

Rio Tinto shuffles Alcan execs

It's the first management streamlining as the merger heads for completion

BY LYNN MOORE

MONTREAL — The first shuffle of Alcan Inc. management by the incoming Rio Tinto Group reveals an executive team with current president Dick Evans at the helm and nearby, working the levers of the world's largest aluminum producer, a woman born in small-town Quebec.

But three key Alcan alumni — all Montreal natives — will not be featured on Rio Tinto Alcan's opening roster should the \$38.1-billion US deal go through, as expected, before the end of the year.

"As we approach the closing of the transaction, it's important to hit the ground running with a strong executive team that can begin to capitalize right away on our leadership position in the aluminum industry," Rio Tinto CEO Tom Albanese said in a statement.

As previously announced, Alcan CEO Evans will become chief executive of the combined aluminum product group, Rio Tinto Alcan, which will be based in Montreal. Evans will report directly to Albanese.



Dick Evans

Reporting to Evans as president and CEO of the primary metal unit will be Jacynthe Cote, an executive who has worked her way up Alcan ranks, most recently to the top spot of the bauxite-and-alumina unit.

Cote, a native of Normandin, Que., in the Saguenay-Lac Saint region, will be responsible for primary metal facilities and power generation installations worldwide. She also will be based in Montreal.

The headline newcomer to Alcan is Steve Hodgson, who is to assume the role of president and CEO of the new company's bauxite-and-alumina-unit. Hodgson's responsibilities will include bauxite mines, alumina refineries and specialty alumina businesses worldwide.

Currently the managing director of Rio Tinto Diamonds, Hodgson is a former executive of Russian aluminum giant United Co. Rusal and a former general manager at Rio Tinto's Comalco smelting operations.

Although he will report directly to Evans, his unit will be located in Brisbane, Australia, now the home of Rio Tinto's aluminum headquarters.

That Hodgson has been diverted from diamonds to Rio Tinto Alcan should add to the worries of executives in Rio Tinto's aluminum division who are wondering if they will survive the merger, said one industry analyst who asked not to be identified.

Soon to be gone from Rio Tinto Alcan are Montreal natives Micheal Jacques, the current president and CEO of Alcan primary metal, Michael Hanley, Alcan's current chief financial officer, and David McAusland, Alcan's chief legal officer.

It shouldn't be assumed that those senior executives were pushed out, the industry analyst said. The men may have decided to use "change-of-control" provisions in their Alcan contracts, take the cash and go elsewhere, he said.

CanWest News Service

Reynolds trims his frame while fattening his boardroom portfolio



MALCOLM PARRY
VANCOUVER SUN
TRADE TALK

BUSINESS LUNCH: John Reynolds didn't break a sweat on the two-block stroll from his Royal Centre law office for onion soup, \$5.95, and a \$10.95 grilled salmon caesar salad at the Thurlow-at-Alberni Keg. But Lang Michener's senior strategic adviser showed he's following the strategic advice he gave himself Jan. 1. That was to trim 50 pounds from his 285-pound bulk in 12 months.

He still has 20 pounds to lose, but freed from the inevitable nightly nose-bag of politics, said he'll do it. Especially if he sticks to the sizzle and eschews the carbs at longtime friend David Aisenstat's Keg chain.

Meanwhile, the 65-year-old longtime venture capitalist, former broadcaster and provincial and federal cabinet minister is adding to his personal burden in the form of corporate directorships. There are seven of them, including friend Mel Zajac's Mel Jr. and Marty Zajac Foundation, which he enriched by the \$1 million raised at a tribute banquet marking his retirement from politics. "We parlayed that into more money," said Reynolds, who is helping to raise another \$2 million to build a large indoor swimming pool at the Zajac Ranch camp for special needs children near Mission.

