ALUMINIUM LIMITED

REPORT

OF THE

25th

ANNUAL MEETING

OF THE SHAREHOLDERS OF THE COMPANY

held at Montreal, Canada
April 30th, 1953

and

CHAIRMAN'S REMARKS

by

Nathanael V. Davis
PRESIDENT

PROCEEDINGS

Mr. Nathanael V. Davis, President of Aluminium Limited, acted as Chairman of the meeting and welcomed the 92 shareholders in attendance, their number being, he said, larger than at any previous annual meeting. There were present in person and represented by proxy 9,807 shareholders, holding in the aggregate 7,023,832 shares. The Chairman remarked that the representation of 86 percent of the total outstanding shares of the Company entitled to vote at the meeting was appreciated by the Board of Directors and Management. All of the directors and all of the officers of the Company were present at the meeting. Mr. J. A. Dullea, Secretary of the Company, acted as secretary of the meeting.

Mr. Davis drew attention to the fact that this was the 25th annual meeting of the shareholders of Aluminium Limited and that the date of May 31st, 1953 would mark the 25th anniversary of the incorporation of the Company. In observance of this occasion a book entitled "Aluminium Panorama" would shortly be mailed to shareholders, he said.

After the appointment of scrutineers and other usual formalities, the Annual Report of the Directors and the Financial Statements for the year 1952, together with the Auditors' Report, were submitted to the meeting. Mr. Davis then addressed the shareholders as follows:

REMARKS

by

NATHANAEL V. DAVIS, PRESIDENT

"This year, since shareholders have received both a comprehensive review of the year and a detailed prospectus relative to the Company's financing, I would like to devote the main portion of these remarks to one area of our activities — the United States market. I trust that the emphasis placed on one geographical area will not lead to the inference that the Company is giving less attention than formerly to the United Kingdom and other markets which have traditionally been the largest consumers of our primary products. Indeed, the Company will continually strive to serve and broaden all markets.

"During the past seven years there has been a substantial and gratifying increase in our sales of Canadian primary aluminium to commercial consumers in the United States. In 1946 and 1947 our sales of ingot in the U.S. averaged 19,000 tons per annum, increasing in 1948 and 1949 to an average of 69,000 tons, and increasing further during the past three-year period to an annual average of 112,000 tons. The growth is attributable in part to the strong demand for aluminium in the U.S. which has existed during a major portion of the postwar period, and in part to the vigorous and expanding efforts which have been made by our distributing company in the United States — Aluminum Import Corporation.

"Aluminum Import Corporation has grown in size from a total staff of 31 in 1946 to its present staff of 129. It's headquarters are in New York with resident representatives located in Cleveland, Chicago and Los Angeles. Through this organization sales of primary aluminium have been directed to all fabricators of the metal whether they be independent fabricators or fabricators and producers as well. The three American producers own and operate a very substantial portion of the total fabricating facilities in the American market. Taking the group as a whole, the amount of primary aluminium required to operate at capacity the fabricating facilities of the three integrated producers has exceeded and may continue to exceed the quantity of primary aluminium available to them from their own production sources. In consequence, the producers have been, and may continue to be, buyers of ingot. The Company has devoted a major part of its efforts, however, to supplying the independent fabricators of ingot. Although the capacity of the plants owned by the independent fabricators is not so large as the capacity owned by the three established U.S. producers, our first aim has been to supply the independent fabricators with their primary aluminium requirements. I believe it would be fair to say that Canadian primary aluminium has proved a vital source of supply to many U.S. independent fabricators and has thereby provided them with the means of steady employment during the past few years when domestic sources have been inadequate to meet the combined commercial and defence demands in the United States.

"The two main economic considerations which have led the Company to cultivate the American market are: first, an anticipated long-range growth in United States requirements which we believe internal American production sources will be hard put to satisfy with low-cost aluminium; and, second, a conviction that the fundamental economics of low-cost production will tend to emphasize the desirability of putting greater reliance on Canadian sources for primary aluminium.

"Put another way, we believe that Canada is a natural supplier of a part of the aluminium requirements of the United States for reasons which are basic.

