

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarter Ended June 30, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-3610

ALCOA INC.

(Exact name of registrant as specified in its charter)

PENNSYLVANIA
(State of incorporation)

201 Isabella Street, Pittsburgh, Pennsylvania
(Address of principal executive offices)

25-0317820
(I.R.S. Employer Identification No.)

15212-5858
(Zip code)

Investor Relations 212-836-2674
Office of the Secretary 412-553-4707
(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 21, 2004, 869,835,743 shares of common stock, par value \$1.00 per share, of the Registrant were outstanding.

PART I – FINANCIAL INFORMATION

Item 1. – Financial Statements.

Alcoa and subsidiaries

Condensed Consolidated Balance Sheet (unaudited)

(in millions)

	June 30 2004	December 31 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 466	\$ 576
Receivables from customers, less allowances of \$103 in 2004 and \$105 in 2003	2,983	2,567
Other receivables	296	351
Inventories (G)	2,855	2,560
Deferred income taxes	237	267
Prepaid expenses and other current assets	643	503
Total current assets	7,480	6,824
Properties, plants, and equipment, at cost	24,820	24,932
Less: accumulated depreciation, depletion, and amortization	12,580	12,348
Net properties, plants, and equipment	12,240	12,584
Goodwill	6,553	6,549
Other assets	5,369	5,323
Assets held for sale (E)	25	431
Total assets	\$ 31,667	\$ 31,711
LIABILITIES		
Current liabilities:		
Short-term borrowings	\$ 54	\$ 56
Accounts payable, trade	2,253	1,986
Accrued compensation and retirement costs	1,001	954
Taxes, including taxes on income	805	705
Other current liabilities	842	881
Long-term debt due within one year	498	523
Total current liabilities	5,453	5,105
Long-term debt, less amount due within one year (B)	6,329	6,693
Accrued postretirement benefits	2,199	2,220
Other noncurrent liabilities and deferred credits	3,367	3,390
Deferred income taxes	743	805
Liabilities of operations held for sale (E)	3	83
Total liabilities	18,094	18,296
MINORITY INTERESTS	1,298	1,340
COMMITMENTS AND CONTINGENCIES (H)		
SHAREHOLDERS' EQUITY		
Preferred stock	55	55
Common stock	925	925
Additional capital	5,791	5,831
Retained earnings	8,347	7,850
Treasury stock, at cost	(1,971)	(2,017)
Accumulated other comprehensive loss (I)	(872)	(569)
Total shareholders' equity	12,275	12,075
Total liabilities and equity	\$ 31,667	\$ 31,711

The accompanying notes are an integral part of the consolidated financial statements.

Alcoa and subsidiaries
Condensed Statement of Consolidated Income (unaudited)
(in millions, except per-share amounts)

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Sales (N)	\$ 6,092	\$ 5,497	\$ 11,788	\$ 10,637
Cost of goods sold	4,807	4,379	9,245	8,477
Selling, general administrative, and other expenses	319	347	663	644
Research and development expenses	43	50	88	100
Provision for depreciation, depletion, and amortization	301	302	604	587
Restructuring and other charges (F)	5	3	(26)	(1)
Interest expense	69	80	133	168
Other income, net (K)	(125)	(57)	(147)	(93)
	<u>5,419</u>	<u>5,104</u>	<u>10,560</u>	<u>9,882</u>
Income from continuing operations before taxes on income	673	393	1,228	755
Provision for taxes on income (L)	196	101	351	209
	<u>477</u>	<u>292</u>	<u>877</u>	<u>546</u>
Income from continuing operations before minority interests' share	477	292	877	546
Less: Minority interests' share	73	75	123	134
	<u>404</u>	<u>217</u>	<u>754</u>	<u>412</u>
Income from continuing operations	404	217	754	412
(Loss) income from discontinued operations (E)	—	(1)	5	2
Cumulative effect of accounting change (M)	—	—	—	(47)
	<u>404</u>	<u>216</u>	<u>759</u>	<u>367</u>
NET INCOME	\$ 404	\$ 216	\$ 759	\$ 367
EARNINGS (LOSS) PER SHARE (J)				
Basic:				
Income from continuing operations	\$.46	\$.26	\$.87	\$.49
Income from discontinued operations	—	—	.01	—
Cumulative effect of accounting change	—	—	—	(.06)
	<u>.46</u>	<u>.26</u>	<u>.88</u>	<u>.43</u>
Net income	\$.46	\$.26	\$.88	\$.43
Diluted:				
Income from continuing operations	\$.46	\$.26	\$.86	\$.49
Income from discontinued operations	—	—	.01	—
Cumulative effect of accounting change	—	—	—	(.06)
	<u>.46</u>	<u>.26</u>	<u>.87</u>	<u>.43</u>
Net income	\$.46	\$.26	\$.87	\$.43
Dividends paid per common share	\$.15	\$.15	\$.30	\$.30

The accompanying notes are an integral part of the consolidated financial statements.

