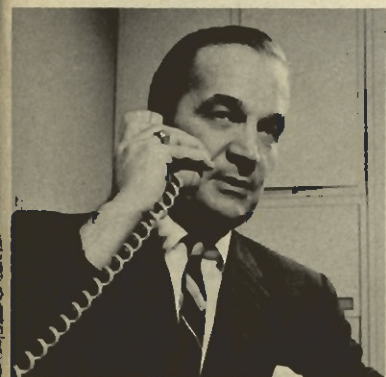


C



The People of Aluminium Limited

These pages set down the record of the progress of Aluminium Limited's affairs in 1965—the financial results and the policies producing these results.

A business is, however, essentially a human enterprise. In 1965, Aluminium Limited was served by the technical and managerial skills, the mechanical abilities and the efforts of more than 60,000 employees on six continents. Their combined and mutually-supporting activities produced the results reported here.

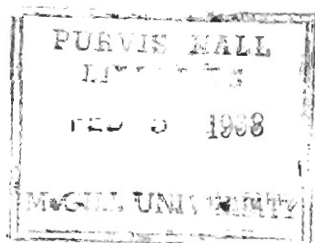
In the photographs and in the printed text, readers will see something of the People of Aluminium Limited.

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ALUMINIUM LIMITED

1, Place Ville Marie, Montreal 3, Canada
Mail: P.O. Box 6090



Directors-Officers

DIRECTORS

FIELD-MARSHAL THE RT. HON.
THE EARL ALEXANDER
OF TUNIS, K.G.

DANA T. BARTHOLOMEW

FRASER W. BRUCE

DR. DONALD K. DAVID

NATHANAEL V. DAVIS

JAMES A. DULLEA

N. BAXTER JACKSON

PAUL LAROQUE

EDWIN J. MEJIA

R. E. POWELL

H. H. RICHARDSON

M. B. de SOUSA PERNES

JOHN L. SULLIVAN

M. P. WEIGEL

OFFICERS

NATHANAEL V. DAVIS

DANA T. BARTHOLOMEW

FRASER W. BRUCE

PAUL LAROQUE

H. H. RICHARDSON

M. P. WEIGEL

DAVID M. CULVER

HOLBROOK R. DAVIS

J. F. EVANS

D. M. KÉRTLAND

DUNCAN C. CAMPBELL

K. C. BALA

A. A. BRUNEAU

W. B. FINDLAY

W. E. F. JOHNSON

P. D. WILSON

President

Vice President and Chief Financial Officer

Vice President

Vice President, Secretary and Legal Officer

Vice President and Chief Technical Officer

Vice President and Chief Operations Officer

Chief Sales Officer

Chief Employee Relations Officer

Chief Administrative Officer

Treasurer and Accounting Officer

Public Relations Officer

Assistant Secretary

Assistant Secretary

Assistant Secretary

Assistant Treasurer

Assistant Treasurer

Summary of the Year 1965

RESULTS	year ending 31st December	
	1965	1964
Sales and operating revenues	\$ 890.3 million	\$ 727.5 million
Depreciation and deferred income taxes	\$ 74.4 million	\$ 67.3 million
Income before income taxes	\$ 128.9 million	\$ 104.7 million*
Net income	\$ 62.4 million	\$ 51.4 million*
Aluminium Limited preferred dividends	\$ 2.6 million	\$ 2.6 million
Profit per common share (after preferred dividends)	\$ 1.93	\$ 1.57*
Common dividends per share	\$ (U.S.) 0.825	\$ (U.S.) 0.65

BALANCE SHEET ITEMS	31st December	
	1965	1964
Net current assets	\$ 330.9 million	\$ 297.2 million
Lands, plants and facilities (net)	\$1,024.0 million	\$ 951.2 million
Additions to plant and investments	\$ 143.3 million	\$ 72.2 million*
Debt not maturing within one year	\$ 587.4 million	\$ 525.8 million
Common shareholders' equity	\$ 566.1 million	\$ 532.7 million*
Book value per common share	\$ 18.21	\$ 17.16*
OTHER		
Sales of aluminum products (short tons)	993,115	862,546
Number of employees	60,130	54,541

*As adjusted to reflect change in accounting policy—see note 1 to financial statements.

SHAREHOLDERS		
Number of common shareholders according to share register (year-end)	52,409	49,600
Residents of Canada	25,610	22,400
Residents of U.S.A.	24,762	25,300
Residents of other countries	2,037	1,900
Percentage of common shares held (year-end)		
By residents of Canada	31.1%	28.8%
By residents of U.S.A.	65.0%	67.7%
By residents of other countries	3.9%	3.5%

Report to the Shareholders

The high level of business activity in North America, together with a much healthier balance between supply and demand in the primary aluminum industry, provided a business atmosphere in 1965 conducive to improved results for the Company. Mainly as a result of increased sales and improved prices for primary aluminum, profits exceeded the previous high in 1956.

Before presenting the results for the year in brief, attention is drawn to the fact that we have adopted a change in our accounting policy, which has the effect of bringing into consolidated income the Company's share of the undistributed income of nine companies owned to the extent of 50 percent. The effect of this change on the earnings of 1965 and 1964, which was nominal, is explained more fully in the section entitled "Financial", and in the "Notes to Financial Statements".

The year's results in brief were:

NET INCOME of Aluminium Limited consolidated after all charges, including dividends on preferred shares of subsidiaries, was \$62.4 million in 1965 as compared with \$51.4 million for the year 1964.

EARNINGS for the common shares (after allowing for dividends on the Company's preferred shares) were \$1.93 per share on the 31,086,642 outstanding shares as compared with \$1.57 per share on the 31,050,817 shares outstanding at the end of 1964.

CONSOLIDATED SALES of aluminum at 993,100 tons*† were again at a record high, 15 percent larger than the 862,500 tons sold in 1964.

SALES AND OPERATING REVENUES were \$890 million† compared with \$727 million in 1964. After deducting "cost of sales and operating expenses" there remained \$301 million of gross profit before depreciation compared with \$252 million in 1964.

INCOME TAX provision on earnings of the consolidated companies was \$60.3 million, compared with \$48.1 million in 1964.

CASH GENERATION consisting mainly of net income and depreciation, was \$137 million or \$4.40 per share compared with \$119 million or \$3.82 per share in 1964.

COMMON DIVIDEND payments were at a quarterly rate of U.S. 20 cents per share for the first three quarters of 1965 but in the fourth quarter were increased to U.S. 22½ cents per share. Total common dividend disbursements, expressed in Canadian dollars, were \$27.6 million representing an average of 89 cents per share, compared with \$21.8 million in 1964, an average of 70 cents per share.

PLANT AND INVESTMENT outlays were \$70 million during 1965. In addition, plant and investments from new acquisitions, mainly in the United States, increased by \$73 million for a net total of \$143 million.

Sales and Prices

The Company's sales increased in volume by 15 percent over 1964. This increase is greater than the estimated increase of approximately 8 percent in total free world consumption of aluminum in all forms. Accordingly, it would appear that the Company improved its relative market position somewhat during the year. At the same time, higher realizations on sales were obtained.

Published ingot prices were increased from U.S. 24¢ to U.S. 24½¢ in November 1964 and have remained at the new level. Prices for semi-fabricated products,

* Short tons of 2,000 lb. are used throughout this report.

† The consolidation of "Alcan" Aluminio Iberico, S.A. for the first time, in 1965, had the effect of increasing the total sales tonnage by 13,400 tons, and the sales and operating revenues by \$16.6 million.

however, continued to be under heavy pressure. Only in North America were selected and modest improvements experienced during 1965. Generally speaking, the price levels for semi-fabricated products in most of the major free world markets provided little or no return on semi-fabricating activities as such. Clearly, improved price levels are needed if the fabricating industry is to earn a fair return.

The most striking sales statistic for the year is the increase in volume of sales of semi-fabricated products to 489,600 tons from the 354,600 tons sold in 1964. This is largely the result of the sales made by Alcan Aluminum Corporation, the Company's new fabricating subsidiary in the United States, at a level of approximately 100,000 tons. In 1964 our sales to the companies which now comprise Alcan Aluminum Corporation were in ingot form and were recorded as such. The volume of sales of semi-fabricated products in 1965 represents more than a 100 percent growth compared with the volume sold in 1959. Semi-fabricated sales now account for almost 50 percent of the total volume of the Company's consolidated sales and approximately 60 percent of the total dollar value.

Primary Production

Total primary aluminum produced by all the companies associated with Aluminium Limited, including the production of non-consolidated companies and ingot received in exchange for alumina, amounted to 1,037,000 tons in 1965.

During the year the Canadian smelters of the Aluminum Company of Canada, Ltd produced 728,400 tons, representing an average rate of smelter operation of approximately 90 percent of capacity. The current operating schedule for 1966 provides for Canadian smelter production of approximately 800,000 tons with

certain new facilities in British Columbia, rated at 24,000 tons, expected to enter production during the second quarter, and with certain older facilities in Quebec closed down for modernization.

Chart I (Free World Primary Aluminum) demonstrates that the Company will conduct its business in the near future against a background very different from 1957 when there was a large and growing overcapacity in the Free World's aluminum industry. Today, capacity, production and consumption are in good balance and the prospect is that they will remain reasonably in balance in the near term. In this connection, it is pertinent that in the United States a long-term program for the disposal of the government's aluminum stockpile has been agreed upon and should ensure that the market will not be disturbed by unexpected large-scale offerings.

With its Canadian smelters operating near capacity levels, the Company has recently been considering new smelter projects in markets where commercial and economic considerations justify primary production for home markets. In December approval was given for Australian Aluminium Company Limited, a fully-owned subsidiary, to construct a 30,000 to 40,000-ton per annum smelter in New South Wales, Australia, to come into production in 1969. The integration of this company's position as a leading aluminum fabricator in Australia is a logical step forward in the Company's participation in the development of the Australian aluminum industry, which started 25 years ago.

Raw Materials

The Company's bauxite mines and alumina plants located in many parts of the world maintained generally satisfactory operations in 1965. In British Guiana, the Demerara Bauxite Company, Limited is undertaking

increased expenditures on additional mining equipment to reinforce its operations for metal grade bauxite and is increasing its capacity to produce calcined bauxite for the refractory and abrasive industries. Operating conditions in British Guiana improved during the course of the year.

In Australia, satisfactory progress is being made in the construction of a 672,000 ton per annum alumina plant at Gladstone by Queensland Alumina Limited, in which the Company has a 20 percent interest. Operations are scheduled to commence in 1967.

In Jamaica, early in 1965, Alcan Jamaica Limited began reinforcing the Ewarton alumina plant to provide additional production of approximately 45,000 tons annually, commencing in mid-1966.

Fabricating

The total volume of sales of semi-fabricated and finished products, by all the companies associated with Aluminium Limited (consolidated and non-consolidated) was 628,100 tons.

During the year the Company's main activities in the expansion of fabricating capacity were in the United States, Germany, the United Kingdom and Canada. The expansion of our fabricating operations in other areas is reported in the Review of the Year.

In the United States, the bringing together into one organization of several fabricating plants previously owned by three unrelated companies has called for a strong coordinating effort on the part of the new management team of Alcan Aluminum Corporation, with headquarters in Cleveland. Much work remains to be done to rationalize the activities of this new company and to bring the company's operation up to profitable levels.

In Continental Europe, the main development for Aluminium Limited in 1965 was its agreement with Vereinigte Aluminium-Werke A.G. (V.A.W.) for the joint establishment of a large new fabricating enterprise in West Germany. The initial installed capacity of the new rolling mill will be of the order of 200,000 tons per year and, as such, the plant will be one of the largest aluminum mills serving the European market. Construction is under way and operations are expected to begin in 1968. The total capital cost is currently estimated at approximately \$70 million.

In the United Kingdom, Alcan Industries Limited has extended its interests in finished product operations.

In Canada, the Aluminum Company of Canada, Ltd extended its participation into the manufacture of foil products and strengthened its role in the production of extrusions.

