

ALCAN INC
Form 425
May 14, 2007

The Aluminum Value Chain
The Aluminum Value Chain
Unlocking Aluminum's value and building a sustainable future
Unlocking Aluminum's value and building a sustainable future
Bernt

Reitan
Executive Vice President, Alcoa
President, Alcoa Primary Products
CRU s
12
th
World Aluminium
Conference
Bahrain
13-16 May 2007
Filed by Alcoa Inc.
Pursuant to Rule 425
Under the Securities Act of 1933
Registration Statement:
333-142669
Subject Company: Alcan Inc.
Commission File No.:
001-03677

2
CRU s
12
th
World Aluminium
Conference --
2007
Forward-Looking Statements

Certain statements
and
assumptions
in
this
communication
contain
or
are
based
on
"forward-looking
information
and
involve
risks
and
uncertainties.

Forward-looking statements may be identified by their use of words like "anticipates," "believes," "estimates," "expects," "hope," "will," "will likely result," "forecast," "outlook," "projects" or other words of similar meaning. Such forward-looking information includes the statements as to the impact of the proposed acquisition on revenues, costs and earnings. Such forward looking statements are based on numerous assumptions,

uncertainties
and
risks,
many
of
which
are
outside
of
Alcoa's
control.

Accordingly,
actual
results
and
developments
are
likely

to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this communication. Such uncertainties include Alcoa's ability to successfully integrate the operations of Alcan; the outcome of contingencies including environmental remediation, divestitures of businesses, and anticipated costs of capital investments; general business and economic conditions; interest rates; the supply and demand for, deliveries of, and the prices and price volatility of primary aluminum, fabricated aluminum and aluminum products produced by Alcoa and Alcan; the timing of the receipt of regulatory and governmental approvals necessary to complete the acquisition; any undertakings agreed to in connection with the receipt of such regulatory and governmental approvals; the timing of receipt of governmental approvals for Alcoa's and Alcan's development projects and other operations; the availability of financing to refinance debt incurred in connection with the acquisition.

the
acquisition
of
Alcan
on
reasonable
terms;
the
availability
of
financing
for
Alcoa's
and
Alcan's
development
projects
on
reasonable terms;
Alcoa's
and
Alcan's
respective
costs
of
production
and
their
respective
production
and
productivity
levels,
as
well
as
those
of
their
competitors; energy
costs;
Alcoa's
and
Alcan's
ability
to
secure
adequate
transportation
for

their
respective
products,
to
procure
mining
equipment
and
operating supplies in sufficient quantities and on a timely basis, and to attract and retain skilled staff; the impact of changes in
exchange rates on Alcoa's and Alcan's costs and results, particularly the Canadian dollar, Euro, and Australian dollar, may affect
important raw
materials
are
purchased
in
other
currencies,
while
products
generally
are
sold
in
U.S.
dollars;
engineering
and
construction
timetables
and capital costs for Alcoa's and Alcan's development and expansion projects; market competition; tax benefits and tax rates;
negotiations with
key
customers;
the
resolution
of
environmental
and
other
proceedings
or
disputes;
and
Alcoa's
and
Alcan's
ongoing
relations
with
their respective employees and with their respective business partners and joint venturers.

3
CRU s
12
th
World Aluminium
Conference --
2007
Forward-Looking Statements

Additional risks, uncertainties and other factors affecting forward looking statements include, but are not limited to, the following:

Alcoa is, and the combined company will be, subject to cyclical fluctuations in London Metal Exchange primary aluminum prices, economic and business conditions generally, and aluminum end-use markets;

Alcoa's operations consume, and the combined company's operations will consume, substantial amounts of energy, and profitability may decline if energy costs rise or if energy supplies are interrupted;

The profitability of Alcoa and/or the combined company could be adversely affected by increases in the cost of raw materials;

Union disputes and other employee relations issues could adversely affect Alcoa's and/or the combined company's financial results;

