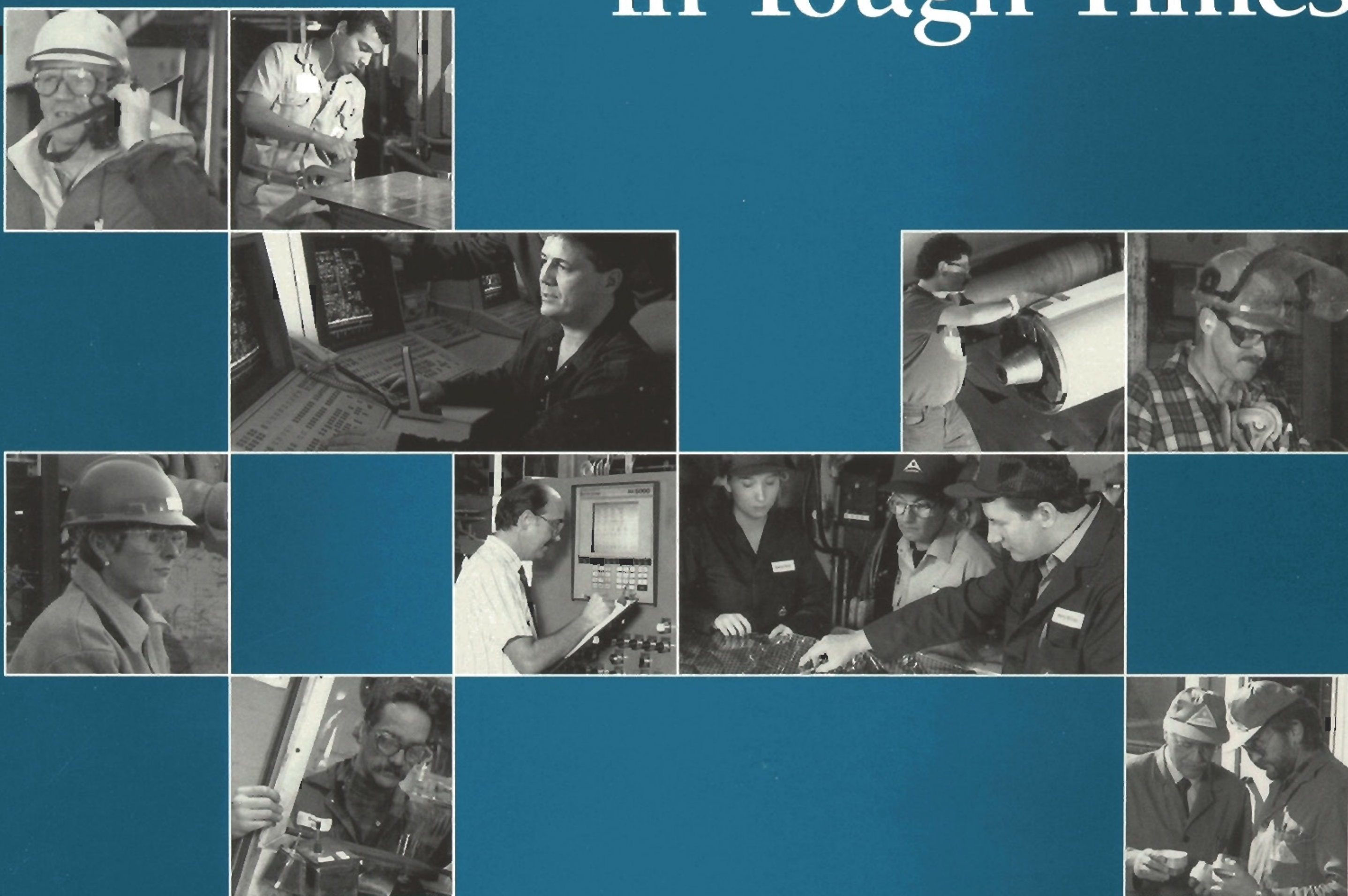
ANNUAL REPORT 1993

Alcan Aluminium Limited

Drawing Strength from our Achievements in Tough Times



ALCAN

CONTENTS

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. Some 44,000 people are directly employed by the Company, with thousands more employed in its related companies.

In the 92 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 Alcan 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 conduct their operations with a large measure of autonomy.

Alcan Aluminium Limited has approximately 27,700 registered holders of its common shares and 2,100 registered holders of its preference shares widely distributed internationally, with the majority in North America.

Further information on Alcan and its activities is contained in various company publications, available by writing to the address shown on page 49.

COVER

The cover illustrates the theme of this report, which is performance improvement through employee involvement. Please see page 8.

ANNUAL MEETING

The Annual Meeting of the holders of common shares of Alcan Aluminium Limited will be held on Thursday, April 28, 1994. The meeting will take place at 10:00 a.m. in the Ballroom of Le Centre Sheraton Montreal at 1201 René-Lévesque Boulevard West, Montreal, Quebec, Canada.

VERSION FRANÇAISE

Pour obtenir la version française de ce rapport, veuillez écrire aux Services aux actionnaires dont l'adresse figure à la page 49.

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

TERMS

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

The word "Company" refers to Alcan Aluminium Limited and, where applicable, one or more consolidated subsidiaries.

The "Alcan Group" refers to Alcan Aluminium Limited, its subsidiaries and related companies.

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.

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

- Aluminum exports from the Commonwealth of Independent States accelerated in 1993, causing world inventories to rise even more steeply.
- The deteriorating oversupply situation led to a further fall in prices for both ingot and fabricated products. Alcan's sales and operating revenues declined by $364 million despite record volumes.
- Alcan continued to reduce costs aggressively. Reported costs fell by $387 million, of which $240 million was due to cost reduction programs.
- The Company bettered its cash neutrality target and succeeded in reducing debt. The ratio of borrowings to equity was unchanged at 37:63.

	1993	1992	1991
FINANCIAL DATA *(in millions of US$, except per common share amounts)*			
Sales and operating revenues	**7,232**	7,596	7,748
Net income (Loss)	**(104)**	(112)	(36)
Return (%) on average common shareholders' equity	**(3)**	(3)	(1)
Total assets (at year-end)	**9,810**	10,146	10,816
Capital expenditures	**370**	474	880
Ratio of total borrowings to equity (at year-end)	**37:63**	37:63	37:63
Per common share *(in US$)*			
Net income (Loss)	**(0.54)**	(0.60)	(0.25)
Dividends	**0.30**	0.45	0.86
Common shareholders' equity (at year-end)	**18.28**	19.06	21.17
OPERATING DATA *(in thousands of tonnes)*			
Fabricated product shipments*	**1,651**	1,595	1,478
Ingot product shipments	**887**	870	866
Primary aluminum production	**1,631**	1,612	1,695
Secondary/recycled aluminum production	**439**	362	304

* Includes products fabricated from customer-owned metal.

Raw Materials

Recent Events

- Following the successful trial run of Alcan's new technology for alumina extraction at a related company in Japan, the equipment was relocated to the Alcan operation in Jamaica. This will allow the plant to process difficult grades of bauxite more efficiently. The process saves energy and materials and reduces production costs.

BAUXITE MINING
- 10 bauxite mines in five countries (including related companies).
- 166 Mt of reserves in subsidiaries and 59 Mt in related companies.
- 9.6 Mt used in 1993.

ALUMINA REFINING
- 12 alumina plants in nine countries (including related companies).
- 3.1 Mt of annual capacity in subsidiaries and 1.2 Mt in related companies.
- 2.9 Mt produced in subsidiaries and 1.2 Mt in related companies.

Metal Supply

Recent Events

- A benchmarking study revealed that the Grande-Baie smelter in Quebec has the best overall operating efficiency in the world for P-155 pots.
- As part of the benchmarking study updated in 1993, Alcan's smelters are, on average, at world class levels in terms of potlining life.
- Alcan has developed a process to treat spent potlining from its smelters, potentially eliminating all hazardous waste by recycling the chemicals and solids and recovering them as non-toxic, usable materials.

PURCHASED INGOT
- 368 kt of ingot purchased.

PRIMARY PRODUCTION
- 14 smelters in five countries.
- 1.7 Mt of annual capacity.
- 1.6 Mt produced in 1993.
- $873 million (680 kt) in ingot sales.†

SECONDARY/RECYCLED ALUMINUM
- 8 recycling plants in four countries.
- 558 kt of annual capacity.
- 439 kt produced in 1993.
- 402 kt of scrap purchased.
- $149 million (117 kt) in ingot sales.
- $83 million (90 kt) in scrap sales.

PROCESS SCRAP

POST-CONSUMER SCRAP

Fabricated and Non-Aluminum Products

Recent Events

- A 300 kt/y rolling expansion at the Logan plant in Kentucky was commissioned in July 1993. The new three-stand cold mill contains a control technology and a coolant/lubrication system developed by Alcan over the past five years.
- Many Alcan Group operations have earned the prestigious Geneva-based International Standards Organization (ISO 9000 series) quality assurance standard.

ROLLED PRODUCTS
- $2.7 billion (1,062 kt) in sales.††

EXTRUDED AND DRAWN PRODUCTS
- $1.2 billion (343 kt) in sales.

OTHER FABRICATED PRODUCTS
- $709 million (155 kt) in sales.

NON-ALUMINUM PRODUCTS
- $1.1 billion in sales.

SPECIALTY CHEMICALS
- $0.1 billion in sales.

TOTAL FABRICATED AND NON-ALUMINUM PRODUCTS†††
- 130 manufacturing plants in 12 countries.
- $5.8 billion in sales in 1993.††
- 1.6 Mt of aluminum used.
- Fabricated 91 kt of customer-owned metal (rolled products).

Customers and Markets

Recent Events

- Alcan continued to work on a major program with several automotive manufacturers on sheet, castings, forging, and extrusion applications. The principal companies using Alcan's materials and technology are Ford, Honda and Nissan.
- Due to aluminum's recyclability, as well as Alcan's activities in UBC recycling, a major U.K. soft drink manufacturer switched to the aluminum beverage can.

CONTAINERS AND PACKAGING
- $1.9 billion in sales.
- 33% of total fabricated and non-aluminum product sales.
- End uses include beverage cans, household foil, foil dishes and containers, bottle closures and foil laminates for food and pharmaceutical packaging.

TRANSPORTATION
- $428 million in sales.
- 7% of total fabricated and non-aluminum product sales.
- End uses include car body and engine parts, wheels and radiators, aircraft structures, rail carriages, freight cars and ships.

ELECTRICAL
- $490 million in sales.
- 9% of total fabricated and non-aluminum product sales.
- End uses include overhead transmission cable, cable wrap, condenser windings, underground distribution cable, heat sinks and house wiring.

BUILDING AND CONSTRUCTION
- $1.4 billion in sales.
- 24% of total fabricated and non-aluminum product sales.
- End uses include windows and doors, roofing and cladding, lighting poles and fixtures, structures and handrails.

OTHER MARKETS
- $1.6 billion in sales.
- 27% of total fabricated and non-aluminum product sales.
- End uses include machinery, appliances, heat exchangers, PVC pipe, wear components, synthetic marble and zirconium chemicals.

† *Also includes purchased ingot.*
†† *Excluding fabrication of customer-owned metal.*
††† *Excluding related companies.*

Meeting the Challenge

The loss of $104 million for the year fails to reflect the success of Alcan's continuing cost reduction programs, which contributed the major part of the reduction in reported costs of $387 million between 1992 and 1993. The Company's challenging cash neutrality target for 1993 was achieved, debt was reduced and the debt-equity ratio maintained at a stable 37:63.

Faced with a deteriorating aluminum price situation through 1993, the Company continued to cut costs and conserve cash by all prudent means, while still improving performance and without sacrificing long-term growth strategies. These measures continued the excellent record of cost reduction achieved in recent years. Cost savings directly attributable to the Company's own actions have been about $500 million in the past two years; additional cost reductions have come from other factors, such as exchange rate movements. Details of cost savings in 1993 are given in the Financial Review. However, sales revenues have fallen heavily and in 1993 are $1.5 billion lower than in 1990, on slightly higher sales volumes. This is a measure of the damage being done to earnings by the impact of the Commonwealth of Independent States (CIS) exports.

THE WORLD ALUMINUM PICTURE

Growth in aluminum exports from the CIS accelerated in 1993, pushing up world inventories still further, resulting in a fall in prices to record low levels in real terms. CIS exports in 1993 were more than five times the level of 1990.

In light of the persistent over-supply situation, Alcan cut its production in January 1994 by 156,000 tonnes per year, which, taken together with earlier production cuts, means that it is currently operating at only 85% of its worldwide capacity.

Inter-governmental meetings were held at the end of 1993 and in January 1994 to study this damaging international trade situation for aluminum. Any outcome from these meetings will only become apparent during the coming months.

On a more positive note, the continuing growth in world aluminum demand since 1990, despite a multi-country recession, reflects the fundamental attractiveness of aluminum in its many end uses, underpinning the optimistic outlook for the industry's long-term future.

CAPITAL EXPENDITURE REDUCED

As part of the Company's cash constraint programs, capital expenditure was cut to $370 million from $474 million in 1992. This figure includes continued expenditure on two strategic investments in rolling capacity, one in the United States, where the expansion at the Logan plant in Kentucky was completed in 1993, and the other at the Norf plant in Germany. Both of these rolling mill investments, which together add 50% to the Company's rolling capacity, are aimed at long-term growth markets worldwide. Overall capital expenditure in 1994 is planned to be reduced further to about $300 million.

In British Columbia, the Kemano Completion Project, in which about $500 million had already been invested when work was halted on the project in June 1991, remains suspended in conditions of continuing uncertainty. Details of this unsatisfactory situation are given on page 24 of this report.

Left: David Morton, Chairman of the Board
Right: Jacques Bougie, President and Chief Executive Officer

PERFORMANCE IS BUILT BY PEOPLE

The improvements in Alcan's all-round operating performance recorded in 1993 follow equally impressive achievements in recent years. Together they reflect a remarkable and sustained effort on the part of our employees, working individually or in teams, to meet the challenges that we face. Some of the achievements that lie behind the overall result, together with the individuals who made them possible, are illustrated on pages 8 to 13. On behalf of the Board of Directors, we would like to express our appreciation and gratitude to all employees, at all levels, for their efforts. Together, they are building a more effective company, under very difficult conditions.

After 11 years as Chief Financial Officer, and a director since 1987, Allan A. Hodgson decided to seek different challenges and resigned as Director and Vice President of the Company in November. On behalf of the Board, we would like to express our thanks for his contribution, which has left Alcan financially sound and staffed with an excellent financial management team.

Laurent Beaudoin decided not to seek re-election to the Board at the Annual Meeting of Shareholders in April 1993. A director since 1987, his wise counsel throughout that period has been highly valued.

We must also record, with deep regret, the death, in August 1993, of Douglas M. Ritchie, Chairman and CEO of British Alcan. His death, at the age of 52, was a great loss to British Alcan and to Alcan Aluminium Limited as a whole.

ALCAN LOOKS TO THE FUTURE

The performance improvements and cost reductions of the past few years have put the Company onto a leaner and more effective footing. However, by late 1992, it appeared that what we were doing, successful as it was, might not be sufficient to restore a satisfactory level of earnings for Alcan. We therefore decided to initiate a comprehensive "root and branch" study of the aluminum industry and its future, and of Alcan's opportunities and challenges within that industry. This study, which involved an international consulting firm and the full participation of Alcan's worldwide senior management, continued through to mid-1993 and culminated in a two-day Board meeting in July 1993.

The two principal conclusions of the study were encouraging. First, aluminum is a good and growing business to be in, provided a company has really low costs. Second, Alcan has what it needs to succeed in a lower-price world, if it revises some of its priorities. These revised corporate priorities are set out on the opposite page. Organizational changes to implement the revised priorities were made in November 1993.

To restructure the management and to reset the priorities of a large international company involved a time horizon that was too long for a CEO who was within one year of retirement. Accordingly, the Board of Directors accepted David Morton's proposal that he step down as CEO and appointed Jacques Bougie to the post. David Morton was asked, and agreed, to continue as Chairman.

Plans for this reshaping are under way and will be implemented in the months and years ahead. The challenge is a very real one. But what has already been accomplished in the recent difficult years represents a track record that is second to none in the industry and one that gives us grounds for confidence as we turn to reshaping our future.