Research and Development

In the field of research and development, 1965 was a productive year resulting in improvements in many of the Company's production and fabricating processes. At the same time a serious delay was suffered in the development of the basically new monochloride process for aluminum production. The delay resulted from the stress corrosion failure of certain equipment in the refinery section of the new process plant. No forecast of such failures could be deduced from the earlier pilot plant experience and some months were required to explain their occurrence in the larger scale equipment. Portions of the plant are now being rebuilt in a manner which the Company and its consultants believe will eliminate the corrosion hazard or reduce it to acceptable proportions. It now appears, however, that production by the new process plant cannot be expected

CHART 1

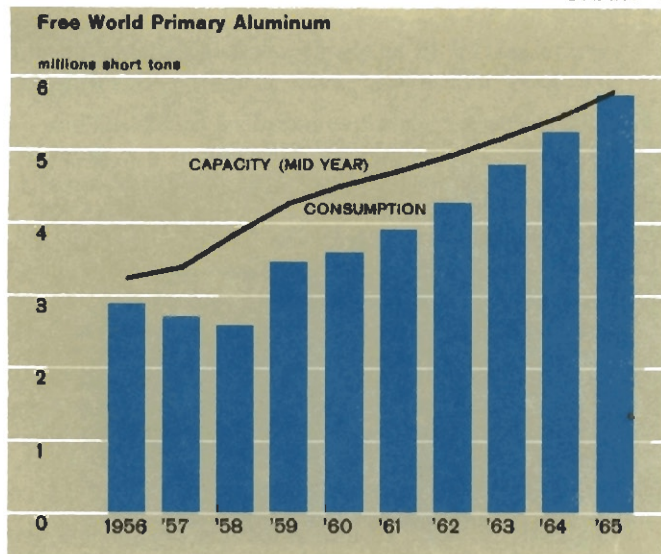
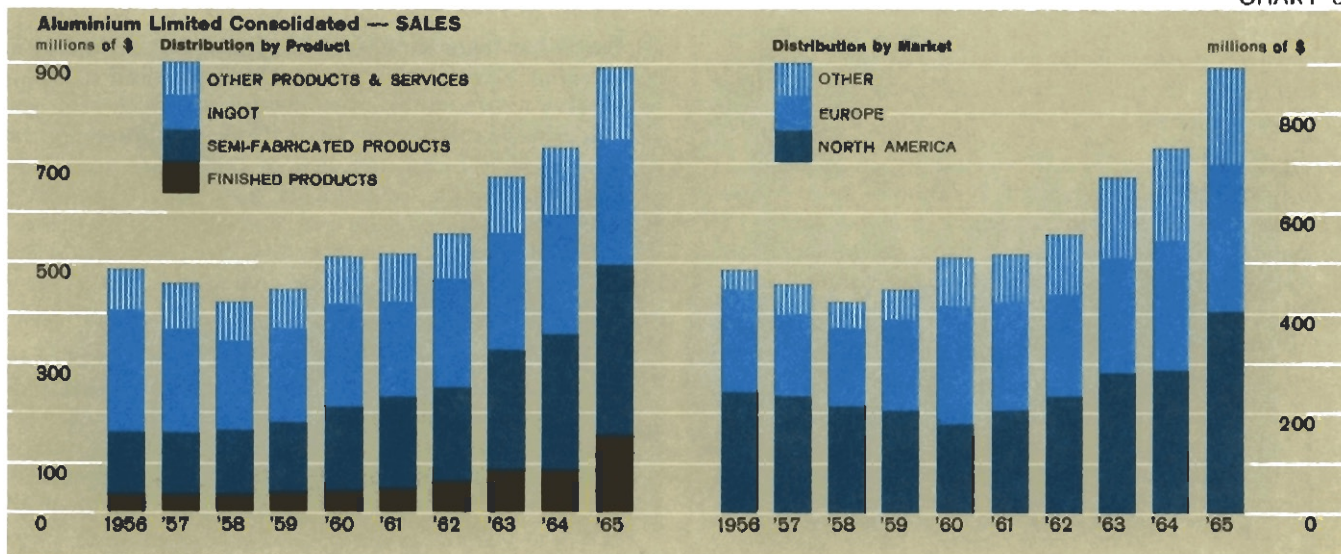


CHART 2



CHART 3



before 1967. Meanwhile, other sections of the new process plant which have been in operation have been giving good results.

The combined efforts of the Company's laboratory, engineering and production staffs have brought significant improvements to our alumina and smelting installations. In the fabricating field emphasis has been given to alloy development, continuous and semi-continuous casting, and to surface and dimensional control of sheet and extrusion products.

Financial

The earnings for 1965 have been increased by \$.9 million or 3 cents per share through a change in accounting policy whereby the Company's share of the undistributed earnings of the 50 percent-owned companies was added to consolidated income. The earnings for 1964 have been restated on the same basis, adding \$1.6 million or 5 cents per share to the earnings previously reported for that year. This change, which should give a truer picture of the operations of the Company as a whole, is more fully explained in the notes to the financial statements.

Selling, research and administrative expenses at \$68.6 million reflect an increase of \$12.3 million over the previous year. It should be noted, however, that 75 percent of this increase is attributable to the inclusion of Alcan Aluminum Corporation and certain other subsidiaries whose accounts were consolidated for the first time in 1965.

The rounding out of our forward integration program with the important U.S. fabricating acquisitions in 1965 brings the total invested in fabricating since 1959 to almost \$300 million, accounting for some 60 percent of the total outlay on fixed assets in the six-year period.

There has been a parallel increase in working capital requirements with receivables and inventories up more than \$250 million since 1959, primarily for fabricating.

Over the period, debt has increased by \$20 million and short-term borrowings by \$18 million, the great bulk of the money for expansion coming out of cash generation from operations. Some \$113 million of the long-term debt of Canadian subsidiaries has been retired since 1959 while corresponding debt of subsidiaries elsewhere has been increased by \$133 million. The composite interest cost on long-term debt at the end of December was 4.48 percent.

In 1966 it is expected that the present capital program of \$100 million can be financed from operations.

Earnings

The chart on page 28 illustrates that net income, cash generation and dividend payments have regained the levels of 1956. Encouraging as this may be, the fact that it has taken nine years to climb back to the income levels of 1956 is telling evidence of the need to obtain a better return on the large investments which have been made in the intervening years. Considerable capital has been, and is being, invested in fabricating operations and, while these investments have had a significant effect on improving sales and profitability at the primary level of the business, profitability at the fabricating level is far from satisfactory. The company is not alone in this position.

In 1965 it was expected that the short-term impact of the acquisition of the fabricating facilities in the United States would be adverse. Accordingly, in the first quarter of the year a non-recurring loss of \$5.4 million, after tax, was charged against profits in the expectation that during the remainder of 1965 the impact of the

CHART 4

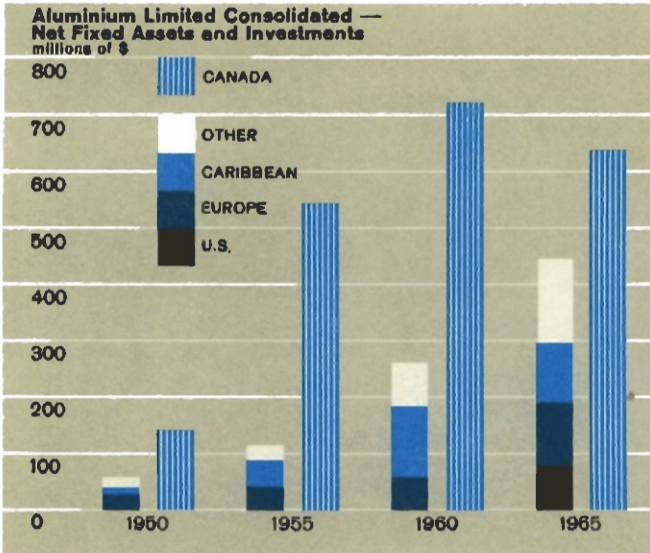


CHART 6

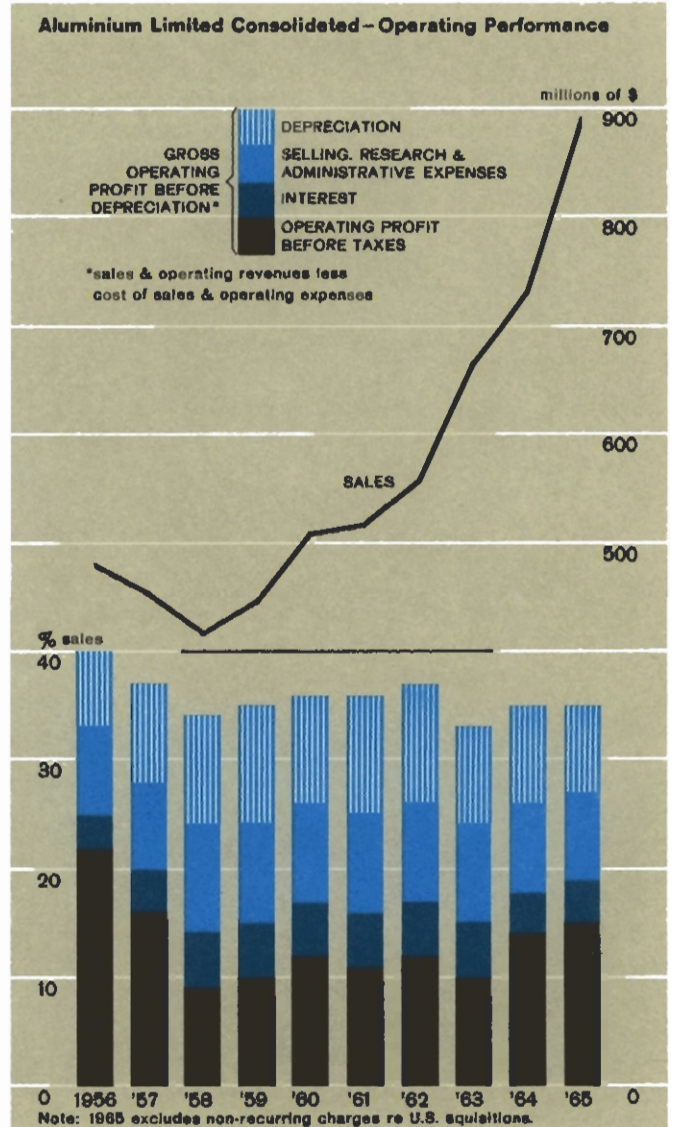
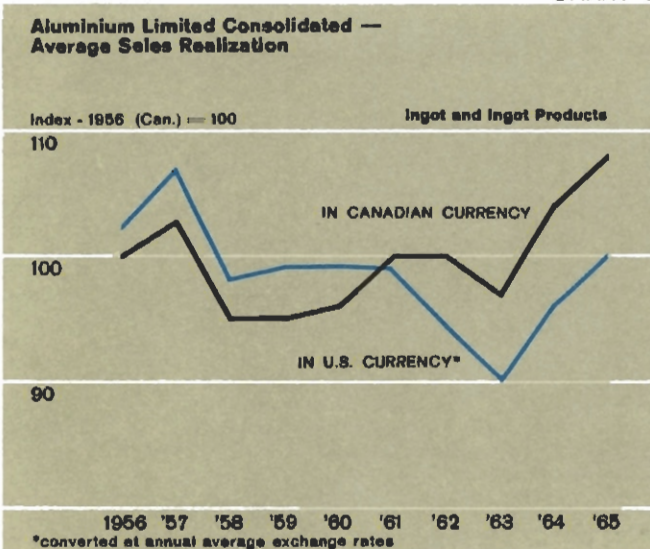


CHART 5



acquisition would be negligible on a fully integrated basis. Our expectations were largely met, although as a fabricating company Alcan Aluminum Corporation suffered operating losses of some magnitude. In Germany, where price levels deteriorated sharply, substantial operating losses were also incurred by our fabricating subsidiary.

With ingot supply and demand in balance, the target of proper returns on the Company's fabricating activities stands out as a key objective in the coming years.

Corporate Name Change

At a special general meeting held in conjunction with the annual meeting on April 28, shareholders will be asked to sanction a special by-law enacted by the directors to change the name of Aluminium Limited to Alcan Aluminium Limited and in French to Alcan Aluminium Limitée. The main object of making "Alcan" the key word in the corporate name is to increase recognition of the parent and its subsidiaries as an integrated international enterprise, and to identify the Company more closely with its products. Primary or fabricated aluminum bearing the Alcan name is now produced in Company plants in 19 countries, and sold by sales offices or representatives under the Alcan name in more than 100 countries. It is anticipated that commercial and financial benefits will result from concentrating our major advertising and public relations efforts on the use of the name Alcan. As the Company has large numbers of customers, employees and share-

holders in French speaking areas, particularly the Province of Quebec, and the Canada Corporations Act allows for use of either an English or French name, the by-law also provides for a French name, Alcan Aluminium Limitée.

Personnel

The year's results could only have been accomplished with the continuing efforts and enthusiasm of our personnel located throughout the world. I would like to take this opportunity to welcome into the Company's ranks the 2,000 new employees of Alcan Aluminum Corporation in the United States as well as other employees in newly-acquired operations in Canada, the United Kingdom and other countries.

The availability of trained personnel dedicated to the well-being of the business is an asset of incalculable value to the Company. It, therefore, seems particularly appropriate that the theme of this year's annual report is "The People of Aluminium Limited."



Montreal, Canada
February 23, 1966.

President



Review of the Year 1965

Operations

Canadian Smelter Operations

Aluminum Company of Canada, Limited produced 728,400 tons of primary aluminum in 1965, compared with 740,400 tons in 1964, 625,600 tons in 1963, and 596,200 tons in 1962.

During the year, the program of modernization of pot-lines at Arvida was continued. At Kitimat, preparatory work was done to enable smelter capacity to be increased by an additional 24,000 tons per annum, to come into production in the first half of 1966.

Alcan's average rate of smelter operation in 1965 was 90 percent of rated capacity of 808,000 tons per annum. At the beginning of the year, Alcan's overall smelter production was reduced from 94 percent of capacity to 89 percent of capacity, because of increasing primary metal inventories. The maintenance of a high volume of sales during the year resulted both in a reduction of inventories and in an increase in the level of smelter operation to close to capacity of the facilities immediately available for production. The current operating schedule for 1966 provides for Canadian production of approximately 800,000 tons, with the new facilities expected to enter production at Kitimat and certain older facilities in Quebec still closed down during a program of modernization.