Alcoa and/or the combined company may not be able to successfully implement its growth strategy;

Alcoa's operations are, and the combined company's operations will be, exposed to business and operational risks, changes in market conditions and events beyond its control in the countries in which it operates;

Alcoa is, and the combined company will be, exposed to fluctuations in foreign currency exchange rates and interest rates, as well as inflation and other economic factors in the countries in which it operates;

Alcoa faces, and the combined company will face, significant price competition from other aluminum producers and end-users of Alcoa products that are highly competitive;

Alcoa and/or

the
combined
company
could
be
adversely
affected
by
changes
in
the
business
or
financial
condition
of
a
significant
customer or customers;

Alcoa and/or the combined company may not be able to successfully implement its productivity and cost-reduction initiatives;

Alcoa and/or the combined company may not be able to successfully develop and implement new technology initiatives;

Alcoa is, and the combined company will be, subject to a broad range of environmental laws and regulations in the jurisdiction in which it operates and may be exposed to substantial costs and liabilities associated with such laws;

Alcoa's smelting operations are expected to be affected by various regulations concerning greenhouse gas emissions;

Alcoa and the combined company may be exposed to significant legal proceedings, investigations or changes in law; and

Unexpected events may increase Alcoa's and/or the combined company's cost of doing business or disrupt Alcoa's and/or the combined company's operations.

See also the risk factors disclosed in Alcoa's Annual Report on Form 10-K for the fiscal year ended December 31, 2006. Readers are cautioned not to put undue reliance on forward-looking statements. Alcoa disclaims any intent or obligation to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law.

4
CRU s
12
th
World Aluminium
Conference --
2007
Additional information

WHERE TO FIND ADDITIONAL INFORMATION

In connection with the offer by Alcoa to purchase all of the issued and outstanding common shares of Alcan (the Offer), Alcoa has filed with the Securities and Exchange Commission (the SEC) a registration statement on Form S-4 (the Registration Statement), which contains a prospectus relating to the Offer (the Prospectus), and a tender offer statement on Schedule TO (the Schedule TO). This communication is not a substitute for the Prospectus, the Registration Statement and the Schedule TO. **ALCAN SHAREHOLDERS AND OTHER INTERESTED PARTIES ARE URGED TO READ THESE DOCUMENTS, ALL OTHER APPLICABLE DOCUMENTS AND ANY AMENDMENTS OR SUPPLEMENTS TO ANY SUCH DOCUMENTS WHEN THEY BECOME AVAILABLE, BECAUSE EACH CONTAINS OR WILL CONTAIN IMPORTANT INFORMATION ABOUT ALCOA, ALCAN AND THE OFFER.** Materials filed with SEC are available electronically without charge at the SEC's website, www.sec.gov. Materials filed with the Canadian securities regulatory authorities ("CSRA") are available electronically without charge at www.sedar.com.

Materials filed with the SEC or the CSRA may also be obtained without charge at Alcoa's website, www.alcoa.com, or by directing a request to Alcoa's investor relations department at (212) 836-2674. In addition, Alcan shareholders may obtain free copies of such

materials filed with the SEC or the CSRA by directing a written or oral request to the Information Agent for the Offer, MacKenzie Partners, Inc., toll-free at (800) 322-2885

(English) or (888) 405-1217 (French). While the Offer is being made to all holders of Alcan Common Shares, this communication does not constitute an offer or a solicitation in any jurisdiction in which such offer or solicitation is unlawful. The Offer is not being made in, nor will deposits be accepted in, any jurisdiction in which the making or acceptance thereof would not be in compliance with the laws of such jurisdiction. However, Alcoa may, in its sole discretion, take such action as they may deem necessary to extend the Offer in any such jurisdiction.

