot sales comprise aluminum produced by the Company's primary and secondary smelters, as well as process scrap and purchased aluminum.

Purchases of ingot are made chiefly for logistical reasons. For example, by purchasing metal in Europe, and selling an equivalent amount of metal in North America, Alcan is able to minimize the freight and duty costs associated with moving aluminum from its North American smelters to its fabricating plants in Europe.

Shipments of ingot products fall into two categories. The first category comprises Alcan-produced primary ingot in excess of amounts required by the fabricating operations. In 1991, these totalled 407 kt, compared to 436 kt in 1990.

In response to weaker market prices for aluminum, average price realizations for this category were lower, falling to $1,453/t from $1,719/t in 1990. Lower costs, however, helped to cushion the impact of lower prices. During the year, Alcan's average cost of producing primary ingot decreased by $47/t, as start-up costs ended for the Laterrière smelter and benefits from lower labour, repair and oil costs were realized. Gross margins on primary ingot sales declined from $332/t in 1990 to $113/t in 1991.

The second category of ingot shipments consists of ingot traded for logistical reasons, as well as shipments of process scrap and secondary metal. These shipments totalled 459 kt in 1991 compared to 422 kt in 1990. A large portion of this metal is sold in North America and Asia and offsets purchases in Europe. These transactions tend to be at similar prices and, consequently, the gross profit or loss for this category is not significant.

Non-aluminum products: This includes sales of alumina and chemicals worldwide, bauxite in Spain, magnesium in the U.S. and the U.K., as well as other products such as steel, vinyl, copper, stainless steel and nickel alloys, mainly sold in North America.

While alumina shipments were 22% higher in 1991, sales revenues declined 3% due to weaker prices. Revenues from alumina and zirconium chemical sales were also lower, declining 10% as a result of lower demand. Revenues from third-party sales of bauxite fell 18% with the closure of a mine in France. Lower building and construction activity in North America weakened demand for copper wiring and steel and vinyl siding. Stainless steel sales revenues were down due to lower prices, while revenues from nickel alloy sales were down due to both lower prices and volumes.

Operating revenues: Operating revenues were $379 million compared to $304 million in 1990 and $260 million in 1989. These revenues are principally generated from sales of electricity and fees charged for the smelting of customer-owned alumina into primary ingot or the conversion of customer-owned scrap and ingot into fabricated products. Much of the rise in 1991 was due to an increase in revenues generated from the conversion of customer-owned scrap.

Other income: Income from other sources was $82 million in 1991, of which one-half was interest revenue. This was lower than the 1990 amount of $162 million, which included: a $43-million gain on the sale of the Company's 24%-equity interest in Industria Española del Aluminio S.A. in Spain; a $19-million gain resulting from a change in Alcan's holdings in Nippon Light Metal Company, Ltd. (NLM); and an $11-million gain realized when holders of some of the Company's Eurodollar exchangeable debentures exchanged them for shares held in NLM. Other income in 1989, at $208 million, included gains of $101 million derived from the exchangeable debentures.

RESULTS OF OPERATIONS

Alcan reported a loss of $36 million for 1991, in contrast to profits of $543 million in 1990 and $835 million in 1989. As a consequence, the Company's return on average equity for the year was -1.1% versus 10.9% in 1990 and 18.7% in 1989.

Alcan's loss for the year included after-tax restructuring and other charges of $102 million, partly offset by a $34-million tax credit in Germany and an $8-million gain on the sale of land by NLM. Restructuring and other charges were largely related to actions taken by the Company to reduce costs, and the pre-tax amount of $146 million is included in Other expenses and in Cost of sales and operating expenses. Net income in 1990 and 1989 included net after-tax gains of $196 million and $69 million, respectively. The components of these amounts are covered under the discussions of Other income, Other expenses and Equity income.

Actions taken during 1991 will improve productivity and reduce costs by $320 million on an annual ongoing basis. About one-half of this amount arises from an 8% reduction in the total number of employees. The balance is being achieved through productivity gains, improvements in product mix, and working capital reductions. Excluding the effects of business acquisitions and disposals, employee numbers have been reduced by 6,200 over two years.

Cost of sales and operating expenses were down 8% in 1991, to $6.5 billion. While costs were affected by inflation, the overall decline reflected lower shipment levels, lower purchase costs for scrap and ingot, the benefits realized from ongoing cost improvement efforts, and the impact of weaker local currencies. In 1990, costs were adversely affected by inflationary pressures, the start-up of the Laterrière aluminum smelter, and the foreign currency impact of the weaker U.S. dollar. During 1991, Alcan purchased 591 kt of primary ingot, scrap and fabricated products, versus 646 kt in 1990 and 718 kt in 1989.

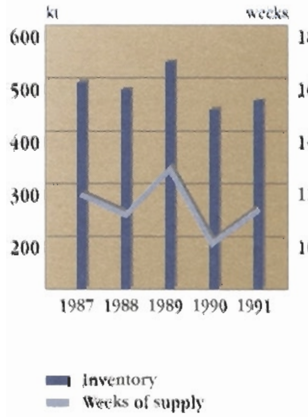
Depreciation expense for 1991 was $429 million, compared to $393 million in 1990 and $333 million in 1989. The rise reflects the start-up of new production facilities, most notably the Laterrière smelter.

Selling, administrative and general expenses, at $635 million in 1991, were 4% lower than in the previous year. The decline largely reflects staff reductions, reduced executive compensation and weaker European currencies. While expenses rose 10% in 1990, over 40% of the increase was due to the weaker U.S. dollar. The balance was due to wage increases and the acquisition of new businesses.

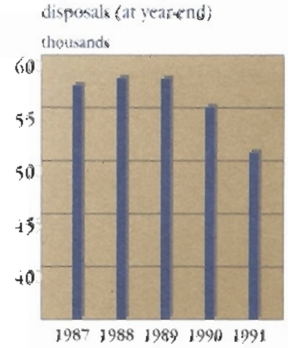
Research and development expenses were reduced to $131 million in 1991, from $150 million and $136 million in 1990 and 1989, respectively. The reduction largely reflects continuing actions taken to align R & D activities more closely with the technological needs of core businesses. R & D spending in 1992 is expected to be approximately $120 million.

Interest costs, including amounts capitalized, were $286 million in 1991 compared to $263 million in the previous year. The impact of a $635-million increase in the average level of total borrowings was largely offset by lower rates of interest. Excluding local currency borrowings in Brazil, the average effective interest rate for 1991 was 9.3% compared to 10.2% in 1990. In Brazil, a reduction in local currency borrowings resulted in interest costs declining from $50 million in 1990 to $30 million in 1991. In 1990, total interest costs were greater than in the previous year due to higher levels of debt and the impact of high interest rates on short-term borrowings in Brazil.

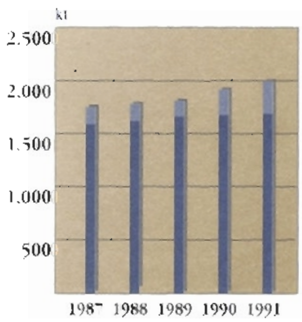
CONSOLIDATED ALUMINUM INVENTORIES



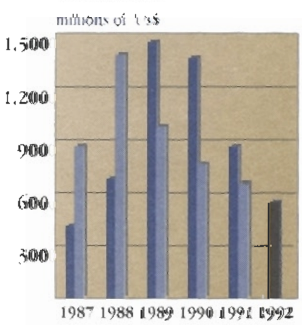
NUMBER OF EMPLOYEES
Adjusted for acquisitions and disposals (at year-end)



PRIMARY AND SECONDARY ALUMINUM PRODUCTION



CAPITAL EXPENDITURES AND CASH FROM OPERATIONS



Other expenses in 1991 included restructuring charges of $95 million before tax, which were associated with Alcan's cost reduction and productivity improvement programs. In 1990, other expenses included a $19-million pre-tax charge related to the closure of a foil conversion plant in the U.K.