Alcoa and subsidiaries
Condensed Statement of Consolidated Cash Flows (unaudited)
(in millions)

	Six months ended June 30	
	2004	2003
CASH FROM OPERATIONS		
Net income	\$ 759	\$ 367
Adjustments to reconcile net income to cash from operations:		
Depreciation, depletion, and amortization	608	592
Change in deferred income taxes	(59)	18
Equity income, net of dividends	(20)	(23)
Noncash restructuring and other charges (F)	(26)	(1)
Net gain on early retirement of debt and interest rate swap settlements (B)	(58)	—
Gains from investing activities - sale of assets	(8)	(13)
Provision for doubtful accounts	13	3
Income from discontinued operations (E)	(5)	(2)
Accounting change (M)	—	47
Minority interests	123	134
Other	(8)	15
Changes in assets and liabilities, excluding effects of acquisitions and divestitures:		
Increase in receivables	(436)	(97)
(Increase) reduction in inventories	(334)	4
(Increase) reduction in prepaid expenses and other current assets	(123)	46
Increase (reduction) in accounts payable and accrued expenses	180	(71)
Increase (reduction) in taxes, including taxes on income	149	(122)
Cash paid on early retirement of debt and interest rate swap settlements (B)	(52)	—
Cash received on long-term aluminum supply contract	—	440
Net change in noncurrent assets and liabilities	(103)	(169)
Net change in net assets held for sale	(40)	32
	<u>560</u>	<u>1,200</u>
CASH PROVIDED FROM CONTINUING OPERATIONS	560	1,200
CASH PROVIDED FROM DISCONTINUED OPERATIONS	—	15
	<u>560</u>	<u>1,215</u>
FINANCING ACTIVITIES		
Net changes to short-term borrowings	(1)	(14)
Common stock issued for stock compensation plans	58	20
Repurchase of common stock	(68)	—
Dividends paid to shareholders	(261)	(255)
Dividends paid to minority interests	(79)	(85)
Net change in commercial paper (B)	1,080	(423)
Additions to long-term debt	88	247
Payments on long-term debt (B)	(1,379)	(254)
	<u>(562)</u>	<u>(764)</u>
CASH USED FOR FINANCING ACTIVITIES	(562)	(764)
INVESTING ACTIVITIES		
Capital expenditures	(413)	(401)
Capital expenditures of discontinued operations	—	(2)
Proceeds from the sale of assets (E)	355	20
Additions to investments	(46)	(4)
Changes in short-term investments	5	22
Other	(7)	(14)
	<u>(106)</u>	<u>(379)</u>
CASH USED FOR INVESTING ACTIVITIES	(106)	(379)
	<u>(2)</u>	<u>14</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(2)	14
Net change in cash and cash equivalents	(110)	86
Cash and cash equivalents at beginning of year	576	344
	<u>\$ 466</u>	<u>\$ 430</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 466	\$ 430

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements (unaudited)
(dollars in millions, except per-share amounts)

A. Basis of Presentation - The Condensed Consolidated Financial Statements are unaudited. These statements include all adjustments, consisting of only normal recurring adjustments, considered necessary by management to fairly present the results of operations, financial position, and cash flows. The results reported in these Condensed Consolidated Financial Statements are not necessarily indicative of the results that may be expected for the entire year.

This Form 10-Q report should be read in conjunction with Alcoa's annual report on Form 10-K for the year ended December 31, 2003, which includes all disclosures required by accounting principles generally accepted in the United States of America.

B. Debt - In June 2004, Alcoa recognized a net gain of \$58 in other income on the early retirement of long-term debt and the associated settlement of interest rate swaps. Alcoa retired \$1,200 of debt securities, consisting of the following: \$200 of 6.125% Bonds due in 2005, \$500 of 7.25% Notes due in 2005, and \$500 of 5.875% Notes due in 2006. These debt securities were retired primarily with proceeds from commercial paper borrowings. The net gain of \$58 is comprised of the following:

- a premium paid for early retirement of debt and related expenses of \$67;
- a gain of \$48 from previously settled interest rate swaps that hedged the retired debt and was reflected as an increase in its carrying value; and
- a gain of \$77 from the settlement of interest rate swaps that hedged anticipated borrowings between June 2005 and June 2006.

Alcoa previously used interest rate swaps to establish fixed interest rates on anticipated borrowings between June 2005 and June 2006. Due to a change in forecasted borrowing requirements, resulting from the early retirement of debt in June 2004 and a forecasted increase in future operating cash flows resulting from improved market conditions, the anticipated borrowings are no longer probable of occurring in 2005 and 2006. Therefore, Alcoa recognized \$33 of gains that had been deferred on previously settled swaps and \$44 of cash proceeds which was recorded as a gain to unwind the remaining interest rate swaps.