Alcan continued to enjoy satisfactory industrial relations with its employees at all locations during the year. The present union contract at the Kitimat smelter expires in May, 1966.

Other Smelter Operations

In 1965, Aluminium Limited's smelting subsidiaries and affiliates outside of Canada continued to operate at almost full capacity, to produce a total of 269,000 tons, compared with 245,000 tons in 1964. These overseas smelters had a rated capacity of 290,000 tons per annum at the end of 1965, compared with 250,000 tons in 1964.

In Brazil, Alumínio Minas Gerais S.A., a subsidiary,

operated at its full capacity of 17,000 tons per annum, and made progress with a 1,500-ton addition to its capacity to be completed in mid-1966.

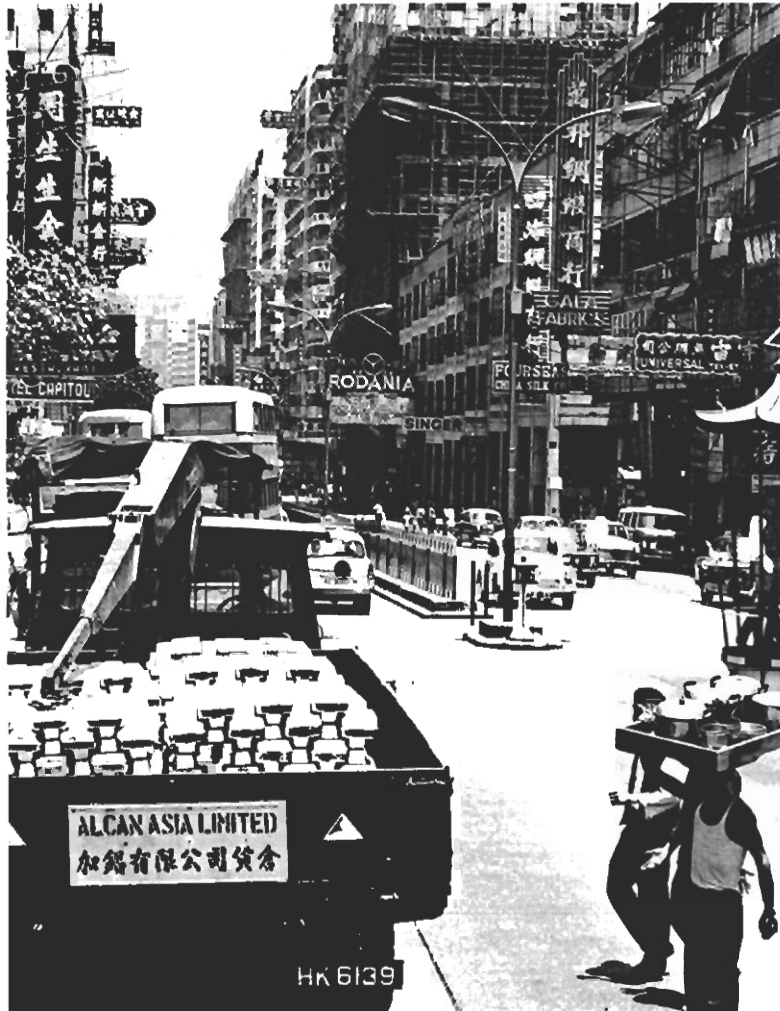
In India, Indian Aluminium Company, Limited, a subsidiary, completed the first half of its 11,000-ton expansion of the Alupuram smelter in mid-1965, but power shortages reduced production at this smelter below capacity levels. With the completion of the second half early in 1966, the company's total smelter capacity, at Hirakud and Alupuram, will be 42,000 tons per annum. Work continued on the engineering for a new integrated bauxite, alumina, smelter and fabricating development on the West Coast of India planned to add a further 33,000 tons of smelter capacity.

In Japan, the Nippon Light Metal Company, a 50 percent-owned company, continued the flexible expansion program at its smelters at Kambara and Niigata, which, dependent on market conditions, could result in a total capacity of 160,000 tons per annum in 1967. The company also plans to construct a new smelter at Shimizu with a capacity of 25,000 tons per annum, and to increase the capacity of the alumina plant.

In Norway, A/S Norsk Aluminium Company, a 50 percent-owned company, has completed its current program of power and smelter development at Hoyanger which has raised its total smelter capacity to 30,000 tons per annum. Det Norske Nitridaktieselskap, also 50 percent-owned, is participating in the development of a further 100,000 k.w. of hydro electric power from the Tysse River, for completion in mid-1967.

In Sweden, A/B Svenska Metallverken, an affiliate, continued with preliminary work on a 20,000-ton per annum expansion of its 33,000-ton per annum smelter at Kubikenborg planned for completion by the end of 1967.

In Australia, Australian Aluminium Company, Limited, a fully-owned fabricating subsidiary, announced in December that, in 1967, it will begin the construction of a smelter in New South Wales, with a capacity of 30-40,000 tons per annum, to come into production in 1969. (See also under "Raw Materials"—page 14).



Hydro Electric Power

The power facilities in the Saguenay region of Quebec were operated at capacity levels during the year. After supplying the requirements of the smelters and customers for primary power, an appreciable amount of power was available for sale as secondary power. In British Columbia, power operations are running at the rate of 75 percent of capacity.

Total power sales in Canada, including both primary and interruptible power, amounted to \$22.8 million, compared with \$20.8 million in 1964.

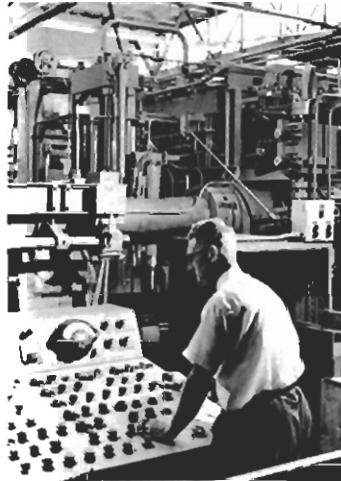
Raw Materials

In British Guiana, Demerara Bauxite Company, Limited produced 2,262,000 tons of bauxite of all grades and 313,000 tons of alumina. Operations benefitted from a more stable environment, but the increasing depths of overburden overlying the bauxite to be mined necessitated considerable reinforcement of mining equipment to maintain output for the future. In May, a new 2-year labour contract, running until May, 1967, was negotiated with the employees.

In Jamaica, Alcan Jamaica Limited produced a total of 828,000 tons of alumina. Reinforcement of the Ewarton plant presently in progress will increase the company's alumina capacity to 915,000 tons in mid-1966. The labour contract with the employees expired on 31 January, 1966 and is under renegotiation. Supplies of bauxite to Alcan from group companies were supplemented during the year by purchases from third parties, both under long term contract and on a spot basis.

In France, Société Anonyme des Bauxites et Alumines de Provence, a subsidiary, produced 430,000 tons of bauxite in 1965.

In Malaysia, Southeast Asia Bauxites Limited, a subsidiary in Malaya, continued satisfactory operations,



producing 547,000 tons of bauxite during the year. Sematan Bauxites Limited, an affiliate, mined the last of its bauxite deposits in Sarawak, and is now winding up its affairs.

In Australia, work continued towards the completion, in 1967, of the 672,000-ton per annum alumina plant in Queensland, in which the company has a 20 percent participation.

Fluorspar shipments by Newfoundland Fluorspar Limited, a subsidiary, from St. Lawrence, Newfoundland, to Arvida, Quebec, amounted to 112,000 tons.

Fabricating

Total shipments to third parties from the fabricating plants in which Aluminium Limited owns an equity interest, including those of all-important non-consolidated fabricating companies, amounted to 628,000 tons compared with 590,000 tons in 1964.

The expansion of the Company's fabricating facilities continued in 1965. The main development was in continental Europe. In March, the Company concluded an agreement with Vereinigte Aluminium-Werke A.G. (V.A.W.) for the establishment of a jointly-owned hot-rolling plant, with some cold-rolling equipment, at Norf, near Düsseldorf, on the Rhine, to be followed by further substantial development of cold-rolling facilities. The plant will cost a total of \$70 million, and have an initial installed rolling capacity of 200,000 tons per annum. The hot line will be one of the largest in the world. Operations are expected to begin during the first quarter of 1968.

Other developments in the fabricating field in 1965, in 13 countries, were:

North America

CANADA—Alcan continued its program of modernization and expansion of the extrusion facilities at Kingston,

and of rod capacity at Vancouver Works. In Toronto, the Aluminum Siding Division expanded its activities into the field of window manufacture. In June, Alcan purchased Morfoils Limited, a large manufacturer of rigid aluminum foil containers in Toronto. In August, Alcan also purchased Alanco (Aurora) Limited, aluminum finishers and producers of aluminum extrusions at Aurora, Ontario, thereby strengthening the Company's position as Canada's leading producer of aluminum extrusions. Expansions of cable capacity at Vancouver Works, and of rod capacity at Arvida, have been authorized for completion in 1966 and 1967 respectively.

U.S.A.—Alcan Cable Corporation (formerly Central Cable Corporation) brought its new 8,000-ton cable plant at Williamsport into full operation at the beginning of the year. Expansion now under way will bring the company's total cable capacity to 30,000 tons per annum early in 1966, and an additional expansion of 7,500 tons per annum has been authorized for completion in the second half of 1966.

During the year, Alcan Aluminum Corporation was engaged in the consolidation and re-organization of the fabricating facilities acquired in January, and is now planning the extension of some of the plant capacity. A strike at the plant at Fairmont in West Virginia, which ended on 8 November, halted production at that plant for 10 weeks.

Europe

DENMARK—Aluminord A.S. will bring an extrusion press into operation early in 1966.

FRANCE—Aluminium Alcan de France put its second and third extrusion presses, and auxiliary equipment, into production in 1965.

GERMANY—Alcan Aluminiumwerke G.m.b.H. will bring an extrusion press into operation at the Uphusen plant early in 1966, and an expansion of the sheet rolling plant at Göttingen is under way. Aluminium Norf G.m.b.H., jointly owned by Vereinigte Aluminium-Werke A.G. and Aluminium Limited, was engaged during the year on engineering and design work preliminary to the construction of the 200,000-ton per annum rolling mill at Norf, which is scheduled for production early in 1968.

ITALY—Angeletti and Ciucani Fonderia Laminatoio S.p.A. completed the installation of an additional extrusion press in the Milan plant of a subsidiary company, and also added a paint line to their sheet finishing facilities.

REPUBLIC OF IRELAND—Unidare Limited enlarged the Properzi rod capacity of its Dublin plant from 9,000 tons to 24,000 tons per annum.

SPAIN—"Alcan" Aluminio Iberico S.A. continued the progressive expansion program which will result in sheet capacity of 28,000 tons per annum by mid-1966.

Aluminium Limited—Geographical Distribution of Consolidated Sales of Aluminum

	in short tons				
	1961	1962	1963	1964	1965
Canada	75,000	83,200	93,800	100,800	116,100
United States	129,300	211,400	258,000	232,200	339,100
United Kingdom	139,600	133,600	145,700	174,100	163,000
All Others	327,200	301,500	364,100	355,400	374,900
TOTAL	671,100	729,700	861,600	862,500	993,100

UNITED KINGDOM—Alcan Industries Limited continued its program for the modernization of extrusion facilities at the Rogerstone and Banbury plants. A new extrusion press was brought into production at Rogerstone, where the most up-to-date strip levelling equipment for container sheet and flat sheet products was also installed. A 25,000-ton per annum increase in the rod capacity at the Birmingham plant was authorized for completion in 1966. In May, the company purchased Polyfoil Papers Limited (now named Alcan Polyfoil Limited), Britain's leading suppliers of household aluminum foil, and traditionally a customer of Fisher's Foils Limited which was acquired by Alcan Industries Limited in 1964. In July, Alcan Industries Limited entered into equal partnership with Pillar Holdings Limited to form a new company, Architectural Aluminium Limited, to develop jointly the market for specialized building products.

Africa

Alcan Aluminium of South Africa Limited brought its third extrusion press into operation in June, as well as a tube welding machine.

Asia

INDIA—Indian Aluminium Company, Limited, completed its new foil plant at Kalwa towards the end of the year. A new Properzi rod plant at Alupuram will be

operative early in 1966. Design work continues on the new 16,500-ton per annum sheet plant planned in connection with the integrated expansion program on the West Coast (See "Other Smelter Operations"—page 12).

JAPAN—Toyo Aluminium K.K. is steadily increasing its Alpaste and foil conversion capacity and is embarking on a modernization program for the foil mills at its plant near Osaka. Nikkei Aluminium Company, Ltd. completed the installation of an additional extrusion press, and the construction of a new window fabrication plant in the Tokyo area, during the year.