Included in Cost of goods sold and Research and development expenses are expenses incurred for the safeguarding of the environment and the improvement of working conditions in plants. In 1991, these totalled $65 million and mainly included charges for the restoration of certain waste sites, and the costs of research into waste treatment and air emission reduction. These expenses were $52 million in 1990 and $42 million in 1989.

The income tax recovery for 1991 represents an effective tax rate of 15% compared to a statutory rate of 38%. The difference is made up of investment and other allowances, tax exempt income and the tax credit in Germany, partly offset by losses in Brazil and Italy on which future tax reliefs have not been recognized. In 1990 and 1989, the effective tax rates on pre-tax profits were 27% and 32%, respectively. The low rate in 1990 was largely due to investment and other allowances, exchange translation items and non-taxable income.

Equity income was $89 million in 1991, which included an $8-million gain on the sale of land by NLM. While equity income was $122 million less than in 1990, the higher level in the earlier year was largely attributable to a non-operating gain arising from the creation, by NLM, of a 33% minority interest in a subsidiary.

LIQUIDITY AND CAPITAL RESOURCES

As a result of lower earnings, cash generated from operations fell to $659 million in 1991, down from $760 million in 1990 and $970 million in 1989. In light of this situation, Alcan took steps to conserve cash, including reducing capital expenditures, working capital and dividends to common shareholders.

After ten consecutive quarters at 28 cents, Alcan cut its quarterly dividend to common shareholders by 46%, to 15 cents per share. The total dividend for the year was 86 cents per share, versus $1.12 in 1990 and in 1989. The lower dividend will enable Alcan to conserve approximately $120 million annually.

Investments: In late 1990, with the expectation of a difficult year ahead, Alcan substantially reduced its 1991 capital investment plans. For the year, capital expenditures were $880 million, well down from the levels of spending in 1990 and 1989 of $1,367 million and $1,466 million, respectively. Proceeds on the disposal of investments amounted to $23 million compared to $122 million in 1990 and $137 million in 1989.

Approximately 40% of the capital spending in 1991 was for the expansion and upgrade of the Company's rolled products facilities. The Logan Aluminum rolling mill expansion, in Kentucky, proceeded on schedule, with start-up expected in 1993. In addition, the upgrade of casting and hot-rolling facilities at the Oswego, New York, mill was completed. In Europe, the expansion of the Norf rolling complex in Germany got under way. Other investments in Germany and Italy continued.

During 1991, Alcan invested approximately $200 million in the Kemano Completion Project, designed to expand the Company's hydroelectric assets in British Columbia. As a result of a Canadian federal court decision, work was suspended on the project. Further details are provided on page 17.

Also included in capital expenditures was $45 million for projects related to the environment. Such expenditures are largely for equipment designed to decrease or contain waste and reduce air emissions generated by existing facilities, as well as for the upgrade of aluminum recycling plants. Expenditures in 1990 and 1989 were $77 million and $87 million, respectively.

The remaining capital projects in 1991 were largely undertaken to replace or improve existing facilities.

Given the uncertain outlook for aluminum prices, Alcan will further reduce net capital spending to $550 million for 1992. This will include continuing expenditure at Logan and Norf and approximately $65 million for projects related to the environment.

The Company estimates that ongoing capital expenditures to replace or upgrade facilities, including environmental improvements, will be on average about $400 million per year.

Financing: Despite a reduction in capital spending and common dividend payments, the decline in cash from operations meant that Alcan looked to the capital markets to meet the balance of its financing requirements.

Three debenture issues totalling $425 million were made during the year. The first was in March, for $150 million of 9.20% Debentures due 2001. The next occurred in June, for $125 million of 9.10% Debentures due 1998. The last issue was made in August, for $150 million of 8.20% Debentures due 1996.

In February, Alcan raised $60 million of project financing through the Caribbean Basin Projects Financing Authority (CARIFA) for the modernization of its Jamaican alumina facilities. The loan from CARIFA was at a floating interest rate and was subsequently swapped into a fixed rate of 6.74% per annum for five years.

In addition, during 1991 Alcan accessed short-term credit markets in Canada and the U.S. through the use of commercial paper and bankers' acceptances. At year-end, such borrowings totalled $404 million. These borrowings are fully backed by committed term-credit lines with banks. These term-credit lines were increased to $1,661 million, from $1,529 million at the end of 1990 and $1,091 million at the end of 1989. Excluding amounts used to back commercial paper and bankers' acceptances, $989 million of these lines of credit were available at the end of 1991.

At the end of 1991, Alcan's ratio of total borrowings to equity was 37:63, up from 33:67 in 1990 and 26:74 in 1989.

In January 1992, $150 million of 8.875% Debentures due 2022 were issued.

In summary, internally generated funds are likely to remain at relatively low levels until there is an improvement in aluminum prices and earnings. Therefore, to meet the cash needs of ongoing operations, capital expenditures, debt repayments and dividends, cash from operations will be supplemented by external financing. The total unused lines of credit, of $989 million at year-end, provide more than adequate liquidity. The Company may, from time to time, replace some of its short-term borrowings with long-term debt. The nature and timing of such financing will vary depending on the Company's evaluation of existing market conditions and other economic factors. Alcan's continuing investment grade credit rating allows access to such additional external financing as required. Management believes that these resources are sufficient to meet anticipated cash requirements of operations and planned capital expenditures in the foreseeable future.

RISKS AND UNCERTAINTIES

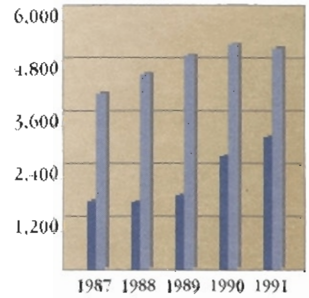
Alcan's financial performance is largely influenced by the price of aluminum on world commodity exchanges. With high industry inventories and the anticipated continuation of large-scale exports from the former Soviet Union, the near-term outlook for aluminum prices is not encouraging.

Exchange rate movements, particularly between the Canadian and U.S. dollars, also have an important impact on Alcan's results. For example, on an annual basis, each one U.S. cent increase in the value of the Canadian dollar reduces the long-term profitability of the Company by approximately $13 million after-tax. To reduce the impact of exchange rate movements in the short-term, Alcan hedges a substantial portion of its Canadian dollar exposure through the use of forward exchange contracts and currency options.

In May 1991, the Kemano Completion Project in British Columbia suffered a substantial setback when a Canadian federal court judgment quashed the 1987 Agreement with the federal and provincial governments, under which the Company was carrying out the project. Alcan is appealing the judgment and, in the light of the uncertainties which it has introduced, has halted work on the project. Even if this appeal is successful, it may become necessary for Alcan, before work on the project is recommenced, to obtain satisfactory assurances that no other legal proceedings or conditions will be imposed on the project that would render it economically unviable or otherwise prevent its completion.

If completion of the project is prevented, Alcan would seek to recover the cost incurred to date, totalling approximately $500 million, on the basis of the 1987 Agreement. Meanwhile, interest is no longer being capitalized, and the asset is being retained in the Company's accounts mainly as construction work in progress.

TOTAL BORROWINGS AND EQUITY
(at December 31, 1991)
millions of US$



Total borrowings
Equity (includes minority interests and preference shares)

RESPONSIBILITY FOR THE ANNUAL REPORT

Alcan's management is responsible for the preparation, integrity and fair presentation of the financial statements and other information in the Annual Report. The financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include, where appropriate, estimates based on the best judgment of management. They conform in all material respects with accounting principles of the International Accounting Standards Committee. A reconciliation with accounting principles generally accepted in the United States is also presented. Financial and operating data elsewhere in the Annual Report are consistent with those contained in the accompanying financial statements.

Alcan's policy is to maintain systems of internal accounting and administrative controls of high quality consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is accurate and reliable and that Company assets are adequately accounted for and safeguarded. The Board of Directors oversees the Company's systems of internal accounting and administrative controls through its Audit Committee, which is comprised of directors who are not employees. The Audit Committee meets regularly with representatives of the shareholders' independent auditors and management, including internal audit staff, to satisfy themselves that Alcan's policy is being followed. The Audit Committee has recommended the reappointment of Price Waterhouse as the independent auditors, subject to approval by the shareholders.