"This belief is founded on the fact, now widely recognized, that the production of aluminium calls for extraordinarily large amounts of electric power at a price too low to be attractive to suppliers in populated or industrial areas. As an example of the latter, an aluminium smelter located in a region which is growing industrially will consume a vast amount of power which many manufacturing concerns, capable of employing often 50 or more times as many people per unit of power, would be able and eager to use at higher prices. A striking example of this occurs in our own operations. In one Saguenay community where there is abundant power for all needs, a company smelter with 900 employees requires 250,000 h.p., or 275 h.p. per employee whereas in another area a company fabricating plant with 1,000 employees requires 4,000 h.p., or 4 h.p. per employee.

"Despite rapid industrialization in Canada, low-cost power sites, including many yet undeveloped, are available in areas where there is little or no industrial competition for power at a higher rate. Our expansion in British Columbia has been influenced, in large part, by the consideration that the most effective development of the aluminium industry requires the utilization of such economic sites. To keep the cost of production low is to open up additional uses for the metal thereby continuing the growth trend of recent years to the benefit of the industry as a whole, as well as to the advantage of all ultimate consumers.

"Our belief in the foregoing concepts has encouraged the Company both to expand in Canada and to act as a supplier of ingot in the American market. The record of the past years and the groundwork that has been laid for the future does not assure the company's ability to maintain or increase its position as a supplier in the American market. Present indications are, however, that demand for our primary aluminium continues strong in the U.S. market.

"This meeting of the shareholders is being held during the course of Aluminium Limited's financing through the issuance of rights to shareholders to subscribe for one additional share for each ten shares held of record at the close of business on April 24th. The rights will expire on May 15th. It is expected that the net proceeds of the sale of the shares being offered, estimated at approximately $27,000,000, will be added to the funds of the Company available for general corporate purposes, including the financing of the current expansion programme which is scheduled to be substantially completed in 1954. For a more detailed description of the expansion programme and the purposes of the financing, I would refer you to the prospectus relating to the Aluminium Limited rights issue.

"I would also like to report the completion of the Aluminum Company of Canada, Ltd.'s issue of $30,000,000 of new preferred shares. The net proceeds to the Company amounted to approximately $29,000,000. A portion of the proceeds has been applied to the full repayment of bank loans entered into prior to the financing and the balance is available, as required, for purposes of the expansion programme and additional working capital requirements.

"Lastly, I would like to report that the final steps are being taken towards the implementation of the Company's agreement with the Nippon Light Metal Company, Ltd. of Japan. When implemented, the agreement will call for Aluminium Limited acquiring a 50% share interest in the common stock of The Nippon Light Metal Company, Ltd.* The total investment to be made will involve approximately $2,000,000 for the share purchase and a U.S. dollar loan of $1,800,000.

"The Nippon Light Metal Company, Ltd. is a primary aluminium producer owning hydroelectric power facilities, two smelters — one of which is inactive — and an alumina plant. In addition the company has an interest in two fabricating plants. The Japanese company has an annual operating rate of 24,000 m.t. of aluminium ingot and an installed hydroelectric capacity of 180,000 h.p. It is hoped that when this investment is made Aluminium Limited's position in the Japanese aluminium industry will be strengthened to the benefit of the Company's business in the Far East."

Presentation of Special By-laws 19 and 20

Mr. Davis then spoke as follows:

"We now come to consideration of two special by-laws enacted by the Directors in March and identified as Nos. 19 and

*NOTE: The shares were actually acquired on May 8th, 1953.

20. I think it would be helpful before a vote is tallied on these by-laws to comment briefly on them.

"During the past several years the Company has weighed the merits of adopting a share-purchase and share-option plan for company personnel. Two main considerations led the Board and management to the conclusion that it would be in the interests of the Company and its shareholders to adopt such plans. Firstly, employee participation in the ownership of the Company is small and there is and has been a desire on the part of some of our personnel to have the Company adopt a plan which would facilitate their participation as shareholders of the Company. Secondly, being in an expanding, competitive industry, the Company believes it is desirable to provide a method of share participation for those employees who desire to participate and at the same time to offer to employees incentives which are basically comparable to those offered by others in the industry in North America.

"The Company has, therefore, during the past eighteen months, given intensive study to preparing a share-purchase and share-option plan. The two by-laws before you today are the result of the conclusion and proposals of our own specialists in the field of personnel relations. Their proposals were then examined by our own counsel in the principal countries of the world in which we operate and then cast into suitable legal form. The last step was to submit the plans covered by the by-laws to independent counsel in both Canada and the United States. As a result, management believes that the recommended plans which are before you have been given the full consideration they merit and will, if adopted, prove to be of benefit to the Company and its shareholders.