Oceania

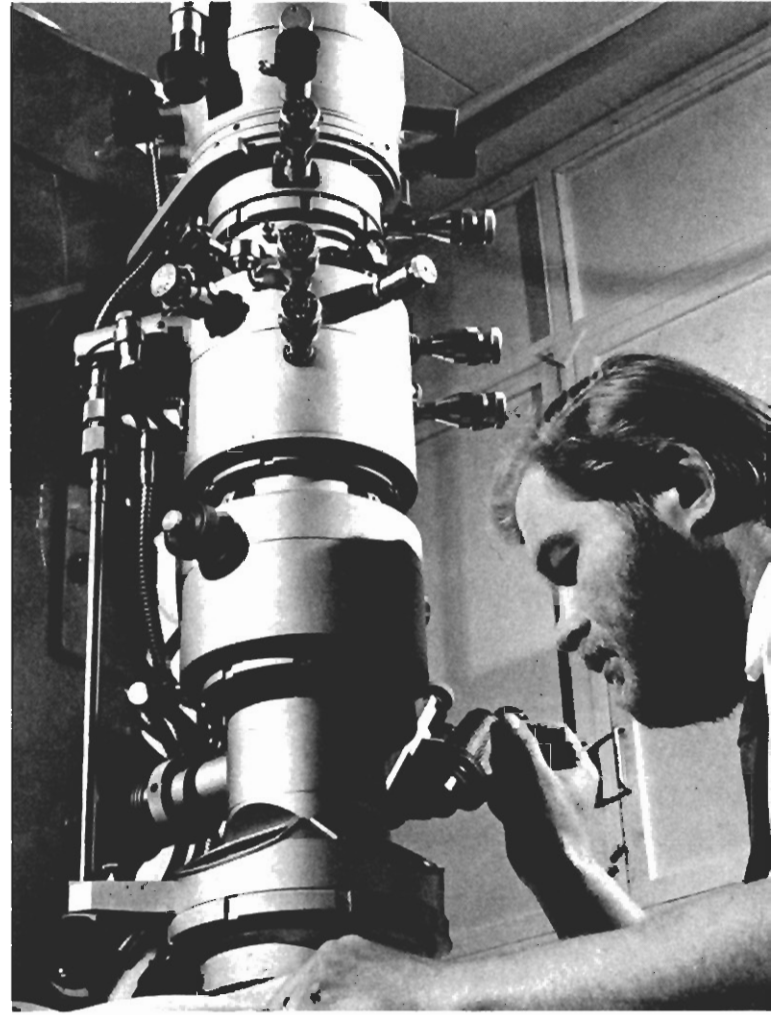
AUSTRALIA—Australian Aluminium Company, Limited made good progress in modernizing and augmenting its sheet and extrusion equipment, and is adding extrusion finishing facilities.

Markets and Sales

In 1965, free world total consumption of aluminum continued its vigorous rate of growth, attaining a new record level with an increase of approximately 9 percent. Free world primary production is estimated to have increased by between 6-7 percent over 1964, while production capacity rose by approximately 7 percent.

Aluminium Limited and Subsidiary Companies — Analysis of Consolidated Sales

	Ingot and Ingot Products		Fabricated Products		All Other Products \$'000	Operating Revenues \$'000	Totals	
	Tons	\$'000	Tons	\$'000			Tons	\$'000
1961.	429,514	193,161	241,606	226,585	40,465	56,720	671,120	516,931
1962.	470,419	212,047	259,253	250,284	41,237	55,407	729,672	558,975
1963.	530,854	233,185	330,700	326,037	53,543	57,044	861,554	669,809
1964.	507,966	236,872	354,580	358,115	67,438	65,125	862,546	727,550
1965.	503,533	243,475	489,582	496,938	80,987	68,917	993,115	890,317



This has preserved the trend towards a better balance between supply and demand at the primary level, which had some beneficial effect on realized prices during the year.

Estimated free world consumption in 1965 was approximately 7,200,000 tons, made up of 5,750,000 tons of primary aluminum and 1,450,000 tons of secondary metal, compared with 6,600,000 tons in 1964. Free world primary production in 1965 was approximately 5,600,000 tons compared with 5,280,000 tons in 1964 and 4,690,000 tons in 1963.

Again in 1965, the largest tonnage gain took place in the United States, where total domestic consumption rose by 12 percent. In Canada, consumption is estimated to have risen by a similar amount.

In the European Common Market, overall consumption was maintained at 1964 levels, although there was a small increase in Germany. This reflected a significant reduction in the rate of growth of the total economy. In the United Kingdom, aluminum consumption was able to show a slight gain against a background of a general levelling off in the rate of economic growth.

In Japan, aluminum consumption was only slightly above 1964, reflecting a slowdown in the high rate of economic growth of recent years.

In India, consumption continued to rise, reflecting an increase in domestic production. Imports of aluminum continued under the aid programs of Canada and the United States.

In Australia, consumption continued the upward trend since 1962 with a gain of about 6 percent.

In Latin America, overall consumption was maintained although there were declines in some countries.

The trend towards a better balance between supply and demand at the primary level was maintained in 1965. The posted prices remained at Can. 26 cents a pound in Canada, and U.S. 24½ cents a pound in the United States and in markets outside North America. Prices for semi-fabricated products remained fairly steady, and

exhibited some selective increases, in a buoyant market, in the United States. In Europe, however, they showed a downward trend, especially in sheet prices, as a result of intense competition.

Sales of aluminum by Aluminium Limited's consolidated subsidiaries, in all forms, and from all sources, amounted to 993,100 tons in 1965, after including 13,400 tons for the sales of a fabricating company consolidated for the first time in 1965, compared with 862,500 tons in 1964 and 861,600 tons in 1963. The 13 percent increase (with 1964 on a comparable basis) in the total volume of sales was better than the increase in consumption in free world markets, and was achieved within the framework of the Company's determined efforts to obtain a more reasonable return on sales.

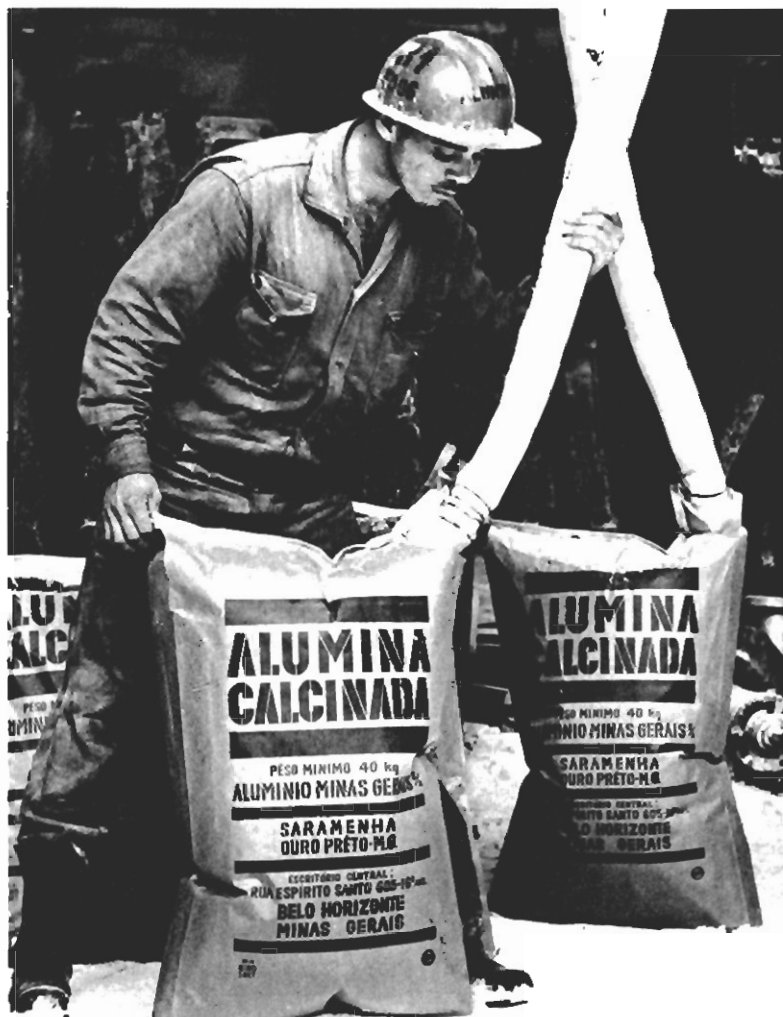
Purchases of non-Company metal from third parties increased in 1965, because of higher levels of operation and continuing restrictions on the import of primary aluminum imposed by some countries, and for other local reasons.

Consolidated shipments of fabricated products totalled 489,600 tons in 1965, compared with 354,600 tons in 1964.

Consolidated sales of ingot products, other than to affiliated fabricating plants, amounted to 471,000 tons, compared with 418,300 tons in 1964.

The pattern of the Company's consolidated international sales by volume has changed from dependence on primary aluminum ingot to the extent of nearly 70 percent in 1958, to the approximate equal balance between sales of ingot and fabricated products in 1965.

It is expected that this trend will continue with the progress of the Company's program of forward integration. However, although the volume of the Company's sales of ingot to third parties has remained practically unchanged between 1960 and 1965, at 452,000 tons and 462,000 tons respectively, the sale of ingot to third party customers remains an important factor in the company's overall sales.



Calcined Bauxite and Chemicals

Sales of calcined bauxite to the refractory and abrasive industries, in over 30 countries, were maintained at high levels in 1965 but were considerably short of meeting customer requirements. In October, Demerara Bauxite Company, Limited announced that it was preparing to expand by 30 percent, or 150,000 long tons per annum, its capacity to produce calcined bauxite for these markets in response to the rapid growth in demand for this product.

Alumina shipments were continued to Scandinavian aluminum smelters, to Europe, the United States, and elsewhere, for sales or under long term metal exchange contracts.

The Company's sales of industrial chemicals showed further growth in 1965, both in volume and contribution to consolidated net income. New grades of aluminas are being developed for the refractory industry. A major expansion in the production of aluminum fluoride has been approved for completion in early 1967.

In September, Alcan announced that it would construct a new liquid aluminum sulphate (alum) plant in the Ottawa area, also for production in 1967, to supplement existing facilities at Arvida and Shawinigan, and to meet rising customer demand.

Magnesium

In 1965, the Company's sales of magnesium showed a further increase but the highly competitive market still tends to hold the return on sales to levels which are less than satisfactory. Magnesium die-casting ingot for the automotive industry, and metallurgical end uses, continued to be the Company's major markets for magnesium.

Transportation

Saguenay Shipping Limited continued the efficient and economic operation of extensive ocean shipping for the transportation of raw materials and metal products for the Aluminium Limited group of companies. The company continues to contribute to the expansion of

international trade by providing general cargo and bulk freight services additional to the Company's transportation requirements.

Capital Expenditure and Financing

In 1965, the Company's expenditure on plant and investments amounted to \$143 million. Included in this amount was \$67 million for the acquisition of the fabricating plants and related assets in the United States, now operated by Alcan Aluminum Corporation. From the balance of \$76 million, \$39 million was devoted to the continuing expansion of fabricating plants, including the purchase of foil converting facilities, and participation in a company to manufacture specialized building products, both in the United Kingdom, and the purchases of an extrusion plant and a rigid foil container plant in Canada. Other expenditures included a sizeable reinforcement of mining equipment in British Guiana and the expansion and modernization of Alcan's smelter facilities in Canada.

The Company's total outstanding long term debt was, in the aggregate, increased in 1965 by \$64.6 million, reflecting an overall reduction in debt other than the borrowings of U.S. \$68.4 million related to financing the acquisitions in the United States. The Company's principal operating subsidiary, Aluminum Company of Canada, Ltd, reduced its outstanding debt by \$20.0 million, of which some 85 percent was repaid to U.S. lenders.

In 1966, capital expenditures of approximately \$100 million are planned, of which about 50 percent will be devoted to the continuing expansion of fabricating facilities.

Litigation

The civil action commenced on December 30, 1964, in the United States District Court for the District of New Jersey, in which the United States Government charged that Section 7 of the Clayton Act would be violated by the acquisition by Alcan Aluminum Cor-

poration of the assets of the Aluminum Division of National Distillers and Chemical Corporation, has not yet come to trial. During the year, customary pre-trial proceedings and preparations for trial were continued. While no date for the trial has yet been set, it is expected that the trial may commence later this year.

Research and Development

The status of the development work on the Monochloride Process has been described on Page 6.

Development work on the conventional smelting process initiated and partially carried out during the year is expected to result in increased output of aluminum from existing smelters at modest cost per ton of annual capacity and, at the same time, to lead to a larger output of metal from existing power sources in Canada. Progress was made in development studies on carbonaceous materials for reduction cell anodes and cathodes.

In the alumina field, long term research and production development work resulted in continuing improvements to alumina plant efficiencies and product quality. Pilot plant tests were carried out on bauxite from the Company's Australian properties and on the production of specialized aluminas.

The enlarged research facilities at Kingston and Arvida, which were completed in the latter part of 1964, were put to good use. New equipment was installed in the latter laboratory to undertake work in the field of microphotometry and atomic absorption spectrophotometry. The additional facilities at the Kingston laboratory enabled more extensive development and test work to be carried out in the fields of mechanical testing, high voltage transmission line design and the welding of aluminum.

