

# Press Release

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**FOR IMMEDIATE RELEASE**

## **ALCAN ANNOUNCES MODERNIZATION PLAN FOR KITIMAT, B.C. SMELTER**

*APPROXIMATE US\$1.8 BILLION INVESTMENT WOULD BOOST ALUMINUM  
PRODUCTION TO 400,000 TONNES PER YEAR (T/PY)*

### **HIGHLIGHTS:**

- ♣ Alcan's global aluminum production to increase by more than 4 percent;
- ♣ Production costs in 1<sup>st</sup> quartile of industry cost curve;
- ♣ Use of world-leading AP smelting technology;
- ♣ Reliant on self-generated hydro-power.

**Vancouver, British Columbia, Canada – August 14, 2006** – Alcan Inc. today announced its intention to modernize its Kitimat Works, B.C. primary aluminum smelter through an approximate US\$1.8 billion investment. The modernization would increase Alcan's annual global primary aluminum production by more than 4 percent and make Kitimat not only one of Alcan's largest wholly-owned smelters, but also one of the three largest in North America.

"The planned modernization of Kitimat would leverage two of Alcan's great competitive advantages - clean, self-generated power and the world's leading AP smelting technology," said Cynthia Carroll, President and Chief Executive Officer, Alcan Primary Metal Group. "Alcan is proud to reaffirm its long-standing commitment to northwestern British Columbia and the community of Kitimat by ensuring the sustainability of the aluminum business here for decades to come," she added.

The modernization of the Kitimat smelter would increase its production by more than 60 percent, from its current 245,000 t/py to approximately 400,000 t/py, by employing the latest evolution of smelting technology within the AP35 series. Production costs would be in the lowest part of the industry cost curve's 1<sup>st</sup> quartile.

"AP technology is the most advanced, efficient and environmentally-friendly technology available, providing Alcan with an ability to achieve the lowest full economic cost. Modernization would make Kitimat a world-class aluminum production facility for the next 35 years and beyond," said Marco Palmieri, President, Alcan Primary Metal Group, Asia, Pacific and Africa. "Alcan's intention to invest in British Columbia reflects the Province's competitive business climate, one which will contribute to Kitimat's economic vitality," he added.

The modernization would secure approximately 1,000 stable, technically-enriched jobs in B.C.'s northwest for the long-term, and roughly double this number during the construction phase. The first of the new capacity is expected to come on stream in 2009, with final metal on line by the end of 2011.

By design, the modernized Kitimat smelter would use virtually all of Alcan's firm power from the wholly-owned Kemano hydro-electric plant, using more electricity, more efficiently, than ever before in the smelter's history. Alcan's Agreement-in-Principle with BC Hydro includes a "smelter first provision", ensuring that power deliveries to the smelter would take priority over sales to BC Hydro. Furthermore, Alcan would sell any surplus power directly to BC Hydro, signalling an end to power sales to BC Hydro's subsidiary, Powerex, as of December 31st, 2006.

The implementation of the modernization project is subject to the final approval of Alcan's Board of Directors and to certain conditions including environmental permits and the successful conclusion of agreements with BC Hydro and the CAW union.

Alcan Inc. (NYSE, TSX: AL) is a leading global materials company, delivering high quality products, engineered solutions and services worldwide. With world-class technology and operations in bauxite mining, alumina processing, primary metal smelting, power generation, aluminum fabrication, engineered solutions as well as flexible and specialty packaging, today's Alcan is well positioned to meet and exceed its customers' needs. Alcan has 65,000 employees in 60 countries and regions, posted revenues of US\$20.3 billion in 2005 and was selected as a Super-Sector Leader on the Dow Jones Sustainability World Index. For more information, please visit: [www.alcan.com](http://www.alcan.com).

*Statements made in this press release which describe the Company's intentions, expectations or predictions may be forward-looking statements within the meaning of securities laws. By their nature, forward-looking statements involve risk and uncertainty; the Company's actual results or actions could differ materially from those expressed or implied in such forward-looking statements. Reference should be made to the Company's latest Quarterly Report on Form 10-Q for a summary of factors that could cause such differences.*

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