

IN THE MATTER OF
THE SECURITIES LEGISLATION OF
Québec, ONTARIO, ALBERTA, MANITOBA, NOVA SCOTIA AND NEWFOUNDLAND
AND LABRADOR

AND

IN THE MATTER OF
THE MUTUAL RELIANCE REVIEW SYSTEM
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF
ALCAN INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities regulatory authority or regulator (the "Decision Maker") in each of Québec, Ontario, Alberta, Manitoba, Nova Scotia and Newfoundland and Labrador (the "Jurisdictions") has received an application from Alcan Inc. (the "Issuer") for a decision under the securities legislation of the Jurisdictions (the "Legislation") that the requirements contained in the Legislation (the "CD GAAP & GAAS Requirements") which require the Issuer:

- a) to file annual and interim financial statements prepared in accordance with the Canadian generally accepted accounting principles ("Canadian GAAP"); and
- b) to file annual financial statements with an auditor's report prepared in accordance with Canadian generally accepted auditing standards ("Canadian GAAS")

will not apply to the Issuer;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Agence nationale d'encadrement du secteur financier (also known as "Autorité des marchés financiers") is the principal regulator for this application;

AND WHEREAS, unless otherwise defined, the terms herein have the meaning set out in National Instrument 14-101 *Definitions*;

AND WHEREAS the Issuer has represented to the Decision Makers that:

1. The head office of the Issuer is located in Montreal, Quebec.
2. The Issuer is a company incorporated under the laws of Canada.

3. The Issuer is a reporting issuer in all Provinces and Territories of Canada and is not in default of any requirement under the Legislation.
4. The common shares of the Issuer are listed on the New York Stock Exchange, the Toronto Stock Exchange, the London Stock Exchange, the SWX Swiss Exchange and the Euronext Paris stock exchange.
5. The common shares of the Issuer are registered under section 12 of the *Securities Act of 1934* (the "1934 Act"). The Issuer is not registered or required to be registered as an investment company under the *Investment Company Act of 1940* of the United States of America (the "1940 Act").
6. The Issuer's year end for fiscal 2004 is December 31, 2004 and its first quarter for fiscal 2004 will end on March 31, 2004.
7. The Issuer is a "SEC issuer" according to the definition given to this term in National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency* ("NI 52-107") published on January 16, 2004. NI 52-107 sets out the accounting principles that issuers and registrants may use to prepare their financial statements and the auditing standards that may be applied to audit those financial statements.
8. Under NI 52-107, SEC issuer may file financial statements prepared in accordance with generally accepted accounting principles in the United States of America that the SEC has identified as having substantial authoritative support, as supplemented by Regulation S-X and S-B under the 1934 Act ("US GAAP") and audited in accordance with generally accepted auditing standards in the United States, as supplemented by the SEC's rules on auditor independence ("US GAAS") if certain requirements are complied with.
9. The Issuer currently prepares its annual and interim financial statements in accordance with Canadian GAAP. The annual financial statements of the Issuer are currently audited in accordance with Canadian GAAS and US GAAS.
10. The Issuer has, since 1975, produced and filed with the securities regulatory authorities in each of the Jurisdictions and with the SEC, interim and annual financial statements prepared in accordance with Canadian GAAP, with reconciliation to US GAAP.
11. The Issuer proposes to file interim and annual financial statements prepared in accordance with US GAAP and, in the case of annual statements, audited in accordance with US GAAS, to satisfy its continuous disclosure requirements with respect to financial statements in each of the Jurisdictions.
12. The Issuer will continue to comply with the requirements of its jurisdiction of incorporation (Canada) as they relate to the preparation and audit of annual

financial statements in accordance with Canadian GAAP and Canadian GAAS, respectively (and the delivery thereof), which requirements are prescribed by the *Canada Business Corporations Act*.

13. The Issuer is satisfied that it has obtained and that it applies the necessary level of expertise in US GAAP to support the preparation of its interim and annual financial statements under US GAAP.

14. The Issuer's audit committee has access to the necessary expertise in relation to US GAAP and management has put in place systems to ensure that the appropriate levels and numbers of staff have and will maintain the level of expertise in US GAAP necessary to prepare reliable, high-quality financial statements.