In the fabricating field, emphasis was placed on the study of factors affecting the quality of fabrication ingot, particularly ingot structure and soundness, which has led to improvements in fabrication characteristics

and general quality. Development work was accelerated on the metallurgical engineering side of sheet rolling, including studies of techniques to improve flatness, gauge and surface quality. Work continued on the development of aluminum-zinc-magnesium alloys for structural purposes and general use. Studies directed towards improved fabricating facilities including casting, rolling, extrusion and finishing equipment, were intensified.

The development of a new design of petroleum tank car for use on British and Continental railways was completed. The prototype car has successfully passed static tests and is now undergoing dynamic tests. During the year, Alcan supplied design assistance, conductor and accessories for the Manicouagan to Montreal, Quebec, transmission line, the highest voltage alternating current transmission line in the world, operating at 735,000 volts.

The leases on the bauxite areas at Cape York, in Queensland, Australia, which the Company has been proving up for a number of years, were ratified by the Queensland Government. The Company's known bauxite and fluorspar reserves were maintained at a satisfactory level and geological work continued on the investigation of several likely bauxite areas.

Public Relations

The Company continued its programs of public relations and information in all of its main areas of operation, in support of increased understanding of its performance, policy and objectives.

As a prominent member of Canadian industry, and because of its international business affiliations as the largest operating subsidiary of Aluminium Limited, Alcan has decided to participate appropriately in Expo '67, the first World Exhibition of the First Category ever to be held in North America, to be opened on April 28, 1967 and further information about this project is given on the inside back cover of this report.

The People of Aluminium Limited

Aluminum is a product of people, working with natural resources, engineering know-how, large amounts of capital—and with other people.

Aluminum is much more than a gift of nature; it is a product of men's intellects and skills. The metal's spectacular growth is no mere stroke of luck; it is the result of the energies of technicians, the enthusiasms of salesmen, the quiet and thorough research of investigators.

Aluminum is more than a localized small-plant operation. It is a sizeable international industry, drawing upon the abilities and efforts of thousands of men and women—and serving the needs of countless thousands more. Aluminum is many people in many lands.

* * * * *

As a member of the international aluminum industry, Aluminium Limited—or Alcan to use the shorter term—employs over 60,000 persons whose occupations cover a broad spectrum of human endeavour and whose places and conditions of employment show great variety. Often separated by long distance, their efforts are combined in tasks of mutual support and dependence—with the objective of making Aluminium Limited and its subsidiaries a cohesive, dynamic and profitable whole.

Extraction of the basic ore, bauxite, its subsequent treatment and shipment, call for the services of geologists, mining engineers, chemists, ships officers and many others with pertinent but varied skills.

In the conversion of bauxite to alumina, other talents are needed with emphasis particularly on chemical and mechanical engineering. The transformation of alumina

to primary metal is an electro-metallurgical process requiring not only technical competence but training and experience at all levels. The metal then goes through numerous and complex phases of further fabrication, ultimately taking on such familiar forms as foil, window frames, aircraft, frying pans and siding for our homes.

The closer the metal gets to the ultimate consumer, the more varied the know-how of those concerned with it. The rolling mill operators, mathematicians, stenographers and salesmen—and a host of others—all do their part to bring the metal to its ultimate use.

It is therefore apparent that the Company, depending as it does on the skills and competency of its personnel, must initially recruit with great care and forethought.

In 1965, Aluminium Limited brought into its ranks approximately 4,000 new employees. Each of these was chosen with consideration and skill and without regard to race, colour or creed. They came from the fjords of Norway, the pampas of the Argentine, the valleys of Switzerland and from villages, towns and great cities in Canada, the United States and across the globe.

Among the newcomers were nearly 300 graduates of institutions of higher learning. Throughout its history, the Company has fostered close contacts with universities in many lands and relied upon them for an important flow of graduates into its business. In partial return, Alcan has done its best to help these and other universities with substantial capital grants and scholarship aid.

The basic complexities of the manufacture of aluminum and accelerating technological progress, as well as the

effects of an intensely competitive market, lend support to management's concern for training and developing in breadth and depth the skills of all its employees. Today, and in the future, it will be particularly important that our foremen, engineers, scientists and other management personnel be adaptive to change and ready to take on new challenges.

In developing countries, there is, of course, a special interest and responsibility in the field of vocational and other training. For example, in British Guiana and Jamaica, the Company's subsidiaries have long operated extensive trade and vocational courses. Over the years, it is estimated that many hundreds of graduates of these courses have entered our business or the industrial or commercial life of their countries—both to the benefit of the Company and of their home lands.

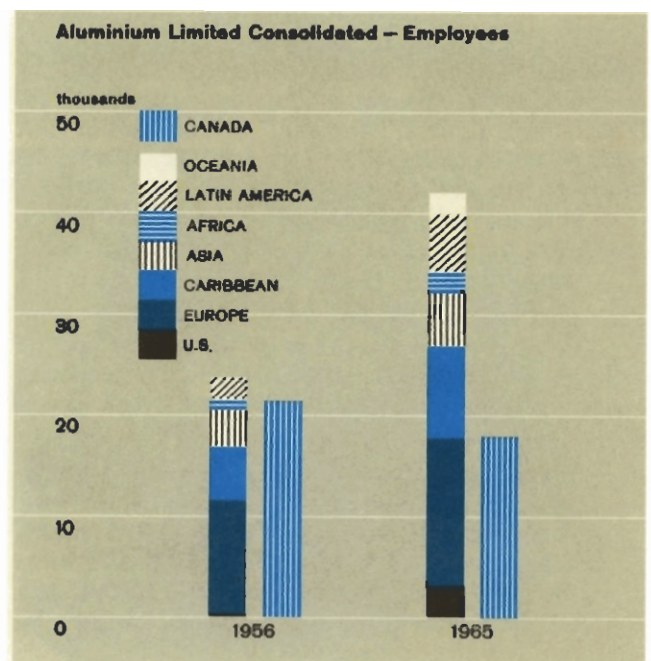
In other countries and under other conditions, there is an equal concern for employee training. For example, in Europe and Great Britain, apprenticeship programs are a regular part of plant life—a modern outgrowth of trades training dating back to the craft guilds which flowered centuries ago.

For the supervisory and managerial echelons, considerable attention is paid to leadership training and development of skills in the area of human relationships. Last year, over 350 employees returned to university for special courses or attended seminars or study groups offered by management organizations. Aluminum Company of Canada, Ltd and Alcan Industries Limited in Britain are particularly active in the area of management training.

A steady flow of personnel, not only within departments but between companies and, indeed, nations, takes place each year. It is the Company's policy to

make special efforts to recognize early particularly promising employees and to develop their vocational and managerial skills by giving them increased responsibilities in different circumstances and locations. Today, it is felt that Aluminium Limited has a large corps of competent managers well versed in international business.

Breadth of experience is of particular value in a sales force conducting the vital role of international sales. Of the management staffs serving in the six international Alcan sales subsidiaries, some 48 managers have personally served in at least two countries, seventeen in



three countries, seven in four countries and one manager has resided and "sold Alcan" in five countries.

An analysis of the backgrounds of the 50 most senior executives concerned today with the management of the Aluminium Limited group of companies reveals that 35 have worked outside of their present countries of residence for an average of 10 years each.

Notwithstanding the necessity and desirability of international transfer on the part of the management echelons, it is the Company's policy to develop and promote managers from among the nationals of the countries in which it operates. For example, the Indian Aluminium Company, with some 5,000 employees, now has only three non-Indians on its executive staff.

While the Company has no preferred nationality or creed and takes its stand against nationalism as such, it encourages pride in nationality. Subsidiaries in each country are encouraged to operate in accord with the best local national customs, to maximize with efficiency the employment of the nationals of the country and to train them for advancement to the senior positions in the companies.

Subsidiary companies are encouraged to be good corporate citizens in the countries where they operate and to be recognized as good employers in the context of their local economy in regard to all conditions of service, remuneration and benefits.

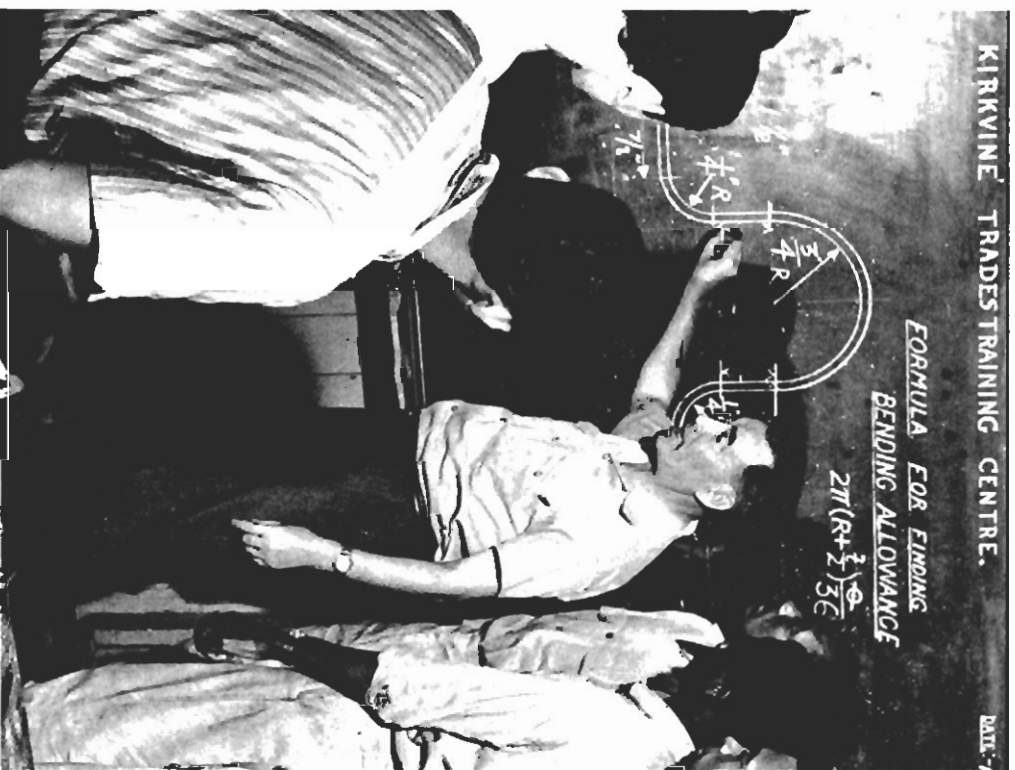
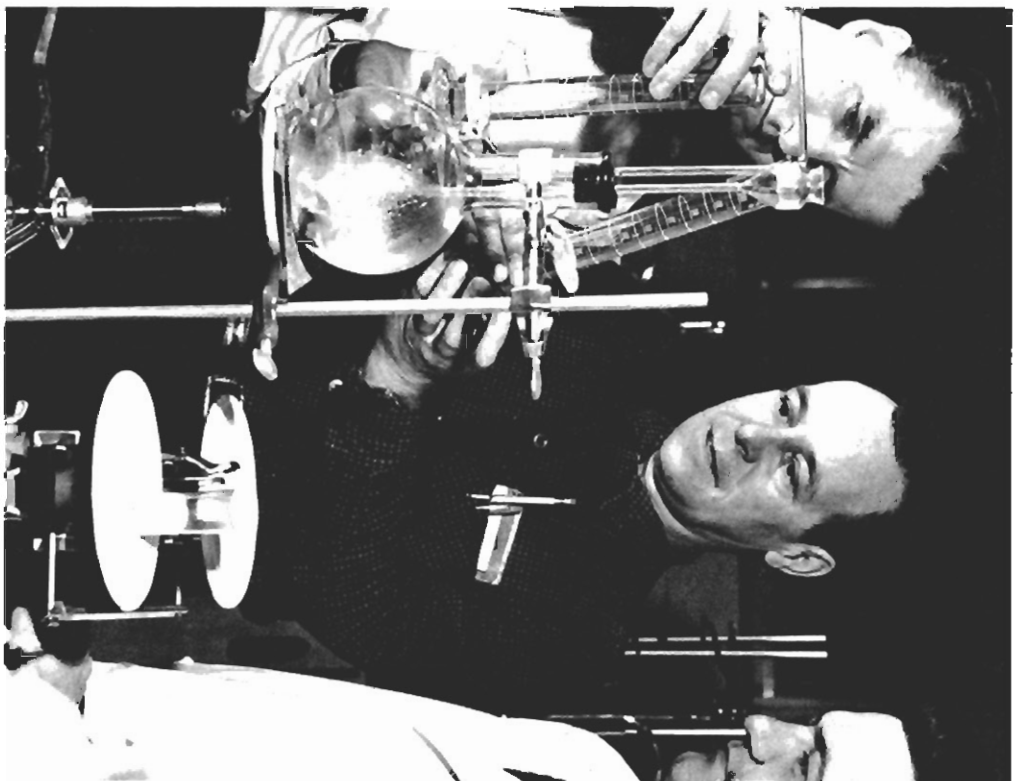
Aluminium Limited is as concerned with the safety, security, health and future of its employees as it is with their training and development. Commendable records were obtained in several locations in the field of accident prevention. For example, Alcan Jamaica Limited, with over 2,000 employees, last year received three awards from the National Safety Council.