David Morton
Chairman of the Board

Jacques Bougie
President and Chief Executive Officer

Montreal, February 10, 1994

Setting Course for the Future

Alcan is setting out to reshape its business so that it can provide an attractive return to its shareholders in a future that offers growth in demand, but at lower prices than in the past.

In the past three years, the Company has successfully carried out continuing performance improvement and cost reduction programs. On similar sales volumes, reported pre-tax costs for 1993 are $1 billion lower than in 1990. This achievement reflects the results of the Company's own actions as well as the effects of currency movements and other factors. However, largely due to the impact of massive and growing exports from the CIS, sales revenue is lower by $1.5 billion, out-stripping cost reductions.

In 1992, Alcan undertook an intensive year-long study of the world aluminum outlook and of Alcan's competitive position, business by business, which was concluded in July 1993.

The two overall conclusions were a) that aluminum is a good and growing business to be in, **provided** a company is a really low-cost producer, and b) that Alcan has the assets, technology and market positions to prosper in a lower-price world, but it needed to revise some of its priorities in order to do so.

KEY PRIORITIES

Five key priorities were identified as a result of the study:

- Reduce still further Alcan's already low primary smelter costs and bring raw material costs below the world average.
- Take advantage of the 650,000 tonnes per year of new state-of-the-art rolling capacity coming onstream in Europe and North America to exploit growth markets, particularly beverage can sheet, packaging, litho sheet and automotive worldwide.
- Maintain investment only in those downstream operations that create value for shareholders.
- Focus R & D programs on core processes and products.
- Continue to reduce overhead costs both in corporate offices and business units.

ORGANIZATIONAL STRUCTURE

To focus more effectively on these priority areas, Alcan's management structure was reorganized at the end of 1993, essentially from a geographic to a product sector basis.

Each sector, led by an executive vice president, is preparing plans to implement the revised priorities over the coming months and years.

The one exception to the product sector approach is the Asia/Pacific region, where one executive vice president will remain responsible for the development of Alcan's strategy.

Jacques Bougie (seated centre) discusses strategy with the six EVPs (from left to right) Robert J. Fox, S. Bruce Heister, Robert L. Ball, Claude Chamberland, Reinhold Wagner and Everaldo N. Santos.

OUTLOOK

Alcan has been successfully focusing on reducing costs and performing better in the businesses that it is in. Now, having taken a very intensive look at the world ahead, and at itself, Alcan has determined what changes it needs to make to succeed in that world and is getting on with the task of making those changes.

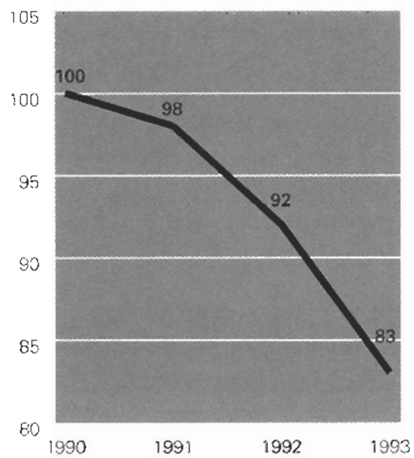
Focus on Employee Involvement

Alcan has accelerated its efforts to reduce costs and increase productivity during the past three years. Many significant improvements have also been made in the areas of customer service, environment, occupational health and worker safety. Such performance improvement will continue to be vital in the critical years ahead.

Employee involvement has been at the heart of these achievements. The following pages illustrate some of the hundreds of success stories and a few of the people who made them possible.

The formation of multifunctional work teams was a contributing factor in production cost reductions at Vaudreuil Works in Quebec. Shown in the photo are maintenance and operations employees, as well as foremen and technical support representatives, in the process control room for the first stage of the alumina refining operation.

GROUP ALUMINA PRODUCTION COSTS PER TONNE
as expressed in US$, using 1990 as the base year



Since 1990, Alcan's unit production costs of alumina have been reduced by 17% due to a combination of lower raw material costs and currency exchange rates as well as efficiency and productivity improvements.

RAW MATERIALS

Bauxite and its refined product, alumina, are the raw materials from which aluminum is made. The economics of alumina production are affected by a complex range of factors from the cost of bauxite, caustic soda and transportation through to depreciation and exchange rates. Since 1990, Alcan's unit production costs of alumina have been reduced by 17%. Central to this success have been the teamwork, commitment and effort of many hundreds of employees.

At Vaudreuil Works in Quebec, unit production costs have decreased by 28% since 1990, due to a combination of improved efficiencies, an 11% increase in production and favourable exchange rates.

Meanwhile, Vaudreuil employees also introduced a novel solution to handle an environmental problem that was affecting their community. Employees from maintenance, technical support and engineering developed a mobile sprinkler system and a unique process that uses gypsum, a by-product from Vaudreuil's fluoride plant, to contain the dust during red mud residue stacking.

Since 1990, unit alumina costs at the Aughinish plant in Ireland have been cut by 23%, partially due to lower raw material costs and favourable exchange rates. During the same period the production of alumina was increased by 22%, without any significant capital expenditures. Targeting further improvements in productivity, the Aughinish plant recently achieved a 25% reduction in the number of employees through a voluntary redundancy program.

In tandem with its cost and productivity improvements, Aughinish Alumina has achieved an impressive safety record of 1.9 million work-hours without a lost-time accident. Indeed, since management and plant employees set up an ambitious three-year safety program in 1990, they have reduced the total number of recordable-accident cases by 61% and have received an advanced standing from an international safety rating organization, the ISRS. Critical to the success of this program was the emphasis placed by the plant-wide Health and Safety Committee on teamwork, making health and safety part of the overall business targets.

At Alcan Chemical's Burntisland plant in Scotland, productivity and customer service have been a central theme since 1990. Through a combination of production rationalization, management reorganization and an emphasis on teamwork, this plant achieved a 15% rise in productivity and increased on-time delivery performance from 95% in 1990 to 99% in 1993, while almost doubling inventory turnover. The formation of multi-skilled teams, in which operators take full control of their tasks from processing through packaging to shipping, contributed to these improvements.

METAL SUPPLY

Since 1990, Alcan smelters have responded to challenging market conditions and have helped achieve an overall 20% reduction in aluminum production costs. As in every sector of Alcan business activities, this major accomplishment would have been impossible without the efforts of employees.

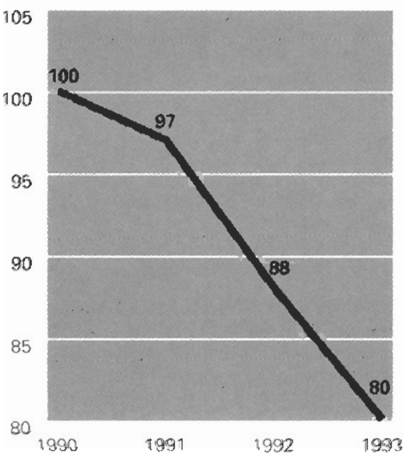
The achievements at the Beauharnois and Laterrière plants in Quebec, and at the Kurri Kurri smelter in Australia are representative of the benefits of teamwork throughout the Group. Since 1990, the Kurri Kurri smelter has achieved a 50% reduction in lead time and a 98% on-time delivery performance to customers, increased employee productivity by 45%, and secured the international ISO 9002 accreditation for quality assurance, all with a simultaneous reduction in inventory.

During the same period, Kurri Kurri employees attained an 88% improvement in safety performance and, at year-end, achieved 1.2 million work-hours without a lost-time accident. The Kurri Kurri plant has also improved its environmental performance by significantly reducing fluoride emissions and chlorine consumption. Underlying these accomplishments are close cooperation between operators and trade unions, staff and management, and the formation of integrated work teams made up of shop employees and supervisory staff who share responsibility for day-to-day decision-making.

On the other side of the world, Beauharnois Works in Quebec not only increased small ingot production capacity by 30% and casting profitability by approximately 20%, but did so without any capital expenditures. Instead, a team of hourly and staff employees met on

GROUP ALUMINUM PRODUCTION COSTS PER TONNE

as expressed in US$, using 1990 as the base year



The impact of exchange rates, lower raw material and energy costs as well as productivity and efficiency improvements has enabled the Alcan Group smelters to achieve an overall 20% reduction in production costs since 1990.

Thanks to the ingenuity of employees at the Beauharnois smelter in Quebec, workers no longer suffer as often from tendonitis. The team improved the ergonomics of potroom equipment by installing adjustable "joy sticks" that reduce the operators' arm movements dramatically.

Integrated work teams at Alcan Australia's Kurri Kurri smelter have been making a difference. Kurri Kurri's operating efficiency, on-time delivery performance and better value-added product mix are impressive - as is the smelter's safety record! Since 1990, the smelter shop floor operators and supervisory staff cooperate in handling most day-to-day matters. The teams meet together at the start of every shift.

a regular basis for five months to design more efficient work practices. Originally composed of eight to ten members from the casting sector, the group quickly expanded to include representatives from the smelter potlines, further improving the interface between the two sectors.

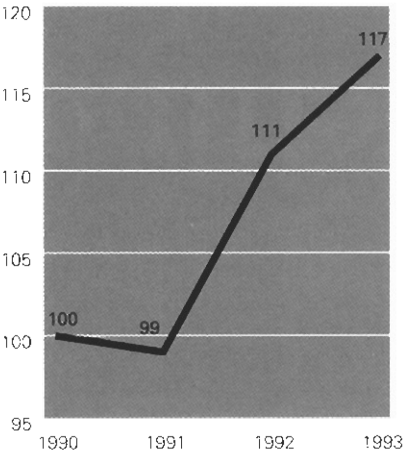
Still at Beauharnois, a significant breakthrough in worker health and work efficiency was attained when a small group of employees, advised by an outside specialist, pooled their efforts to improve the ergonomics of certain equipment that was causing a high incidence of repetitive strain injuries. Through systematic consultation with their fellow workers, the team found a solution that reduced operator arm movements from 4,000 to 100 per day.

At Laterrière Works in Quebec, waste management became a major focus in 1991. A 15-member committee that was formed to promote the *Reduce, Reuse and Recycle* program has been targeting industrial, sanitary and hazardous waste throughout the smelter and casting centre. Since 1991, waste has been reduced by more than half, and over $2 million in operating costs have been saved as a direct result of the program. The approach has now been adopted by many other Alcan plants as a model of effective waste management.

ROLLED PRODUCTS — NORTH AMERICA

While Alcan has rolled products operations on five continents, which together account for almost 40% of the Company's total sales, the largest rolling operations are located in North America and Europe. Like Alcan's other businesses, this sector has been weathering difficult business conditions by focusing on performance improvements. In North America, rolled products operations have increased productivity by 17% since 1990.

NORTH AMERICAN ROLLED PRODUCTS OUTPUT PER EMPLOYEE
using 1990 as the base year



Alcan Rolled Products in North America has significantly increased productivity since its formation in 1985 by manufacturing more finished goods (in tonnage shipped annually) with fewer employees. In the past three years, the increase in productivity has been 17%.

Enterprising employees at the foil laminating plant in Louisville, Kentucky, worked closely with suppliers to develop new water-based coatings. This joint effort has reduced annual volatile organic compound (VOC) emissions which, in 1993, were just 11% of the total permitted level. The computerized control panels ensure process and product consistency, part of a unique plant-wide reporting system.

At Kingston Works in Ontario, a small group of employees had an important impact on customer satisfaction when they developed a unique solution to the industry-wide problem of surface defects, such as arbor marks, on aluminum coils. Not only was this improvement an industry breakthrough, it has all but eliminated customer returns due to arbor marks and has resulted in increased sales for the Kingston plant.

In 1993, Kingston Works also excelled in the area of safety performance. In an achievement once again directly attributable to employee involvement, this plant set Alcan's new North American record for safety performance by attaining 3.5 million work-hours without a lost-time accident.

At the foil laminating plant in Louisville, Kentucky, on-time delivery performance increased from 91% in 1990 to 94% in 1993, while sales rose by 43%. This improvement is attributable to employees from both the plant and its principal customer. Coordination between Alcan employees and customer representatives

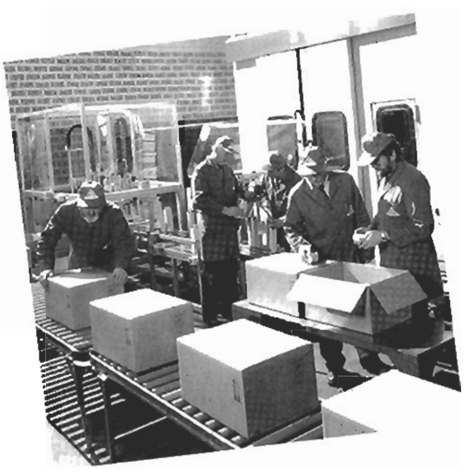
At the rolling mill in Kingston, Ontario, work centre teams have increased customer satisfaction through improved work practices, machine and process upgrades and substantial reduction in process scrap. One team (shown at left) eliminated surface defects on aluminum coils. Another team changed packing methods to eliminate water stains during shipment while reducing the cost of packaging. This kind of team action differentiates Kingston Works from its competitors.

occurred through seminars, quality audit reviews, product specification proposals and introduction of an around-the-clock response program for problem-solving. Additional benefits of this team effort are better product quality, quicker response to problems and a more acute awareness of customer needs.

The Louisville, Kentucky, plant has also been active in the area of environmental performance. During the past three years, volatile organic compound (VOC) emissions have been reduced by almost 70% as a result of continued development and use of environmentally sound water-based coatings to replace solvent-based coatings. This environmental achievement is all the more notable, given the substantial increase in sales volumes since 1990. VOC emissions were also reduced at Alcan's plants in Glasgow, Scotland, and at Cabramatta in Australia.

ROLLED PRODUCTS — EUROPE

Alcan is the largest producer of rolled products in Europe. Like its North American counterpart, Alcan in Europe fabricates products such as sheet and coil, as well as foil and foil products. End-use markets for these products range from packaging, lithographic printing, transportation and electrical applications through to building and construction.



Initiatives by the employees at Alcan's foil container plant at Ohle in Germany resulted in a near doubling of the hourly output of pet food containers. Improved die-making technology, higher press speed and more efficient handling on the stacking and packaging lines (as shown in photo) are some of the benefits of such team work.

At Ohle Works in Germany, the hourly production of aluminum foil pet-food containers increased in 1993 as the result of an initiative taken by employees from the die-making and production operations. Development and implementation of sophisticated die-making technology, which involved the replacement of three-cavity dies by six-cavity dies, resulted in almost double the hourly output of 1992. This increase in productivity was complemented by improvements in press speed and container handling, which have been an ongoing focus of the plant for the past five years.

At Alcan's foil plant in Glasgow, Scotland, employees form teams or "mini-companies" to focus on a separate product stream and develop their own strategy to improve customer service and increase sales. Below a team examines a printed foil sample from the printing press.

Teamwork is playing a major role in the performance improvement taking place at the Glasgow Foil plant in Scotland. Since 1990, productivity has improved by 35% and on-time delivery to customers has increased from 83% to 93%. Underlying this success is an integrated management approach, bringing together representatives from work centres and functional areas such as production control, finance, sales, engineering and quality control. Quality improvement methods used by the employees include statistical process control, *kaizen* (a Japanese expression meaning continuous improvement) and just-in-time inventory. Glasgow Foil was recently named the best factory in Scotland in 1993 by *Management Today*, a leading business publication in the U.K.

Employee involvement at the Glasgow plant has also been contributing to significant progress in the area of environmental performance. Since a waste management committee was formed in 1991 and a plant-wide *Reduce, Reuse and Recycle* program introduced, there has been a 50% reduction of waste going to landfill. The program involved Alcan customers and suppliers to ensure maximum success and impact.

OTHER FABRICATED PRODUCTS

Besides rolled products, Alcan fabricates extrusions, wire and cable, and castings for the following principal markets: building and construction, transportation, electrical, as well as machinery and equipment. These products represent approximately 30% of Alcan's total fabricating capacity.