The financial statements have been reviewed by the Audit Committee and, together with the other required information in this Annual Report, have been approved by the Board of Directors. In addition, the financial statements have been audited by Price Waterhouse, whose report is provided at right.

David Morton	Allan A. Hodgson
Chief Executive Officer	Chief Financial Officer
February 6, 1992	

OECD GUIDELINES

The Organization for Economic Cooperation and Development (OECD), which consists of 24 industrialized countries including Canada, has established guidelines setting out an acceptable framework of reciprocal rights and responsibilities between multinational enterprises and host governments.

Alcan supports and complies with the OECD guidelines, and the Company's own statement, *Alcan, its Purpose, Objectives and Policies*, is consistent with them. The statement, first published in 1978, was distributed in 11 languages to Alcan employees worldwide to strengthen the awareness of the basic principles and policies which have guided the conduct of Alcan's business over the years.

The statement, the Company's annual information form and its 10-K report are all available to shareholders on request. The latter two documents contain a list of significant Alcan Group companies worldwide.

AUDITORS' REPORT

To the Shareholders of
Alcan Aluminium Limited

We have audited the consolidated balance sheet of Alcan Aluminium Limited as at December 31, 1991, 1990 and 1989 and the consolidated statements of income, retained earnings and cash flows for each of the years in the three-year period ended December 31, 1991. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1991, 1990 and 1989 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1991, in accordance with Canadian generally accepted accounting principles.

Montreal, Canada	Price Waterhouse
February 6, 1992	Chartered Accountants

CONSOLIDATED STATEMENT OF INCOME

(in millions of US$, except per share amounts)

Years ended December 31	**1991**	1990	1989
Revenues			
Sales and operating revenues	**$7,748**	$8,757	$8,839
Other income (note 13)	**82**	162	208
	7,830	8,919	9,047
Costs and expenses			
Cost of sales and operating expenses	**6,455**	6,996	6,682
Depreciation (note 1)	**429**	393	333
Selling, administrative and general expenses	**635**	659	600
Research and development expenses	**131**	150	136
Interest (note 15)	**246**	197	130
Other expenses	**163**	65	62
	8,059	8,460	7,943
Income (Loss) before income taxes and other items	**(229)**	459	1,104
Income taxes (note 4)	**(104)**	126	350
Income (Loss) before other items	**(125)**	333	754
Equity income (note 5)	**89**	211	97
Minority interests		(1)	(16)
Net income (Loss) (note 3)	**$ (36)**	$ 543	$ 835
Dividends on preference shares	**20**	22	21
Net income (Loss) attributable to common shareholders	**(56)**	521	814
Net income (Loss) per common share (note 1)	**$(0.25)**	$ 2.33	$ 3.58
Dividends per common share	**$ 0.86**	$ 1.12	$ 1.12

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(in millions of US$)

Years ended December 31	**1991**	1990	1989
Retained earnings – beginning of year	**$3,600**	$3,410	$2,874
Net income (Loss)	**(36)**	543	835
	3,564	3,953	3,709
Premium on purchase of common shares (note 10)	**–**	81	23
Dividends – Common	**192**	250	255
– Preference	**20**	22	21
Retained earnings – end of year (note 12)	**$3,352**	$3,600	$3,410

(in millions of US$)

December 31	1991	1990	1989
ASSETS			
Current assets			
Cash and time deposits	**$ 205**	$ 200	$ 247
Receivables	**1,220**	1,383	1,345
Inventories			
Aluminum	**917**	1,016	1,169
Raw materials	**337**	370	335
Other supplies	**391**	401	375
	3,070	3,370	3,471
Deferred charges and receivables	**348**	362	326
Investments (note 5)	**873**	750	451
Property, plant and equipment (note 6)			
Cost	**11,144**	10,445	9,098
Accumulated depreciation	**4,619**	4,278	3,838
	6,525	6,167	5,260
Total assets	**$10,816**	$10,649	$ 9,508
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Payables	**$ 1,148**	$ 1,244	$ 1,327
Short-term borrowings (note 15)	**741**	736	581
Income and other taxes	**–**	84	123
Debt maturing within one year	**71**	84	64
	1,960	2,148	2,095
Debt not maturing within one year (note 7)	**2,185**	1,796	1,079
Deferred credits and other liabilities (note 8)	**519**	392	393
Deferred income taxes	**1,126**	1,092	1,044
Minority interests	**84**	67	75
Redeemable retractable preference shares (note 9)	**9**	9	9
Redeemable non-retractable preference shares (note 9)	**203**	203	203
Common shareholders' equity			
Common shares (note 10)	**1,171**	1,156	1,162
Retained earnings (note 12)	**3,352**	3,600	3,410
Deferred translation adjustments (note 2)	**207**	186	38
	4,730	4,942	4,610
Commitments and contingencies (note 14)			
Total liabilities and shareholders' equity	**$10,816**	$10,649	$ 9,508

Approved by the Board:

David Morton,
Director

Allan A. Hodgson,
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

(in millions of US$)

Years ended December 31	1991	1990	1989
Operating activities			
Income (Loss) before other items	**$ (125)**	$ 333	$ 754
Adjustments to determine cash from operating activities:			
Depreciation	**429**	393	333
Deferred income taxes	**33**	25	43
Dividends from related companies	**43**	41	34
Change in receivables	**163**	(38)	58
Change in inventories	**142**	92	(182)
Change in payables	**(96)**	(83)	246
Change in income and other taxes payable	**(84)**	(39)	(132)
Change in deferred charges, receivables and credits	**141**	12	(105)
Changes in operating working capital due to:			
Deferred translation adjustments	**(6)**	103	(14)
Acquisitions, disposals and deconsolidations	**2**	–	37
Other – net	**17**	(79)	(102)
Cash from operating activities	**659**	760	970
Financing activities			
New debt	**636**	792	269
Debt repayments	**(262)**	(136)	(360)
	374	656	(91)
Short-term borrowings – net	**2**	143	318
Common shares issued	**15**	22	23
Common shares purchased for cancellation	**–**	(109)	(31)
Shares issued (redeemed) by subsidiary companies	**21**	(1)	(1)
Dividends – Alcan shareholders (including preference)	**(212)**	(272)	(276)
– minority interests	**(3)**	(6)	(9)
Cash from (used for) financing activities	**197**	433	(67)
Total cash available before investment activities	**856**	1,193	903
Investment activities			
Property, plant and equipment	**(819)**	(1,255)	(1,273)
Investments	**(61)**	(112)	(193)
	(880)	(1,367)	(1,466)
Sales of fixed assets and investments	**23**	122	137
Cash used for investment activities	**(857)**	(1,245)	(1,329)
Effect of exchange rate changes on cash and time deposits	**6**	5	3
Increase (Decrease) in cash and time deposits	**5**	(47)	(423)
Cash and time deposits – beginning of year	**200**	247	670
Cash and time deposits – end of year	**$ 205**	$ 200	$ 247

(in millions of US$, except where indicated)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements, which are expressed in U.S. dollars, the principal currency of Alcan's business, are prepared in accordance with generally accepted accounting principles in Canada. They include the accounts of companies controlled by Alcan, all of which are majority owned. Joint ventures, irrespective of percentage of ownership, are included to the extent of Alcan's participation. Consolidated net income also includes Alcan's equity in the net income or loss of companies owned 50% or less where Alcan has significant influence over management, and the investment in these companies is increased or decreased by Alcan's share of their undistributed net income or loss since acquisition. Investments in companies in which Alcan does not have significant influence over management are carried at cost less amounts written off.

Intercompany items and transactions, including profits in inventories, are eliminated.

OTHER

Aluminum, raw materials and other supplies are stated at cost (determined for the most part on the monthly average method) or net realizable value, whichever is the lower.

Depreciation is calculated on the straight-line method using rates based on the estimated useful lives of the respective assets. The principal rates range from 1% to 2% for power assets, 2 1/2% for buildings and 3% to 6% for chemical, smelter and fabricating assets.

Net income (Loss) per common share is calculated by dividing Net income (Loss) attributable to common shareholders by the average number of common shares outstanding (1991: 223.1 million; 1990: 224.0 million; 1989: 227.5 million).