The Company aims to encourage its employees to have an intelligent regard for their own health and towards this end provides, on a voluntary basis, periodic medical examinations at no cost to the employee. In certain locations, the Company maintains extensive clinical and medical facilities.

Of immediate concern to each and every employee is his ability to earn regular and satisfactory remuneration. In its negotiations with those labour unions which represent many of its employees, it is the Company's policy to strive to avoid the often unnecessary and the always damaging results of industrial dispute and work cessation. In 1965, 0.4% of the total man days scheduled were lost as a result of strikes.

The future financial security of the employee is, and always has been, a matter of concern to management. The Company now operates 20 Retirement Income and Life Assurance plans covering approximately 40,000 employees in a score of countries. The balance of the employees are normally covered by national or other social security schemes. In 1965, important revisions were made in the Company's principal retirement income programs which will serve to provide broader benefits and greater security to those who retire in the future.

Employee training and development is pursued actively in all major operations, whether in technical instruction as in Alcan in Canada (upper left) the time-honored methods of imparting senior skills to apprentices as in the United Kingdom (upper right) or the challenging role of teaching young men in new developing nations to find careers their fathers never knew, as in British Guiana (lower left). In Jamaica (lower right) an extensive Alcan trades training program has produced large numbers of tradesmen for company ranks and for the country at large.



The year 1966 marks the 20th Anniversary of the Centre d'Études Industrielles—a management training school established by Aluminium Limited in Geneva, Switzerland in 1946, the first of its kind in Europe.

Centre d'Études Industrielles (C.E.I.) was created under the inspiration and aegis of the first president of Aluminium Limited, Edward K. Davis, to serve as a postgraduate international management development school for men likely to assume greater managerial responsibility in the future.

Recognizing that the new complexity of industry is not only technological and administrative, but also geographical, the objectives of the C.E.I. are threefold:

- To develop a broad, international industrial understanding, not only of problems of a strictly business character, but also of a general economic, technological, governmental and social character;
- To develop the ability to arrive at, and convey to others, considered decisions on a wide variety of industrial problems;
- To develop the ability to work effectively and responsibly with other individuals of similar or considerably different backgrounds and points of view.

The Centre was affiliated with the University of Geneva in 1956, and from that time, as had been the original intention, students of other companies have been admitted on the same basis as those of the Aluminium Limited group. The C.E.I. has thus had in the last ten

years students from several other prominent international corporations. In a typical year there are some 25 to 35 participants coming from 12 to 14 different countries and sponsored by as many companies. The average age of the participants is 33 years, ranging from 27 to 40 years.

By now, over 400 participants have completed the annual course of the C.E.I. and about half of them are employed by Alcan companies. Aside from the annual course, shorter courses have been organized by the C.E.I. In the 1950's courses were given for mid-management from the European group companies. From 1963 on, international executive courses have been organized.

From the foregoing it is evident that Aluminium Limited has placed a high value on the people who make up the whole family of companies, and that this emphasis has created a prime resource in support of the ongoing

of the total enterprise.



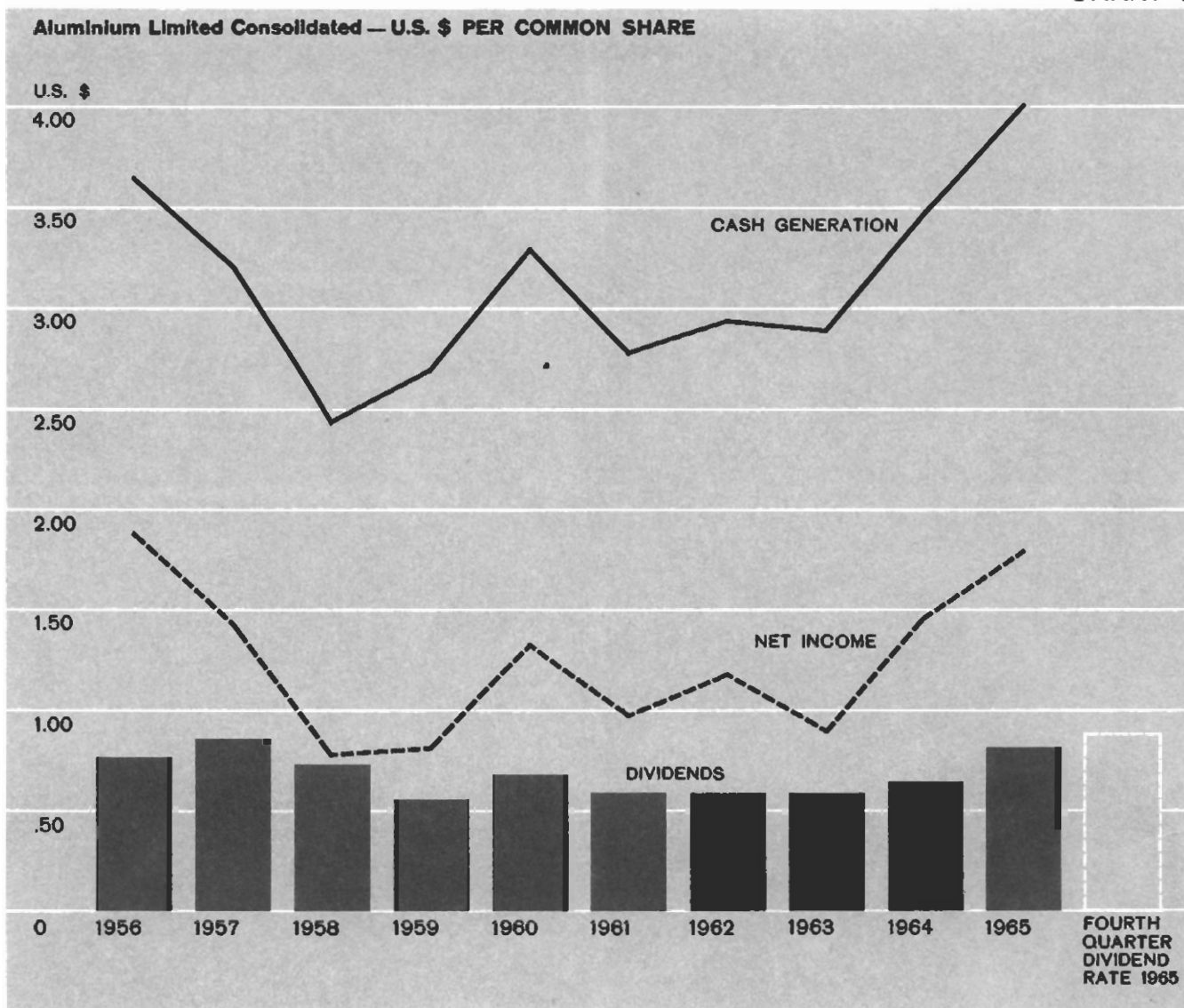
Paul M. Haenni



In the quiet atmosphere of the Centre d'Études Industrielles at Geneva, men of varied backgrounds and experience study the common dimensions of industrial management and economic growth the world over. Staff instructors and visiting lecturers, study assignments, research papers and the instructive disciplines of group projects form the principal modes of instruction. Inset on this page: Dr. Paul M. Haenni, first director of the C.E.I. from its inception in 1946 and recent recipient of the rarely awarded Gold Medal of the University of Geneva.



CHART 7



Aluminium Limited and Subsidiary Companies

Comparative Financial Statistics

(as adjusted)

Year	Total Assets before Reserves	Sales and Operating Revenues	Net Income before Depreciation and Income Taxes	Current Income Taxes	"Cash Income" (1)	Number of Common Shares(2) (Millions)	Per common share		
							Capital Stock & Surplus	Profit(3)	Cash Dividends
	(Millions of Canadian Dollars)						(Canadian Dollars)		
1930	75	26	3	1	2	18.9	1	.03	0
1931	81	22	1	1	0	19.5	1	— .08	0
1932	81	13	1	0	1	19.6	1	— .08	0
1933	84	14	2	0	2	19.6	1	— .05	0
1934	83	21	2	0	2	19.6	1	— .02	0
1935	84	26	2	0	2	19.6	1	.01	0
1936	88	32	4	0	4	20.7	1	.09	0
1937	98	49	13	2	11	22.3	2	.36	0
1938	144	66	20	5	15	22.3	2	.49	0
1939	158	92	28	8	20	22.3	3	.69	.14
1940	209	82	38	22	16	22.3	3	.49	.27
1941	324	132	53	15	38	22.3	3	.65	.33
1942	446	198	75	12	63	22.3	4	.69	.33
1943	528	290	96	14	82	22.3	4	.52	.33
1944	523	259	81	11	70	22.3	4	.49	.27
1945	480	114	26	8	18	22.3	4	.52	.27
1946	490	111	28	10	18	22.3	5	.54	.30
1947	514	153	38	15	23	22.3	5	.72	.33
1948	587	209	56	20	36	22.3	6	1.22	.44
1949	612	197	57	20	37	22.3	6	1.21	.43
1950	698	226	73	26	47	22.3	7	1.56	.59
1951	809	283	92	36	56	24.6	9	1.51	.62
1952	972	332	95	35	60	24.6	9	1.44	.65
1953	1,125	336	97	26	71	27.0	10	1.44	.66
1954	1,182	327	95	21	74	27.1	11	1.32	.65
1955	1,313	414	124	26	98	29.9	12	1.66	.71
1956	1,472	481	139	31	108	30.0	14	1.90	.77
1957	1,635	454	114	8	106	30.2	14	1.41	.84
1958	1,741	421	82	9	73	30.3	14	.80	.73
1959	1,829	448	93	13	80	30.4	15	.84	.53
1960	1,916	509	124	25	99	30.6	15	1.34	.68
1961	1,965	517	113	25	88	30.7	15	1.08	.61
1962	2,060	559	129	32	97	30.7	15	1.27	.64
1963	2,189	670	127	28	99	31.0	16	1.07	.65
1964	2,276	728	166	47	119	31.1	17	1.57	.70
1965	2,486	890	196	59	137	31.1	18	1.93	.89

(1) 1950 and thereafter is before deferred income taxes—see note 5 to financial statements.

(2) Outstanding at end of each year, adjusted for stock dividends and splits.

(3) After preferred dividends.

Aluminium Limited and Subsidiary Companies

Source and Application of Funds

year ending 31st December 1965

in millions of Canadian dollars	<u>1965*</u>	<u>1964†</u>
Cash and short-term investments (beginning of year)	<u>\$ 62</u>	<u>\$ 72</u>
SOURCE OF FUNDS:		
Net income	62	51
Straight-line depreciation	73	66
Deferred income taxes	2	2
Aluminium Limited common shares (employee purchases)*	1	1
Net increase in debt not maturing within one year	65	(24)
Net increase in short-term bank borrowings	12	(12)
Other	8	6
	<u>223</u>	<u>90</u>
	<u>\$285</u>	<u>\$162</u>
APPLICATION OF FUNDS:		
Plant and investments	\$143	\$ 72
Alcan preferred share redemptions	2	2
Dividends on Aluminium Limited preferred shares	2	2
Dividends on Aluminium Limited common shares	28	22
Increase in working capital (excluding cash and short-term investments, short-term bank borrowings and other debt payable within one year)	65	2
	<u>240</u>	<u>100</u>
Cash and short-term investments (end of year)	<u>45</u>	<u>62</u>
	<u>\$285</u>	<u>\$162</u>

*The initial impact from the consolidation for the first time in 1965 of certain subsidiaries, including Alcan Aluminium Corporation, added \$73 million to plant and investments and \$78 million to long-term debt.
†As adjusted to reflect change in accounting policy—see note 1 to financial statements.

Auditors' Report

PRICE WATERHOUSE & CO.

Canada Cement Building
Phillips Square, Montreal 2
22nd February 1966

TO THE SHAREHOLDERS OF ALUMINIUM LIMITED:

We have examined the consolidated balance sheet of Aluminium Limited and subsidiary companies as at 31st December 1965 and the consolidated statements of income and earned surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income and earned surplus present fairly the financial position of Aluminium Limited and subsidiary companies as at 31st December 1965 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year except for the change (which we approve) in the accounting for income on investments in companies 50% owned as described in note 1 to the financial statements.

We have also examined the accompanying statement of source and application of funds for the year ending 31st December 1965 which, in our opinion, presents fairly the changes in working capital for the year.

Price Waterhouse & Co.