The Aluminum Value Chain
Unlocking
Unlocking
Aluminum's value and
Aluminum's value and
building a sustainable
building a sustainable

future
future

Alcoa at a glance
Alcoa on the leading
edge
Megatrends that
drive our business
Unlocking
aluminum's value

Industry landscape
Agenda

7
CRU s
12
th
World Aluminium
Conference --
2007
Alcoa at a glance

Leading aluminum products company

Primary aluminum and alumina

Flat-rolled aluminum and hard-alloy extrusions

Active in all major segments of the industry:

Technology

Smelting

Mining

Fabricating

Refining

Recycling

Products serving the aerospace, automotive, commercial transportation, packaging, building and construction, and industrial markets.

8
CRU s
12
th
World Aluminium
Conference --
2007
Financial performance -

2006

9%

20%

27%

14%

18%

11%

Engineered

Solutions

Alumina

Primary Metals

Flat Rolled

Extruded & End

Packaging &

Consumer

2006 3

rd

Party Revenue by Segment

2006 ATOI by Segment

30%

50%

7%

2%

9%

3%

Engineered

Solutions

Alumina

Flat Rolled

Primary Metals

Packaging &

Consumer

Extruded & End

\$30.4 Billion -

highest revenue and income in

Alcoa history

9
CRU s
12
th
World Aluminium
Conference --
2007
44 Countries
123,000 Employees
2006 Sales
by Geography
Pacific
ROW
57%
13%
Europe
24%
6%
U.S.
Global organization

10
CRU s
12
th
World Aluminium
Conference --
2007
Alcoa Primary Operations

Refinery
Smelter
Stand-alone bauxite mine
Refinery
Smelter
Stand-alone bauxite mine
North America:
Smelting 2.8M tonnes
Refining 2.3M tonnes
Latin America:
Smelting 0.3M tonnes
Refining 2.6M tonnes
Europe:
Smelting 0.6M tonnes
Refining 1.3M tonnes
Australia:
Smelting 0.4M tonnes
Refining 7.8M tonnes
Refinery
Smelter
Stand-alone bauxite mine
Refinery
Smelter
Stand-alone bauxite mine
North America:
Smelting 2.8M tonnes
Refining 2.3M tonnes
Latin America:
Smelting 0.3M tonnes
Refining 2.6M tonnes
Europe:
Smelting 0.6M tonnes
Refining 1.3M tonnes
Australia:
Smelting 0.4M tonnes
Refining 7.8M tonnes
Iceland
Smelting 0.3M tonnes
Key Facts (2006)

25 Smelters on 5
continents

9 refineries on 4
continents

3.6 mmt
Aluminum
Production --
11% of

world output

15.1 mmt
Alumina
production
23% of
world output

\$8.9 billion in 3
rd
Party
Revenue

\$15 billion total Revenue
incl intercompany sales
to down-streams

11
CRU s
12
th
World Aluminium
Conference --
2007
A values-driven company

Integrity

Environment, Health and Safety

Customer

Excellence

People

Profitability

Accountability

Living the
Living the
Values
Values

13
CRU s
12
th
World Aluminium
Conference --
2007
Committed to sustainability

2020
Strategic
framework

14
CRU s
12
th
World Aluminium
Conference --
2007
Sustainability goals

From base year 2000:

60% reduction sulfur dioxide by 2010

50% reduction volatile organic compounds by 2008

30% reduction nitrogen oxides by 2007

80% reduction mercury emissions by 2008

50% reduction landfill waste by 2007

Reduce energy intensity 10% by 2010

60% reduction in process water use and discharge by 2009

From base year 1990:

25% reduction in greenhouse gas emissions by 2010.