2. CURRENCY GAINS AND LOSSES

Gains and losses arising from foreign currency denominated items are included in other income or expense, except as described below.

The financial statements of self-sustaining foreign operations are translated into U.S. dollars at prevailing exchange rates. Differences arising from exchange rate changes are included in the Deferred translation adjustments (DTA) component of Common shareholders' equity. If there is a reduction in the Company's ownership in the foreign operation, the relevant portion of DTA is recognized in other income or expense at that time.

Gains or losses on forward exchange contracts or currency options, which serve to hedge certain identifiable foreign currency exposures, are recognized on their maturity or expiry dates and are included in sales or in cost of sales, as applicable.

The following are the amounts recognized in the financial statements:

	1991	1990	1989
Currency gains (losses)	**$(11)**	$(27)	$ 11
Deferred translation adjustments:			
Balance – beginning of year	**$186**	$ 38	$ 88
Effect of exchange rate changes	**21**	110	(45)
Losses (Gains) realized	**–**	38	(5)
Balance – end of year	**$207**	$186	$ 38
Gains on forward exchange contracts and currency options	**$ 51**	$ 6	$ 27

Based on rates of exchange at December 31, 1991, there were unrecognized gains of $82 on outstanding forward exchange contracts and currency options totalling $1,812. These contracts and options mature or expire over the next three years.

3. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

CURRENCY TRANSLATION
Under Canadian GAAP, unrealized exchange gains and losses on translation of long-term monetary items are deferred and amortized over the life of those items, whereas, under U.S. GAAP, such gains and losses are absorbed in income immediately. Also, under Canadian GAAP, deferred income taxes of companies using the temporal method are translated at historical exchange rates rather than at current exchange rates as used under U.S. GAAP.

TAX RECOVERY
Under Canadian GAAP, tax benefits of a purchased subsidiary arising from losses that occurred prior to acquisition are recorded in income in the year of realization. Under U.S. GAAP such tax benefits are recorded in the year of realization as a reduction of the fixed assets of the purchased subsidiary and are recognized in income through lower depreciation charges over the useful lives of these fixed assets.

The following table compares Net income (Loss) as reported with the Net income (Loss) that would have been reported under U.S. GAAP together with the cumulative effect on Retained earnings and Deferred translation adjustments.

	1991		1990		1989	
	As Reported	U.S. GAAP	As Reported	U.S. GAAP	As Reported	U.S. GAAP
Net income (Loss) from continuing operations	**$ (36)**	**$ (31)**	$ 543	$ 537	$ 835	$ 827
Net income (Loss) attributable to common shareholders	**$ (56)**	**$ (51)**	$ 521	$ 515	$ 814	$ 806
Net income (Loss) per common share	**$ (0.25)**	**$(0.23)**	$ 2.33	$ 2.30	$ 3.58	$ 3.54
Retained earnings December 31	**$3,352**	**$3,369**	$3,600	$3,612	$3,410	$3,428
Deferred translation adjustments December 31	**$ 207**	**$ 149**	$ 186	$ 128	$ 38	$ (19)

The difference between Deferred translation adjustments under "As Reported" and "U.S. GAAP" arises principally from the different treatment of exchange on long-term debt at January 1, 1983.

Net income from continuing operations on a U.S. GAAP basis for the years 1988 and 1987 was $914 and $413, respectively, compared to $931 and $433, respectively, as reported. Net income from continuing operations per common share on a U.S. GAAP basis for the years 1988 and 1987 was $3.78 and $1.59, respectively, compared to $3.85 and $1.68, respectively, as reported.

No effect has been provided for the Financial Accounting Standards Board Statement No. 96, Accounting for Income Taxes, nor for Statement No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions. The Company proposes to adopt these standards for U.S. GAAP reporting commencing January 1, 1993. The impact of adopting Statement No. 96 cannot reliably be estimated at this time and will depend upon proposed changes to the standard and exchange rates prevailing at that time. Based on preliminary estimates, the Company's unrecorded obligation for postretirement benefits, other than pensions, is approximately $200 under the provisions of Statement No. 106.

4. INCOME TAXES

	1991	1990	1989
Income (Loss) before income taxes and other items			
Canada	$(199)	$133	$ 658
Other countries	(30)	326	446
	(229)	459	1,104
Current income taxes			
Canada	(162)	(28)	164
Other countries	25	129	143
	(137)	101	307
Deferred income taxes			
Canada	63	30	42
Other countries	(30)	(5)	1
	33	25	43
Income tax provision (recovery)	$(104)	$126	$ 350

The composite of the applicable statutory corporate income tax rates in Canada is 38.1% (1990: 37.9%; 1989: 38.0%). The following is a reconciliation of income taxes calculated at the above composite statutory rates with the income tax provision:

	1991	1990	1989
Income taxes at the composite statutory rate	$ (87)	$174	$ 420
Increase (Reduction) attributable to:			
Unrecorded tax benefits on losses – net	47	11	–
Reduced rate or tax exempt items	(43)	(5)	(24)
Investment and other allowances	(16)	(27)	(39)
Exchange translation items	(1)	(30)	(2)
Foreign tax rate differences	(4)	2	(1)
Other – net	–	8	(4)
Income tax provision (recovery)	$(104)	$126	$ 350

The principal items giving rise to the deferred portion of the income tax provision are:

	1991	1990	1989
Depreciation	$ 98	$ 55	$ 69
Tax benefit carryovers	(45)	(19)	11
Accounting provisions not currently deductible for tax	(42)	(6)	1
Research expense carryovers	18	(18)	3
Inventory valuation	2	1	(26)
Investment and foreign tax credits	(2)	5	(9)
Other – net	4	–	(6)
	$ 33	$ 25	$ 43

Based on rates of exchange at December 31, 1991, additional benefits of approximately $127 relating to prior and current years' tax losses will be recognized in income when realized.

5. INVESTMENTS

	1991	1990	1989
Companies accounted for under the equity method (note 1)	$ 852	$ 718	$ 423
Other investments – at cost, less amounts written off	21	32	28
	$ 873	$ 750	$ 451

The activities of the major equity-accounted companies are integrated aluminum operations in Japan, aluminum rolling facilities in Germany and the procurement and processing of raw materials in Australia, Brazil and Guinea. Their combined results of operations and financial position are summarized below:

	1991	1990	1989
Results of operations for the year			
Revenues	$ 7,121	$ 6,893	$ 6,234
Costs and expenses	6,519	5,993	5,634
Income before income taxes	602	900	600
Income taxes	344	364	333
Net income	$ 258	$ 536	$ 267
Alcan's share of net income	$ 89	$ 211	$ 97
Dividends received by Alcan	$ 43	$ 41	$ 34
Financial position at December 31			
Current assets	$ 4,602	$ 4,134	$ 3,294
Current liabilities	3,946	3,111	2,985
Working capital	656	1,023	309
Property, plant and equipment – net	2,740	2,227	1,950
Other assets – net	64	67	280
	3,460	3,317	2,539
Debt not maturing within one year	1,255	1,308	1,330
Net assets	$ 2,205	$ 2,009	$ 1,209
Alcan's equity in net assets	$ 852	$ 718	$ 423

Equity income in 1991 includes $45 (1990: $160; 1989: $40) from Nippon Light Metal Company, Ltd. (NLM). In 1990, equity income included gains recorded by NLM on the sale of a part of its holding in a subsidiary company and from the issuance of shares to third parties by that subsidiary at a price above book value.

6. PROPERTY, PLANT AND EQUIPMENT

	1991	1990	1989
Cost			
Land and property rights	$ 160	$ 148	$ 133
Buildings, machinery and equipment	9,993	9,311	7,894
Construction work in progress	991	986	1,071
	$11,144	$10,445	$9,098

Construction work in progress includes $450 related to the expansion of the Company's hydroelectric power operations in British Columbia. The project has been suspended due to uncertainties arising from judicial proceedings.

Accumulated depreciation relates primarily to Buildings, machinery and equipment.

Capital expenditures, net of disposals, are expected to be about $550 in 1992.