Chartered Accountants

Aluminium Limited and Subsidiary Companies

Consolidated Balance Sheet – Assets

31st December 1965

	in Canadian Dollars	
	1965	1964 (note 1)
CURRENT ASSETS:		
Cash	\$ 27,404,633	\$ 33,242,211
Time deposits and Government of Canada securities, at cost	18,079,014	28,553,918
Receivables	184,608,810	150,488,390
Inventories of aluminum, materials and supplies (note 2)	312,560,081	264,741,358
	542,652,538	477,025,877
Deferred receivables	12,837,441	10,411,735
Prepaid expense and deferred charges	7,773,194	10,837,422
Investments in companies not consolidated (notes 1 and 3)	57,954,702	62,855,699
Lands, plants, riparian rights, and facilities, at cost (note 4)	1,864,325,816	1,715,036,850
Less: Accumulated depreciation and depletion (note 5)	840,278,110	763,837,974
	1,024,047,706	951,198,876
	\$1,645,265,581	\$1,512,329,609

Consolidated Balance Sheet—Liabilities

31st December 1965

	in Canadian Dollars	
	1965	1964 (note 1)
CURRENT LIABILITIES:		
Payables	\$ 92,648,789	\$ 76,852,962
Short-term bank borrowings (principally in foreign currencies)	54,437,678	42,468,449
Income and other taxes	53,533,244	52,219,797
Other debt payable within one year (note 6)	11,104,868	8,317,972
	211,724,579	179,859,180
Debt not maturing within one year (note 6)	587,366,699	525,827,348
Deferred income taxes (note 5)	136,772,509	135,109,526
Preferred shares of subsidiaries and other minority interests (note 7)	83,303,181	78,800,175
CAPITAL STOCK AND SURPLUS:		
4¼% Cumulative redeemable convertible preferred shares, par \$40 (note 8) Authorized and outstanding—1,500,000 shares	60,000,000	60,000,000
Common shares without nominal or par value (note 8) Authorized—60,000,000 shares; Outstanding—31,086,642 shares	154,976,269	153,883,695
Earned surplus (notes 1 and 9)	411,122,344	378,849,685
	626,098,613	592,733,380
	\$1,645,265,581	\$1,512,329,609

Approved by the Board: NATHANAEL V. DAVIS, Director DANA T. BARTHOLOMEW, Director

Aluminium Limited and Subsidiary Companies

Consolidated Statement of Income

year ending 31st December 1965

	in Canadian Dollars	
	1965	1964*
SALES AND REVENUES:		
Sales	\$821,399,633	\$662,424,498
Operating revenues (transportation services, power sales, etc.)	68,917,320	65,125,242
Equity in income of companies 50% owned (note 1)	3,101,732	3,555,076
Other income (note 10)	6,075,595	5,751,522
	899,494,280	736,856,338
COSTS AND EXPENSES:		
Cost of sales and operating expenses	589,144,322	475,840,620†
Provision for depreciation and depletion (note 5)	72,761,769	65,805,797
Selling, research and administrative expenses	68,622,666	56,333,472†
Interest on debt not maturing within one year	27,707,397	24,809,698
Other interest	5,376,271	4,134,208
Other expenses (note 11)	6,973,924	5,213,362†
	770,586,349	632,137,157
Income before income taxes	128,907,931	104,719,181
Provision for income taxes:		
Current	58,587,165	46,628,298
Deferred (note 5)	1,662,983	1,487,216
	60,250,148	48,115,514
Income after income taxes	68,657,783	56,603,667
Dividends on preferred shares of subsidiaries and other minority interests	6,209,644	5,218,099
Net income	\$ 62,448,139	\$ 51,385,568

*As adjusted to reflect change in accounting policy (note 1).

†After reclassifying certain expenses for the purpose of comparability with 1965.

Consolidated Statement of Earned Surplus

year ending 31st December 1965

in Canadian Dollars

Earned surplus—31st December 1964 (as previously reported)		\$361,154,703
Equity in undistributed income since acquisition of companies 50% owned (note 1)		17,694,982
Earned surplus—31st December 1964 (as adjusted)		378,849,685
Net income for the year		62,448,139
		<u>441,297,824</u>
Aluminium Limited dividends:		
Preferred.	\$ 2,550,000	
Common (1964—\$21,781,102).	27,625,480	30,175,480
Earned surplus—31st December 1965 (note 9)		<u>\$411,122,344</u>

Notes to Financial Statements

1. Principles of Consolidation:

The consolidated financial statements include the accounts of all subsidiaries (companies more than 50% owned) and, for the first time, Aluminium Limited's share of the undistributed income of the companies 50% owned, as explained below. All intercompany items and transactions between subsidiaries, including profits in inventories, have been eliminated.

The accounting policy with respect to the investments in companies 50% owned was changed as at 31st December 1965 so as to include in Aluminium Limited's consolidated net income its full share of the aggregate net income of these companies for the year. The book value of these investments is increased by an equivalent amount and decreased by dividends received. Previously, only that part of the net income of these companies received as dividends was included in consolidated net income and the investments were stated at cost. For comparative purposes, the consolidated net income for 1964 shown in the accompanying statements has been adjusted to the revised basis and the book value of the investments in companies 50% owned has been increased retroactively by \$17,694,982, representing Aluminium Limited's equity at 31st December 1964 in the undistributed income of these companies since acquisition, with a corresponding increase in consolidated earned surplus. After allowing for dividends of \$2,233,285 (\$1,926,430 in 1964), this change in accounting policy had the effect of increasing consolidated net income for 1965 by \$868,447 (\$1,628,646 for 1964).

The consolidated financial statements for 1965 include, for the first time, the accounts of the new subsidiary in the United States, Alcan Aluminum Corporation. In January 1965, Aluminium Limited purchased the minority interests in two partially owned companies in the United States, Alroll, Inc. and Alplate, Inc. These two companies were then merged under the name Alcan Aluminum Corporation which thereupon purchased five aluminum fabricating plants and related assets (the acquisition of certain of these facilities has given rise to judicial proceedings by the United States Department of Justice as explained on page 20). The net consideration for all these acquisitions was U.S. \$67.9 million which, under the terms of the related purchase agreements, was satisfied by the payment of U.S. \$39.5 million in cash and the issuance by Alcan Aluminum Corporation of U.S. \$28.4 million non-interest bearing serial notes due 1966-1975. In February 1965, Alcan Aluminum Corporation borrowed U.S. \$40 million through the issuance of 20-year 4¾% notes, using part of the proceeds to repay U.S. \$25 million of debt issues of Alroll, Inc. and Alplate, Inc.

Accounts, other than Canadian currency accounts, included in the consolidated balance sheet are translated into Canadian dollars at rates of exchange current at 31st December 1965, except that (a) certain fixed bank deposits, inventories, investments and fixed assets with related provisions for depreciation and depletion are at rates current at dates of acquisition, and (b) debts not maturing within one year, with a minor exception, are at rates current at dates of original borrowing. Accounts in the consolidated statement of income, except provisions for depreciation and depletion, are translated at average exchange rates prevailing during the year.

Aluminium Limited and Subsidiary Companies

2. Inventories of Aluminum, Materials and Supplies:

Inventories, as summarized below, are stated at lower of cost (determined for the most part on the monthly average method) or market:

	1965	1964
Aluminum	\$189,435,862	\$156,809,610
Raw materials	73,465,598	69,615,824
Supplies	49,658,621	38,315,924
	\$312,560,081	\$264,741,358

3. Investments in Companies not Consolidated:

	1965	1964
Companies more than 50% owned	\$ —	\$ 9,637,591
Companies 50% owned, at equity value (note 1) (Cost 1965—\$21,340,193; 1964—\$18,650,148)	39,903,622	36,345,130
Companies less than 50% owned, at cost	18,051,080	16,872,978
	\$57,954,702	\$62,855,699

The following is a summary of the assets and liabilities, at 31st December 1965, of the companies 50% owned, located principally in Japan and Norway.

<u>ASSETS</u>	(in millions of dollars)	<u>LIABILITIES</u>	
Current assets	\$ 88	Current liabilities	\$ 57
Investments	31	Funded debt	72
Fixed assets	157	Equity:	
Less: Depreciation, etc.	(67)	Aluminium Limited	40
	\$209	Other shareholders	40
			\$209

4. Lands, Plants, Riparian Rights, and Facilities:

	1965	1964
Land and water rights	\$ 61,094,454	\$ 59,195,316
Mineral properties, rights and development	15,937,540	14,466,919
Buildings, machinery and equipment	1,730,475,008	1,587,835,792
	1,807,507,002	1,661,498,027
Construction work in progress	56,818,814	53,538,823
	\$1,864,325,816	\$1,715,036,850

Capital projects are expected to involve the expenditure of some \$100 million during 1966.

5. Depreciation Policy and Deferred Income Taxes:

With minor exceptions, depreciation recorded in the accounts is calculated on a straight-line basis and depletion, not significant in amount, is calculated on the unit of production basis.

Income tax regulations in Canada, and in certain other countries, permit the use (for the purpose of determining income taxes) of various forms of capital cost allowances which do not coincide with the amount of depreciation recorded in the accounts. These allowances generally exceed straight-line depreciation during the early life of new assets and later fall short of it.

When capital cost allowances utilized for determining income taxes exceed straight-line depreciation, an amount equivalent to the resultant reduction in current income taxes is charged to income and credited to Deferred Income Taxes. When the allowances so utilized fall short of straight-line depreciation, resulting in higher current income taxes than would otherwise be payable, an appropriate portion of the amount previously deferred is transferred back to income.

6. Debt Not Maturing Within One Year:

	1965	1964
Aluminum Company of Canada, Ltd:		
Revolving credit loans from banks, under U.S. \$60,000,000 credit agreement, convertible at the company's option on or before maturity (1st May 1967) into term loans repayable in five equal consecutive annual installments beginning one year from date of conversion (U.S. \$25,000,000)	\$ 26,042,571	\$ 22,308,567
First mortgage 3½% sinking fund bonds, due 1974:		
Series "A"	2,692,000	4,130,000
Series "B" (U.S. \$6,228,000)	6,228,000	7,228,000
Commutation value of contractual obligation for annual payments secured by second hypothec—payable in Canadian and United States currency, in equal parts.	5,625,000	5,925,000
3½% Sinking fund debentures, due 1971	23,670,000	25,010,000
3½% Sinking fund debentures, due 1970 (U.S. \$25,154,000)	24,753,108	35,326,860
4½% Sinking fund debentures, due 1973	31,176,000	33,771,000
4½% Sinking fund debentures, due 1980 (U.S. \$85,941,000)	83,171,431	89,615,835
5.10% Notes, due 1968/1992 (U.S. \$100,000,000)	97,586,489	97,586,489
Redeemable notes—payable to the U.K. Government—interest and \$35,981,250 of principal abatable in certain circumstances as provided in the contracts under which they were issued:		
3% Notes, due 1971	54,950,000	54,950,000
3½% Notes, due 1971	24,975,000	24,975,000
3½% Notes, due 1974	40,000,000	40,000,000
Alcan Aluminum Corporation (note 1):		
4¼% 20-year notes (U.S. \$40,000,000)	43,034,500	—
Non-interest bearing serial notes, due 1966/1975 (U.S. \$28,385,304)	30,488,655	—
Alcan Aluminiumwerke G.m.b.H.:		
Mortgage loans (D.M. 24,625,000)	6,464,383	6,628,454
Alcan Industries Limited:		
6% Debentures, due 1983 (£2,900,000)	9,107,462	9,421,512
Bank loan, due 1967 (£3,000,000)	9,015,625	9,015,625
Other debt (£243,125)	733,340	518,428
Alcan Jamaica Limited:		
Bank loans, due 1968 (£4,000,000)	10,815,620	10,815,620
Alcan (U.K.) Limited:		
Bank loans, due 1966/1969 (£5,400,000)	16,248,840	8,988,900
Australian Aluminium Company Limited:		
7% Mortgage debenture stock, due 1968/1973 (A£1,929,500)	4,174,087	6,489,948
7% Unsecured notes, due 1966/1967 (A£1,280,000)	2,960,896	4,441,344
Non-interest bearing unsecured note, due 1968 (A£465,000)	1,075,651	1,075,651
7% Mortgage debenture stock, due 1972/1975 (A£1,500,000)	3,351,386	—
Indian Aluminium Company, Ltd.:		
6¼% Debenture stock, due 1970/1975 (Rps. 28,928,500)	5,435,102	5,656,985
Other debt (Rps. 10,791,533 and £500,000)	3,955,975	3,788,199
Saguenay Power Company, Ltd.:		
First mortgage 3% sinking fund bonds, due 1971 (U.S. \$9,812,000)	9,812,000	10,589,000
3% Serial debentures	—	300,000
Other subsidiaries:		
Bank loans	13,744,975	8,218,688
Other	7,266,071	7,222,732
	<u>598,554,167</u>	<u>533,997,837</u>
Less: Debt payable within one year included in current liabilities (equivalent to \$11,104,868 at year-end rates of exchange)	11,187,468	8,170,489
	<u>\$587,366,699</u>	<u>\$525,827,348</u>

Allowing for payments already made, sinking fund and other requirements over the next five years against the above debt, other than bank loans, amount to approximately \$6.9 million in 1966, \$15.5 million in 1967, \$28.3 million in 1968, \$25.7 million in 1969 and \$23.1 million in 1970.