15
CRU s
12
th
World Aluminium
Conference --
2007
Land stewardship

Reclamation

Conservation/biodiversity

Management

Alcoa-sponsored
environmental parks,

Brazil

Award-winning forest
restoration, Australia

Great Smoky Mountains
conservation agreement,

USA

16
CRU s
12
th
World Aluminium
Conference --
2007
Safety leader

0.00
0.50
1.00
1.50
2.00
2.50
3.00
3.50
1995
1996
1997
1998
1999
2000
2001
2002
2003
2004
2005
2006
U.S Industry Average
Alcoa

Alcoa facilities worldwide are 20 times safer than U.S average

More than 82% of Alcoa facilities had zero lost workdays in 2006
Lost workdays

17
CRU s
12
th
World Aluminium
Conference --
2007
Community support

Commitment
to
Communities
-
2006

Alcoa and Alcoa Foundation
investments totaled \$42.3 million

More than 500,000 volunteer work
hours, equivalent of 55 years of
work

Launched \$8.6 million Conservation
and Sustainability Fellowship
research program
Employee volunteers in Australia

18
CRU s
12
th
World Aluminium
Conference --
2007
United States Climate Action

Partnership

Alcoa a founding member

10 US Corporations and 4 NGOs

Slow, stop and reverse climate change

A call for action to the US Government

Founding principles

Account for the global dimensions of climate change

Recognize the importance of technology

Be environmentally effective

Create economic opportunity and advantage

Be fair to sectors disproportionately impacted

Recognize and encourage early action

I am convinced that we can build a global plan of action on climate change in ways that create more economic opportunities than risks.

Alain Belda

NGO Members

Environmental Defense

Natural Resources Defense
Council

Pew Center on Global
Climate Change

World Resources Institute
Industry Members

Alcoa

BP America

Caterpillar

Duke Energy

DuPont

General Electric

PG&E

PNM Resources

19
CRU s
12
th
World Aluminium
Conference --
2007
Recognition

Member Dow Jones Sustainability Indexes

Most Sustainable Corporation / World
Economic Forum in Davos

Top Green Company by BusinessWeek
magazine and the Climate Group for GHG
reductions

\$8.6 million Conservation & Sustainability
Research Fellows Program

Named by CERES as a leader in climate
change and governance

UNEP Global 500 Role of Honour

World Environment Center Gold Medal

Creating value:
Creating value:
Alcoa at the leading
Alcoa at the leading
edge of sustainable
edge of sustainable
production

production

21
CRU s
12
th
World Aluminium
Conference --
2007
Sustainable aluminum production

Recycled content

Sustainable energy sources

Energy conservation

GHG control achievements

Smelting Technology

Anode effect management

Breakthrough smelting
technologies

GHG Neutral by 2020

22
CRU s
12
th
World Aluminium
Conference --
2007
Leader in recycled content

Scrap recycling center, Hungary
30% growth in recycled content --
2004-2006

0
200
400
600
800
1000
2004
2005
2006

Currently Alcoa uses nearly 1 million
mt/year of recycled aluminum
25%
of primary production
mt

23
CRU s
12
th
World Aluminium
Conference --
2007
Anode effect management

Operational excellence in
smelting process

Consistent, stable reaction

26% reduction in CO
2
emissions 5 years ahead of
target

75% reduction in PFC
emissions since 1990

Concurrent energy savings

Best practices shared across
the Alcoa system

24
CRU s
12
th
World Aluminium
Conference --
2007
Progress -

greenhouse gas
reductions

(Direct GHG Emissions from Managed Facilities)

0%

5%

10%

15%

20%

25%

30%

Alcoa primary aluminum
production nearly doubled from

1.9 mmt/y

to 3.6 mmt/y

during

this period.

25
CRU s
12
th
World Aluminium
Conference --
2007
Leader in sustainable energy

More than a century of hydropower
expertise

new technology improving yield of
existing projects
LIHI certification

Cogeneration at Wagerup
and Pinjarra

Biofuels
for plant equipment

Green Power
renewable energy
contracts

Geothermal

Under consideration for proposed
second smelter in Iceland
Calderwood
dam, Tennessee
Pinjarra
cogeneration plant

26
CRU s
12
th
World Aluminium
Conference --
2007
Cogeneration in Australia

Pinjarra
and Wagerup
refineries, Western Australia

First of four 140 MW plants completed in 06 at Pinjarra

Potential 1.6 million tons/year GHG savings for both
plants

240 tonnes/hour of steam for refineries, electricity for
municipal grid

Energy efficiency is 75% compared to 30-35% for
coal-fired generation; 50% for gas turbine