15. The Issuer's audit committee is satisfied as to the adequacy of the expertise of the audit engagement team and the audit firm in relation to the application of US GAAP and US GAAS.

AND WHEREAS under the System, this MRRS Decision Document evidences the decision of each Decision Maker (collectively, the "Decisions");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Makers with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the CD GAAP & GAAS Requirements will not apply to the Issuer's annual and interim financial statement required to be filed under the Legislation, provided that:

- a) the Issuer has a class of securities registered under section 12 of 1934 Act and the Issuer is not registered or required to be registered under the 1940 Act;
- b) the Issuer's annual and interim financial statements that are required to be filed under the Legislation are prepared in accordance with US GAAP and, in the case of annual financial statements, audited in accordance with US GAAS;
- c) the notes to the first two sets of the Issuer's annual comparative financial statements filed after the date of this Decision and the notes to the interim financial statements for interim periods during those two years:
 - (i) explain the material differences between Canadian GAAP and US GAAP that relate to recognition, measurement and presentation;
 - (ii) quantify the effect of material differences between Canadian GAAP and US GAAP that relate to recognition, measurement and

presentation, including a tabular reconciliation between net income reported in the financial statements and net income computed in accordance with Canadian GAAP, and

(iii) provide disclosure consistent with disclosure requirements of Canadian GAAP to the extent not already reflected in the financial statements;

d) any comparative financial information contained in the financial statements referred to in paragraph (c) above, are presented in accordance with US GAAP and supported by an accompanying note that:

(i) explains the material differences between Canadian GAAP and US GAAP that relate to the recognition, measurement and presentation; and

(ii) quantifies the effect of material differences between Canadian GAAP and US GAAP that relate to recognition, measurement and presentation, including a tabular reconciliation between net income as previously reported in the financial statements in accordance with Canadian GAAP and net income as restated and presented in accordance with US GAAP;

e) the notes to the Issuer's financial statements identify the accounting principles used to prepare the financial statements;

f) the Issuer files a supplement to the Management Discussion and Analysis ("MD&A") relating to each of the financial statements referred to in paragraph (c) above that will restate, based on financial information of the Issuer prepared in accordance with or reconciled to Canadian GAAP, those parts of the MD&A that:

(i) are based on financial statements of the Issuer prepared in accordance with US GAAP, and

(ii) would contain material differences if they were based on financial statements of the Issuer prepared in accordance with Canadian GAAP;

g) the Issuer uses US GAAP generally on a going-forward basis for all of its financial statements filed under its continuous disclosure requirements in the Jurisdictions;

h) the Issuer files an auditor's report on the annual financial statements filed under paragraph (c) above that is prepared in accordance with US GAAS and it:

(i) contains an unqualified opinion;

(ii) identifies all financial periods presented for which the auditor has issued an auditor's report; if the Issuer has changed its auditor and one or more of the comparative periods presented in the financial statements were audited by a different auditor's report must refer to any former auditor's report(s) on the comparative periods; and

(iii) identifies the accounting standards used to conduct the audit and the accounting principles used to prepare the financial statements; and

i) this Decision, as it relates to the Jurisdiction of a Decision Maker, will terminate upon the coming into force of any legislation or rule of that Decision Maker dealing with acceptable accounting principles and auditing standards that conflicts with any provision of this Decision (other than the implementation in each of the Jurisdictions of National Instrument 52-107 *Acceptable Accounting Principles, Auditing Standards and Reporting Currency*).

March 24, 2004.

"Daniel Laurion"

Headnote

Mutual Reliance Review System for Exemptive Relief Applications -- securities of issuer registered under section 12 of the 1934 Act -- issuer not required to register under United States Investment Company Act of 1940 -- relief granted from requirement to file annual and interim financial statements prepared in accordance with Canadian GAAP and audited in accordance with Canadian GAAS -- relief conditional upon issuer preparing annual and interim financial statements in accordance with US GAAP and audited in accordance with US GAAS.

Applicable Ontario Statutes

Securities Act, R.S.O. 1990, c. S.5, as am., ss. 80(b)(iii).

Applicable Ontario Regulations

R.R.O. 1990, Reg. 1015, as am., s. 2.