At Alcan Consumer Products (ACP) in the United Kingdom, customer service has been a major focus of the operations team since 1991. The two ACP plants in Huddersfield and Amersham have achieved an on-time delivery performance of above 98%, delivering to retail outlets not only on the day specified, but within a particular 30-minute window. The precise delivery time is stipulated by the customer at the time of ordering frequently allowing only 48 hours' notice.

At Alcan's Pindamonhangaba plant in Brazil, on-time delivery to customers by the refrigeration components division,

At Alcan's refrigeration components plant at Pindamonhangaba in Brazil, customer service and quality assurance are of prime importance. Throughout Alcan in Brazil, employees are targeting the ISO 9000 series of accreditation certificates, an internationally renowned quality award.

makers of Roll-Bond™ evaporators, increased from 83% in 1990 to 96% in 1993. Over the same period, customer returns diminished from 0.5% to 0.2%. These improvements were achieved despite extreme fluctuations in local demand from month to month. The Roll-Bond Division also achieved an international milestone when it became one of the first producers of its kind in Brazil, possibly in the world, to receive the ISO 9001 certification for quality assurance. This achievement, which is part of a country-wide effort by all Alcan plants in Brazil to obtain full certification by the end of 1994, strengthens the Company's competitive position in both local and international markets.

Within the Alcan Group's extrusion operations in 1993, Alcan Australia achieved the most noticeable cost reduction. An important tool in identifying this performance improvement opportunity was a 1991 internal benchmark study of 21 plants in eight countries. The cost reduction is attributable to a marked improvement in press recovery, the implementation of better maintenance practices and the involvement of employees, who used *kaizen* and other techniques in meeting their objective.

At Toyo Aluminium K.K. (Toyal), 48.8%-owned by Alcan, productivity at its plant in Gumma, Japan, has increased by 29% since 1990. This improvement of the blister-pack product line, the main foil packaging operation, was achieved by three teams of shopfloor employees who shortened the set-up times of printing presses and slitting machines by 23% and 51%, respectively. The employees were supported by training in *kaizen*, *dantan* (shortening of set-up time) and statistical control. Gumma plant employees also set a new safety record on May 8, 1993, when they achieved eleven consecutive years without a lost-time accident.

ENVIRONMENT, OCCUPATIONAL HEALTH AND SAFETY

Cost and productivity improvements, as well as quality customer service, are the obvious indicators of gains in performance, but environmental responsibility, occupational health and safety are also fundamental to good business results. Indeed, as demonstrated by many of our success stories in the preceding pages, the linkage is often very real.

ENVIRONMENT

Alcan's commitment to the environment was first set out formally in 1978 in the publication, *Alcan, Its Purpose, Objectives and Policies*, and reinforced in its Environmental Policy Statement, published in 1990. Copies of these documents can be obtained by contacting Alcan as indicated on page 49.

Various measures have been put in place to ensure that the requirements of the Environmental Policy Statement are integrated into the management of Alcan operations.

The first involves Compliance Reviews that verify, at regular intervals, each plant's environmental performance against legal requirements, as well as the effectiveness of management systems to fulfill the requirements of the Policy Statement. Compliance Reviews also focus on the development, implementation and follow-up of corrective and continuous improvement action plans.

In the past two years, over 100 Compliance Reviews have been conducted worldwide, covering virtually every sector of Alcan operations. The reviews enhance environmental awareness within the Group by focusing on management commitment and employee involvement in areas such as energy conservation, waste minimization, emergency preparedness and training.

The second principal measure is an annual Representation Letter, in which the management of each business unit reports on its current environmental status, identifies changing requirements, risks and hazards, and outlines environmental plans and financial requirements for that business unit.

At the Aughinish alumina plant in Ireland, safety is an integral part of overall business targets. Be it at the dockside or in the refinery, employees are working together to meet their own stringent safety standards. The result is an enviable safety record (see page 9) achieved in tandem with impressive cost and productivity improvements.

Finally, Alcan is active in promoting product stewardship through the use of life-cycle analyses, which incorporate the environmental aspects of manufacturing processes, consumer usage and product disposal into the design and development of products. Product stewardship fosters close association with suppliers and customers, encourages maximum recyclability and recognizes the manufacturer's responsibility for ultimate disposal of the products.

The Environment Committee of the Board reviews Alcan's environmental policies and management practices, monitors the effectiveness of the systems in place, and evaluates management plans and long-term objectives for improved environmental performance. It makes recommendations on such matters to the Board of Directors.

In the last five years, financial commitment to environment-related projects totalled $553 million, of which approximately $69 million was expended in 1993.

Around the world, environmental performance is an integral part of Alcan Group operations, from the mining and processing of raw materials to the fabrication of finished and semi-finished products. In addition to the many environmental achievements highlighted in the preceding pages, the following are noteworthy:

- Development of a reusable aluminum pallets program by the Alcan Rolled Products plant in Fairmont, West Virginia, with their major customer, as well as the implementation of a packaging materials return program at Rolled Products plants at Oswego, New York, and Kingston, Ontario, as well as the Logan plant in Kentucky.
- Recycling of extrusion die cleaning waste in various plants around the world including Utinga, São Caetano and Aratu in Brazil, Redditch in the U.K., Pickering and Laval in Canada, Osaka and Funabashi in Japan and Wiri in New Zealand.
- Training of employees at many plants in emergency preparedness. For example, the benefits of such training were evidenced by the immediate and efficient response by employees at Granville, Australia, and Terre Haute, Indiana, in the United States, which minimized the consequences of spills that could otherwise have been serious.

At Laterrière Works in Quebec, waste from the smelter and casting centre has been reduced by more than half since 1991 as a result of the initiative of its waste management committee (see page 10). The committee, some members of which are pictured in the photo, promotes "Reduce, Reuse and Recycle" throughout the plant. The $2 million or more saved in operating costs as a result of this program is about equivalent to the cost of the external emission control equipment (in background of photo).

OCCUPATIONAL HEALTH AND SAFETY

The health and safety of employees is accepted as an important responsibility at all levels within the Alcan Group. Audits are carried out regularly under the Alcan Safety and Health Evaluation System, while programs such as Managing Employee Safety and Health emphasize prevention rather than reaction to accidents. Like cost savings and productivity improvements, employee health and safety are part of operational excellence at Alcan.

Individual performance improvements in worker safety at Kingston Works in Canada, Kurri Kurri in Australia, Aughinish in Ireland and Toyal in Japan have been highlighted in the preceding pages. On a Company-wide basis, Alcan's recordable-case accident rate in 1993 reached its lowest point in the past three years. Despite this improvement, Alcan is saddened to report that three of the recordable-accident cases claimed the lives of three Alcan employees in 1993. Such tragic accidents are unacceptable. For this reason, we are determined to prevent them by continually improving our health and safety programs and by managing these with increased effectiveness from year to year.

CONCLUSION

The preceding pages have highlighted only a few of our achievements in the area of performance improvement. Much has been accomplished, but major challenges remain. If Alcan has come this far, it is largely due to the skill and involvement of employees working together. This same commitment will help Alcan to meet the challenges ahead.

Another Tough Year

Alcan's sales volumes reached record high levels in 1993 despite another year of little or no growth in Western World aluminum consumption. This achievement, together with further cost reductions during the year, helped to offset much of the impact of lower selling prices for ingot and fabricated products.

WESTERN WORLD MARKET REVIEW

Primary Aluminum

In 1993, Western World primary aluminum shipments, at 15.1 million tonnes (Mt), were unchanged from the prior year, as the continued recovery in North American shipments was offset by declines in Japan and Europe. In 1991 and 1992, primary shipments registered modest growth.

Western World primary production trended downward through 1993, from an opening rate of 15.3 million tonnes per year (Mt/y), to a year-end rate of 14.8 Mt/y. For the full year, primary production totalled 15.0 Mt, up 1.5% from 1992. The pressure of low prices and high inventories resulted in smelter closure decisions totalling 870 thousand tonnes per year (kt/y). There was only a small amount, 160 kt/y, of new capacity brought on stream during 1993.

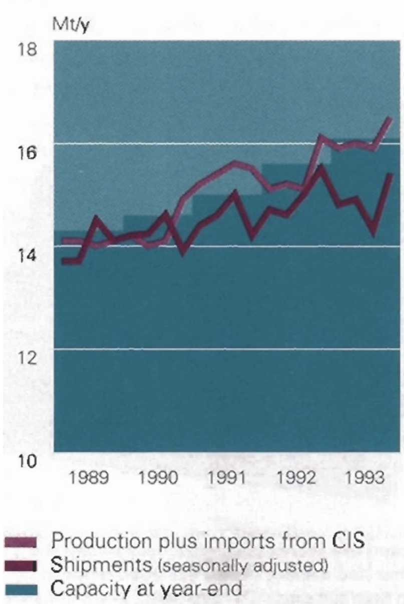
For the third consecutive year, large-scale exports from the Commonwealth of Independent States (CIS) flooded the aluminum market. The collapse of domestic demand in the CIS over the last three years has resulted in a sharp increase in the amount of aluminum available for export. Though precise figures are not available, it is estimated that such exports totalled 1.6 Mt to 1.8 Mt in 1993, up from estimated levels of 1.0 Mt in 1992 and 800 thousand tonnes (kt) in 1991.

With only limited growth in primary usage, the market was oversupplied in 1993. Inventories of aluminum, held by producers and commodity exchanges, increased from 4.8 Mt at the start of the year, to 6.0 Mt at the end of 1993. Included in this year-end amount was 2.5 Mt of ingot held in London Metal Exchange (LME) warehouses, representing approximately 9 weeks of supply.

On the LME, prices remained at depressed levels throughout the year. The average price for ingot for 1993 was \$1,161 per tonne (/t), down from \$1,278/t in 1992 and \$1,332/t in 1991.

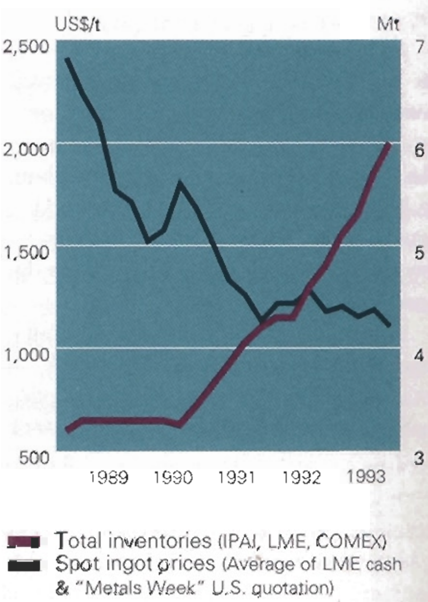
A series of inter-governmental meetings were held around year-end, involving Canada, the United States, the European Union, Australia and Norway, as well as the Russian Federation, to address the issue of world oversupply. The outcome of these meetings remains to be seen as 1994 unfolds.

WESTERN WORLD PRIMARY ALUMINUM PRODUCTION, SHIPMENTS AND CAPACITY



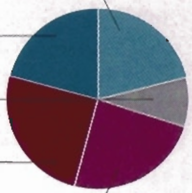
For a third year, primary aluminum was in oversupply, as production plus CIS exports continued to outrun shipments. While production in the West has been curtailed, it was more than offset by an acceleration in CIS exports.

TOTAL ALUMINUM INVENTORIES AND SPOT INGOT PRICES



As a result of the oversupply problem, inventories have risen sharply since 1990. This has forced primary aluminum prices, adjusted for inflation, to fall to all-time low levels.

1993 WESTERN WORLD ALUMINUM CONSUMPTION BY END-USE MARKET
(20.8 million tonnes)



Containers and packaging 21%
Building and construction 21%
Electrical 9%
Transportation 25%
Other markets 24%

Aluminum's special properties, such as lightness, conductivity, corrosion resistance and recyclability, make it very attractive for a wide range of uses.

Western World Consumption Versus Alcan Sales

In 1993, an estimated 20.8 Mt of aluminum was consumed in the Western World, three quarters of which was primary aluminum and the balance recycled metal. This was only a small decline from the 20.9 Mt level of 1992. For the second year in a row, North America experienced solid growth in aluminum usage and was outpaced only by the much smaller market of South America. Consumption in Asia grew slightly, but Europe suffered a severe decline.

The world transportation market consumed 5.1 Mt of aluminum in 1993, 2% more than in the prior year. The rise was due to a second year of strong recovery in North American vehicle production, as well as higher production in South America. Poor economic conditions led aluminum usage in transportation applications to decline in Japan and fall sharply in Europe. Alcan's shipments to this market were up 5% in 1993, with higher volumes in the U.S. partially offset by declines in the United Kingdom and Germany. Revenues, however, fell by 9% due to weaker prices. In 1992, revenues had fallen by 3% from the prior year, largely due to lower shipments in Europe and to weak prices.

Aluminum consumption in the containers and packaging market totalled 4.4 Mt in 1993, 1% lower than in the previous year. Aluminum used in beverage cans, which accounts for about 70% of this market, declined by 2%, while other packaging increased by 1%. In the U.S., the largest market for can sheet, shipments fell due to further down-gauging and inventory adjustments by can makers. However, Alcan's packaging sales rose 8% due to increased shipments of can sheet in the U.S., Canada and Brazil. The increase was accompanied by a decline in the volume of products fabricated from customer-owned metal. In 1992, packaging sales were 8% lower than in the previous year due to lower prices and shipments.

The worldwide building and construction market consumed 4.4 Mt of aluminum in 1993, unchanged from the prior year. A further pick-up in housing starts in the U.S. and increased construction activity in South America and Southeast Asia were offset by a steep decline in Europe, where construction activity in France, Italy and Spain was especially weak. Alcan's shipments rose in 1993 largely on the strength of the U.S. market, but sales revenues fell 6% due to weaker prices. In 1992, revenues had also declined, falling 2% for similar reasons.

Aluminum consumption in the electrical market dropped 4% in 1993, to 1.9 Mt, primarily due to a marked decline in Europe. Alcan's shipments to this end-use market declined only slightly due to its relatively small exposure in Europe in this market. Sales revenues in 1993 were 9% below the previous year's level due to lower prices. In 1992, an increase in cable sales in the U.S. helped boost shipments by 13%, although revenues were unchanged.

Other markets include machinery and equipment, durable goods and a number of other smaller end-use markets. In aggregate, these markets used 5.0 Mt of aluminum in 1993, little changed from the prior year. Alcan's sales revenues from these other markets, which also include sales of alumina, bauxite, chemicals and other metals, were 11% lower than in 1992, largely reflecting lower prices for most products. Alcan's shipments of aluminum products to these markets were similar to the 1992 level. In 1992, Alcan's sales revenues were 2% higher than in the previous year, while shipments were up 13%.

ALCAN'S FABRICATED AND NON-ALUMINUM SALES BY MARKET

(in millions of US$)	**1993**		1992	1991	1990	1989
Containers and packaging	**33%**	**1,920**	1,772	1,926	2,288	2,279
Transportation	**7%**	**428**	471	484	612	651
Electrical	**9%**	**490**	541	535	598	714
Building and construction	**24%**	**1,410**	1,494	1,517	1,714	1,592
Other	**27%**	**1,539**	1,718	1,679	1,802	1,806
Total fabricated and non-aluminum sales	**100%**	**5,787**	5,996	6,141	7,014	7,042
Aluminum ingot sales		**1,105**	1,144	1,228	1,439	1,537
Total sales		**6,892**	7,140	7,369	8,453	8,579

REVIEW OF ALCAN'S OPERATIONS

During the last two years, Alcan's total aluminum volume has increased mainly due to the growth of its fabricated product business. In 1993, this led to the achievement of the highest total sales volume in the Company's history. Sales and operating revenues, however, have continued to move lower, due to deteriorating prices, and, to a lesser extent, the impact of currency movements.

In 1993, sales and operating revenues were $7.2 billion, 5% lower than in 1992. While total aluminum volumes, at 2,538 kt, were 3% above the previous year's level, revenues declined due to lower prices for ingot and fabricated products and a general weakening of local currencies against the U.S. dollar.

In 1992, sales and operating revenues fell by 2%, to $7.6 billion, as declining prices more than offset a 5% gain in volume.

Fabricated Product Sales

Total fabricated product volumes reached a record high level in 1993. This was the second year in a row that a record was achieved, and it largely reflected increased volume in North America.