7. DEBT NOT MATURING WITHIN ONE YEAR

	1991	1990	1989
Alcan Aluminium Limited			
Acceptances and commercial paper (a)	$ 120	$ 184	$ –
Notes payable	–	50	–
9.4% Debentures, due 1995	150	150	–
11.25% Debentures, due 1995	100	100	100
8.2% Debentures, due 1996	150	–	–
9.7% Debentures, due 1996	125	125	–
Lira bank loan, due 1996/1998 (L50,000) (b)	43	–	–
12.45% Canadian dollar debentures, due 1997 (c)	107	107	–
9.1% Debentures, due 1998	125	–	–
9.875% Debentures, due 1998	100	100	100
Deutschmark bank loan, due 2000/2004 (DM50) (b)	33	–	–
9.2% Debentures, due 2001	150	–	–
5.375% Swiss franc bonds, due 2003 (c)	105	105	105
CARIFA loan, due 2006 (d)	60	–	–
9.5% Debentures, due 2010 (e)	100	100	–
9.625% Sinking fund debentures, due 2019 (e)	150	150	150
Other debt, due 1992/2001	19	29	36
Alcan Aluminum Corporation			
9.956% Bank loan, due 1995	25	25	25
Other debt, due 1992/2013	24	25	26
Alcan Empreendimentos Ltda and subsidiary companies (Brazil)			
Bank loans, due 1992/1993 (f)	6	13	15
Other debt, due 1992/1996	19	23	26
British Alcan Aluminium plc and subsidiary companies			
Bank loans, due 1993/2001 (£68) (f)	127	85	112
Bank loan, due 1999 (£50) (f)	93	85	72
10.375% Debentures, due 2011 (£30)	56	57	48
Other debt, due 1994/2001 (£8)	15	17	16
Alcan Deutschland GmbH and subsidiary companies			
7.66% Bank loans, due 1992/1996 (DM64)	42	56	61
Bank loans, due 1996 (DM55) (f)	36	36	33
Other companies			
Bank loans, due 1992/1999 (f)	72	148	106
5.625% Swiss franc bank loan, due 1993 (SFr40) (g)	30	31	26
4% Eurodollar exchangeable debentures, due 2003 (h)	31	33	45
Other debt, due 1992/2002	43	46	41
	2,256	1,880	1,143
Debt maturing within one year included in current liabilities	(71)	(84)	(64)
	$2,185	$1,796	$1,079

7. DEBT NOT MATURING WITHIN ONE YEAR (cont'd)

(a) Acceptances and commercial paper are issued in Canada at market rates and are fully backed by long-term credit agreements amounting to CAN$250.
(b) The Lira and Deutschmark bank loans bear interest at rates related to LIBOR. The interest was immediately swapped for three years, the first year at fixed rates of 10.58% and 7.93%, respectively, and the second and third years at rates related to U.S. LIBOR with caps of 13.52% and 10.86%, respectively.
(c) The Canadian dollar debentures were issued as CAN$125 and the Swiss franc bonds as SFr178. Both debts were immediately swapped for $107 and $105 at effective interest rates of 9.82% and 8.98%, respectively.
(d) The Caribbean Basin Projects Financing Authority (CARIFA) loan bears interest at a rate related to LIBOR. The interest was immediately swapped for five years at a fixed rate of 6.74%. The Company has the option to redeem the loan on May 1, 1996, and on August 1, 2001, when interest rates are renegotiated.
(e) In certain circumstances prior to January 30, 1995, for the 9.5% debentures or July 30, 1994, for the 9.625% sinking fund debentures, the rate of interest must be adjusted or the debentures redeemed by the Company at 103%. If similar circumstances occur between January 30, 1995, and January 30, 2000, for the 9.5% debentures or between July 30, 1994, and July 30, 1999, for the 9.625% debentures, the holders may retract the debentures at 100%.
(f) Interest rates fluctuate principally with the lender's prime commercial rate, the commercial bank bill rate, or are related to LIBOR.
(g) The debt is treated as a hedge of the Company's investment in Switzerland and, accordingly, the exchange gain or loss is allocated to the Deferred translation adjustments component of Common shareholders' equity.
(h) Debenture holders are entitled to receive at their option 1,772 common shares held by the Company in Nippon Light Metal Company, Ltd., a related company, in exchange for each ten thousand dollar principal amount of debentures.

The Company may be exposed to losses if the counterparties to the above swap agreements fail to perform; however, such non-performance is not anticipated.

In January 1992, the Company issued $150 of 8.875% debentures due 2022.

Based on rates of exchange at year-end, debt repayment requirements over the next five years amount to $71 in 1992, $86 in 1993, $169 in 1994, $331 in 1995 and $372 in 1996.

8. DEFERRED CREDITS AND OTHER LIABILITIES

Deferred credits and other liabilities comprise mainly deferred gains and revenues as well as provisions for rationalizations, claims against the Company and other contingent liabilities. The change in 1991 resulted largely from increases in deferred gains on forward exchange contracts and in provisions for rationalizations.

9. PREFERENCE SHARES

AUTHORIZED:
2,000,000 Cumulative Redeemable First Preferred Shares, an unlimited number of Preference Shares issuable in series, and an unlimited number of Junior Preferred Shares. All shares are without nominal or par value.

AUTHORIZED AND OUTSTANDING:
In each of the years 1991, 1990 and 1989, there were authorized and outstanding 400,000 series F redeemable retractable preference shares with a stated value of $9, and 5,700,000 series C, 1,700,000 series D and 3,000,000 series E redeemable non-retractable preference shares with stated values of $106, $43 and $54, respectively.

(continued on next page)

9. PREFERENCE SHARES (cont'd)

Outstanding shares are eligible for quarterly dividends as follows:

- Preference, series C and D – An amount related to the average of the Canadian prime interest rates for Series C and the average of the U.S. prime interest rates for Series D quoted by two major Canadian banks for stated periods.
- Preference, series E – An amount related to the average of the Canadian prime interest rates quoted by two major Canadian banks for stated periods.
- Preference, series F – CAN$2.00 per share per annum.

Outstanding shares may be called for redemption at the option of the Company on 30 days' notice as follows:

- Preference, series C (denominated in Canadian dollars) and D (denominated in U.S. dollars) – At $25.30 per share during the twelve-month period commencing January 1, 1992, and after December 31, 1992, the shares may be redeemed at $25.00 per share.
- Preference, series E – At CAN$25.00 per share.
- Preference, series F – At CAN$25.00 per share commencing March 31, 1992, (retractable at the option of the holder at CAN$25.00 per share on March 31, 1992).

Any partial redemption must be made on a pro-rata basis or by lot.

10. COMMON SHARES

The authorized common share capital is an unlimited number of common shares without nominal or par value. Changes in outstanding common shares are summarized below:

	Number (in thousands)			Stated Value		
	1991	1990	1989	**1991**	1990	1989
Outstanding – beginning of year	**222,667**	227,071	227,539	**$1,156**	$1,162	$1,147
Purchased for cancellation	**–**	(5,444)	(1,556)	**–**	(28)	(8)
Issued for cash:						
Executive share option plan	**169**	145	448	**3**	3	8
Dividend reinvestment and share purchase plans	**584**	895	640	**12**	19	15
Outstanding – end of year	**223,420**	222,667	227,071	**$1,171**	$1,156	$1,162

Under the executive share option plan, certain employees may purchase common shares at a price not less than 90% of the market value on the effective date of each option. The average price of the shares covered by the outstanding options is CAN$23.11 per share. These options expire at various dates during the next 10 years. Changes in the number of shares under option are summarized below:

	Number (in thousands)		
	1991	1990	1989
Outstanding – beginning of year	**1,517**	1,188	859
Granted	**521**	509	864
Exercised	**(169)**	(145)	(448)
Cancelled	**(28)**	(35)	(87)
Outstanding – end of year	**1,841**	1,517	1,188

During 1991, the Company did not purchase any of its common shares; it purchased and cancelled 5,444,400 shares in 1990 and 1,555,600 shares in 1989 at a total cost of $109 and $31, respectively.