"Special By-law No. 20, covering the share-option plan, incorporates the full terms and conditions of the plan and would not appear to call for further detailing at this time. However, should there be any questions on the Plan, I trust that the shareholders present will not hesitate to come forward with them when the motion to approve is before the meeting.

"Special By-Law No. 19, covering the purchase plan, has been written in broad terms to permit the Board the latitude it may require to implement it satisfactorily over the proposed ten-year period. It may, therefore, be helpful to mention some of the main provisions which the Board would propose making effective for purposes of the first offering under the proposed purchase plan. If the plan is adopted by the shareholders, it is intended that the following provisions would be a part of the first offering:

(1) No employee in receipt of an option will be eligible to buy shares under the purchase plan.

(2) Can. $1,500 per annum, or its equivalent, will be defined as the minimum salary for purposes of eligibility in the offering.

(3) The maximum number of shares any employee may purchase under the offering shall have a purchase price value not in excess of 10% of his annual earnings on the offering date.

(4) As specified in the by-law, the shares would be offered at a discount not to exceed 15% of the market value at the time of the offering.

(5) Payment for the shares may be effected by salary deductions over a maximum period of eighteen months.

(6) Until shares are issued to an employee, he will have the right to cancel his subscription and to obtain a refund of his payments without interest. While this provision constitutes an option feature, when sufficient funds to pay the purchase price of three shares are received, the shares will be promptly issued to the employee and, once issued, he may dispose of them only in the regular manner. Accordingly, the option feature applying to a subscription in excess of three shares is reduced both as to time and number of shares during the period payments are being made.

"There is one final point regarding the share-purchase plan I would like to make on behalf of the Board and management. Although it is deemed desirable to adopt a plan which will facilitate purchase of the Company's shares by those employees who wish to participate, under no circumstances will the Board or management encourage or discourage participation by company personnel. We trust each individual will carefully weigh the many pros and cons of making a risk-bearing equity investment in the Company and will independently reach a sound decision in the full knowledge that such decision, whether for or against participation, will in no way affect his or her status as a member of the Company."

No questions were asked by the shareholders present concerning Special By-law No. 19, to establish a Share Purchase Plan for employees of the Company and its subsidiaries, enacted by the Directors on March 19th, 1953, nor concerning Special By-law No. 20, to establish a Share Option Plan for officers and other key employees of the Company and its subsidiaries, also enacted by the Directors on March 19th, 1953.

The Chairman having separately moved the approval of each of these by-laws, successive polls were taken on his two motions with the following results:

	Share Purchase Plan		Share Option Plan	
For	6,917,824	(99.3%)	6,896,975	(99.1%)
Against	47,530	(.7%)	67,079	(.9%)

Each of the two by-laws was thereupon declared approved.

The election of a board of twelve directors next took place. Unanimously re-elected were:

Dr. Earl Blough
Dr. Donald K. David
Nathanael V. Davis
James A. Dullea
Dr. E. C. Harder
N. Baxter Jackson
Paul LaRoque
E. G. MacDowell
Edwin J. Mejia
George O. Morgan
R. E. Powell
John L. Sullivan

The meeting concluded with the re-appointment of Messrs. Price, Waterhouse & Co., of Montreal, as Auditors of the Company for the ensuing year.

At the meeting of the Board of Directors of the Company convened following the Shareholders' Meeting, officers of the Company were elected or appointed as follows:

Nathanael V. Davis, President
R. E. Powell, Senior Vice President and Director of Operations
James A. Dullea, Senior Vice President, Secretary and Chief Secretarial Officer
Dr. Earl Blough, Vice President
Elmer G. MacDowell, Vice President and Chief Sales Management Officer
Edwin J. Mejia, Vice President and Chief Public & Employee Relations Officer
George O. Morgan, Vice President
Dana T. Bartholomew, Chief Financial Officer
H. H. Richardson, Chief Technical Officer
J. F. Evans, Treasurer
Paul LaRoque, Assistant Secretary and Assistant Treasurer
Dr. Karel C. Bala, Assistant Secretary
Dorothy Casselman, Assistant Secretary
James A. Paterson, Assistant Secretary
O. E. Colling, Assistant Treasurer
D. M. Kertland, Assistant Treasurer

that is all of the retiring officers, including J. A. Paterson who had been appointed an Assistant Secretary on March 19th, 1953 and two new officers, Dr. Karel C. Bala as Assistant Secretary and O. E. Colling as Assistant Treasurer.