He's also on the board of CY Oriental Holdings, which, according to its website, "presents the first opportunity for North American investors to participate in the strength and future growth of a leading Chinese private-sector garment manufacturing and supply chain management company." CYO recently raised \$18 million on the TSX to build another factory, Reynolds said. Then, grinning: "My good friend [senator and former city mayor] Larry Campbell is on the board with me, so we're well balanced politically."

Reynolds will take off today on a four-times-yearly business trip to Hong Kong. He's "negotiating" to join the board of a Chinese forestry firm that cuts poplar for veneer and pulp, and is dealing with Russia for wood supplies. Lumber and starch companies also want him on their boards, he said. DTF to a Hong Kong-based movie and TV production firm, which plans to finance mainland-China growth by joining some 30 other TSX-listed Chinese firms.

The introduction of wood-frame housing to China means "we've all got a good market there," Reynolds said.

He'll also attend the opening of a Hong Kong-based securities firm's Beijing office and "look at some financings together." Soon after, another TSX "road show" to Hong Kong will include Lang Michener managing partner Stephen Wortley, "who is probably the most experienced in aiding Chinese companies [in Canada]," Reynolds said.

Reynolds makes two yearly business trips to "exciting" India and the same to Britain, from which son Paul recently returned from heading Canaccord Capital's European operations to be president and CEO of the city-based parent firm. Son Neil Johnson, from Reynolds' and wife Yvonne's merged family, is Canaccord's managing director.

Wary of the retirement that saw his father die within 12 months, Reynolds takes the 8:20 a.m. ferry to town from Gibsons on Tuesdays, and he and Yvonne return on Thursday's 4:20 p.m. voyage. They're often in Hawaii for most of January.



Mohammed Esfahani (seated) and Roger Navabi's Qualex-Landmark firm set a geothermal first with its Pomaria tower.

Many expected Reynolds to accept an Ottawa-linked posting, such as high commissioner in London. But he pool-poohed that then and stuck to it. Of his labours today, he said, smiling: "The remuneration is a little better than politics."

POM-POMS FOR POMARIA: It was an apple-sweet moment for Persian expatriates Mohammed Esfahani and Roger Navabi last week, when their 30-floor Pomaria tower at Beach and Howe received the Urban Development Institute's excellence award for highrise multi-family development. Pomaria means "apple garden" in Latin and the name could — but likely won't — be realized by appropriate plantings on the tower's 16th- and 19th-floor "treed oases."

But that's not what saw Qualex-Landmark Group managing director Esfahani and president Navabi's project cited. The ace in the hole for the related-by-marriage pair, who merged their Landmark and Qualex firms and 37 years of local expertise in 2000, was meeting the LEED (Leadership in Energy and Environmental Design) silver standard. That partially derived from their building Canada's first purely residential project with home heating, cooling and domestic hot water produced wholly by geothermal exchange.

As well as saving 1,000 Mwh of energy annually, the system's 56 100-metre boreholes save tenants money, mechanical-engineer Navabi said. That's because Terasen Energy Services, which owns the \$600,000 geothermal installation, charges a monthly \$50-range premium that will not vary with gas or electricity price fluctuations.

The persistent upward climb of land prices means no Pomaria II is envisaged. But civil engineer Esfahani said it's "very likely" a 760-square-foot mixed-use project on Calgary's downtown 10th Avenue will be all-geothermal. Still unnamed, the \$500,000 project will include a Shangri-La-style 60-floor hotel-residential tower and 40-floor neighbour, and street-level retail facilities.

The self-styled "boutique" developers will break ground on that project, designed by Rafii Architects, in 2009, when the third tower of a 560,000-square-foot Calgary development should be completed.

Land and construction costs in

Alberta haven't languished, either.

It cost \$140 per square foot to build the Stella tower's now-occupied 20 floors, Esfahani said. Under construction, the adjacent Nova's sold-out 28 floors will cost \$220. And the pair estimate the 32-floor Luna will break ground next spring and come in at \$300.