In connection with this transaction, Alcoa terminated \$1,000 notional value of interest rate swaps that resulted in a cash payment by Alcoa of \$32. These interest rate swaps were hedging debt maturing in 2007 and 2011. The \$32 is reflected as a reduction in the carrying value of debt and it will be recognized as an increase in interest expense over the remaining maturity of the related hedged debt.

C. Stock-Based Compensation - Stock options under the company's stock incentive plans have been granted at not less than market prices on the dates of grant. Stock option features based on date of original grant are as follows:

<u>Date of original grant</u>	<u>Vesting</u>	<u>Term</u>	<u>Reload feature</u>
2002 and prior	One year	10 years	One reload over option term
2003	3 years (1/3 each year)	10 years	One reload in 2004 for 1/3 vesting in 2004
2004	3 years (1/3 each year)	6 years	None

Alcoa accounts for stock-based compensation in accordance with the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations using the intrinsic value method, which resulted in no compensation cost for options granted.

Alcoa's net income and earnings per share would have been reduced to the pro forma amounts shown below if compensation cost had been determined based on the fair value at the grant dates in accordance with Statement of Financial Accounting Standards (SFAS) Nos. 123 and 148, "Accounting for Stock-Based Compensation."

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Net income, as reported	\$404	\$216	\$759	\$367
Less: compensation cost determined under the fair value method, net of tax	8	4	16	8
Pro forma net income	\$396	\$212	\$743	\$359
Basic earnings per share:				
As reported	\$.46	\$.26	\$.88	\$.43
Pro forma	.46	.25	.86	.42
Diluted earnings per share:				
As reported	\$.46	\$.26	\$.87	\$.43
Pro forma	.45	.25	.85	.42

In addition to stock option awards described above, beginning in 2004 the company granted stock awards and performance share awards that vest in three years from the date of grant. Compensation expense of \$9 (pre-tax) was recognized on these awards in the first half of 2004.

D. Pension Plans and Other Postretirement Benefits – Effective December 31, 2003, Alcoa adopted SFAS No. 132 (revised 2003), “Employers’ Disclosures about Pensions and Other Postretirement Benefits.” This standard requires the disclosure of the components of net periodic benefit cost recognized during interim periods.

Pension benefits	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Service cost	\$ 52	\$ 50	\$ 103	\$ 100
Interest cost	155	154	309	308
Expected return on plan assets	(180)	(183)	(360)	(366)
Amortization of prior service cost	9	9	18	19
Recognized actuarial loss	15	4	30	8
Net periodic benefit cost	\$ 51	\$ 34	\$ 100	\$ 69

Postretirement benefits	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Service cost	\$ 8	\$ 8	\$ 16	\$ 16
Interest cost	55	59	110	118
Expected return on plan assets	(3)	(3)	(6)	(6)
Amortization of prior service cost (benefit)	(2)	(8)	(4)	(16)
Recognized actuarial loss	12	10	24	20
Net periodic benefit cost	\$ 70	\$ 66	\$ 140	\$ 132

The net periodic benefit cost for postretirement benefits for the three-month and six-month periods ended June 30, 2004 reflects a reduction of approximately \$6 and \$12, respectively, related to the recognition of the federal subsidy under Medicare Part D. For further details on the Medicare Part D subsidy, see Note V to the audited financial statements contained in the Annual Report on Form 10-K for the year ended December 31, 2003.

E. Discontinued Operations and Assets Held for Sale – In the fourth quarter of 2002, Alcoa performed a portfolio review of its businesses and the markets they serve. As a result of this review, Alcoa committed to a plan to divest certain noncore businesses that did not meet internal growth and return measures. A detailed discussion of Alcoa’s 2002 divestiture plan and changes to the plan in 2003 can be found in Note B to the audited financial statements contained in Alcoa’s Annual Report on Form 10-K for the year ended December 31, 2003. Information on divestiture activities that occurred in the first half of 2004 is provided below.

For the periods presented in the Condensed Consolidated Financial Statements, businesses classified as discontinued operations included Alcoa’s commodity automotive fasteners business, a packaging business in South America, and Alcoa’s packaging equipment business. In January of 2004, Alcoa sold its packaging equipment business to American Industrial Partners for \$44 in cash and recognized

a gain of \$10. In February of 2004, Alcoa sold its automotive fasteners business to the Kaminski Holdings group for \$17 in cash and notes receivable and recognized an additional loss of \$5. The gain and loss from these transactions are recorded in Income from Discontinued Operations in the income statement. In July of 2004, Alcoa sold its flexible packaging business in South America.

