

# Kentucky Aluminum Network



# Kentucky Aluminum Network - KAN

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## Our Mission:

*To promote the aluminum industry as a 'Signature Industry' in the Commonwealth of Kentucky by raising awareness of and addressing the threats and opportunities facing this sector; and to deliver important information about the aluminum industry to key stakeholders, policy makers and leaders.*

## Who We Are:

*KAN is a not-for-profit membership organization of aluminum producers operating in the Commonwealth of Kentucky. Core members are producers with primary revenue generated from the recycling, smelting or fabricating of aluminum raw materials and finished products. Support members include key customers, suppliers and others in the communities linked to this critical industry.*

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*“The Aluminum industry in Kentucky is a critical piece of the industrial landscape - stabilizing our existing industries and creating opportunities for growth and expansion in aluminum are key to Kentucky’s short and long term economic future.”*

Dave Whitmore  
Manufacturing Manager  
Century Aluminum

KAN Board Chairman

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- The average annual wage of a primary metals job in Kentucky is \$52,336
- Aluminum and aluminum related industries employ 15,000 Kentuckians
- These jobs generate \$100 M in State and local tax revenue each year



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Some of the larger aluminum sector companies in Kentucky:

<u><i>Company</i></u>	<u><i>Employment</i></u>	
<u><i>Location</i></u>		
Logan Aluminum, Inc.	1,030	Russellville
Aleris Rolled Products	848	Lewisport
Gibbs Die Casting Corp	800	Henderson
Century Aluminum of Kentucky, LLC	771	Hawesville
Rio Tinto Alcan	629	Sebree
Aisin Automotive Casting, LLC	582	London
Cardinal Aluminum Company	525	Louisville
Reynolds Packaging Group	475	Louisville
Trace Die Cast, Inc.	420	Bowling Green

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The Aleris International rolling mill located in Lewisport is the largest employer in Hancock County with over 800 employees.



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## Primary Aluminum Shipments 2005

<u>State</u>	<u>Value of Shipments</u>
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1. Kentucky	\$ 4,312,243,000
2. Indiana	\$ 3,529,093,000
3. Tennessee	\$ 3,271,237,000
4. New York	\$ 3,007,779,000
5. Ohio	\$ 2,507,250,000



Rio Tinto Alcan's  
Sebree Smelter

**Primary Aluminum**  
Century Aluminum  
&  
Rio Tinto Alcan



**Aluminum Extrusion Billet**  
Hydro Aluminum  
Henderson, KY



Corvette Plant  
Bowling Green, KY



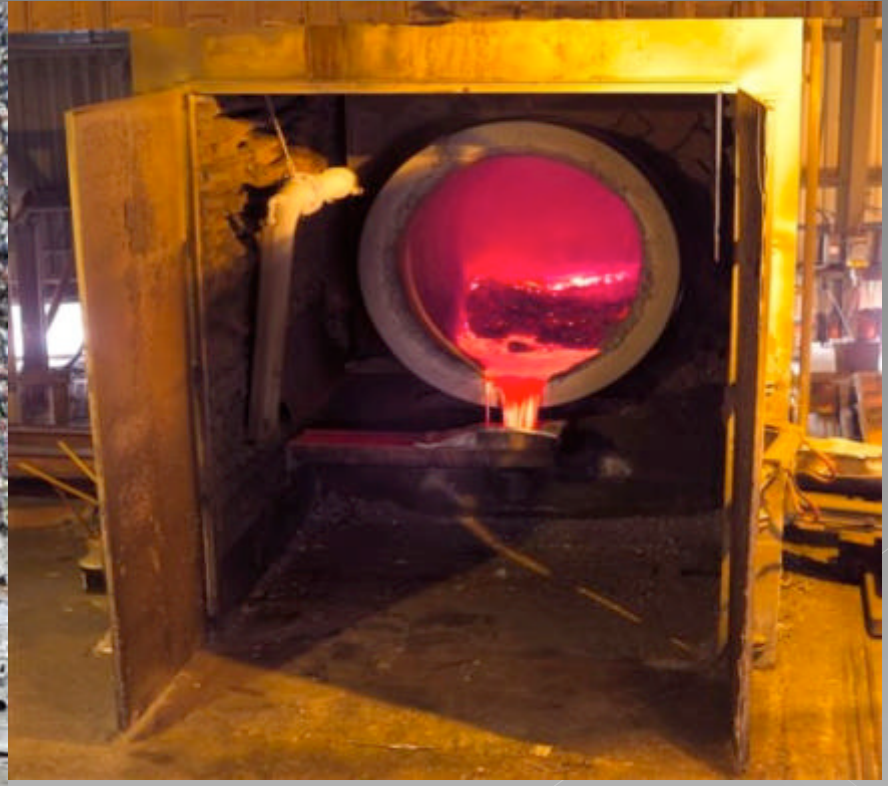
Aluminum Windshield Frame  
Holland, MI



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In 2006 aluminum surpassed iron as the major raw material of automobile engine blocks. Recycling of these aluminum engine blocks (scrap) saves over 90% of the energy required to produce primary aluminum through the smelting process.



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## KAN Core Issues and Threats:

- Availability of cost effective energy
- Workforce development and improving employees skills
- Facility Infrastructure
- Informed and collaborative Environmental Policies

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Electricity is the single largest cost for a Kentucky smelter. Power costs have increased steadily over the last 5 years:

- 2005 – annual power bill of \$102,000,000
- 2010 forecast – annual power bill of \$154,000,000

Kentucky Smelters compete on a global basis with smelters that have significantly lower power costs

- Many aluminum smelters in the world pay less than  $\frac{1}{2}$  the power price as we do
- This equates to an advantage of over \$75,000,000 annually in the total cost to produce a ton of aluminum

The two primary aluminum smelters in Kentucky consume more than 800 MW's of electricity.

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## **Workforce Facts:**

- **In Hancock County over 40% of the skilled trades and craft employees working in the industrial plants will be of retirement age over the next 3 years.**
- **The skills required for new employees entering the workforce are higher than ever before.**

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The aging Kentucky aluminum industry:



The Century Aluminum smelter built in 1969 in Hancock Co. is now 40 years old. A serious threat to aluminum in Kentucky is the aging facilities and infrastructure in many of the larger industrial plants.

The aluminum plants in Kentucky compete on a global basis with newer more efficient facilities around the world.

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In light of the competitive disadvantage resulting from their aging facilities, Kentucky aluminum companies are working hard to find ways to invest and reinvent their processes.



*Norsk Hydro's Aluminum Metal Products facility located in Henderson is a revolutionary, remelt plant.*

*Because of its advanced technology, Hydro consumes just 5 percent of the energy that a smelter uses, which translates into significant cost savings.*

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**Aluminum represents the best of  
Kentucky's past and KAN represent the  
best of Kentucky's future.**

**Together, we KAN create a prosperous,  
environmentally sound, technology-  
driven future for our Commonwealth.**