For the year, fabricated product shipments, together with products fabricated from customer-owned metal (tolling), were 1,651 kt, 4% higher than in 1992 and 12% higher than in 1991. Revenues from tolling activities are included in operating revenues.

Fabricated product prices deteriorated further in 1993, pulled down by the effect of lower ingot prices and over-capacity in some end-use markets. These two factors, together with relatively weaker local currencies against the U.S. dollar, resulted in the average realized price on shipments of Alcan's own fabricated products falling 13%, to $2,975/t in 1993, which was $457/t lower than in the previous year. Currency movements accounted for approximately 40% of the reduction. In 1992, the average realized price declined to $3,432/t from $3,678/t in 1991.

ALCAN'S SALES BY PRODUCT

(in millions of US$)		1993	1992	1991	1990	1989
Rolled products	40%	2,732	2,654	2,776	3,368	3,406
Extruded and drawn products	17%	1,199	1,235	1,293	1,516	1,640
Other fabricated products	10%	709	879	835	827	781
Ingot products	16%					
• Own production		405	545	592	749	402
• Other		700	599	636	690	1,135
Non-aluminum products	17%	1,147	1,228	1,237	1,303	1,215
Total sales	100%	6,892	7,140	7,369	8,453	8,579
Operating revenues		340	456	379	304	260
Total sales and operating revenues		7,232	7,596	7,748	8,757	8,839

The average unit cost for fabricated products in 1993 was $2,640/t, 12% lower than in the previous year. This cost includes metal from the Company's smelters and recycling units at their cost of production. The decline in unit costs reflected the impact of higher volumes, weaker local currencies and reductions in smelting costs and fabricating conversion costs. In 1992, unit costs, at $2,997/t, were 7% lower than in the previous year.

Despite lower costs, deteriorating prices caused the average gross margin in 1993 to fall to $335/t. The average gross margin was $435/t in 1992 and $461/t in 1991.

Rolled products:
Sales of rolled products rose to $2,732 million in 1993, a 3% increase over the previous year. Shipments were 1,062 kt as compared to 863 kt in 1992 and 849 kt in 1991. Together with products fabricated from customer-owned metal, total rolled product volumes were 1,153 kt in 1993 compared to 1,069 kt in 1992 and 994 kt in 1991.

A major expansion of Alcan's North American rolled products capacity was completed in July 1993, with the commissioning of a 300-kt/y cold mill at Logan Aluminum in Russellville, Kentucky. The new mill produces sheet products to the highest achievable industry standards at very competitive costs. As well, it provides Alcan with the incremental capacity required for the expected long-term growth in the container, packaging and automotive markets.

ALCAN'S GROSS PROFIT BY PRODUCT

(in millions of US$)		1993	1992	1991	1990	1989
Total fabricated products (integrated)	76%	522	605	615	999	1,433
Ingot products	8%					
• Own production		55	47	46	144	132
• Other		2	(4)	(7)	(13)	15
Non-aluminum products	16%	105	68	107	166	182
Gross profit on sales	100%	684	716	761	1,296	1,762
Operating revenues		123	159	130	99	82
Total gross profit		807	875	891	1,395	1,844

In Neuss, Germany, the expansion of the Norf rolling complex, which is 50%-owned by Alcan, continues on schedule. The expansion will double hot rolling and remelt capacity at Norf while increasing cold mill capacity by approximately 40%. This project will be completed in 1994 at a cost, to Alcan, of approximately DM550 million ($320 million), including capitalized interest.

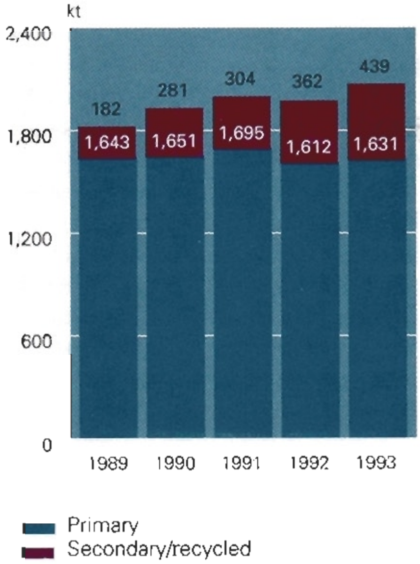
Part of the production from the new hot mill at Norf will be used to supply the 120 kt/y cold rolling mill at Pieve Emanuele, Italy, which was commissioned in 1992.

The Company is now the second largest producer of rolled products in North America and the largest producer in Europe. With the completion of these two large expansion projects, Alcan's rolling capacity will increase by 50%, or 650 kt/y, by the end of 1994.

Alcan is working with automobile producers to develop new uses for aluminum, particularly in sheet applications. The Company has developed special alloys and fabricating technologies for Ford's experimental all-aluminum car, Synthesis 2010. Ford is also building 20 aluminum intensive Mercury Sables, and Alcan will participate in the evaluation and testing of the vehicles. In another project, Alcan worked closely with General Motors to design the frame and body for GM's developmental electric car, Impact. The car used Alcan's Aluminum Vehicle Technology and a specially-developed sheet product.

Other fabricating businesses:
Shipments of fabricated products, other than rolled products, were 498 kt in 1993 compared to 526 kt in 1992 and 484 kt in 1991. Sales revenues fell by 10% over two years due to lower prices.

ALCAN'S PRIMARY AND SECONDARY/RECYCLED ALUMINUM PRODUCTION



Secondary/recycled aluminum is a growing source of metal for Alcan. The Company now has the capacity to recycle over 550 kt of aluminum per year – roughly equivalent to the output of two primary smelters.

Shipments by Alcan's North American fabricating companies increased 3% in 1993, to 286 kt, with good volume growth in the U.S. being partially offset by a decline in Canada. Weak prices squeezed profit margins for most products. Extrusion shipments declined slightly, reflecting poor demand and a six-month strike at the Richmond, British Columbia, plant, which has since been closed permanently. The U.S. metals distribution business continued to increase its market share and achieved record volumes and sales in 1993. Sales of Roll-Bond™ increased with the introduction of a catalytic converter heat-shield for Chrysler vans. Shipments of wire and cable and building products were little changed from 1992.

The automotive casting operation owned in partnership with Teksid, a subsidiary of Fiat, began production in November 1993. Based in St. Catharines, Ontario, the new venture will produce aluminum suspension and structural components for the North and South American markets.

Ingot and Raw Materials

Alcan's 14 primary aluminum smelters, with a total rated capacity of 1,711 kt/y, produced 1,631 kt in 1993 versus 1,612 kt in 1992 and 1,695 kt in 1991.

Since October 1991, Alcan's worldwide smelter system has operated at less than full capacity as a result of temporary closures made in response to weak market prices for aluminum. A total of 102 kt/y of capacity remained closed throughout 1993 at smelters in the U.K. and Brazil. This is equivalent to 6% of Alcan's total capacity.

In January 1994, faced with a persistent oversupply situation and depressed prices in the primary aluminum market, Alcan announced further temporary closures totalling 156 kt/y of capacity, affecting smelters located in Canada, the U.S., the U.K. and Brazil. These closures, together with those made in 1991 and 1992, will reduce Alcan's operating rate to 85% of its world capacity.

Production from secondary smelters and recycling centres rose further in 1993, reaching 439 kt compared to 362 kt in 1992 and 304 kt in 1991. Since 1989, Alcan has more than doubled its recycling capacity through acquisitions, construction of greenfield facilities and the expansion and upgrade of existing plants.

Alcan's North American used beverage can (UBC) recycling plants processed nearly 11 billion UBCs in 1993, an 8% increase over the previous year. At the UBC facility in Berea, Kentucky, the installation of additional emission control equipment allowed the plant to increase its annual capacity by 10%. During the last two years, the Company has implemented recycling programs for used foil in the U.S. and Canada.

Ingot products:
Total third-party shipments of ingot products in 1993 were 887 kt versus 870 kt in 1992 and 866 kt in 1991. Ingot sales comprise aluminum produced by the Company's primary and secondary smelters, as well as process scrap and purchased aluminum.

Shipments of ingot products are classified in two categories. The first comprises Alcan-produced ingot in excess of amounts required by the Company's fabricating operations. In 1993, these totalled 312 kt, compared to 408 kt in 1992 and 407 kt in 1991.

For the third consecutive year, the primary aluminum market was in substantial oversupply, causing prices to drop, in real terms, to record low levels. Alcan's average realized price on sales of Company-produced ingot fell to $1,295/t in 1993, down from $1,330/t in 1992 and $1,453/t in 1991. This decline, however, was more than compensated for by a reduction in the Company's average cost of producing ingot. Aided by the benefits of cost reductions, currency movements and lower raw material costs, Alcan's average ingot production cost was $1,120/t in 1993 versus $1,215/t in 1992 and $1,340/t in 1991. As a consequence, the average gross margin per tonne increased in 1993 to $175 from $115 in 1992 and $113 in 1991.

The second category of ingot shipments consists of purchased ingot, as well as process scrap and secondary metal. Ingot is purchased chiefly for logistical reasons. For example, by purchasing ingot in Europe, Alcan is able to minimize the freight and duty costs associated with moving metal from its North American smelters to fabricating plants in Europe. An equivalent quantity of metal sold in North America and Asia is viewed as an offset to these purchases. As purchase and sale transactions tend to be at similar market prices, the gross profit or loss for this category is not significant. Shipments in 1993 were 575 kt, compared to 462 kt in 1992 and 459 kt in 1991.

Raw materials:
Alcan is largely self-sufficient in bauxite and produces a small surplus of alumina, which it sells to third parties.

Through subsidiaries and related companies, Alcan has access to approximately 225 million tonnes of proven bauxite reserves. These reserves are more than sufficient to meet the Company's needs well into the next century.

Bauxite prices trended downward during 1993 as contract prices reflected lower prices for alumina and aluminum, with which they are linked. Oversupply in the alumina market caused prices to decline in the second half of the year.

Total production from Alcan's alumina system increased by 6% in 1993. This combined with the impact of improved efficiencies, lower costs for oil and caustic soda, favourable exchange rate movements and increased employee productivity reduced costs at all plants.

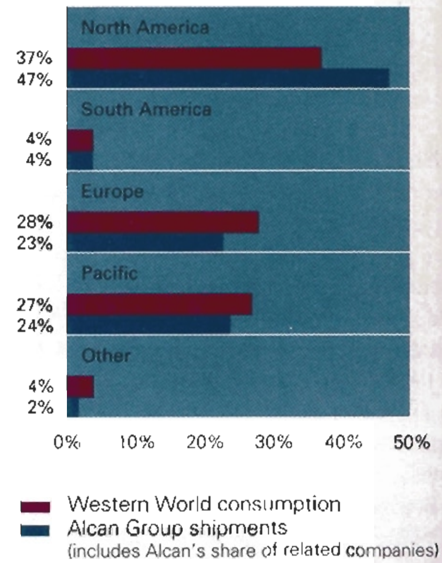
Non-aluminum Products
This category includes sales of alumina, zirconium and other specialty chemicals worldwide, bauxite in Spain, and magnesium in the U.K., as well as other products such as steel, vinyl, copper, stainless steel and nickel alloys, mainly sold in North America.

Sales of non-aluminum products were $1,147 million in 1993, 7% lower than in the previous year. The decline primarily reflected lower prices for alumina and bauxite sold to third parties. Gross profit on non-aluminum sales improved principally due to a reduction in alumina refining costs. Sales in 1992, at $1,228 million, were virtually the same as in 1991.

Operating Revenues
Operating revenues were $340 million in 1993, compared with $456 million in 1992 and $379 million in 1991. These revenues are principally generated from sales of electricity and fees charged for smelting customer-owned alumina into primary ingot and for the conversion of customer-owned metal into fabricated products.

The drop in operating revenues in 1993 was primarily due to the lower volume of customer-owned metal converted into fabricated products during the year.

1993 ALUMINUM SHIPMENTS BY REGION



Alcan is the most international aluminum company, with a geographic spread of business that closely matches the pattern of world aluminum consumption.

GEOGRAPHIC REVIEW
Price erosion due to world oversupply was the principal cause of Alcan's unsatisfactory financial performance in 1993. Results were also affected by the Company's exposure to economies that were deep in recession during the year, most notably those of Japan and Europe.

Canada
In 1993, further cost reductions by smelter operations more than compensated for lower prices. Fabricated product businesses in aggregate, however, posted losses due to weak prices and sluggish demand in certain end-use markets. Including Group head office costs, losses in Canada totalled $32 million, which included rationalization charges of $8 million, after-tax. This compared to a loss of $120 million in 1992 and a loss of $104 million in 1991. Losses in these years included after-tax rationalization and other charges of $36 million and $20 million, respectively. Shipments to third-party customers in Canada were 227 kt in 1993, compared to 232 kt in 1992 and 202 kt in 1991.

The pace of economic recovery in Canada quickened in 1993, and aluminum consumption rose an estimated 6% due to increased demand from the auto sector. Alcan's shipments of fabricated products, however, were flat year-on-year as higher rolled product shipments were offset by declines for other products, such as wire and cable and extrusions.

Smelter operations continued to improve profitability through further cost reductions and increased sales of value-added ingot products, such as extrusion billet and sheet ingot.

United States

Operations in the U.S. recorded a loss of $57 million in 1993, which included rationalization charges of $8 million, after tax. This compares to losses of $18 million in 1992 and $14 million in 1991, following after-tax rationalization charges of $15 million and $29 million, respectively. Shipments to U.S. customers, including tolled fabricated products, were 1,078 kt in 1993 versus 949 kt in 1992 and 879 kt in 1991.

The U.S. economic recovery accelerated as the year progressed, with strong growth evident in the auto sector and residential construction. Total aluminum usage grew by an estimated 4% in 1993, and would have been greater but for a 4% decline in the can sheet market, which occurred as a result of inventory adjustments by can-makers, as well as ongoing downgauging. Excluding the can market, consumption grew 7%. Alcan's fabricated product volumes increased with rolled product volumes reaching record levels and shipments of other fabricated products making solid gains. Gains were made in can sheet and distributor sheet sales, as well as in the wire and cable and metal distribution businesses. Prices for most products were, however, lower than in the previous year.

South America

Benefiting from good demand growth, most notably in Brazil, and from cost improvements, losses in South America were reduced to $8 million in 1993. This was an improvement over the losses of $44 million in 1992 and $75 million in 1991, which included after-tax rationalization charges of $3 million and $13 million, respectively. Shipments to customers in the region totalled 108 kt in 1993 compared to 89 kt in 1992 and 98 kt in 1991.

Despite continued political turmoil, the Brazilian economy rebounded from the previous year's depressed level and registered solid growth in 1993. Overall demand for aluminum increased by an estimated 18%. Only the cable market remained depressed due to a lack of government investment in the power system. Alcan's shipments to the domestic market reflected the improved market conditions, but prices were lower. Ingot exports were curtailed due to the closure of one potline at the Aratu smelter.

In early 1993, the merger between Alcan's operations in Argentina and the aluminum fabricator, Kicsa, was completed. Cost savings and efficiency improvements have been achieved as a result, and further gains are expected. While a loss was recorded in the first half of the year, operations were at break-even in the second half.

In Uruguay, a loss was recorded due to costs associated with the closure of rolled products facilities. Production will now focus on extrusions and packaging.

Europe

Operations in Europe faced an extremely difficult economic environment in 1993, posting an aggregate loss of $31 million compared to break-even results in 1992 and a profit of $4 million in 1991. Results for 1993 included rationalization charges of $20 million after tax, while results for 1991 and 1992 included after-tax rationalization charges of $2 million and $7 million, respectively. In 1993, only the operations in Germany and Switzerland were profitable, although some improvement was evident in the U.K. Shipments to customers in Europe, including tolled fabricated products, were 626 kt in 1993 compared to 666 kt in 1992 and 655 kt in 1991.

The German economy entered a recession in 1993. Aluminum demand fell 9%, with weakness evident in the transportation, machinery and equipment, and can sheet markets. However, export demand, particularly for rolled products, increased from the prior year's level. Alcan's volumes were 8% lower in 1993, as poor weather conditions reduced sales of beverages and, therefore, of aluminum sheet for beverage cans. Despite weaker volumes and ongoing price pressure, operations remained profitable in 1993, but, as expected, results were below the record achieved in the prior year.

