

## Economic Development

### Alcoa seeks to create wealth in Québec... for years to come!

In March 2008, the Government of Québec and Alcoa signed an agreement that will shape our development for at least the next 40 years. The agreement involves a \$1.2-billion modernization of the Baie-Comeau Smelter by 2015; the renewal with Hydro-Québec of the basic supply contracts for our three Québec smelters, signed last December; the availability of additional blocks of electricity to enable our expansion projects; and the continuation of discussions surrounding the expansion of the Deschambault Smelter.

The modernization of the Baie-Comeau Smelter has already commenced with the creation of the project team and the current dismantling of one of the Söderberg pot rooms, a process we were able to begin ahead of schedule due to the reduction in aluminum production resulting from the unfavourable economic conditions.

Talks will continue throughout 2009 with the Québec government regarding the Deschambault Smelter expansion, which would double its production capacity.

### Global crash in the price of aluminum

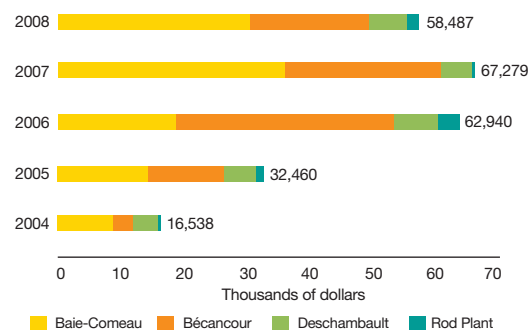
In the second half of 2008, the price of aluminum crumbled, forcing Alcoa to take vigorous and difficult measures around the world. Alcoa Canada Primary Metals was impacted in 2008 primarily by a decrease in production. Despite this, it was able to maintain its role as a driver of the Québec economy, especially in the regions where its facilities are located.

### Innovation at the heart of wealth creation

In partnership with the Centre de recherche industrielle du Québec (CRIQ) and the Centre québécois de recherche et développement de l'aluminium (CQRDA), we launched Alcoa Innovation in June 2008. The mission of this wealth creation initiative is to provide technological support to small to medium-sized enterprises (SME) to promote aluminum processing in Québec.



### Capital Projects – 2004-2008



Hydro-Québec and Alcoa Canada representatives at the signing of the electricity supply agreement

In addition to its activities with numerous SMEs, Alcoa Innovation launched the “Aluminum Innovates at Home” design competition in partnership with the Ministère du Développement économique, de l’Innovation et de l’Exportation and the Association of Industrial Designers of Québec. We received 37 submissions – a remarkable level of participation according to organizers. The winners, Charles Godbout of Topo Design in collaboration with Luc Plante, will benefit from the support of Alcoa Innovation in bringing their concept of the “Sesame” ready-to-assemble aluminum door to the pre-marketing phase.

### Encouraging sustainability

Alcoa would like its suppliers to share its passion for sustainability. Following recommendations from the Sustainability Advisory Committee, we established a pilot sustainability grading scheme to guide us in our choice of suppliers. This system will be tested during 2009. We also plan to develop measures that can help suppliers improve their performance in this area.

2008 Objectives	Results	Comments
Provide technical support to small and medium-sized enterprises in developing expertise and innovations in aluminum products.		Launch of Alcoa Innovation in June 2008.
Establish a sustainability grading scheme for suppliers, and define an approach to help them progress in this area.		A pilot sustainability grading scheme has been developed. Work will continue in 2009.
Launch a competition for the development of eco-designed aluminum products.		A contest was launched in 2008. The winner was declared in 2009.
Sign an agreement with the Government of Québec for the expansion of the Deschambault Smelter.		Negotiations will continue in 2009.

### 2009 Objectives

- Optimize our cost structure to build a stronger position for our facilities during a global economic slowdown.
- Sign an agreement and the related contracts with the Government of Québec for the expansion of the Deschambault Smelter.
- Establish a sustainability grading scheme for suppliers, and define an approach to help them progress in this area.