Electricity greenhouse gas saved: 450,000 tons/year

Steam greenhouse gas saved: 135,000 tons/year

Alcoa is Australia's largest cogeneration customer

27
CRU s
12
th
World Aluminium
Conference --
2007
Energy conservation

US DOE energy reduction program

Nitrogen oxide emissions reduced by 770 mtpy

Sulphur

Dioxide emissions reduced by 1600 mtpy

Carbon Dioxide emission reduced by 420,000 mtpy

Operating costs cut by \$15 million

Best practices shared worldwide

28
CRU s
12
th
World Aluminium
Conference --
2007
Carbon capture

Waste CO

2

from neighboring
facility used to reduce alkalinity of
bauxite residue

Captures 70,000 tonnes/year of
CO

2

Potential 300,000 tonnes/year in
Australia

Researching technology for
extracting CO

2

from Alcoa's flue
gases

Carbon capture plant, Kwinana, Western Australia

29
CRU s
12
th
World Aluminium
Conference --
2007
Breakthrough smelting

technologies
Post-Carbon technology

Possible next-generation
process

Replaces most CO
2
emissions
with O
2
emissions

Reduces operating costs

Eliminates all sulfur and carbon
emissions from anodes
Carbothermic
process

Electrolysis-free process

Significant reduction in energy
Alcoa Technical Center

30
CRU s
12
th
World Aluminium
Conference --
2007
Sustainable growth in Iceland

Alcoa Fjardaal

344,000 mtpy
capacity

First metal April 2007

Compliant with
Iceland's stringent
environmental
requirements
North Iceland

Possible second
smelter site in Bakki

Phase 2 feasibility
study

Geothermal power
under consideration

First shipment of alumina, Alcoa Fjardaal, Iceland
28 March 2007

31
CRU s
12
th
World Aluminium
Conference --
2007
Fjarmaal

on line
April 07
Bath transfer

32
CRU s
12
th
World Aluminium
Conference --
2007
0

1
2
3
4
5
6
7

Iceland: a leader in
sustainable power

Hydro

Geothermal

Estimated per capita CO

2

emissions from electricity
production in selected countries

Source: Orkuveita Reykjavíkur

Megatrends
Megatrends
that drive our
that drive our
business
business

Global urbanization

Climate change

34
CRU s
12
th
World Aluminium
Conference --
2007

Rapid growth of cities presents significant opportunities for physical infrastructure utilizing products that we currently make

New opportunities in areas like rail cars, lightweight bridge decks, non corrosive signage, portable power sources, integrated B&C solutions

1
2
3
4

Lightweight a key enabler of rapid migration
fast ferries, transport
planes, containers, payload increases of trucks

Lead the development of technologies and solutions for
security products (e.g. lightweight armor, blast proof containers)

Flexible solar energy panels using aluminum substrates as integrated
building and construction products

Enhance grid efficiencies by supplying co-extruded, high conductivity
Al-Cu wire

Promote the use of aluminum in multi-fuel vehicles

Increased aluminum content in thermal management solutions driven by miniaturization

Demographics

Globalization

Natural Resources

& Environment

Science and

Technology Advances

Global Megatrends present opportunities for Alcoa

35
CRU s
12
th
World Aluminium
Conference --
2007
Building for the future

Aluminum consumption

World Aluminum Consumption (MT)