Aluminium Limited and Subsidiary Companies

7. Preferred Shares of Subsidiaries and other Minority Interests:

	1965	1964
Cumulative Redeemable Preferred Shares:		
Aluminum Company of Canada, Ltd:		
4% Sinking fund first preferred shares	\$ 8,629,875	\$ 9,012,625
4½% Sinking fund second preferred shares	50,731,350	51,948,150
Indian Aluminium Company, Ltd. 5% Preferred shares	1,329,200	1,329,200
	60,690,425	62,289,975
Minority interests in equity of subsidiaries	22,612,756	16,510,200
	\$83,303,181	\$78,800,175

8. Capital Stock:

The outstanding common shares were increased during 1965 by the issuance of 26,964 shares at \$30.40 per share under the 1964 offerings of the Employee Share Purchase Plans, the price being fixed under the terms of the Plans at 92% of the market price at the time of the offerings. At 31st December 1965, 6,250 shares remained to be purchased by employees under these offerings.

Further increases in the outstanding common shares in 1965 resulted from the exercise of options as indicated in the following tabulation, which also summarizes other changes during the year in the status of outstanding options. These options were granted to officers and other employees under the first and second Share Option Plans, the option prices having been fixed, under the terms of the Plans, at the market prices ruling when the options were granted.

Option price and year of grant	Shares under option 1st January 1965	Year 1965		Shares under option 31st December 1965*
		Exercised	Expired or Cancelled	
\$31.25 —1955	168,759	8,061	160,698	—
36.50 —1959	119,400	—	8,800	110,600
30.75 —1960	59,705	—	1,000	58,705
33.875—1961	1,500	—	—	1,500
25.875—1963	80,000	500	—	79,500
26.75 —1963	33,500	300	—	33,200
	462,864	8,861	170,498	283,505

*Including 12,000 shares under options granted to directors and officers of Aluminium Limited in 1959, 2,000 shares in 1960, 25,000 shares in 1963 at \$25.875 per share and 7,500 shares at \$26.75 per share.

As the first and second Share Option Plans have expired, no further options may be granted thereunder.

At 31st December 1965, 1,500,000 of the unissued common shares were reserved for issuance under the conversion privileges of the preferred shares, 563,355 under the Employee Share Purchase Plans and 283,505 under the Share Option Plans.

The 4¼% cumulative redeemable convertible preferred shares may be converted into common shares on a share per share basis at any time prior to 15th July 1973. Such preferred shares may be redeemed in whole or in part at any time at the option of the Board of Directors on thirty days' notice at \$43 per share.

9. Dividend Restrictions:

Consolidated earned surplus at 31st December 1965 includes approximately \$149 million which, pursuant to the provisions of certain debt issues of Aluminum Company of Canada, Ltd, is not distributable in dividends either in cash or in kind to Aluminium Limited, the holder of its common shares.

10. Other Income:

	1965	1964
Income from companies less than 50% owned	\$ 800,716	\$1,029,310
Income from time deposits and Government of Canada securities.	1,698,382	1,847,048
Gain from sale of fixed assets	2,974,509	1,972,084
Other.	601,988	903,080
	\$6,075,595	\$5,751,522

11. Other Expenses:

	1965	1964
Supplemental Compensation Plan	\$2,359,429	\$ 991,524
Exchange loss on redemption of debt	2,030,613	2,229,209
Other	2,583,882	1,992,629
	<u>\$6,973,924</u>	<u>\$5,213,362</u>

12. Supplemental Compensation Plan:

Under the Supplemental Compensation Plan for certain employees that was approved by the shareholders in 1963, there is to be credited annually to a reserve an amount equivalent to one-tenth of the excess, if any, of net income over a 6% return on capital investment, both as defined in the Plan. The purpose of the Plan is to provide an incentive and a reward to employees who contribute substantially to the success of the enterprise, through the quality of their performance or the character of their service, by affording them a means of participating in that success. A committee made up of certain directors not eligible for supplemental compensation determines the allotments to employees. Such allotments are generally payable over a period of four years.

The credit to the reserve for 1965 and the amount remaining in the reserve at 31st December 1965 have been determined by the Company's auditors, as required by the Plan, as follows:

Net income for the year before the credit to the reserve	\$64,807,568
Add:	
Interest on debt not maturing within one year	27,707,397
Dividends on preferred shares of subsidiaries and other minority interests	6,209,644
Plan net income	98,724,609
Less:	
6% return on capital investment (principally debt not maturing within one year, capital stock and surplus)	75,130,319
Excess of plan net income over 6% return on capital investment	23,594,290
Credit to the reserve—10%	<u>\$ 2,359,429</u>
Balance in the reserve, 31st December 1964	\$ 991,524
Allotments less forfeitures in 1965	769,500
	222,024
Credit to the reserve for the year 1965 (as above)	2,359,429
Balance in the reserve (included in current liabilities), 31st December 1965	<u>\$ 2,581,453</u>

13. Commitments:

A subsidiary company, Saguenay Shipping Limited, has charter hire commitments amounting to \$11.1 million in 1966 (\$21.0 million paid in 1965), \$8.9 million in 1967, \$7.6 million in 1968, \$6.1 million in 1969, \$4.6 million in 1970, \$2.9 million in 1971 and lesser amounts up to 1978. See also reference to capital expenditures in note 4.

14. Geographical Distribution of Assets and Liabilities:

A condensed analysis of the balance sheet at 31st December 1965 according to the domicile of the constituent companies and their branches, follows:

	North America	South America and Caribbean	United Kingdom and Continental Europe	All Other	Total
	(in millions of dollars)				
ASSETS:					
Current assets	\$ 269	\$ 54	\$ 158	\$ 62	\$ 543
Investments	3	1	28	26	58
Fixed assets	1,337	262	146	119	1,864
Less: Depreciation, etc.	(620)	(122)	(59)	(39)	(840)
Other assets	13	5	1	1	20
	<u>1,002</u>	<u>200</u>	<u>274</u>	<u>169</u>	<u>1,645</u>
LIABILITIES:					
Current liabilities	95	32	53	32	212
Funded debt	508	11	43	25	587
Deferred income taxes	121	6	6	4	137
Preferred shares, etc.	124	1	4	14	143
	<u>848</u>	<u>50</u>	<u>106</u>	<u>75</u>	<u>1,079</u>
Common shareholders' equity	<u>\$ 154</u>	<u>\$ 150</u>	<u>\$ 168</u>	<u>\$ 94</u>	<u>\$ 566</u>

15. Statutory Information:

Total remuneration received by the directors of Aluminium Limited (including the salaries of officers who are also directors) amounted to \$683,138 in 1965.

Aluminium Limited - Operating Subsidiaries and Affiliates

Main Countries of Operations	Company Name	Main Countries of Operations	Company Name
CANADA	Aluminum Company of Canada, Ltd Aluminum Goods Limited Alanco (Aurora) Limited Alcan Design Homes Limited Almetco Manufacturing Corp. Ltd. **Metal Closures Canada Limited Newfoundland Fluorspar Limited Roberval and Saguenay Railway Company, The Saguenay Shipping Limited Saguenay Terminals Limited Alma & Jonquières Railway Company, The Saguenay Power Company, Ltd. Saguenay Transmission Company, Limited Roslyn Metal Products Limited **Supreme Aluminum Industries Limited	ITALY	Alcan Alluminio Italiano S.p.A. **Angeletti & Ciucani Fonderia Laminatoio S.p.A.
UNITED STATES	Alcan Aluminum Corporation Alcan Cable Corporation Alcan Metal Powders, Inc.	NETHERLANDS	**Nederlandsche Aluminium Maatschappij
ARGENTINA	Alcan Argentina S.A.I.C.	NORWAY	*A/S Norsk Aluminium Company *A/S Nordisk Aluminiumindustri *Det Norske Nitridaktieselskap
BRAZIL	Aluminio do Brasil S.A. Aluminio Minas Gerais S.A.	SPAIN	"Alcan" Aluminio Iberico, S.A.
COLOMBIA	Aluminio Alcan de Colombia, S.A.	SWEDEN	**A/B Svenska Metallverken
MEXICO	Aluminio Industrial Mexicano, S.A.	SWITZERLAND	Aluminiumwerke A.-G. Rorschach **Boxal Fribourg S.A.
URUGUAY	Aluminio del Uruguay S.A.	UNITED KINGDOM	Alcan Industries Limited *Alcan Enfield Alloys Limited Alcan Polyfoil Limited *Architectural Aluminium Limited Fisher's Foils Limited
BRITISH GUIANA	Demerara Bauxite Company, Limited Sprostons, Limited	GHANA	Ghana Aluminium Products Limited
JAMAICA	Alcan Jamaica Limited Sprostons (Jamaica) Limited	NIGERIA	Alcan Aluminium of Nigeria Limited Flag Aluminium Products Limited
TRINIDAD	Chaguaramas Terminals Limited Sprostons (Trinidad) Limited	SOUTH AFRICA	Alcan Aluminium of South Africa Limited
BELGIUM	Alcan Aluminium Raeren S.A.	INDIA	Indian Aluminium Company, Limited
DENMARK	**Dansk Aluminium Industri A/S **Aluminord A/S	JAPAN	*Nippon Light Metal Company, Ltd. *Toyo Aluminium K.K.
FRANCE	Aluminium Alcan de France S.A. des Bauxites et Alumines de Provence	MALAYSIA	Alcan Malayan Aluminium Company Limited Southeast Asia Bauxites Limited Johore Mining and Stevedoring Co. Ltd.
GERMANY	Alcan Aluminiumwerke G.m.b.H. *Aluminium Norf G.m.b.H.	AUSTRALIA	Australian Aluminium Company Limited **Queensland Alumina Limited *Wm. Breit & Company Pty. Ltd.
IRELAND	**Unidare Limited *Companies owned 50%. **Companies owned less than 50%.	NEW ZEALAND	Alcan Industries Limited, Branch Aluminium Conductors Limited
		INTERNATIONAL SALES	Alcan Africa Limited—Africa Alcan Asia Limited—Far East Alcan S.A.—Europe (excluding Germany), Near East, North Africa Alcan Metall G.m.b.H.—Germany Alcan (U.K.) Limited—U.K., Scandinavia Aluminium Limited Sales, Inc.—U.S.A., Caribbean and Latin America Magnesium Company of Canada, Ltd.

Transfer Agents

PREFERRED SHARES	
MONTREAL	National Trust Company, Limited
TORONTO	National Trust Company, Limited
VANCOUVER	National Trust Company, Limited
COMMON SHARES	
MONTREAL	National Trust Company, Limited
TORONTO	National Trust Company, Limited
VANCOUVER	National Trust Company, Limited
PITTSBURGH	Mellon National Bank and Trust Company
NEW YORK	First National City Bank
LONDON	Morgan Grenfell & Co. Limited

Registrars

MONTREAL	The Royal Trust Company
TORONTO	The Royal Trust Company
VANCOUVER	The Royal Trust Company
MONTREAL	The Royal Trust Company
TORONTO	The Royal Trust Company
VANCOUVER	The Royal Trust Company
PITTSBURGH	Pittsburgh National Bank
NEW YORK	Manufacturers Hanover Trust Company
LONDON	The Royal Trust Company

Man and his world

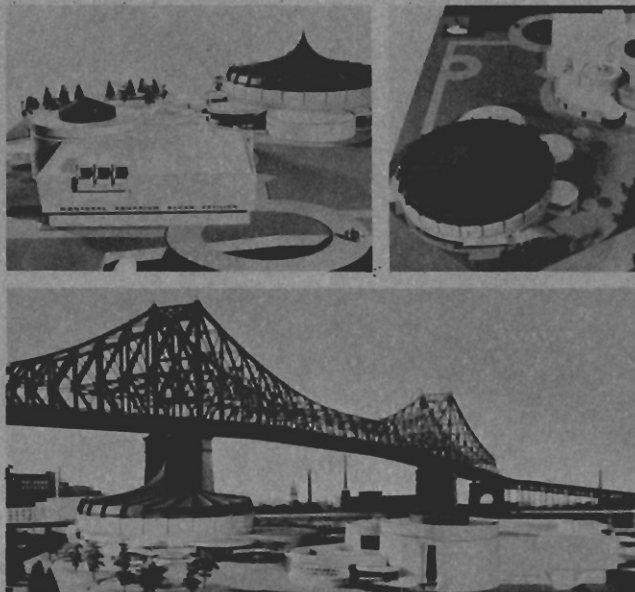


"Expo '67"—the popular name for the 1967 Universal and International Exhibition—will be held from April 28 through October 27, 1967 in Montreal. That year will mark the 100th anniversary of the founding of the Confederation of Canada. The World Exhibition will be a highlight of the Centennial celebrations.

Expo '67 will be the first World Exhibition of the First Category sanctioned by the International Bureau of Exhibitions to be held in North America. The greatness of this Exhibition will significantly reflect the coming-of-age of Canada. Upwards of 70 world governments will be official participants.

In the development of the bold theme "Man and his World", Expo '67 will show the best of the world to Canada—and the best of Canada to the world.

As a member of the Montreal and Canadian industrial community, and as an international business concern, Alcan will participate in Expo '67 by building, jointly with the City of Montreal, an aquarium and dolphin pool. This two-building project, of which a scale model is illustrated below, will remain a permanent institution in Montreal after Expo '67 has closed its gates.



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