Although priced out of Vancouver for the time being, Esfahani and Navabi have June 2008 schedules for a start on their Luxe project beside Burnaby's Brentwood shopping centre. This \$150-million job will entail 25- and 30-floor towers with 300,000 square feet of living space. With a geothermal system? "We're not sure, yet," Navabi said.

What they are sure of is continuing to turn down opportunities in Victoria and Kelowna.

"We don't want to be spread too far around," 15-year condo-dweller Esfahani said, "because the quality is compromised."

That ethic also applies to their 2,000-square-foot, Melville-at-Thurlow office, where Qualex-Landmark's entire head-office complement totals 10.

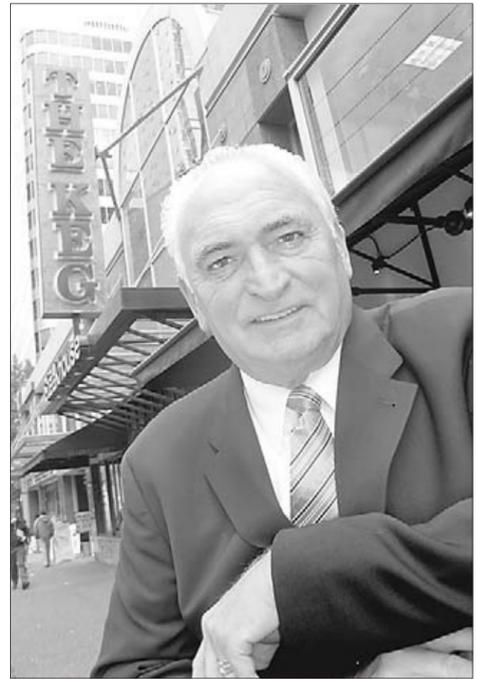
OPERATION ANOMALY: Richard Baker got out of the yacht-chartering business after taking one too many Sunday-dinnertime calls about plugged toilets and sinking boats. Now he's happy to hear from folk whose lives are sinking for need of hip replacement or heart surgery.

That's not just because they call during office hours, but because he can get them fixed up pronto at Wal-Mart prices. Like \$18,000 for the hip job, or \$15,000 for a coronary-artery stent.

Baker incorporated his Timely Medical Alternatives Inc. in 2003 after an upcountry doctor told him patients need to wait 12 weeks to see a urologist, then wait again for care and treatment.

Remembering an old saying, "The way to make money is to find an anomaly," Baker told himself he could do better. It took six months, since which "I have never looked back. Now, I talk to 15 to 20 potential new clients daily," Baker said, of whom six to eight subsequently undertake care.

That was then. A snag in his continent-wide plan, Baker said, was that Canadian doctors are seldom insured for Americans and others who wish to undertake elective surgery here. So in August he incorporated North American Surgery Inc.



John Reynolds' post-political life involves shrinking the world business-wise and himself weight-wise.

here to serve the 33 million U.S. residents he says have no medical insurance but do have money. For them, he scouted good hospital deals.

How good? After a Wisconsin woman said she'd fly to Bombay (Mumbai) for surgery, Baker said he "tripped" her to a Michigan hospital where she'd pay a competitive \$19,000 for the procedure. When the hospital quoted the patient \$40,000, Baker says he quickly soothed her by proving himself a better negotiator.

He got better yet in Oklahoma, where he says a doctor-owned four-hospital complex offers high-quality heart, orthopedic, spine and ambulatory care at prices that reflect that state's low personal-economy status.

"I get five-minute e-mail responses from a specialist who is also head of the heart hospital," Baker whistled.

His new operation will soon "eclipse" its predecessor, said Baker. "I'm having the time of my life."

Without any plugged toilet to spoil Sunday nights, other than aboard his and wife Lori's Grand Banks 36 Claspique.

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Richard Baker says his North American Surgery Inc. offers bargain-priced procedures to uninsured but moneyed U.S. residents.

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