10. COMMON SHARES (cont'd)

SHAREHOLDER RIGHTS PLAN
In 1990, shareholders approved a plan whereby each common share of the Company carries one right to purchase additional common shares. Such rights are not currently exercisable but may become so in a variety of circumstances, the most important of which will arise upon the acquisition by one person, or a related group, of 20% or more of the Company's outstanding voting shares. Holders of rights, with the exception of such person or group, in such circumstances will be entitled to purchase from the Company, upon payment of the exercise price (currently $100.00), such number of additional common shares as can be purchased for twice the exercise price based on the market value of the Company's common shares at the time the rights become exercisable. Also, in the event of a proposed transaction such as an amalgamation, all holders of the Company's common shares will have the right to purchase from the other amalgamating entity, common shares of that entity at a 50% discount to market.

The rights expire in 1999, but may be redeemed earlier by the Company for 1 cent per right in certain events. In addition, the Plan must be submitted for reconfirmation by the shareholders at the 1995 Annual Meeting.

The Plan provides a procedure whereby a person making a take-over bid, satisfying certain fairness tests, and provided such person holds 5% or less of the Company's voting shares at the time of the bid, may request shareholder approval of the bid at a shareholder meeting. If the shareholders, other than such person, approve the bid by a majority of votes cast, the bid will be permitted to proceed without the rights becoming exercisable.

11. ABATABLE PREFERRED SHARES

Payment terms for assets acquired in January 1985 from Atlantic Richfield Company included contingent consideration in the form of abatable preferred shares with an initial total nominal value of $400. Of these, $240 have been fully abated and $40 are expected to be fully abated based on 1991 metal prices. The outstanding shares will either qualify for dividend and redemption or be subject to abatement depending upon whether or not Alcan and three other designated aluminum producers realize certain specified prices for ingot products, ranging from $1.60 per pound in 1992 to $1.99 per pound in 1994.

To the extent the shares are not abated, the qualifying amount will be reflected in the financial statements and a corresponding amount, together with a cumulative dividend of 9% per annum payable thereon retroactive to the date of issue (January 18, 1985), will be added to the book value of the assets acquired and amortized against income over the remaining lives of the fixed assets acquired. Such qualifying shares are subject to retraction by the holder on January 18, 1997, but may be redeemed earlier at the option of Alcan.

12. RETAINED EARNINGS

Consolidated retained earnings at December 31, 1991, include:
- $456 of undistributed earnings of companies accounted for under the equity method.
- $1,638 of undistributed earnings of subsidiaries, some part of which may be subject to certain taxes and other restrictions on distribution to the parent company; no provision is made for such taxes because these earnings are reinvested in the business.

13. OTHER INCOME

Other income includes a gain of $1 (1990: $11; 1989: $101) resulting from $2 (1990: $12; 1989: $105) of the Company's debentures being tendered in exchange for shares held by Alcan in Nippon Light Metal Company, Ltd. (NLM), a related company in Japan. Also included in 1990 is a gain of $19 arising from the issue of shares by NLM to third parties at a price above book value.

In addition, 1990 includes a gain of $43 (net of DTA) on the sale of the Company's 24% interest in Industria Española del Aluminio, S.A. in Spain.

These gains have been allocated to Pacific and Europe respectively in the Information by Geographic Areas (note 17).

14. COMMITMENTS AND CONTINGENCIES

To ensure long-term supplies of bauxite and access to alumina and fabricating facilities, Alcan participates in several long-term cost sharing arrangements with related companies. Alcan's fixed and determinable commitments, which comprise long-term debt service and "take-or-pay" obligations, are estimated at $117 in 1992, $105 in 1993, $105 in 1994, $105 in 1995, $41 in 1996 and $214 thereafter. Total charges from these related companies were $331 in 1991, $322 in 1990 and $308 in 1989. In addition, there are guarantees for the repayment of approximately $17 of indebtedness by related companies. Alcan believes that none of these guarantees is likely to be called. Commitments with third parties for supplies of other inputs are estimated at $52 in 1992, $51 in 1993, $51 in 1994, $25 in 1995, $12 in 1996 and $380 thereafter. Total fixed charges from these third parties were $43 in 1991, $47 in 1990 and $51 in 1989.

Minimum rental obligations are estimated at $71 in 1992, $56 in 1993, $36 in 1994, $27 in 1995, $20 in 1996 and lesser annual amounts thereafter. Total rental expenses amounted to $118 in 1991, $113 in 1990 and $102 in 1989.

Alcan, in the course of its operations, is subject to environmental and other claims, lawsuits and contingencies. Accruals have been made in specific instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in other instances for which no accruals have been made, the Company does not believe that such an outcome will significantly impair its operations or have a material adverse effect on its financial position.

In addition, see reference to forward exchange contracts in note 2, capital expenditures and construction work in progress in note 6, debt repayments in note 7, preference share retractions in note 9, and abatable preferred shares in note 11.

15. SUPPLEMENTARY INFORMATION

	1991	1990	1989
Income statement			
Repairs and maintenance	**$646**	$688	$626
Taxes, other than payroll and income taxes	**141**	134	119
Interest on long-term debt	**197**	160	124
Capitalized interest	**(40)**	(66)	(50)
Balance sheet – Short-term borrowings			
Commercial paper*	**$284**	$279	$ –
Other (principally from banks)	**457**	457	581

*The Company has revolving credit agreements in Canada and the United States totalling $800, which provide for loans bearing interest at rates related to LIBOR. Of this amount, $284 had been used as a back-up facility for commercial paper, leaving $516 available at year-end.

Statement of cash flows			
Interest paid	**$278**	$238	$180
Income taxes paid	**51**	118	132

All time deposits qualify as cash equivalents.

16. PENSION PLANS

Alcan and its subsidiaries have established pension plans in the principal countries where they operate, for the greater part contributory and generally open to all employees. Most plans provide pension benefits that are based on the employee's highest average eligible compensation during any consecutive 36-month period before retirement. Plan assets consist primarily of listed stocks and bonds.

Alcan's funding policy is to contribute the amount required to provide for benefits attributed to service to date with projection of salaries to retirement and to amortize unfunded actuarial liabilities for the most part over periods of 15 years or less.

PENSION COST	1991	1990	1989
Service cost for the year	$ 82	$ 94	$ 83
Interest cost on projected benefit obligations	220	204	169
Actual loss (gain) on assets	(429)	107	(474)
Variance of actual return from expected long-term rate of 8.5% (8.5% in 1990 and 8.3% in 1989) being deferred, and amortization of other gains and losses	186	(373)	251
Net cost for the year	$ 59	$ 32	$ 29

The plans' funded status at December 31 was:			
Actuarial accumulated benefit obligation, which is substantially vested	$ 2,533	$ 2,362	$ 2,119
Plan assets at market value	3,125	2,788	2,880
Actuarial projected benefit obligation based on average compensation growth of 6.0% (6.3% in 1990 and 6.2% in 1989) and discount rate of 8.3% (8.1% in 1990 and 8.0% in 1989)	2,915	2,770	2,506
Plan assets in excess of projected benefit obligation	210	18	374
Unamortized actuarial gains – net	(366)	(114)	(466)
Unamortized prior service cost*	354	345	360
Unamortized portion of net surplus at January 1, 1986*	(194)	(222)	(249)
Pension asset in balance sheet	$ 4	$ 27	$ 19

*Being amortized over expected average remaining service of employees, generally 15 years