After nearly four years in recession, the U.K. economy began to recover in 1993. Aluminum consumption gained 1%, mainly due to an increase in car production. Shipments to the can market dipped, but growth is expected to resume as aluminum penetration increases. Improving business conditions, however, were accompanied by fierce price competition from other European producers. In response, Alcan continued its drive to reduce costs and increase productivity.

Italy's economy continued to be weak in 1993. While Alcan's rolled product volumes improved slightly, losses increased due to an inability to raise prices to help offset the devaluation of the lira.

Packaging operations in Switzerland achieved higher volumes in 1993 despite worsening economic conditions. Intense competition, however, kept prices down and left profits little changed from the previous year.

Alcan's European building products business, which operates in France, Spain and Portugal, met with still more difficult conditions in 1993, as declining construction activity led to lower sales volumes. Heavy emphasis on cost and quality improvements continues.

Pacific

The Pacific region recorded a loss of $9 million in 1993, which included rationalization charges of $1 million, after tax. This compared to net income of $48 million in 1992 and $68 million in 1991, which included net non-operating gains of $3 million and $5 million, respectively. The decline in results over the last two years, particularly in 1993, largely reflects deteriorating economic conditions in Japan. Alcan's shipments to customers in the region were 412 kt versus 402 kt in 1992 and 405 kt in 1991.

In 1993, Japan was in the midst of the worst recession in its post-war history. As a result, aluminum consumption fell by 5%, the second consecutive year of decline. Housing starts were the only bright spot, increasing 7%. This, however, was not sufficient to prevent a deterioration in the results of Nippon Light Metal Company, Ltd. (NLM). This related company, 47.4%-owned by Alcan, reported a loss for the year, while Toyo Aluminium K.K., 48.8%-owned by Alcan, posted a reduced profit. Alcan's share of the combined results of the two companies was an equity loss of $27 million versus equity income of $26 million in 1992 and $48 million in 1991.

Towards the end of 1992, Alcan transferred ownership of certain of its businesses in Thailand, Malaysia and China to NLM. Alcan's ownership interest in NLM increased as a consequence.

Alcan continues to explore opportunities in China within the context of the 1992 cooperation agreement which it signed with China National Non-Ferrous Metals Industry Corporation (CNNC). The extrusion and building products joint venture located in Shenzhen, which was formed by Alcan, NLM and CNNC, will double its extrusion capacity in 1994.

Australia's economy recovered steadily throughout 1993, leading to a 5% rise in aluminum consumption. Prices and margins, however, continued to be eroded by heavy competition from both overseas and domestic suppliers. Nonetheless, aided by further improvements in operating efficiencies, Alcan's operations managed to post a small profit compared to a loss a year earlier.

In India, good economic growth spurred a 5% increase in aluminum consumption in 1993. At Indian Aluminium Company, Limited, 39.6%-owned by Alcan, sales rose by 13% and profitability improved. The company's 73-kt/y Belgaum smelter was shut down due to high energy costs.

Other Areas

Activities in other areas include raw material operations in Jamaica and Guinea, and trading, shipping and insurance activities in Bermuda. In 1993, net income was $28 million compared to $30 million in 1992 and $40 million in 1991. Net income in 1991 included rationalization charges of $1 million, after tax.

Alcan also sells metal in other parts of the world, such as the Middle East and Africa. Such shipments, together with amounts sold on commodity exchanges, totalled 87 kt in 1993, 127 kt in 1992 and 105 kt in 1991.

Maintaining Financial Strength

In 1993, Alcan continued to cut costs and conserve cash, building on its excellent record achieved in recent years. As a direct result of the Company's own efforts, costs for the year were reduced by $240 million, bringing total cost reductions over two years to $500 million. In addition, the Company exceeded its own challenging target of cash neutrality and reduced its total debt.

RESULTS OF OPERATIONS

For 1993, Alcan reported a loss of $104 million compared to losses of $112 million in 1992 and $36 million in 1991.

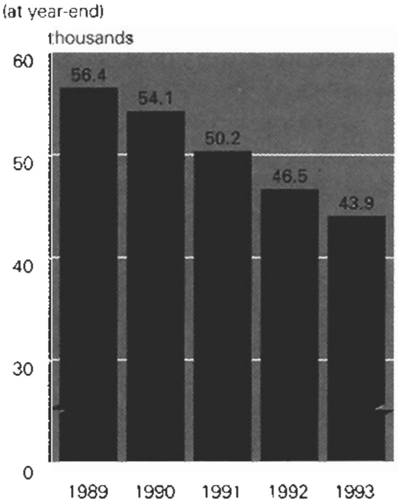
The 1993 loss included special charges of $37 million, after tax, largely for employee reductions and other rationalization costs. Of the pre-tax amount, $10 million was included in cost of sales and $41 million was in other expenses.

In 1992, the loss for the year included rationalization and special environmental costs of $58 million, after tax. The loss for 1991 included rationalization charges, which, net of a large tax credit in Germany, totalled $60 million, after tax.

In 1993, Alcan continued its ongoing program to reduce costs and improve productivity, and further gains were made. For the year, total reported costs, excluding interest and income taxes, were $387 million lower than in 1992. If the impact of exchange rate movements, lower rationalization charges, increased metal purchases and higher sales volumes were to be excluded, the Company estimates that the actual cost reduction for the year would be approximately $240 million.

Over the last two years, the cumulative cost improvement achieved by the Company has been substantial. While total revenues have declined by $523 million since 1991, the Company's loss before income taxes and other items was reduced by $123 million. Total reported costs in 1993, excluding interest and income taxes, were $612 million lower than in 1991. Of this amount, Alcan estimates that approximately $500 million has been due to its direct efforts.

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



Alcan's drive to reduce costs and improve productivity has regrettably, but necessarily, resulted in a large reduction in its work force. Since 1989, employee numbers have declined by 22%.

Cost reductions have been achieved largely through productivity improvements at all levels of the Company. This has, regrettably, but necessarily, resulted in a large reduction in Alcan's workforce. Since the end of 1989, the total number of employees, after adjusting for acquisitions and divestments, has declined by 12,500, to 43,900 at year-end.

Cost of sales and operating expenses, at $6,002 million in 1993, were $298 million lower than in the prior year, even though volumes were 3% higher. The decline in costs reflected the benefits realized from the weakening of local currencies against the U.S. dollar and cost improvements in both smelting and fabricating operations. In 1992, cost of sales and operating expenses declined 2% from the previous year largely due to cost reductions.

"Other income" includes interest revenue and non-operating gains. In 1993, other income was $75 million, $6 million higher than in 1992. Such income in 1991 was $82 million, which included insurance recoveries related to flood damage in Brazil.

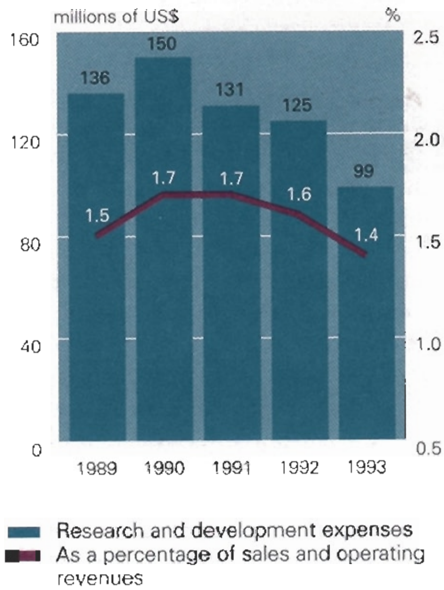
Depreciation expense was $443 million in 1993, compared to $449 million in 1992 and $429 million in 1991. Even though the new Logan rolling mill was commissioned during the year, depreciation expense was little changed in 1993 due to the impact of weakening European currencies against the U.S. dollar.

Selling, administrative and general expenses were $551 million in 1993, 8% lower than in the prior year. Expenses have declined 13% since 1991, largely reflecting the impact of staff reductions, other cost improvements, and weaker local currencies against the U.S. dollar.

Research and development expenses were $99 million in 1993, $26 million less than in 1992 and $32 million less than in 1991. The reduction over the last two years has been the result of an ongoing realignment of R & D activities to reflect the technology needs of the Company's main businesses. This process will continue in 1994, and spending is expected to be below $90 million.

The average amount of total borrowings for 1993 was lower than in the previous year. Interest costs for the year, including amounts capitalized, declined by $38 million to $229 million. As a consequence, the effective average interest cost on borrowings for 1993 was 8.2% compared with 8.9% in 1992 and 10.0% in 1991. The decline over the last two years has been due to falling interest rates, benefits derived from interest rate swaps, and the refinancing of short-term borrowings in Brazil and Italy. Capitalized interest was $17 million in 1993, $13 million in 1992 and $40 million in 1991. Amounts capitalized have fallen due to the suspension of construction on the Kemano project and the completion of the expansion at the Logan rolling mill.

RESEARCH AND DEVELOPMENT EXPENSES



Spending has declined by 34% from its peak in 1990, reflecting the realignment of R & D activities with the technology needs of Alcan's core operations.

Other expenses, at $106 million in 1993, were little changed from the prior year's level, but well below the 1991 level of $163 million, which included larger rationalization costs.

Included in total costs and expenses are amounts incurred for safeguarding the environment and improving working conditions in plants. In 1993, such expenses totalled $35 million. This amount largely covered the costs associated with reducing air emissions and mitigating the impact of waste and by-products. In 1992 and 1991, these expenses totalled $80 million and $65 million, respectively.

The Company has recorded income tax recoveries in each of the last three years. The income tax recovery of $13 million for 1993 represents an effective tax rate of 12% versus a composite statutory rate of 40%. The difference between the rates arises largely from non-deductible currency translation losses, losses on which future tax reliefs have not been recognized, minimum tax payable by large corporations in Canada and withholding taxes on dividends, partly offset by investment and other allowances. In 1992, the effective rate for tax recovery was 10%. The difference between this rate and the statutory rate of 39% reflected the same items as for 1993. Despite similar items in 1991, the effective rate of recovery was higher than the statutory rate, because of a $34-million tax credit in Germany.

A decline in results from NLM was mainly responsible for the steep drop in equity income over the last two years. In 1993, Alcan's share of the results of equity-accounted companies was an aggregate loss of $12 million. This compared to equity income of $53 million in 1992 and $89 million in 1991.

LIQUIDITY AND CAPITAL RESOURCES

The challenging target of cash neutrality set for 1993 was achieved in spite of very difficult business conditions. Furthermore, Alcan's total debt was reduced to $2.7 billion at the end of 1993, down from $2.8 billion at the end of 1992 and from $3.0 billion at the end of 1991.

While Alcan's equity base declined due to reported losses and dividends paid, the Company was able to maintain its year-end ratio of total borrowings to equity at a stable 37:63 for each of the last three years.

Cash conservation measures were successfully implemented during 1993. Cash generated from operating activities, at $444 million, slightly exceeded net capital expenditures of $339 million and dividends of $85 million. In addition, cash balances and time deposits were reduced by $68 million. Overall, $92 million of cash was available to reduce total debt. Together with the impact of favourable movements in exchange rates, total debt was reduced by $136 million from 1992.

Operating Activities

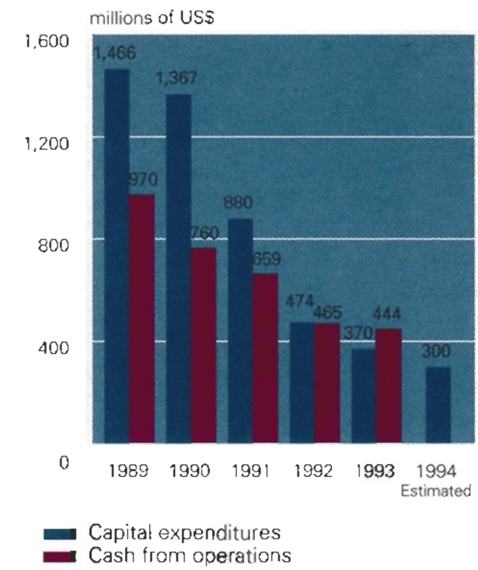
As mentioned above, cash generated from operating activities was $444 million in 1993. Although prices for most products declined further, this was only $21 million lower than in the previous year. In 1991, cash generation was $659 million.

To help maintain its cash generation in the face of deteriorating prices, Alcan has reduced its operating working capital by $249 million over the last two years. This has largely been achieved through reductions in inventories and accounts receivable. Combined with the benefits of favourable exchange rate movements, the total reduction in operating working capital over two years has been $403 million.

Investment Activities

Alcan reduced capital spending to $370 million in 1993, down from $474 million in 1992 and $880 million in 1991. Proceeds on disposals of assets were $31 million in 1993 versus $24 million in 1992 and $23 million in 1991.

CAPITAL EXPENDITURES AND CASH FROM OPERATIONS



Falling prices have resulted in lower cash generation. In order to maintain its sound financial position, Alcan has responded by cutting capital spending, as well as reducing operating costs, working capital and dividends on common shares.

Over the last three years, approximately one half of Alcan's capital spending has been directed to the expansion and upgrade of rolled products plants in North and South America, and Europe. In the U.S., a three-year modernization and upgrade of the Oswego rolling mill was completed in 1991, and the expansion of the Logan facilities was completed in 1993. In Germany, the expansion of the Norf rolling complex, which will be commissioned in 1994, continues on schedule. In Italy, a new cold mill began operation in 1992.

The Kemano Completion Project, a hydroelectric expansion project in British Columbia, Canada, remained on hold during 1993. Work was suspended on the project in June 1991. Capital spending in 1991 included approximately $200 million for this project. See page 24 for further details.

Also included in capital spending in 1993 was $34 million for environment-related projects. Such spending was largely on equipment designed to reduce or contain waste and air emissions generated by Alcan plants. Spending in 1992 and 1991 was $36 million and $45 million, respectively.

The remainder of capital spending was comprised of many small projects for the replacement or improvement of existing facilities.

Given the uncertain outlook for aluminum prices, Alcan will further reduce net capital spending to about $300 million in 1994. Spending will include $70 million for the completion of the Norf rolling mill project.

Alcan estimates that ongoing capital spending required to replace or upgrade facilities, including environmental improvements, will be between $250 million and $300 million per year.

Financing Activities

In line with the corporate objective of cash neutrality, financing activities during the year focused largely on the refinancing and reduction of debt and the lowering of interest costs.

In November 1993, Alcan issued $150 million of 5.875% debentures, due in the year 2000. Part of the proceeds was used to prepay the $100 million of 9.875% debentures, due in January 1998, which were redeemed in January 1994.

The balance of the proceeds of the debenture issue was used to reduce short-term borrowings. For the year, such borrowings were reduced and, at year-end, stood at $293 million, compared to $426 million at the end of 1992 and $741 million at the end of 1991.

During the year, DM140 million was drawn down from previously arranged credit lines of DM500 million, in order to finance the expansion of the Norf rolling complex. By the end of 1993, the total amount drawn from these credit lines amounted to DM290 million. The balance of DM210 million will be available to complete the project.

Committed term-credit lines with banks totalled $1,588 million at year-end, compared to $1,777 million at the end of 1992 and $1,661 million at the end of 1991. At the end of 1993, excluding actual borrowings and amounts used to back outstanding commercial paper, $1,104 million of these lines of credit were available and unutilized.

In 1994, the Company will continue to look to its cash generation from operations to finance its net capital expenditures and dividends.

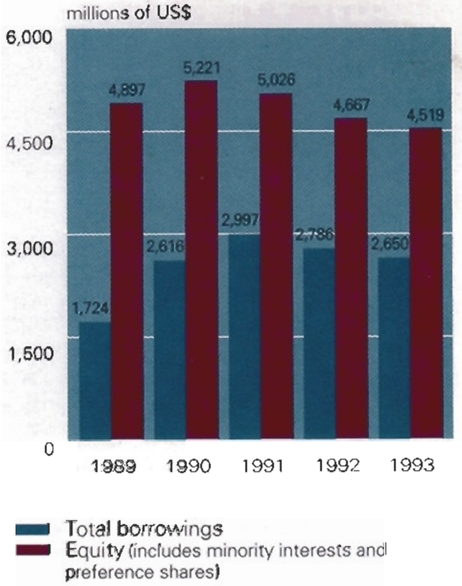
However, in the event that additional financing is required, committed and unutilized credit lines of $1,104 million would provide more than adequate liquidity. Also, the Company has access to capital markets through the issuance of long-term debt and equity, as well as hybrid instruments. Alcan's continuing investment-grade credit rating gives it ready access to such liquid capital markets to meet both planned and unforeseen financing needs.