2005: 32M

2020E: 60.6M

+0.4

+1.1

+0.9

+0.5

+7.1

+0.5

Latin America

+4.1

Western Europe

+2.4

E. Europe, CIS & Other

+4.4

North America

+17.2

Asia

Source: CRU; McKinsey & Co

1998: 22M

7.2

6.7

1.7

5.6

0.8

14.3

7.2

2.6

6.7

1.2

31.5

11.6

5.0

10.8

1.7

36
CRU s
12
th
World Aluminium
Conference --
2007
Climate change

A Megatrend
and a global issue

The global dialog has moved
from debate to action

Global consumption growth is
raising the stakes

Aluminum has tremendous
value in addressing the
challenge

Aluminum is part of the
solution to climate change

37
CRU s
12
th
World Aluminium
Conference --
2007
Climate change: beyond debate

10 years ago, UN's Kyoto Protocol moved the issue to the global stage. It's currently endorsed by 169 governments

In the US, industries and NGOs are working together to provide proactive and effective voluntary strategies

US Climate Action Partnership

Alcoa founding member

Global Roundtable on Climate Change

Columbia University

EU's new 2020 Energy Policy will reduce CO2 emissions by 20% by 2020

Last year's ASEM 6 Summit pledged Asian/European collaboration on addressing climate change

In Australia, Kyoto and climate change are a key factor in the upcoming election
Alcoa began addressing climate change in the late 90s

Aluminum: part
Aluminum: part
of solution to
of solution to
climate change
climate change

Recyclability

Lasting value

Automotive lightweighting

Aerospace growth

Greenhouse gas neutral

39
CRU s
12
th
World Aluminium
Conference --
2007
Part of the solution: Recycling

One of the most recyclable, reusable materials on earth

Less than 1% melt loss

Saves 95% of mine-to-ingot energy of primary production

Saves 95% of mine-to-ingot GHG emissions

40
CRU s
12
th
World Aluminium
Conference --
2007
Part of the solution: Lasting value

73% of all aluminum
ever
produced is still in use today

Since 1888, about 800
million tonnes of aluminium
have been produced.

About 580 million tonnes of
this amount is still in
productive use.

Recycling the metal
currently stored in use
would equal 15 years
primary aluminium output.

580

800

Global Metal Pool (Inventory) (tonnes)

Total Metal Produced (tonnes)

Source: IAI

41
CRU s
12
th
World Aluminium
Conference --
2007
Part of the solution:

Aluminum lifecycle

Source: IAI

Total Products

Stored in Use

Since 1888

586.0

Finished

Products

40.4

Oxidized in

Applications

0.8

Fabricated and

Finished

Products

67.4

Traded

New

Scrap

8.6

Traded

New

Scrap

1.4

Ingots 68.8

Metal Losses 1.4

Not Recycled in 2006 3.5

Under Investigation 3.7

Old

Scrap

7.8

Primary

Aluminium used

34.0

Remelted / Recycled

34.8

Net Addition 2006

24.4

Fabricator

Scrap

18.4

Internal

Values in million of metric tons

42
CRU s
12
th
World Aluminium
Conference --
2007
Part of the solution:

Automotive lightweighting

Aluminum is the most sustainable automotive material in the world

Aluminum is infinitely recyclable.

95% of the aluminum from a scrapped vehicle is recycled at the end of the vehicle's useful life

The amount of aluminum used in automobiles has doubled over the last decade

Audi spaceframe

Source: IAI

43
CRU s
12
th
World Aluminium
Conference --
2007
Part of the solution:

Automotive lightweighting

Aluminum use in transportation
saves 250 million tons of CO

2
emissions per year

Using aluminum to replace
steel saves 22.9 kg of CO

2
per
kg of aluminum

Aluminum adds performance,
safety and style without adding
weight

Body and chassis
for GM/Chevrolet
Sequel hydrogen-
powered vehicle

44
CRU s
12
th
World Aluminium
Conference --
2007
Part of the solution: Aerospace

The world fleet
will more than
double in the
next two
decades

Alcoa is the
leading supplier
and innovator in
aerospace

45
CRU s
12
th
World Aluminium
Conference --
2007
Part of the solution:

Growth in all areas

Next-generation aircraft will have significant high-value aluminum content

A380: 1000 tonnes of plate

Boeing 787: composite design uses advanced, high-value aluminum alloys

Current generation will continue to use aluminum through 2015

737, 777, A320, A330, A340

Growth in new aircraft categories (VLJ/Very Light Jets) will be strong

Boeing 747-8

Eclipse 500 4-passenger jet

Airbus A380

46
CRU s
12
th
World Aluminium
Conference --
2007
Part of the solution:

Aerospace value drivers

Historic durability, inspectability

Alloy and product form flexibility

Aluminum's weight/strength ratio
creates new opportunities for
sustainability:

Reducing engine noise

Reducing emissions

Reducing fuel consumption

GE

NX

engine

-

787

Forged bulkhead

Joint

Strike Fighter

Fuselage

Airbus A380

47
CRU s
12
th
World Aluminium
Conference --
2007
Part of the solution:

Adding value to everything that moves

Aluminum lightweighting saves energy and emissions in automotive, truck, rail, aerospace and other applications

Emissions saved by aluminum lightweighting can offset the climate impact of aluminum manufacturing

Aluminum can be a greenhouse-neutral material in the foreseeable future

48
CRU s
12
th
World Aluminium
Conference --
2007
Part of the solution:

GHG neutral by 2020

Growing aluminum
lightweighting in road
and rail vehicles

Production and
energy improvements

Recycling

Aluminum's value in
reducing greenhouse
gases can offset
emissions from
production

Alcoa and Alcan:
Alcoa and Alcan:
Response to an
Response to an
evolving industry
evolving industry
landscape

landscape

Creating an industry
leader

Evolving competitive
landscape and the need
for scale

Combined strengths

50
CRU s
12
th
World Aluminium
Conference --
2007
Creating an industry leader

Bauxite & Refining

Access to
World-Class
Reserves

2
nd
Quartile
on Cost
Curve

Capacity:
21.5 MMT
Energy

Self
Generation:
34%

Long Term
Contracts:
54%

Smelting
Global Rank:
#1

2
nd
Quartile
on Cost
Curve

Capacity:
7.8 MMT
End Markets

Renewable
Hydro:
54%

Building &
Construction
Packaging
Commercial
Transportation

Automotive
Aerospace
Global Rank:
#1

51
CRU s
12
th
World Aluminium
Conference --
2007
Evolving competitive landscape

Access to quality
bauxite and
alumina

Aluminum consumption
projected to double over 15
years

Emerging global competitors
in Russia, China, India and the
Middle East

Scale required to maintain
competitiveness

Evolving end markets
demanding product innovation

Industry Fundamentals

Access to long-term,
low cost energy

Innovation through
world-class

technology and

R&D

Proven commitment
to sustainability

Keys to Success

Alcoa / Alcan well positioned to compete with large global peers
and

deliver profitable growth

52

Industry landscape demands

large scale

Source: Factset and public filings. Market data as of May 4, 2007.

Note:

Alcoa

/

Alcan

represents

the
combined
enterprise
value
pro
forma
for
shares
and
new
debt
issued
for
transaction.

(1) United Company Rusal. Enterprise value estimate per Wall Street research.

\$155
\$121
\$93
\$91
\$66
\$55
\$41
\$41
\$41
\$38
\$30
\$29
\$28
\$27
\$25
\$74
\$0
\$20
\$40
\$60
\$80
\$100
\$120
\$140
\$160
\$180