The following table details selected financial information for the businesses included within discontinued operations.

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Sales	\$ 6	\$ 56	\$ 12	\$ 118
(Loss) income from operations	—	\$ (2)	—	\$ 2
Gain on sale of businesses	—	—	8	—
Total pretax (loss) income	—	\$ (2)	8	\$ 2
Provision for taxes	—	1	(3)	—
(Loss) income from discontinued operations	\$ —	\$ (1)	\$ 5	\$ 2

For the periods presented in the Condensed Consolidated Financial Statements, businesses classified as assets held for sale included Alcoa's specialty chemicals business, an extrusion facility in Europe, certain extrusion facilities in Latin America, and foil facilities in St. Louis, MO and Russellville, AR. In February of 2004, the specialty chemicals business of Alcoa was sold to two private equity firms led by Rhone Capital LLC for an enterprise value of \$342, which included the assumption of debt and other unfunded obligations. Alcoa received cash of \$248 and recognized a pre-tax, pre-minority interest gain of approximately \$49 (\$59 after-tax, after-minority interest). The gain is included in Restructuring and Other Charges in the income statement. In April of 2004, Alcoa sold its St. Louis, MO and Russellville, AR foil facilities, as well as an extrusion facility in Europe. Alcoa received \$37 in cash and no material gain or loss was recorded on these transactions.

In the second quarter of 2004, certain architectural products businesses in North America were reclassified from assets held for sale to assets held and used as management discontinued the plan of sale due to market conditions. The financial statements for all periods presented have been reclassified to reflect this change. The reclassification did not impact the Condensed Statement of Consolidated Income. The results of the North American architectural products businesses continue to be reflected in the Engineered Products segment.

The major classes of assets and liabilities of operations held for sale in the balance sheet are as follows:

	June 30, 2004	December 31, 2003
Assets:		
Receivables	\$ 5	\$ 106
Inventories	5	106
Properties, plants, and equipment, net	15	181
Other assets	—	38
Total assets held for sale	\$ 25	\$ 431
Liabilities:		
Accounts payable and accrued expenses	3	12
Other liabilities	—	71
Total liabilities of operations held for sale	\$ 3	\$ 83

The changes in assets and liabilities of operations held for sale at June 30, 2004 compared with December 31, 2003 are due to the divestitures of Alcoa's packaging equipment, automotive fasteners, and specialty chemicals businesses, as well as the sale of the St. Louis and Russellville foil facilities and an extrusion plant in Europe in 2004. The divestiture program is essentially complete, with the exception of certain Latin American extrusion facilities that remain in assets held for sale.

F. Restructuring and Other Charges – In the first half of 2004, Alcoa recorded income of \$26 for restructuring and other charges, consisting of income of \$31 in the first quarter and expense of \$5 in the second quarter. In the second quarter of 2004, Alcoa recorded restructuring and other charges of

\$5 (\$4 after tax and minority interests), consisting of charges of \$14 for employee termination and severance costs associated with 2,700 salaried and hourly employees (primarily in Mexico and the U.S.), as the company continued to focus on reducing costs, partially offset by income of \$6 associated with net gains on divested businesses and asset sales, and income of \$3 resulting from adjustments to prior year employee termination and severance cost reserves. As of June 30, 2004, 1,660 of the 2,700 employees had been terminated. In the first quarter of 2004, Alcoa recorded income of \$31 (\$50 after tax and minority interests) for restructurings, consisting of a \$44 gain on the sale of the specialty chemicals business and charges of \$13 for employee termination and severance costs associated with 380 salaried and hourly employees (primarily in the U.S. and U.K.). As of June 30, 2004, 250 of the 380 employees had been terminated. Approximately \$12 of cash payments were made against the reserves in the first half of 2004. All layoffs are expected to be completed in 2004. Restructuring and other charges are not reflected in the segment results.

During 2003, Alcoa recorded income of \$26 (\$25 after tax and minority interests) for restructuring and other charges. The income recognized was comprised of the following components: \$45 of charges for employee termination and severance costs associated with approximately 1,600 hourly and salaried employees (located primarily in Europe, the U.S., and Brazil), as the company continued to focus on cost reductions in businesses that continued to be impacted by market declines; \$20 of charges related to a reduction in the estimated fair values of businesses included in assets held for sale; and \$91 of income comprised of \$53 primarily associated with the sale of the Latin America PET business, and \$38 resulting from adjustments to prior year employee termination and severance cost reserves (in conjunction with the \$38 reserve adjustment, there was a change in the number of employees to be terminated under the 2002 restructuring program from 8,500 to 6,700 employees). As of June 30, 2004, approximately 1,530 of the 1,600 employees associated with the 2003 restructuring program had been terminated.