Management believes that the above resources, in combination with its cash conservation efforts, are more than sufficient to meet the cash requirements of operations and planned capital expenditures.

RISKS AND UNCERTAINTIES

Alcan's financial performance is largely influenced by the price of aluminum on world commodity exchanges. Unless world production and demand come closer into line in 1994, there is little prospect for any price improvement.

TOTAL BORROWINGS AND EQUITY
(at year-end)



In 1993, Alcan achieved its cash neutrality target and in fact reduced its total debt. For the last three years, the Company has maintained its year-end ratio of total borrowings to equity at 37:63.

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 US$0.01 permanent increase in the value of the Canadian dollar decreases the long-term profitability of the Company by approximately $11 million, after tax. To reduce the short-term impact of unfavourable exchange rate movements, Alcan hedges a substantial portion of its Canadian dollar exposure through the use of forward exchange contracts and currency options.

Annual environment-related spending, both capital and expense, is foreseen to average about $100 million per year over the next several years and is not expected to have a material effect on Alcan's competitive position. While the Company does not anticipate a material increase in the projected level of such expenditures, there is always a possibility that such increases may occur in the future in view of the uncertainties associated with environmental exposures, including new information concerning sites with identified environmental liabilities and changes in laws and regulations and their application.

The Kemano Completion Project, to increase the hydroelectric power-generating capacity at Alcan's existing plant in British Columbia, remains suspended as a result of uncertainties including those created by the Government of British Columbia's announcement, in January 1993, of a public review of the project. This review is currently proceeding, and Alcan is participating in it. Before the project is resumed, Alcan must ensure that no other conditions will be imposed that would render it financially unattractive or otherwise prevent its completion. Construction of the project started in 1988 but was suspended in 1991 as a result of an unsuccessful legal challenge which terminated with a decision from the Supreme Court of Canada in February 1993.

Approximately $450 million, plus capitalized interest of $50 million, was incurred on the project prior to suspension. The asset is included in the Company's accounts mainly as construction work in progress. The interruption of construction and the delay in completion will inevitably result in an increase in capital costs that could adversely affect the potential profitability of the project.

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 judgement of management. They conform in all material respects with accounting principles established by 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 on page 26.

Jacques Bougie, Chief Executive Officer
Suresh Thadhani, Chief Financial Officer

February 10, 1994

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. This statement, first published in 1978, has been 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.

This 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 complete list of significant Alcan Group companies worldwide.

To the Shareholders of Alcan Aluminium Limited

We have audited the consolidated balance sheet of Alcan Aluminium Limited as at December 31, 1993, 1992 and 1991 and the consolidated statements of income, retained earnings and cash flows for each of the years in the three-year period ended December 31, 1993. 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, 1993, 1992 and 1991 and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 1993, in accordance with Canadian generally accepted accounting principles.

Montreal, Canada
February 10, 1994

Price Waterhouse
Chartered Accountants

Consolidated Statement of Income

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

Year ended December 31	1993	1992	1991
REVENUES			
Sales and operating revenues	$7,232	$7,596	$7,748
Other income	75	69	82
	7,307	7,665	7,830
COSTS AND EXPENSES			
Cost of sales and operating expenses	6,002	6,300	6,455
Depreciation (note 1)	443	449	429
Selling, administrative and general expenses	551	596	635
Research and development expenses	99	125	131
Interest	212	254	246
Other expenses	106	118	163
	7,413	7,842	8,059
Income (Loss) before income taxes and other items	(106)	(177)	(229)
Income taxes (note 4)	(13)	(17)	(104)
Income (Loss) before other items	(93)	(160)	(125)
Equity income (loss) (note 5)	(12)	53	89
Minority interests	1	(5)	—
Net income (Loss) (note 3)	$ (104)	$ (112)	$ (36)
Dividends on preference shares	18	23	20
Net income (Loss) attributable to common shareholders	$ (122)	$ (135)	$ (56)
Net income (Loss) per common share (note 1)	$(0.54)	$(0.60)	$(0.25)
Dividends per common share	$ 0.30	$ 0.45	$ 0.86

Consolidated Statement of Retained Earnings

(in millions of US$)

Year ended December 31	1993	1992	1991
Retained earnings – beginning of year (Restated in 1992 – see note 2)	$3,002	$3,238	$3,600
Net income (Loss)	(104)	(112)	(36)
	2,898	3,126	3,564
Dividends – Common	67	101	192
– Preference	18	23	20
Retained earnings – end of year (note 11)	$2,813	$3,002	$3,352

Consolidated Balance Sheet

(in millions of US$)

December 31	1993	1992	1991
ASSETS			
Current assets			
Cash and time deposits	$ 81	$ 149	$ 205
Receivables	1,065	1,106	1,220
Inventories			
Aluminum	684	780	917
Raw materials	258	278	337
Other supplies	314	342	391
	1,256	1,400	1,645
	2,402	2,655	3,070
Deferred charges and receivables	350	312	348
Investments (note 5)	1,053	923	873
Property, plant and equipment (note 7)			
Cost	11,092	11,015	11,144
Accumulated depreciation	5,087	4,759	4,619
	6,005	6,256	6,525
Total assets	$ 9,810	$10,146	$10,816
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Payables	$ 991	$ 1,009	$ 1,148
Short-term borrowings	293	426	741
Income and other taxes	16	37	—
Debt maturing within one year	35	73	71
	1,335	1,545	1,960
Debt not maturing within one year (note 6)	2,322	2,287	2,185
Deferred credits and other liabilities (note 8)	746	692	519
Deferred income taxes	888	955	1,126
Minority interests	70	48	84
Redeemable retractable preference shares (note 9)	—	—	9
Redeemable non-retractable preference shares (note 9)	353	353	203
Common shareholders' equity			
Common shares (note 10)	1,183	1,178	1,171
Retained earnings (note 11)	2,813	3,002	3,352
Deferred translation adjustments (note 12)	100	86	207
	4,096	4,266	4,730
Commitments and contingencies (note 13)			
Total liabilities and shareholders' equity	$ 9,810	$10,146	$10,816

Approved by the Board: Jacques Bougie, Director
Warren Chippindale, Director

Consolidated Statement of Cash Flows

(in millions of US$)

Year ended December 31	1993	1992	1991
OPERATING ACTIVITIES			
Net income (Loss)	$(104)	$(112)	$ (36)
Adjustments to determine cash from operating activities:			
Depreciation	443	449	429
Deferred income taxes	(54)	(87)	33
Equity income – net of dividends	31	(4)	(46)
Change in receivables	41	114	163
Change in inventories	144	245	142
Change in payables	(18)	(139)	(96)
Change in income and other taxes payable	(21)	37	(84)
Change in deferred charges, receivables and credits	6	41	139
Changes in operating working capital due to:			
Deferred translation adjustments	(55)	(93)	(6)
Acquisitions, disposals and deconsolidations	12	(18)	2
Other – net	19	32	19
Cash from operating activities	444	465	659
FINANCING ACTIVITIES			
New debt	414	588	636
Debt repayments	(382)	(389)	(262)
	32	199	374
Short-term borrowings – net	(124)	(266)	2
Common shares issued	5	7	15
Preference shares issued	—	150	—
Preference shares redeemed	—	(9)	—
Shares issued by subsidiary companies	—	—	21
Dividends – Alcan shareholders (including preference)	(85)	(124)	(212)
– minority interests	—	(1)	(3)
Cash from (used for) financing activities	(172)	(44)	197
INVESTMENT ACTIVITIES			
Property, plant and equipment	(251)	(389)	(819)
Investments	(119)	(85)	(61)
	(370)	(474)	(880)
Sales of fixed assets and investments	31	24	23
Cash used for investment activities	(339)	(450)	(857)
Effect of exchange rate changes on cash and time deposits	(1)	(8)	6
Increase (Decrease) in cash and time deposits	(68)	(37)	5
Cash of companies deconsolidated	—	(19)	—
Cash and time deposits – beginning of year	149	205	200
Cash and time deposits – end of year	$ 81	$ 149	$ 205

(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 (GAAP) in Canada. They include the accounts of companies controlled by Alcan, virtually 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 and deferred translation adjustments since acquisition. Investments in companies in which Alcan does not have significant influence over management are carried at cost less amounts written off.

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

FOREIGN CURRENCY TRANSLATION

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 a foreign operation, the relevant portion of DTA is recognized in Other income or Other expenses 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 contract expiry dates and are included in Sales or Cost of sales, as applicable.

Other gains and losses from foreign currency denominated items are included in Other income or Other expenses.

FORWARD METAL CONTRACTS AND OPTIONS

Gains or losses on forward metal contracts and options, which serve to hedge certain identifiable aluminum price exposures, are recognized on their maturity or contract expiry dates and are included in Sales or Cost of sales, as applicable.

INVENTORY

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

Depreciation is calculated on the straight-line method using rates based on the estimated useful lives of the respective assets. The principal rates are 2½% for buildings and range from 1% to 4% for power assets, and 3% to 6% for chemical, smelter and fabricating assets.

NET INCOME (LOSS) PER COMMON SHARE

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 (1993: 223.9 million; 1992: 223.6 million; 1991: 223.1 million).

2. Accounting Change

Effective January 1, 1992, post-retirement benefits other than pensions are accounted for on an accrual basis instead of a cash basis. The effect of this change, applied retroactively, was to decrease Retained earnings at the beginning of 1992 by $114, and to increase the loss in 1993 by $7 ($0.03 per common share) and in 1992 by $8 ($0.04 per common share). See also note 15.

3. Differences Between Canadian and United States Generally Accepted Accounting Principles (GAAP)

DEFERRED INCOME TAXES

Under Canadian GAAP, deferred income taxes are measured at tax rates prevailing at the time the provisions for deferred taxes are made. Deferred income taxes for U.S. GAAP are revalued each period using currently enacted tax rates.

Under Canadian GAAP, deferred income taxes of operations using the temporal method (integrated foreign operations and foreign operations located in hyperinflationary economies) are translated at historical exchange rates, while under U.S. GAAP deferred income taxes of all foreign operations are translated at current exchange rates.

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.

SHARE PURCHASE LOANS

Under Canadian GAAP, share purchase loans to employees are classified as receivables, whereas such loans are deducted from the stated value of common shares under U.S. GAAP.

RECONCILIATION OF CANADIAN AND U.S. GAAP

	1993		1992		1991	
	As Reported	**U.S. GAAP**	As Reported	U.S. GAAP	As Reported	U.S. GAAP
Net income (Loss) from continuing operations before cumulative effect of accounting changes*	**$ (104)**	**$ (89)**	$ (112)	$ (39)	$ (36)	$ (31)
Cumulative effect on prior years of accounting changes	**—**	**106**	—	(114)	—	—
Net income (Loss)	**$ (104)**	**$ 17**	$ (112)	$ (153)	$ (36)	$ (31)
Net income (Loss) attributable to common shareholders	**$ (122)**	**$ (1)**	$ (135)	$ (176)	$ (56)	$ (51)
Cumulative effect on prior years of accounting changes per common share	**$ —**	**$ 0.47**	$ —	$ (0.51)	$ —	$ —
Net income (Loss) per common share	**$ (0.54)**	**$ —**	$ (0.60)	$ (0.79)	$ (0.25)	$ (0.23)
Deferred income taxes – December 31	**$ 888**	**$ 740**	$ 955	$ 898	$1,126	$1,134
Common shares – December 31	**$1,183**	**$1,173**	$1,178	$1,165	$1,171	$1,156
Retained earnings – December 31	**$2,813**	**$3,024**	$3,002	$3,092	$3,352	$3,369
Deferred translation adjustments (DTA) – December 31	**$ 100**	**$ 12**	$ 86	$ 29	$ 207	$ 149

*In 1993, $17 ($65 in 1992) of the difference between "As Reported" and "U.S. GAAP" relates to accounting for deferred income taxes.

Effective January 1, 1993, for U.S. GAAP reporting, the Company adopted the Financial Accounting Standards Board (FASB) Statement No. 109, Accounting for Income Taxes. The effect of this change, applied retroactively, was to improve U.S. GAAP Net income (Loss) in 1993 by $94, of which $106 related to the cumulative effect on prior years.

The cumulative effect on prior years of the change in accounting for post-retirement benefits other than pensions was charged to Retained earnings at the beginning of 1992 under Canadian GAAP and to the loss for 1992 under U.S. GAAP.

3. Differences Between Canadian and United States Generally Accepted Accounting Principles (GAAP) (cont'd)

The principal items included in Deferred income taxes under U.S. GAAP are:

	December 31 1993
Liabilities:	
Depreciation	$1,011
Undistributed earnings of equity companies	74
Inventory valuation	70
Other	30
	1,185
Assets:	
Tax benefit carryovers	355
Accounting provisions not currently deductible for tax	195
Other	14
	564
Valuation allowance	119
Net deferred income tax liability	$ 740

Under U.S. accounting regulations applicable prior to 1993, deferred income tax expense consisted of the following elements:

	1992	1991
Tax benefit carryovers	$ (98)	$ (45)
Depreciation	62	98
Accounting provisions not currently deductible for tax	(23)	(42)
Research expense carryovers	—	18
Inventory valuation	(4)	2
Investment tax credits	(4)	(2)
Other – net	(20)	4
	$ (87)	$ 33

The difference between DTA under Canadian GAAP and U.S. GAAP arises principally from the different treatment of exchange on long-term debt at January 1, 1983 resulting from the adoption of new accounting standards on foreign currency translation.

Net income from continuing operations on a U.S. GAAP basis for the years 1990 and 1989 was $537 and $827, respectively, compared to $543 and $835, respectively, as reported. Net income from continuing operations per common share on a U.S. GAAP basis for the years 1990 and 1989 was $2.30 and $3.54, respectively, compared to $2.33 and $3.58, respectively, as reported.

4. Income Taxes

	1993	1992	1991
Income (Loss) before income taxes and other items			
Canada	$ (67)	$(201)	$(199)
Other countries	(39)	24	(30)
	(106)	(177)	(229)
Current income taxes			
Canada	9	—	(162)
Other countries	32	70	25
	41	70	(137)
Deferred income taxes			
Canada	(24)	(62)	63
Other countries	(30)	(25)	(30)
	(54)	(87)	33
Income tax recovery	$ (13)	$ (17)	$(104)

The composite of the applicable statutory corporate income tax rates in Canada is 40.0% (1992: 39.2%; 1991: 38.1%). The following is a reconciliation of income taxes calculated at the above composite statutory rate with the income tax provision:

	1993	1992	1991
Income taxes at the composite statutory rate	$ (42)	$ (69)	$ (87)
Differences attributable to:			
Exchange translation items	13	38	(1)
Unrecorded tax benefits on losses – net	9	1	47
Investment and other allowances	(13)	(12)	(16)
Large corporations tax	7	9	8
Withholding taxes	7	6	6
Reduced rate or tax exempt items	(2)	(2)	(43)
Foreign tax rate differences	(1)	—	(4)
Other – net	9	12	(14)
Income tax recovery	$ (13)	$ (17)	$(104)

In 1993, $59 of benefits related to income tax loss carryforwards were recorded in deferred income tax expense.

Based on rates of exchange at December 31, 1993, additional benefits of approximately $94 relating to prior and current years' tax losses will be recognized in income when realized.