17. INFORMATION BY GEOGRAPHIC AREAS

	Location	1991	1990	1989
Sales and operating revenues – subsidiaries	Canada	$ 1,973	$ 2,207	$ 2,553
	United States	273	341	408
	South America	53	48	35
	Europe	169	195	210
	Pacific	80	103	96
	All other	342	317	355
	Sub-total	2,890	3,211	3,657
	Consolidation eliminations	(2,890)	(3,211)	(3,657)
	Total	$ –	$ –	$ –
Sales and operating revenues - third parties	Canada	$ 1,000	$ 1,171	$ 1,265
	United States	2,497	2,876	3,073
	South America	440	537	523
	Europe	2,874	3,169	2,878
	Pacific	863	922	989
	All other	74	82	111
	Total	$ 7,748	$ 8,757	$ 8,839
	Sales to subsidiary companies are made at fair market prices recognizing volume, continuity of supply and other factors.			
Net income (Loss)	Canada	$ (122)	$ 29	$ 368
	United States	(14)	83	15
	South America	(75)	(12)	63
	Europe (note 13)	4	78	73
	Pacific (note 13)	68	264	243
	All other	58	96	79
	Consolidation eliminations	45	5	(6)
	Total	$ (36)	$ 543	$ 835
Total assets at December 31	Canada	$ 4,141	$ 3,768	$ 3,509
	United States	1,646	1,710	1,545
	South America	825	858	814
	Europe	3,068	3,125	2,819
	Pacific	1,253	1,334	1,000
	All other	639	786	637
	Consolidation eliminations	(756)	(932)	(816)
	Total	$10,816	$10,649	$ 9,508
Capital expenditures	Canada	$ 310	$ 616	$ 782
	United States	197	227	259
	South America	43	77	89
	Europe	258	214	216
	Pacific	36	158	36
	All other	36	45	84
	Total	$ 880	$ 1,367	$ 1,466
Average number of employees (in thousands)	Canada	15	16	16
	United States	7	7	7
	South America	8	9	9
	Europe	18	18	18
	Pacific	4	5	5
	All other	2	2	2
	Total	54	57	57

RLY FINANCIAL DATA

(in millions of US$)

(unaudited)	First	Second	Third	Fourth	Year
1991					
Revenues	**$1,966**	**$2,032**	**$1,975**	**$1,857**	**$7,830**
Cost of sales and operating expenses	**1,602**	**1,674**	**1,606**	**1,573**	**6,455**
Depreciation	**107**	**106**	**106**	**110**	**429**
Income taxes	**16**	**13**	**(13)**	**(120)**	**(104)**
Other items	**242**	**244**	**270**	**330**	**1,086**
Net income (Loss)	**$ (1)**	**$ (5)**	**$ 6**	**$ (36)**	**$ (36)**
Dividends on preference shares	**(5)**	**(5)**	**(5)**	**(5)**	**(20)**
Net income (Loss) attributable to common shareholders	**(6)**	**(10)**	**1**	**(41)**	**(56)**
Net income (Loss) per common share (in US$)*	**$(0.03)**	**$(0.04)**	**$ –**	**$(0.18)**	**$(0.25)**
Loss under U.S. GAAP**	**$ (1)**	**$ (12)**	**$ (1)**	**$ (17)**	**$ (31)**
1990					
Revenues	$ 2,189	$ 2,174	$ 2,270	$ 2,286	$ 8,919
Cost of sales and operating expenses	1,674	1,715	1,796	1,811	6,996
Depreciation	92	95	97	109	393
Income taxes	35	41	45	5	126
Other items	216	239	235	171	861
Net income	$ 172	$ 84	$ 97	$ 190	$ 543
Dividends on preference shares	(5)	(6)	(5)	(6)	(22)
Net income attributable to common shareholders	167	78	92	184	521
Net income per common share (in US$)	$ 0.74	$ 0.35	$ 0.41	$ 0.83	$ 2.33
Net income under U.S. GAAP**	$ 173	$ 75	$ 108	$ 181	$ 537
1989					
Revenues	$ 2,306	$ 2,396	$ 2,207	$ 2,138	$ 9,047
Cost of sales and operating expenses	1,628	1,729	1,676	1,649	6,682
Depreciation	81	80	85	87	333
Income taxes	128	123	73	26	350
Other items	200	220	193	234	847
Net income	$ 269	$ 244	$ 180	$ 142	$ 835
Dividends on preference shares	(5)	(5)	(5)	(6)	(21)
Net income attributable to common shareholders	264	239	175	136	814
Net income per common share (in US$)	$ 1.16	$ 1.05	$ 0.77	$ 0.60	$ 3.58
Net income under U.S. GAAP**	$ 274	$ 250	$ 171	$ 132	$ 827

* Net income (Loss) per common share calculations are based on the average number of common shares outstanding in each period.

** See note 3 to the consolidated financial statements for explanation of differences between Canadian and United States Generally Accepted Accounting Principles.

		1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
CONSOLIDATED INCOME STATEMENT ITEMS *(in millions of US$)*	Revenues											
	Sales and operating revenues	**7,748**	8,757	8,839	8,529	6,797	5,956	5,718	5,467	5,208	4,644	4,978
	Other income	**82**	162	208	97	81	100	113	109	97	65	75
	Total revenues	**7,830**	8,919	9,047	8,626	6,878	6,056	5,831	5,576	5,305	4,709	5,053
	Costs and expenses											
	Cost of sales and operating expenses	**6,455**	6,996	6,682	6,072	5,117	4,635	4,692	4,228	4,185	3,818	3,801
	Depreciation	**429**	393	333	316	296	276	258	250	238	221	202
	Selling, administrative and general expenses	**635**	659	600	525	447	406	385	393	392	362	365
	Research and development expenses	**131**	150	136	132	95	77	77	66	60	55	48
	Interest	**246**	197	130	137	177	202	232	244	255	234	186
	Special charges and rationalization expenses	**–**	–	–	–	–	–	416	–	–	–	–
	Other expenses	**163**	65	62	91	113	52	53	38	32	30	22
	Income taxes	**(104)**	126	350	497	230	160	(87)	151	73	(9)	142
	Minority interests	**–**	(1)	(16)	(22)	(5)	(2)	(3)	(5)	9	3	(5)
	Equity income	**89**	211	97	97	35	5	15	46	10	(46)	(4)
	*Net income (Loss) from continuing operations	**(36)**	543	835	931	433	251	(183)	247	89	(45)	278
	Extraordinary gain	**–**	–	–	–	–	26	36	37	15	–	–
	*Net income (Loss)	**(36)**	543	835	931	433	277	(147)	284	104	(45)	278
	Preference dividends	**20**	22	21	30	36	33	33	31	31	13	14
	*Net income (Loss) attributable to common shareholders	**(56)**	521	814	901	397	244	(180)	253	73	(58)	264
CONSOLIDATED BALANCE SHEET ITEMS *(in millions of US$)*	Working capital	**1,110**	1,222	1,376	2,115	2,039	1,660	1,452	1,488	1,452	1,361	1,486
	Property, plant and equipment – net	**6,525**	6,167	5,260	4,280	3,965	3,949	3,875	3,600	3,550	3,701	3,267
	Total assets	**10,816**	10,649	9,508	8,615	7,660	7,118	6,861	6,690	6,600	6,632	6,339
	Long-term debt	**2,185**	1,796	1,079	1,199	1,336	1,366	1,600	1,350	1,499	1,749	1,589
	Deferred income taxes	**1,126**	1,092	1,044	1,006	754	554	409	562	537	535	564
	Preference shares	**212**	212	212	211	405	421	398	405	337	340	139
	Common shareholders' equity	**4,730**	4,942	4,610	4,109	3,565	3,116	2,746	2,916	2,799	2,511	2,631
PER COMMON SHARE *(in US$)*	*Net income (Loss) from continuing operations	**(0.25)**	2.33	3.58	3.85	1.68	0.97	(0.97)	0.98	0.29	(0.31)	1.44
	*Net income (Loss)	**(0.25)**	2.33	3.58	3.85	1.68	1.09	(0.81)	1.15	0.36	(0.31)	1.44
	Dividends paid	**0.86**	1.12	1.12	0.59	0.39	0.35	0.49	0.53	0.40	0.60	0.80
	Common shareholders' equity	**21.17**	22.19	20.30	18.06	15.05	13.18	12.23	13.07	12.83	13.10	14.15
	Market price – NYSE close	**20.00**	19.50	22.88	21.75	17.92	12.55	12.89	12.78	17.67	12.39	10.22
OPERATING DATA *(in thousands of tonnes)*	Consolidated aluminum shipments											
	Ingot and ingot products	**866**	857	743	832	787	731	878	577	728	758	510
	Fabricated products	**1,333**	1,488	1,518	1,446	1,410	1,388	1,340	1,213	1,174	949	1,037
	Total aluminum shipments	**2,199**	2,345	2,261	2,278	2,197	2,119	2,218	1,790	1,902	1,707	1,547
	Consolidated primary aluminum production	**1,695**	1,651	1,643	1,619	1,587	1,641	1,644	1,560	1,383	1,297	1,395
	Consolidated aluminum purchases	**591**	646	718	716	593	489	465	496	520	417	425
	Consolidated aluminum inventories *(end of year)*	**463**	447	539	480	496	579	625	708	534	620	666
	Primary aluminum capacity											
	Consolidated subsidiaries	**1,676**	1,685	1,685	1,680	1,680	1,841	1,841	1,646	1,619	1,593	1,483
	Total consolidated subsidiaries and related companies	**1,827**	1,836	1,836	1,831	1,861	1,905	1,905	2,097	2,070	2,035	1,987
OTHER STATISTICS	Cash from operating activities *(in millions of US$)*	**659**	760	970	1,370	879	725	586	489	324	255	240
	Capital expenditures *(in millions of US$)*	**880**	1,367	1,466	676	415	342	597	427	382	643	974
	Ratio of total borrowings to equity *(%)*	**37:63**	33:67	26:74	26:74	27:73	31:69	37:63	34:66	36:64	43:57	41:59
	Average number of employees *(in thousands)*	**54**	57	57	56	63	67	70	70	71	67	67
	Common shareholders *(in thousands at end of year)*	**34**	38	40	41	46	49	59	67	59	51	47
	Common shares outstanding *(in millions at end of year)*	**223**	223	227	228	237	237	225	224	218	192	188
	Registered in Canada *(%)*	**68**	54	44	54	44	43	46	56	48	51	48
	Registered in the United States *(%)*	**31**	44	54	43	53	52	49	39	48	42	45
	Registered in other countries *(%)*	**1**	2	2	3	3	5	5	5	4	7	7
	Return on average common shareholders' equity *(%)*	**(1)**	11	19	24	12	8	(6)	9	3	(2)	10