During 2002, Alcoa recorded charges of \$425 (\$280 after tax and minority interests) for restructurings associated with the curtailment of aluminum production at three smelters, as well as restructuring operations for those businesses experiencing negligible growth due to continued market declines and the decision to divest certain businesses that have failed to meet internal growth and return measures. The 2002 charges were comprised of \$296 for asset write-downs, consisting of \$113 of goodwill on businesses to be divested, as well as \$183 for structures, machinery, and equipment; \$105 for employee termination and severance costs related to approximately 6,700 hourly and salaried employees at over 70 locations, primarily in Mexico, Europe, and the U.S.; and charges of \$31 for exit costs, principally for remediation and demolition costs, as well as lease termination costs. As of June 30, 2004, approximately 6,490 of the 6,700 employees associated with the 2002 restructuring program had been terminated.

Activity and reserve balances for restructuring charges are as follows:

	Asset write-downs	Employee termination and severance costs	Other	Total
Reserve balances at December 31, 2002	\$ 63	\$ 166	\$ 27	\$ 256
2003:				
Cash payments	(16)	(120)	(17)	(153)
2003 restructuring charges	—	45	—	45
Additions to 2002 restructuring charges	20	—	—	20
Reversals of 2002 restructuring charges	(53)	(38)	—	(91)
Noncash additions/reversals to the reserves in 2003	24	—	—	24
Reserve balances at December 31, 2003	\$ 38	\$ 53	\$ 10	\$ 101
2004:				
Cash payments	(1)	(35)	(2)	(38)
2004 restructuring charges	—	27	(50)	(23)
Net gains on sales of assets not impacting reserve balances	—	—	50	50
Reversals of 2003 restructuring charges	—	(3)	—	(3)
Reserve balances at June 30, 2004	\$ 37	\$ 42	\$ 8	\$ 87

For further details on the restructurings, see Note D to the audited financial statements contained in the Annual Report on Form 10-K for the year ended December 31, 2003.

G. Inventories

	June 30 2004	December 31 2003
Finished goods	\$ 880	\$ 763
Work in process	915	791
Bauxite and alumina	389	337
Purchased raw materials	463	459
Operating supplies	208	210
	<u>\$2,855</u>	<u>\$ 2,560</u>

Approximately 45% of total inventories at June 30, 2004, was valued on a LIFO basis. If valued on an average cost basis, total inventories would have been \$585 and \$558 higher at June 30, 2004 and December 31, 2003, respectively.

H. Commitments and Contingencies - Various lawsuits, claims and proceedings have been or may be instituted or asserted against Alcoa, including those pertaining to environmental, product liability, and safety and health matters. While the amounts claimed may be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that exist. Therefore, it is possible that results of operations or liquidity in a particular period could be materially affected by certain contingencies. However, based on facts currently available, management believes that the disposition of matters that are pending or asserted will not have a materially adverse effect on the financial position of the company.

Alcoa Aluminio S.A. (Aluminio) is a participant in several hydroelectric power construction projects in Brazil for purposes of increasing its energy self-sufficiency and providing a long-term, low-cost source of power for its facilities.

The completed and committed hydroelectric construction projects that Aluminio participates in are outlined in the following tables.

Completed projects	Date completed	Investment participation	Share of output	Debt guarantee	Debt guarantee through 2013
Machadinho	2002	27.23%	22.62%	35.53%	\$ 106

Aluminio committed to taking a share of the output of the completed Machadinho project for 30 years at cost (including cost of financing the project). In the event that other participants in this project fail to fulfill their financial responsibilities, Aluminio may be required to fund a portion of the deficiency. In accordance with the agreement, if Aluminio funds any such deficiency, its participation and share of the output from the project will increase proportionately.

Committed projects	Scheduled completion date	Share of output	Investment participation	Total estimated project costs	Aluminio's share of project costs	Performance bond guarantee
Barra Grande	2006	42.20%	42.20%	\$ 471	\$ 199	\$ 5
Serra do Facao	2008	39.50%	39.50%	\$ 223	\$ 88	\$ 4
Pai-Quere	2008	35.00%	35.00%	\$ 273	\$ 96	\$ 2
Estreito	2009	19.08%	19.08%	\$ 589	\$ 112	\$ 10

These projects were committed to during 2001 and 2002, and the Barra Grande project commenced construction in 2002. As of the second quarter of 2004, approximately 30% of the long-term financing for the Barra Grande project was obtained, of which Aluminio guaranteed 42.20% based on its investment participation. The plans for financing the other projects have not yet been finalized. It is anticipated that a portion of the project costs will be financed with third parties. Aluminio may be required to provide guarantees of project financing or commit to additional investments as these projects progress.

During 2003, the participants in the Santa Isabel project formally requested the return of the performance bond related to the license to construct the hydroelectric project. This project has been terminated.