5. Investments

	1993	1992	1991
Companies accounted for under the equity method	$1,043	$ 909	$ 852
Other investments – at cost, less amounts written off	10	14	21
	$1,053	$ 923	$ 873

The activities of the major equity-accounted companies are diversified aluminum operations in Japan, an aluminum rolling operation 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:

	1993	1992	1991
Results of operations for the year			
Revenues	$7,637	$7,217	$7,121
Costs and expenses	7,399	6,811	6,519
Income before income taxes	238	406	602
Income taxes	217	217	344
Net income	$ 21	$ 189	$ 258
Alcan's share of net income (loss)	$ (12)	$ 53	$ 89
Dividends received by Alcan	$ 19	$ 49	$ 43
Financial position at December 31			
Current assets	$3,945	$4,049	$4,602
Current liabilities	3,389	3,825	3,946
Working capital	556	224	656
Property, plant and equipment – net	4,067	3,445	2,740
Other assets (liabilities) – net	(140)	(53)	64
	4,483	3,616	3,460
Debt not maturing within one year	1,921	1,320	1,255
Net assets	$2,562	$2,296	$2,205
Alcan's equity in net assets (note 1)	$1,043	$ 909	$ 852

On December 31, 1993, the quoted market value of the Company's investments in Nippon Light Metal Company, Ltd. (NLM) and Toyo Aluminium K.K. (Toyal) was $1,248 compared to their book value of $652.

6. Debt Not Maturing Within One Year

	1993	1992	1991
Alcan Aluminium Limited			
Acceptances and commercial paper (a)	$ —	$ 12	$ 120
11.25% Debentures	—	—	100
9.4% Debentures, due 1995	150	150	150
8.2% Debentures, due 1996	150	150	150
9.7% Debentures, due 1996	125	125	125
Lira bank loans, due 1996/1999 (L75 billion) (b)	44	51	43
Deutschmark bank loans, due 1996/2005 (DM290 million) (b)	167	93	33
12.45% Canadian dollar debentures, due 1997 (c)	107	107	107
9.1% Debentures, due 1998	125	125	125
9.875% Debentures (d)	—	100	100
5.875% Debentures, due 2000 (e)	150	—	—
9.2% Debentures, due 2001 (f)	150	150	150
5.375% Swiss franc bonds, due 2003 (c)	105	105	105
CARIFA loan, due 2006 (g)	60	60	60
9.5% Debentures, due 2010 (h)	100	100	100
9.625% Sinking fund debentures, due 2019 (h)	150	150	150
8.875% Debentures, due 2022 (i)	150	150	—
Other debt, due 2001	8	9	19
Alcan Aluminum Corporation			
9.956% Bank loan, due 1995	25	25	25
6.375% Debentures, due 1997 (j)	150	150	—
7.25% Debentures, due 1999 (j)	100	100	—
Other debt, due 1994/2013	20	24	24
British Alcan Aluminium plc and subsidiary companies			
Bank loans, due 1996/2001 (£58 million) (k)	85	75	127
Bank loan, due 1999 (£55 million) (k)	81	91	93
10.375% Debentures, due 2011 (£30 million)	44	45	56
Other debt, due 2001	2	11	15
Alcan Deutschland GmbH and subsidiary companies			
7.19% Bank loans, due 1994/2001 (DM35 million)	20	29	42
Bank loans, due 1997 (DM55 million) (k)	32	34	36
Other companies			
Bank loans, due 1994/1999 (k)	16	42	78
5.625% Swiss franc bank loan	—	27	30
4% Eurodollar exchangeable debentures, due 2003 (l)	24	31	31
Other debt, due 1994/2004	17	39	62
	2,357	2,360	2,256
Debt maturing within one year included in current liabilities	(35)	(73)	(71)
	$2,322	$2,287	$2,185

6. 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 a long-term credit agreement amounting to CAN$250 million. In addition, the Company has available in Canada and the United States long-term revolving credit agreements totalling $720 which provide for loan facilities with interest related to U.S. LIBOR (London Interbank Offered Rate).

(b) Interest on principal amounts of lira 50 billion and DM220 million loans bearing interest at rates tied to lira and DM LIBOR, respectively, was swapped for periods of one to two years, at rates tied to U.S. LIBOR. Interest on DM150 million has been capped at 6.5% with a floor of 5.23%.

(c) The Canadian dollar debentures were issued as CAN$125 million and the Swiss franc bonds as SFr178 million. Both debts were immediately swapped for $107 and $105 at effective interest rates of 9.82% and 8.98%, respectively.

(d) The debentures, called for redemption as of January 15, 1994, were effectively extinguished in December 1993 through a transaction whereby the Company placed government guaranteed securities in a trust, the sole purpose of which was to fund the redemption.

(e) Through an interest rate swap the Company has effectively converted the interest on the debentures to a rate tied to U.S. LIBOR for the period to October 1996.

(f) The Company has the right, beginning in 1998, to redeem the debentures at 100% of the principal amount.

(g) The Caribbean Basin Projects Financing Authority (CARIFA) loan bears interest at a rate related to U.S. 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.

(h) 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%.

(i) The interest was swapped until 1995 at a rate tied to U.S. LIBOR. The Company has the right to redeem the debentures during the years 2002 to 2012 at amounts declining from 104% to 100% of the principal amount.

6. Debt Not Maturing Within One Year (cont'd)

(j) The following is summarized consolidated financial information for Alcan Aluminum Corporation, a wholly-owned subsidiary which consolidates virtually all of the Company's operations in the United States:

	1993	1992	1991
Results of operations for the year			
Revenues	$3,028	$2,770	$2,780
Cost and expenses	3,100	2,794	2,740
Income (Loss) before income taxes	(72)	(24)	40
Income taxes	(24)	(6)	16
Net income (Loss)	$ (48)	$ (18)	$ 24
Financial position at December 31			
Current assets	$ 600	$ 485	$ 545
Current liabilities	578	425	684
Working capital	22	60	(139)
Property, plant and equipment – net	916	937	868
Other assets (liabilities) – net	(100)	(99)	16
	838	898	745
Debt not maturing within one year	283	295	49
Net assets	$ 555	$ 603	$ 696

The above figures are prepared using the accounting principles followed by the Company (see note 1), except that inventories have been valued principally by the last-in, first-out (LIFO) method.

Results of operations included after-tax rationalization charges of $8 (1992:$15; 1991:$29).

(k) Interest rates fluctuate principally with the lender's prime commercial rate, the commercial bank bill rate, or are tied to LIBOR rates.

(l) Debenture holders are entitled to receive at their option 1,772 common shares held by the Company in NLM, a related company, in exchange for each ten thousand dollar principal amount of debentures. The Company can redeem the debentures between the years 1994 and 1999 at amounts declining from 103% to 100% of the principal.

In addition, the Company has swapped, to 1995, a portion of its interest payments on $300 of its fixed rate portfolio in exchange for interest payments tied to U.S. LIBOR. The Company has swapped, to 1998, the interest payments on the equivalent of $100 of its floating rate portfolio in exchange for fixed interest payments.

The Company may be exposed to losses if the counterparties to the above swap agreements fail to perform; however, the risk of such non-performance is remote.

On December 31, 1993, the fair value of the Company's long-term debt totalling $2,357 was $2,545, based on market prices for the Company's fixed-rate securities and the book value of variable-rate debt.

On December 31, 1993, the cash surrender value of the Company's interest rate swaps was $(7) based on interest rate differentials.

Based on rates of exchange at year-end, debt repayment requirements over the next five years amount to $35 in 1994, $215 in 1995, $261 in 1996, $309 in 1997 and $210 in 1998.

In addition to the facilities described in (a) above, the Company has additional unused committed credit lines of approximately $260.

7. Property, Plant and Equipment

	1993	1992	1991
Cost			
Land and property rights	$ 149	$ 150	$ 160
Buildings, machinery and equipment	10,301	10,022	9,993
Construction work in progress (note 13)	642	843	991
	$11,092	$11,015	$11,144

Accumulated depreciation relates primarily to Buildings, machinery and equipment.
Capital expenditures and investments, net of disposals, are expected to be about $300 in 1994.

8. Deferred Credits and Other Liabilities

Deferred credits and other liabilities comprise mainly deferred gains and revenues as well as provisions for rationalizations and environmental liabilities, post-retirement benefits other than pensions, claims against the Company and other contingent liabilities. The increase in 1992 resulted mainly from the change in accounting policy for post-retirement benefits other than pensions.

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:
During 1992, Alcan redeemed the 400,000 series F redeemable retractable preference shares, which were authorized and outstanding in 1991 with a stated value of $9, for CAN$25.00 per share.

In each of the years 1993, 1992 and 1991, there were authorized and outstanding 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. In 1992, 300 series G redeemable non-retractable preference shares were issued for a cash consideration of $150.

Outstanding shares are eligible for quarterly dividends as follows:

- Preference, series C, D and E – An amount related to the average of the Canadian prime interest rates for series C and E, and the average of the U.S. prime interest rates for series D, quoted by two major Canadian banks for stated periods.
- Preference, series G – An amount related to U.S. LIBOR until August 20, 1995. Subsequently, the dividend rate and reset date are to be renegotiated.

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

- Preference, series C and E (denominated in Canadian dollars) and D (denominated in U.S. dollars) – At $25.00 per share.
- Preference, series G – At 500 thousand dollars per share on dividend reset dates on or after August 20, 1995, but prior to May 21, 2002.

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

Preference, series G shares may be converted at the option of the holder into the Company's common shares on May 21, 2002, at a rate related to the market value of the common shares at the conversion date.

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		
	1993	1992	1991	**1993**	1992	1991
Outstanding – beginning of year	**223,807**	223,420	222,667	**$1,178**	$1,171	$1,156
Issued for cash:						
Executive share option plan	**110**	87	169	**2**	1	3
Dividend reinvestment and share purchase plans	**143**	300	584	**3**	6	12
Outstanding – end of year	**224,060**	223,807	223,420	**$1,183**	$1,178	$1,171

Under the executive share option plan, certain employees may purchase common shares at market value on the effective date of the grant of each option. The average price of the shares covered by the outstanding options is CAN$23.94 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)		
	1993	1992	1991
Outstanding – beginning of year	**2,247**	1,841	1,517
Granted	**1,703**	541	521
Exercised	**(110)**	(87)	(169)
Cancelled	**(100)**	(48)	(28)
Outstanding – end of year	**3,740**	2,247	1,841

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 would 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. Retained Earnings

Consolidated retained earnings at December 31, 1993, includes $411 of undistributed earnings of companies accounted for under the equity method and $1,490 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.

12. Currency Gains and Losses

The following are the amounts recognized in the financial statements:

	1993	1992	1991
Currency losses	$ 5	$ 21	$ 11
Deferred translation adjustments:			
Balance – beginning of year	$ 86	$ 207	$186
Effect of exchange rate changes	14	(120)	21
Losses (Gains) realized	—	(1)	—
Balance – end of year	$100	$ 86	$207
Gains (Losses) on forward exchange contracts and currency options	$ (3)	$ (5)	$ 51

The market value of outstanding forward exchange contracts and currency options totalling $2,506 at December 31, 1993 was $2,495. These contracts and options mature or expire over the next three years. The Company may be exposed to losses in the future if the counterparties for the above contracts and options fail to perform; however, the risk of such non-performance is remote.

13. 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 $108 in 1994, $90 in 1995, $35 in 1996, $89 in 1997, $32 in 1998 and $34 thereafter. Total charges from these related companies were $280 in 1993, $309 in 1992 and $331 in 1991. In addition, there are guarantees for the repayment of approximately $13 of indebtedness by related companies. Alcan believes that none of these guarantees is likely to be invoked. Commitments with third parties for supplies of other goods and services are estimated at $51 in 1994, $51 in 1995, $31 in 1996, $22 in 1997, $42 in 1998 and $327 thereafter. Total fixed charges from these third parties were $28 in 1993, $35 in 1992 and $43 in 1991.

At December 31, 1993, the Company had outstanding forward purchase contracts for 393,000 tonnes of metal. These contracts, along with sales options for 84,000 tonnes, mature over the next two years and serve to hedge a portion of the Company's aluminum price exposures. The Company may be exposed to losses if the counterparties fail to perform.

Minimum rental obligations are estimated at $66 in 1994, $54 in 1995, $39 in 1996, $23 in 1997, $18 in 1998 and $63 thereafter. Total rental expenses amounted to $112 in 1993, $114 in 1992 and $118 in 1991.

In 1991, Alcan suspended construction of the Kemano Completion Project, for the installation of additional hydroelectric power generating capacity at the Company's existing site in British Columbia, due to uncertainties arising from certain judicial proceedings. In 1993, the Company announced it was participating in the British Columbia government's public review of the project. The public review is expected to be completed in 1994. Because of continuing uncertainties, the Company is unable, at the present time, to forecast the probable outcome of this project. Prior to suspension, Alcan had incurred $500, including capitalized interest of $50. This amount is included in Property, plant and equipment, mainly in Construction work in progress. The interruption in construction and the delay in completion will inevitably result in an increase in capital costs above previous estimates, which could adversely affect the potential profitability of the project.

Payment terms for certain assets acquired in 1985 included contingent consideration in the form of abatable preferred shares. Abatement is determined by the price of aluminum ingot products up to December 1994. Based on current and anticipated prices, the Company does not expect to incur any liability in respect of these shares.

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 arise 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 debt repayments in note 6, capital expenditures in note 7, and forward exchange contracts in note 12.

14. Supplementary Information

	1993	1992	1991
Income statement			
Repairs and maintenance	$ 545	$ 612	$ 646
Taxes, other than payroll and income taxes	128	134	141
Interest on long-term debt	198	209	197
Capitalized interest	(17)	(13)	(40)
Balance sheet			
Payables			
Accrued employment costs	$ 232	$ 238	$ 241
Short-term borrowings			
Commercial paper	30	—	284
Other (principally from banks)	263	426	457
Statement of cash flows			
Interest paid	$ 233	$ 258	$ 278
Income taxes paid (recovered)	39	(69)	51

Non-cash financing and investing activities:
In 1992, the Company exchanged half of its 24% interest in Mineração Rio do Norte S.A., with a book value of $42, for a 10% interest in the alumina assets of the Alumar Consortium and exchanged its interests in Malaysia, Thailand and China, having a book value of $39, for additional shares in NLM. No gain or loss was recorded on these transactions.

All time deposits qualify as cash equivalents.

15. Post-Retirement Benefits

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.

	1993	1992	1991
Service cost for the year	$ 88	$ 91	$ 82
Interest cost on projected benefit obligations	216	227	220
Actual return on assets	(517)	(260)	(429)
Variance of actual return from expected long-term rate of 8.4% (8.4% in 1992 and 8.5% in 1991) being deferred, and amortization of gains and losses	257	(8)	186
Net cost for the year	$ 44	$ 50	$ 59
The plans' funded status at December 31 was:			
Actuarial accumulated benefit obligation, which is substantially vested	$2,657	$2,417	$2,533
Plan assets at market value	$3,304	$2,983	$3,125
Actuarial projected benefit obligation based on average compensation growth of 4.9% (5.9% in 1992 and 6.0% in 1991) and discount rate of 7.1% (8.2% in 1992 and 8.3% in 1991)	3,047	2,781	2,915
Plan assets in excess of projected benefit obligation	257	202	210
Unamortized actuarial gains – net*	(513)	(382)	(366)
Unamortized prior service cost*	338	337	354
Unamortized portion of net surplus at January 1, 1986*	(134)	(168)	(194)
Net pension asset (liability) in balance sheet	$ (52)	$ (11)	$ 4

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

15. Post-Retirement Benefits (cont'd)

OTHER (See note 2)
The Company provides life insurance benefits under some of its retirement plans. Certain early retirement arrangements also provide for medical benefits, generally only until the age of 65. These plans are not funded.

	1993	1992
Service cost for the year	$ 6	$ 6
Interest cost on accumulated benefit obligation	14	14
Amortization of gains and losses	(1)	—
Total cost for the year	$ 19	$ 20

Under the previous accounting method, the cost of these benefits was $7 in 1991.

	1993	1992
Accumulated benefit obligation (ABO) based on average compensation growth of 5.1% (6.0% in 1992) and discount rate of 6.7% (7.7% in 1992):		
Active employees		
– not fully eligible	$ 84	$ 77
– fully eligible	29	34
Retired employees	96	77
Total ABO	209	188
Unamortized gains – net	4	—
ABO in balance sheet	$213	$188

The assumed health care cost trend rate used in calculating the above amounts was 14% in 1993 (16% in 1992), decreasing gradually to 4.5% (5.5% in 1992) in 2006. If the average of such rate was increased by 1%, the ABO would increase by approximately $14 and the periodic cost of post-retirement benefits other than pensions would increase by approximately $2 per year.