* All net income figures include the after-tax impact of unusual charges, such as special charges and rationalization expenses of $252 million ($1.13 per common share) in 1985, and the gains and losses from the disposal of various assets and investments.

All per-share amounts reflect the three-for-two share splits on May 5, 1987, and May 9, 1989.

See note 3 to the consolidated financial statements for U.S. GAAP information.

DIRECTORS

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Director of Bata Limited, *Toronto*

Laurent Beaudoin, C.C.[1]
Chairman and Chief Executive Officer of Bombardier Inc., *Montreal*

W. R. C. Blundell[1]
Director of various companies, *Toronto*

Jacques Bougie
President and Chief Operating Officer of Alcan Aluminium Limited, *Montreal*

Warren Chippindale, F.C.A.[2]
Director of various companies, *Montreal*

Dr. John R. Evans, C.C.[3]
Chairman of Allelix Biopharmaceuticals Inc., *Toronto*

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J. E. Newall[3]
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The Hon. John L. Nichol, O.C.[3]
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Professor of forestry, the University of British Columbia, *Vancouver*

George Russell, C.B.E.[3]
Chairman of Marley plc, *Kent, England*

[1] Member of Audit Committee
[2] Chairman of Audit Committee
[3] Member of Personnel Committee
[4] Chairman of Personnel Committee

OFFICERS

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Chairman and Chief Executive Officer

Jacques Bougie
President and Chief Operating Officer

Jeff W. Edington
Vice President, Research and Technology

Allan A. Hodgson
Vice President and Chief Financial Officer

John W. Kelly, M.D.
Vice President, Occupational Health and Safety

Michael C. d'E. Miller
Vice President, Corporate Affairs

Jean Minville
Vice President, Environment

Owen M. Ness
Vice President, Personnel

P. K. Pal
Vice President, Chief Legal Officer and Secretary

Geraldo Nogueira de Aguiar
Treasurer

Maurice D. Taylor
Deputy Chief Financial Officer

Suresh Thadhani
Controller

PRINCIPAL OPERATING EXECUTIVES

Robert L. Ball
President, Alcan Rolled Products Company (Canada and U.S.A), *Cleveland, Ohio*

Claude Chamberland
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David W. Hackbirth
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S. Bruce Heister
President, Alcan Pacific Limited, *Tokyo*

Roger J. Maggs
President, Metal Marketing and Recycling, *Montreal*

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Everaldo N. Santos
President and Chief Executive Officer, Alcan Alumínio do Brasil S.A., *São Paulo*

Reinhold Wagner
President and Chief Executive Officer, Alcan Deutschland GmbH, *Eschborn, Germany*

SHAREHOLDER INFORMATION

COMMON SHARES

The principal markets for trading in the common shares are the New York and Toronto stock exchanges. The common shares are also traded on the Montreal, Vancouver, Midwest, Pacific, London, Paris, Brussels, Amsterdam, Frankfurt, Basel, Geneva, Zurich and Tokyo exchanges.

The transfer agents for the common shares are National Trust Company in Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver; Manufacturers Hanover Trust Company in New York; Manufacturers Hanover Trust Company of California in San Francisco; and The Royal Trust Company in London.

PREFERENCE SHARES

The preference shares are listed on the Montreal, Toronto and Vancouver stock exchanges. The transfer agent for the preference shares is The Royal Trust Company.

DIVIDENDS AND PRICES PER COMMON SHARE

	Dividend	Price*					
1991		**NYSE-US$**			**TSE-CAN$**		
Quarter	US$	High	Low	Close	High	Low	Close
First	0.28	$23\frac{3}{4}$	$18\frac{1}{2}$	$22\frac{1}{8}$	$27\frac{3}{4}$	$21\frac{5}{8}$	$25\frac{1}{2}$
Second	0.28	$22\frac{5}{8}$	$19\frac{1}{4}$	$20\frac{3}{4}$	$26\frac{1}{4}$	$22\frac{1}{4}$	$23\frac{3}{4}$
Third	0.15	$21\frac{1}{2}$	$19\frac{1}{2}$	$19\frac{5}{8}$	$24\frac{3}{4}$	$22\frac{1}{8}$	$22\frac{3}{8}$
Fourth	0.15	$21\frac{7}{8}$	18	20	$24\frac{5}{8}$	$20\frac{5}{8}$	$23\frac{1}{4}$
Year	0.86						
1990							
Quarter	US$	High	Low	Close	High	Low	Close
First	0.28	$24\frac{1}{2}$	$18\frac{7}{8}$	$21\frac{3}{4}$	$28\frac{1}{2}$	$22\frac{5}{8}$	$24\frac{3}{4}$
Second	0.28	$23\frac{5}{8}$	$19\frac{3}{8}$	$22\frac{1}{2}$	$27\frac{1}{2}$	$22\frac{5}{8}$	$26\frac{1}{8}$
Third	0.28	$24\frac{1}{2}$	$19\frac{7}{8}$	$20\frac{1}{4}$	$28\frac{1}{4}$	$22\frac{3}{4}$	$23\frac{1}{4}$
Fourth	0.28	21	$16\frac{5}{8}$	$19\frac{1}{2}$	$24\frac{1}{8}$	$19\frac{5}{8}$	$22\frac{1}{2}$
Year	1.12						

*The share prices are those reported as New York Stock Exchange – Consolidated Trading and reported by the Toronto Stock Exchange.

INVESTMENT PLANS

The Company offers holders of common shares two convenient ways of buying additional Alcan common shares without payment of brokerage commissions. These are known as the Dividend Reinvestment Plan and the Share Purchase Plan, and copies of the prospectus describing these Plans may be obtained from Alcan Shareholder Services at the address below.

SECURITIES REPORTS FOR 1991

Copies of the Company's annual information form to be filed with the Canadian securities commissions and the annual 10-K report to be filed with the Securities and Exchange Commission in the United States will be available to shareholders after April 1 and may be obtained from Alcan Shareholder Services at the address below.

FURTHER INFORMATION

For shareholder account queries, contact:
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Manager, Alcan Shareholder Services
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