Aluminio accounts for the Machadinho and Barra Grande hydroelectric projects on the equity method. Its total investment in these projects was \$111 and \$136 at June 30, 2004 and December 31, 2003, respectively. There have been no significant investments made in any of the other projects.

I. Comprehensive Income

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Net income	\$ 404	\$ 216	\$ 759	\$ 367
Changes in other comprehensive income (loss), net of tax:				
Unrealized (losses) gains on available-for-sale securities	(160)	27	(126)	46
Minimum pension liability	—	—	—	(2)
Unrealized translation adjustments	(157)	283	(168)	373
Unrecognized gains (losses) on derivatives				
Net change from periodic revaluations	101	29	43	71
Net amount reclassified to income (1)	(90)	(12)	(52)	(34)
Net unrecognized gains (losses) on derivatives	11	17	(9)	37
Comprehensive income	\$ 98	\$ 543	\$ 456	\$ 821

(1) Includes \$77 associated with interest rate swap settlements in June 2004. See Note B.

J. Earnings Per Share – The information used to compute basic and diluted EPS on income from continuing operations follows: (shares in millions)

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Income from continuing operations	\$ 404	\$ 217	\$ 754	\$ 412
Less: preferred stock dividends	—	—	1	1
Income from continuing operations available to common shareholders	\$ 404	\$ 217	\$ 753	\$ 411
Average shares outstanding – basic	870	845	870	845
Effect of dilutive securities:				
Shares issuable upon exercise of dilutive stock options	7	2	8	2
Average shares outstanding – diluted	877	847	878	847

Options to purchase 58 million and 66 million shares of common stock at average exercise prices of \$38.00 and \$36.00 were outstanding as of June 30, 2004 and 2003, respectively, but were not included in the computation of diluted EPS because the option exercise price was greater than the average market price of the common shares.

K. Other Income, Net

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Equity income	\$ 45	\$ 28	\$ 71	\$ 84
Interest income	9	10	19	18
Foreign exchange gains (losses)	1	(11)	(2)	(37)
Gains on sales of assets	3	14	8	13
Net gain on early retirement of debt and interest rate swap settlements (B)	58	—	58	—
Other income (expense)	9	16	(7)	15
	\$ 125	\$ 57	\$ 147	\$ 93

Other income (expense) for the 2004 six-month period included a charge of \$20 recognized in the first quarter of 2004 related to settlements reached in the El Campo litigation matter.

L. Income Taxes – The effective tax rate of 28.6% for the 2004 six-month period differs from the statutory rate of 35% and the 2003 six-month rate of 27.7% principally due to the sale of the specialty chemicals business in 2004 and lower taxes on foreign income.

M. Cumulative Effect of Accounting Change – Effective January 1, 2003, Alcoa adopted SFAS No. 143, “Accounting for Asset Retirement Obligations.” Under this standard, Alcoa recognized additional liabilities for asset retirement obligations (AROs), consisting primarily of costs associated with spent pot lining disposal, bauxite residue disposal, mine reclamation, and landfills. These costs reflect the legal obligations associated with the normal operation of Alcoa’s bauxite mining, alumina refining, and aluminum smelting facilities. There were no material changes to the ARO balances during the second quarter of 2004. Additionally, Alcoa capitalized asset retirement costs by increasing the carrying amount of related long-lived assets, principally machinery and equipment, and recorded associated accumulated depreciation from the time the original assets were placed into service. The cumulative effect adjustment recognized upon adoption of this standard was \$47, consisting principally of costs to establish assets and liabilities related to spent pot lining for pots currently in operation.

N. Segment Information – The following details sales and after-tax operating income (ATOI) for each reportable segment for the three-month and six-month periods ended June 30, 2004 and 2003. For more information on segments, see Note P to the audited financial statements contained in the Annual Report on Form 10-K for the year ended December 31, 2003.