Top 15 Metals & Mining Companies

Combination creates

the
5
th
largest
metals
& mining company in the world

53
South America
6.5%
CIS/E. Europe
5.1%
BHP Billiton
5.6%
India
3.2%
Alcan

8.3%

Alcoa

19.8%

Transforming alumina

landscape

Alcoa

23.2%

Reynolds

5.7%

Pechiney

3.5%

India

2.8%

E. Europe

3.9%

South America

5.8%

Alcan

9.8%

Alusuisse

2.3%

Billiton

3.4%

Inespal

2.1%

1998

2006

Total Market: 53 MMT

Total Market: 79 MMT

Source: CRU

Note: Percentages may not add to 100%

Significant Growth in the East

Alumina Capacity

Rusal

13.2%

Chalco

12.1%

Other China

9.8%

Hydro

2%

RTZ Comalco

4%

Other W. World

10%

China

6.8%

CIS

10.8%

Hydro

1%
VAW
1%
Comalco
3%
Other W. World
15%

54

Alcan

9.4%

Alcoa

10.9%

Middle East

4.2%

BHP Billiton

3.5%

India

2.1%
CIS/E. Europe
2.8%
South America
3.9%
Transforming aluminum
landscape
Rusal
10.3%
Chalco
9.2%
Other China
21.0%
Alcoa
8.9%
Pechiney
3.3%
Reynolds
4.5%
E. Europe
1.9%
Middle East
3.6%
Alcan
6.7%
Alusuisse
1.1%
Billiton
4.2%
Inespal
1.4%
Alumax
2.8%
1998
2006
Significant Growth in the East
Aluminum Capacity
Total Market: 25 MMT
Total Market: 39 MMT
Source: CRU
Note: Percentages may not add to 100%
Hydro
3%
VAW
2%
Comalco
3%
Other W. World
29%
Hydro

4%
RTZ Comalco
2%
Other W. World
16%
China
10.4%
CIS
14.9%

55
CRU s
12
th
World Aluminium
Conference --
2007
Access to quality bauxite &

alumina

Alcoa

Alcan

Shared

Alcoa

Alcan

Shared

Total Potential

Bauxite

Alumina

12 mines and 13 refineries on 6 continents

Note: Includes ownership in JVs

56
CRU s
12
th
World Aluminium
Conference --
2007
World class bauxite and

alumina franchise

9,564

2,269

2,930

4,448

5,907

10,443

15,617

21,524

6,926

16,490

0

5,000

10,000

15,000

20,000

25,000

Alumina Refinery Cash Costs (\$/MT)

0

50

100

150

200

250

300

350

400

450

0

10,000

20,000

30,000

40,000

50,000

60,000

70,000

Worldwide

Production

-

000

MT

2006 Cost Curve

Alcan Average

Alcoa Average

66

th

Percentile

38

th

Percentile

Bauxite & Alumina

2006 (\$Millions)

2006 Refining Capacity (kMT)

Chalco

Other China

Source: CRU full operating cost, Alcoa analysis; Company filings

Global supplier with premier facilities

Low cost production base -

majority of

production in bottom half of cost curve

Best in class operational expertise and

technology

Investing in high return growth projects

Combined

Total Revenue

4,929

3,845

8,774

EBITDA

1,670

609

2,279

57
CRU s
12
th
World Aluminium
Conference --
2007
Attractive smelter portfolio

Alcoa

Alcan

Shared

46 smelters on 6 continents

Note: Includes ownership in JVs

58
CRU s
12
th
World Aluminium
Conference --
2007
Attractive smelter portfolio

7,788
855
1,364
1,683
3,418
3,985
4,370
3,534
853
771
8,096
11,630
0
2,000
4,000
6,000
8,000
10,000
12,000
14,000
Primary Metals
Aluminum Smelter Cash Costs (\$/MT)
1,000
1,200
1,400
1,600
1,800
2,000
2,200
2,400
2,600
2,800
3,000
0
5,000
10,000
15,000
20,000
25,000
30,000
Worldwide
Production
-
000
MT
2006 Cost Curve
Alcan Average
Alcoa Average
34
th

Percentile

51

st

Percentile

2006 Smelting Capacity (kMT)

Chalco

Other China

2006 (\$Millions)

Global supplier with premier facilities

Low cost production base

Best in class operational expertise and
technology

88% of power requirement self-generated
or under long-term contracts

Investing in high return growth projects

Source: CRU full operating cost, Alcoa analysis; Company filings

Combined

Total Revenue

12,379

11,147

23,526

EBITDA

2,881

2,962

5,843

Alcoa **aspires to be**
the best company in
the world.