16. Subsequent Event

On January 13, 1994 the Company announced that it would temporarily close, beginning in early 1994, 156,000 tonnes of its annual primary aluminum production capacity.

17. Information by Geographic Areas

	Location	1993	1992	1991
Sales and operating revenues – subsidiaries	Canada	$ 1,800	$ 1,825	$ 1,973
	United States	333	314	273
	South America	10	40	53
	Europe	157	165	169
	Pacific	61	73	80
	All other	287	305	342
	Sub-total	2,648	2,722	2,890
	Consolidation eliminations	(2,648)	(2,722)	(2,890)
	Total	$ —	$ —	$ —
Sales and operating revenues – third parties	Canada	$ 911	$ 996	$ 1,000
	United States	2,689	2,452	2,497
	South America	468	418	440
	Europe	2,432	2,899	2,874
	Pacific	686	782	863
	All other	46	49	74
	Total	$ 7,232	$ 7,596	$ 7,748
	Sales to subsidiary companies are made at fair market prices recognizing volume, continuity of supply and other factors.			
Net income (Loss)	Canada	$ (32)	$ (120)	$ (104)
	United States	(57)	(18)	(14)
	South America	(8)	(44)	(75)
	Europe	(31)	—	4
	Pacific	(9)	48	68
	All other	28	30	40
	Consolidation eliminations	5	(8)	45
	Total	$ (104)	$ (112)	$ (36)
Total assets at December 31	Canada	$ 4,242	$ 4,314	$ 4,426
	United States	1,718	1,639	1,646
	South America	822	819	825
	Europe	2,562	2,806	3,068
	Pacific	1,154	1,170	1,253
	All other	394	402	402
	Consolidation eliminations	(1,082)	(1,004)	(804)
	Total	$ 9,810	$10,146	$10,816
Capital expenditures	Canada	$ 66	$ 69	$ 310
	United States	64	143	197
	South America	16	23	43
	Europe	187	185	258
	Pacific	10	34	36
	All other	27	20	36
	Total	$ 370	$ 474	$ 880
Average number of employees *(in thousands)*	Canada	13	14	15
	United States	7	7	7
	South America	7	7	8
	Europe	15	16	18
	Pacific	3	4	4
	All other	1	1	2
	Total	46	49	54

(in millions of US$)

(unaudited)	First	Second	Third	Fourth	Year
1993					
Revenues	$1,750	$1,873	$1,824	$1,860	$7,307
Cost of sales and operating expenses	1,424	1,559	1,492	1,527	6,002
Depreciation	109	112	110	112	443
Income taxes	1	(5)	5	(14)	(13)
Other items	236	242	230	271	979
Net income (Loss)(1)	$ (20)	$ (35)	$ (13)	$ (36)	$ (104)
Dividends on preference shares	5	4	5	4	18
Net income (Loss) attributable to common shareholders	$ (25)	$ (39)	$ (18)	$ (40)	$ (122)
Net income (Loss) per common share (in US$)(2)	$(0.11)	$(0.18)	$(0.08)	$(0.17)	$(0.54)
Net income (Loss) under U.S. GAAP(3)(5)	$ 79	$ (23)	$ 13	$ (52)	$ 17
1992(4)					
Revenues	$1,855	$1,977	$1,970	$1,863	$7,665
Cost of sales and operating expenses	1,532	1,621	1,610	1,537	6,300
Depreciation	109	112	112	116	449
Income taxes	(6)	1	11	(23)	(17)
Other items	235	272	249	289	1,045
Net income (Loss)(1)	$ (15)	$ (29)	$ (12)	$ (56)	$ (112)
Dividends on preference shares	4	5	4	10	23
Net income (Loss) attributable to common shareholders	$ (19)	$ (34)	$ (16)	$ (66)	$ (135)
Net income (Loss) per common share (in US$)(2)	$ (0.09)	$ (0.15)	$ (0.07)	$ (0.29)	$ (0.60)
Net income (Loss) under U.S. GAAP(4)(5)	$ (108)	$ (25)	$ 24	$ (44)	$ (153)
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)	$ (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$)(2)	$ (0.03)	$ (0.04)	$ —	$ (0.18)	$ (0.25)
Net income (Loss) under U.S. GAAP(5)	$ (1)	$ (12)	$ (1)	$ (17)	$ (31)

(1) The first, third and fourth quarters of 1993 included after-tax rationalization charges of $6, $6 and $25, respectively. The first and fourth quarters of 1992 included after-tax environmental and rationalization charges of $9 and $49, respectively. In 1991, $7, $17, $39 and $39 of such charges were included in the respective quarters, offset by a gain on sale of land by NLM of $8 in the third quarter and a tax credit in Germany in the fourth quarter.

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

(3) Effective January 1, 1993, the Company adopted the Financial Accounting Standards Board (FASB) Statement No. 109, Accounting for Income Taxes, for U.S. GAAP reporting. The effect of this change, applied retroactively, was to improve U.S. GAAP Net income (Loss) for the first quarter by $107, of which $106 related to the cumulative effect on prior years.

(4) The cumulative effect on prior years of the change in accounting for post-retirement benefits other than pensions amounting to $114 was charged to Retained earnings at the beginning of the first quarter of 1992 under Canadian GAAP and to Net income (Loss) for the first quarter of 1992 under U.S. GAAP. (See note 2.)

(5) See note 3 to the consolidated financial statements for explanation of differences between Canadian and U.S. GAAP.

		1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
CONSOLIDATED INCOME STATEMENT ITEMS *(in millions of US$)*	Revenues											
	Sales and operating revenues	7,232	7,596	7,748	8,757	8,839	8,529	6,797	5,956	5,718	5,467	5,208
	Other income	75	69	82	162	208	97	81	100	113	109	97
		7,307	7,665	7,830	8,919	9,047	8,626	6,878	6,056	5,831	5,576	5,305
	Costs and expenses											
	Cost of sales and operating expenses	6,002	6,300	6,455	6,996	6,682	6,072	5,117	4,635	4,692	4,228	4,185
	Depreciation	443	449	429	393	333	316	296	276	258	250	238
	Selling, administrative and general expenses	551	596	635	659	600	525	447	406	385	393	392
	Research and development expenses	99	125	131	150	136	132	95	77	77	66	60
	Interest	212	254	246	197	130	137	177	202	232	244	255
	Special charges and rationalization expenses	—	—	—	—	—	—	—	—	416	—	—
	Other expenses	106	118	163	65	62	91	113	52	53	38	32
	Income taxes	(13)	(17)	(104)	126	350	497	230	134	(123)	114	58
	Minority interests	1	(5)	—	(1)	(16)	(22)	(5)	(2)	(3)	(5)	9
	Equity income (loss)	(12)	53	89	211	97	97	35	5	15	46	10
	*Net income (Loss)	(104)	(112)	(36)	543	835	931	433	277	(147)	284	104
	Preference dividends	18	23	20	22	21	30	36	33	33	31	31
	*Net income (Loss) attributable to common shareholders	(122)	(135)	(56)	521	814	901	397	244	(180)	253	73
CONSOLIDATED BALANCE SHEET ITEMS *(in millions of US$)*	Working capital	1,067	1,110	1,110	1,222	1,376	2,115	2,039	1,660	1,452	1,488	1,452
	Property, plant and equipment – net	6,005	6,256	6,525	6,167	5,260	4,280	3,965	3,949	3,875	3,600	3,550
	Total assets	9,810	10,146	10,816	10,649	9,508	8,615	7,660	7,118	6,861	6,690	6,600
	Long-term debt	2,322	2,287	2,185	1,796	1,079	1,199	1,336	1,366	1,600	1,350	1,499
	Deferred income taxes	888	955	1,126	1,092	1,044	1,006	754	554	409	562	537
	Preference shares	353	353	212	212	212	211	405	421	398	405	337
	Common shareholders' equity	4,096	4,266	4,730	4,942	4,610	4,109	3,565	3,116	2,746	2,916	2,799
PER COMMON SHARE *(in US$)*	*Net income (Loss)	(0.54)	(0.60)	(0.25)	2.33	3.58	3.85	1.68	1.09	(0.81)	1.15	0.36
	Dividends paid	0.30	0.45	0.86	1.12	1.12	0.59	0.39	0.35	0.49	0.53	0.40
	Common shareholders' equity	18.28	19.06	21.17	22.19	20.30	18.06	15.05	13.18	12.23	13.07	12.83
	Market price – NYSE close	20.75	17.63	20.00	19.50	22.88	21.75	17.92	12.55	12.89	12.78	17.67
OPERATING DATA *(in thousands of tonnes)*	Consolidated aluminum shipments											
	Ingot and ingot products	887	870	866	857	743	832	787	731	878	577	728
	Fabricated products	1,560	1,389	1,333	1,488	1,518	1,446	1,410	1,388	1,340	1,213	1,174
	Fabrication of customer-owned metal	91	206	145	81	75	80	99	107	100	83	105
	Total aluminum shipments	2,538	2,465	2,344	2,426	2,336	2,358	2,296	2,226	2,318	1,873	2,007
	Consolidated primary aluminum production	1,631	1,612	1,695	1,651	1,643	1,619	1,587	1,641	1,644	1,560	1,383
	Consolidated aluminum purchases	865	675	591	646	718	716	593	489	465	496	520
	Consolidated aluminum inventories *(end of year)*	403	418	463	447	539	480	496	579	625	708	534
	**Primary aluminum capacity											
	Consolidated subsidiaries	1,711	1,711	1,676	1,685	1,685	1,680	1,680	1,841	1,841	1,646	1,619
	Total consolidated subsidiaries and related companies	1,862	1,862	1,827	1,836	1,836	1,831	1,861	1,905	1,905	2,097	2,070
OTHER STATISTICS	Cash from operating activities *(in millions of US$)*	444	465	659	760	970	1,370	879	725	586	489	324
	Capital expenditures *(in millions of US$)*	370	474	880	1,367	1,466	676	415	342	597	427	382
	Ratio of total borrowings to equity *(%)*	37:63	37:63	37:63	33:67	26:74	26:74	27:73	31:69	37:63	34:66	36:64
	Average number of employees *(in thousands)*	46	49	54	57	57	56	63	67	70	70	71
	Common shareholders – registered *(in thousands at end of year)*	28	32	34	38	40	41	46	49	59	67	59
	Common shares outstanding *(in millions at end of year)*	224	224	223	223	227	228	237	237	225	224	218
	Registered in Canada *(%)*	59	69	68	54	44	54	44	43	46	56	48
	Registered in the United States *(%)*	40	30	31	44	54	43	53	52	49	39	48
	Registered in other countries *(%)*	1	1	1	2	2	3	3	5	5	5	4
	Return on average common shareholders' equity *(%)*	(3)	(3)	(1)	11	19	24	12	8	(6)	9	3

*Extraordinary gains relating to income tax recoveries in the years 1983 to 1986 have been reclassified and are included in income taxes.
**Primary aluminum capacity has been restated to reflect better the actual production levels achieved over a period of time.

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.

As at December 31, 1993

Directors

David Morton[3]
Chairman of the Board
of Alcan Aluminium Limited,
Montreal
Age 64, director since 1985

Sonja I. Bata, O.C.[5]
Director of Bata Limited,
Toronto
Age 67, director since 1979

W. R. C. Blundell[1]
Director of various companies,
Toronto
Age 66, director since 1987

Jacques Bougie[3, 5]
President and Chief Executive Officer
of Alcan Aluminium Limited,
Montreal
Age 46, director since 1989

Warren Chippindale, F.C.A.[2]
Director of various companies,
Montreal
Age 65, director since 1986

Dr. John R. Evans, C.C.[3, 6]
Chairman of
Allelix Biopharmaceuticals Inc.
Toronto
Age 64, director since 1986

Dr. L. E. Fouraker[4]
Director and trustee
of various organizations,
Boston
Age 70, director since 1978

Allan E. Gotlieb, C.C.[3, 5]
Director of various companies,
Toronto
Age 66, director since 1989

J. E. Newall[3, 5]
President and Chief Executive Officer
of Nova Corporation of Alberta,
Calgary
Age 58, director since 1985

The Hon. John L. Nichol, O.C.[1, 3]
President of a private investment
company,
Vancouver
Age 70, director since 1981

Dr. Peter H. Pearse, C.M.[5]
Economist and Professor at
the University of British Columbia,
Vancouver
Age 61, director since 1989

Sir George Russell, C.B.E.[1, 3]
Chairman of Marley plc,
Kent, England
Age 58, director since 1987

[1]*Member of Audit Committee*
[2]*Chairman of Audit Committee*
[3]*Member of Personnel Committee*
[4]*Chairman of Personnel Committee*
[5]*Member of Environment Committee*
[6]*Chairman of Environment Committee*

Officers

Jacques Bougie
President and Chief Executive Officer

Robert L. Ball
Executive Vice President,
Rolled Products — North America

Claude Chamberland
Executive Vice President,
Smelting and Power

Robert J. Fox
Executive Vice President, *Raw Materials*

S. Bruce Heister
Executive Vice President, *Asia/Pacific*

Everaldo N. Santos
Executive Vice President,
Fabricated Products
(other than rolled products)

Reinhold Wagner
Executive Vice President,
Rolled Products — Europe

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

Emery P. LeBlanc
Vice President, Research and Technology

Roger J. Maggs
Vice President, Special Projects

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

Jean Minville
Vice President, Environment

Gaston Ouellet
Vice President, Human Resources

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

Suresh Thadhani
Vice President and Chief Financial Officer

Geraldo Nogueira de Aguiar
Treasurer

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 stock exchanges.

The transfer agents for the common shares are The R-M Trust Company in Montreal, Toronto, Winnipeg, Regina, Calgary and Vancouver; Chemical Bank in New York; and The R-M Trust Company in England.

Common share dividends are paid quarterly on or about the 20th of March, June, September and December to shareholders of record on or about the 20th of February, May, August and November, respectively.

	Dividend	Prices* and Average Daily Trading Volumes							
		New York Stock Exchange (US$)				Toronto Stock Exchange (CAN$)			
1993 Quarter	US$	High	Low	Close	Avg. Daily Volume	High	Low	Close	Avg. Daily Volume
First	0.075	19¾	16⅞	19⅛	410,013	25	21⅝	24	376,266
Second	0.075	19⅝	17⅜	19½	395,663	25	21¾	25	464,629
Third	0.075	21⅝	18¼	18⅝	342,242	28	23⅞	24⅞	305,797
Fourth	0.075	22⅜	18¼	20¾	329,895	29⅝	24⅜	27¾	444,590
Year	0.30								
1992 Quarter									
First	0.15	22¾	19⅛	19⅛	343,498	26¼	22⅝	22⅞	305,669
Second	0.15	22	18⅝	21½	298,044	26⅜	22⅛	25⅞	343,060
Third	0.075	21¾	17⅛	17¼	220,458	26	21⅜	21⅝	242,709
Fourth	0.075	17⅞	15¼	17⅝	273,630	22¾	19⅛	22⅝	349,933
Year	0.45								

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

PREFERENCE SHARES

The preference shares (except series G) are listed on the Montreal, Toronto and Vancouver stock exchanges. The transfer agent for the preference shares is The R-M Trust Company.

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. Copies of the prospectus describing these Plans may be obtained from Shareholder Services at the address below.

SECURITIES REPORTS FOR 1993

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, 1994. Copies of both may be obtained from Shareholder Services at the address below.

FURTHER INFORMATION

For shareholder account inquiries, contact:
Linda Burton
Manager, Shareholder Services
Telephone: (514) 848-8050

For financial and industry information, contact:
Duncan Curry
Manager, Investor Relations
Telephone: (514) 848-8368

HEAD OFFICE

Alcan Aluminium Limited
1188 Sherbrooke Street West
Montreal, Quebec, Canada
H3A 3G2

Mailing Address:
P.O. Box 6090
Montreal, Quebec, Canada
H3C 3A7

Telephone: (514) 848-8000
Telecopier: (514) 848-8115

Graphic Design and Production: Marcel Knecht & Associates, Inc. Printing: Metropole Litho Inc. Film Preparation: Litho Acme Inc. Photography (in Canada): Bernard Bohn

Alcan Aluminium Limited

Printed in Canada