	Alumina and Chemicals	Primary Metals	Flat-Rolled Products	Engineered Products	Packaging and Consumer	Other	Total
Second quarter ended June 30, 2004							
Sales:							
Third-party sales	\$ 486	\$ 959	\$ 1,490	\$ 1,598	\$ 843	\$ 716	\$ 6,092
Intersegment sales	349	1,129	23	5	—	—	1,506
Total sales	\$ 835	\$ 2,088	\$ 1,513	\$ 1,603	\$ 843	\$ 716	\$ 7,598
ATOI	\$ 159	\$ 230	\$ 59	\$ 78	\$ 54	\$ 30	\$ 610
Second quarter ended June 30, 2003							
Sales:							
Third-party sales	\$ 491	\$ 805	\$ 1,200	\$ 1,455	\$ 836	\$ 710	\$ 5,497
Intersegment sales	248	690	15	5	—	—	958
Total sales	\$ 739	\$ 1,495	\$ 1,215	\$ 1,460	\$ 836	\$ 710	\$ 6,455
ATOI	\$ 89	\$ 162	\$ 56	\$ 46	\$ 57	\$ 17	\$ 427
Six months ended June 30, 2004							
Sales:							
Third-party sales	\$ 949	\$ 1,837	\$ 2,940	\$ 3,121	\$ 1,587	\$ 1,354	\$ 11,788
Intersegment sales	687	2,167	46	9	—	—	2,909
Total sales	\$ 1,636	\$ 4,004	\$ 2,986	\$ 3,130	\$ 1,587	\$ 1,354	\$ 14,697
ATOI	\$ 286	\$ 422	\$ 125	\$ 140	\$ 89	\$ 48	\$ 1,110
Six months ended June 30, 2003							
Sales:							
Third-party sales	\$ 940	\$ 1,537	\$ 2,352	\$ 2,845	\$ 1,585	\$ 1,378	\$ 10,637
Intersegment sales	488	1,530	35	14	—	—	2,067
Total sales	\$ 1,428	\$ 3,067	\$ 2,387	\$ 2,859	\$ 1,585	\$ 1,378	\$ 12,704
ATOI	\$ 180	\$ 328	\$ 109	\$ 75	\$ 110	\$ 26	\$ 828

The following reconciles segment information to consolidated totals.

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Total ATOI	\$ 610	\$ 427	\$ 1,110	\$ 828
Impact of intersegment profit adjustments	8	(4)	31	3
Unallocated amounts (net of tax):				
Interest income	5	6	12	11
Interest expense	(45)	(52)	(86)	(109)
Minority interests	(73)	(75)	(123)	(134)
Corporate expense	(63)	(81)	(137)	(138)
Restructuring and other charges (F)	(4)	(2)	27	2
Discontinued operations (E)	—	(1)	5	2
Accounting change (M)	—	—	—	(47)
Other	(34)	(2)	(80)	(51)
Consolidated net income	\$ 404	\$ 216	\$ 759	\$ 367

The significant changes in the reconciling items between ATOI and consolidated net income for the 2004 second quarter and six-month period compared with the corresponding 2003 periods consisted of:

- an increase in intersegment profit adjustments attributed to the continued increase in aluminum prices,
- a decrease in interest expense due to lower average debt levels and lower average effective interest rates, and
- an increase in other, principally caused by the increase of the environmental reserve for the Grasse River project; an increase in LIFO inventory adjustments due to the increase in the price of aluminum; a tax benefit for international tax legislation enacted in 2003; and the absence of the sale of assets (primarily office space) that occurred in the first half of 2003. These are partially offset by the gain recognized in June 2004 on the restructuring of debt. See Note B for additional details surrounding the restructuring of debt.

Additionally, corporate expense decreased in the second quarter of 2004 due to a decrease in deferred compensation costs.

The following table represents segment assets.

	June 30 2004	December 31 2003
Alumina and Chemicals	\$ 3,119	\$ 3,077
Primary Metals	7,724	7,398
Flat-Rolled Products	3,639	3,380
Engineered Products	6,527	6,362
Packaging and Consumer	3,118	3,099
Other	1,826	1,752
Total segment assets	\$25,953	\$ 25,068

The increase in segment assets within the Flat-Rolled Products segment is due to higher customer receivables and increased inventories resulting from stronger volumes and prices in 2004.

O. Reclassifications - Certain amounts have been reclassified to conform to current year presentation.

P. Subsequent Event - On July 26, 2004, Alcoa announced that 400 employees at its Wenatchee, WA smelter will lose their jobs as a result of the rejection of a proposed labor contract by the Aluminum Trade Council of Wenatchee. The impact of the layoff is expected to result in an after-tax charge of approximately \$13 in the third quarter of 2004. The Wenatchee facility has been idled since July of 2001.

Report of Independent Registered Public Accounting Firm *

To the Shareholders and Board of Directors of
Alcoa Inc.

We have reviewed the accompanying unaudited condensed consolidated balance sheet of Alcoa and its subsidiaries (Alcoa) as of June 30, 2004, and the related unaudited condensed statements of consolidated income for each of the three-month and six-month periods ended June 30, 2004 and 2003, and the unaudited condensed statement of consolidated cash flows for the six-month periods ended June 30, 2004 and 2003. These interim financial statements are the responsibility of Alcoa's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying unaudited condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet as of December 31, 2003, and the related statements of consolidated income, shareholders' equity and of cash flows for the year then ended (not presented herein), and in our report dated January 8, 2004, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2003 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

As discussed in Note M to the unaudited condensed consolidated financial statements, Alcoa changed its method of accounting for asset retirement obligations effective January 1, 2003.

/s/ PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania
July 7, 2004

* This report should not be considered a "report" within the meaning of Sections 7 and 11 of the 1933 Act and the independent accountant's liability under Section 11 does not extend to it.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(dollars in millions, except per share amounts and ingot prices; shipments in thousands of metric tons [mt])

Certain statements in this report under this caption and elsewhere relate to future events and expectations and, as such, constitute forward-looking statements. Forward-looking statements include those containing such words as "anticipates," "believes," "estimates," "expects," "hopes," "targets," "should," "will," "will likely result," "forecast," "outlook," "projects" or similar expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements of Alcoa to be different from those expressed or implied in the forward-looking statements. For a discussion of some of the specific factors that may cause such a difference, see Note H to the Condensed Consolidated Financial Statements; the disclosures included below under Segment Information, Environmental Matters, and Quantitative and Qualitative Disclosures about Market Risks; and Alcoa's Form 10-K, Part I, Item 1, for the year ended December 31, 2003.

Results of Operations

Selected Financial Data:

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Sales	\$ 6,092	\$ 5,497	\$ 11,788	\$ 10,637
Income from continuing operations	404	217	754	412
Cumulative effect of accounting change	—	—	—	(47)
Net income	\$ 404	\$ 216	\$ 759	\$ 367
Earnings per common share:				
Diluted – Income from continuing operations	\$.46	\$.26	\$.86	\$.49
Diluted – Net income	\$.46	\$.26	\$.87	\$.43
Shipments of aluminum products (mt)	1,287	1,231	2,559	2,399
Shipments of alumina (mt)	1,796	1,939	3,514	3,733
Alcoa's average realized ingot price	\$.85	\$.68	\$.83	\$.69
Average 3-month LME price	\$.77	\$.63	\$.76	\$.63

Alcoa's income from continuing operations for the 2004 second quarter and six-month period of 2004 was \$404, or 46 cents per diluted share, and \$754, or 86 cents per share, respectively. Income from continuing operations increased 86% and 83% in the 2004 second quarter and six-month period, as compared to the corresponding 2003 periods. Results in 2004 were favorably impacted by higher realized prices, as alumina prices rose 33% and 28% and aluminum prices climbed 25% and 20% in the 2004 second quarter and six-month period, respectively, compared with the corresponding 2003 periods. The 2004 results were also favorably impacted by higher volumes in the Engineered Products and Flat-Rolled Products segments, as demand in the commercial transportation, building and construction, aerospace, packaging, and industrial markets improved; continued cost reductions; and benefits from the restructuring of debt, which consisted of the early repayment of debt and settlement of interest rate swaps. The 2004 six-month period was also favorably impacted by the gain on the specialty chemicals business that was sold in the first quarter of 2004. These positive contributions were partially offset by higher energy costs, the impact of a weaker U.S. dollar against other currencies, increased environmental reserves, and higher raw material costs. The 2004 six-month period was also unfavorably impacted by litigation settlements in the first quarter of 2004.

Net income for the 2004 second quarter and six-month period was \$404, or 46 cents per share, and \$759, or 87 cents per share, respectively, as compared to \$216, or 26 cents per share, and \$367, or 43 cents per share, for corresponding periods in 2003. The 2003 results included a cumulative effect charge of \$47, or 6 cents per share, for the accounting change for asset retirement obligations under Statement of Financial Accounting Standards (SFAS) No. 143, "Accounting for Asset Retirement Obligations."

Sales for the 2004 second quarter and six-month period increased \$595, or 11%, and \$1,151, or 11%, respectively compared with corresponding 2003 periods. The increase in realized prices for alumina and aluminum, as well as higher volumes in businesses serving the packaging, aerospace, building and construction, commercial transportation, and industrial markets helped to drive the increase in sales. The rise in sales was also aided by the favorable impact of foreign currency exchange movements and the consolidation of KAAL Australia (Alcoa acquired the remaining 50% interest from Kobe Steel Ltd. in October 2003.). Partially offsetting these increases were the impact of divestitures, principally the specialty chemicals and Latin American PET businesses, and lower volumes in the AFL automotive business.

Cost of goods sold (COGS) as a percentage of sales was 78.9% for the 2004 second quarter and 78.4% for the 2004 six-month period, compared with 79.7% in both 2003 corresponding periods. The decreases resulted from higher realized prices and accumulated cost savings resulting from procurement savings, productivity improvements, and headcount reductions from prior restructuring programs. These positive contributions more than offset higher raw material costs, increased energy costs, an increase of \$42 in environmental reserves, and the unfavorable impact of foreign currency exchange movements.

Selling, general administrative, and other expenses (SG&A) for the 2004 second quarter decreased \$28, or 8%, compared with the 2003 second quarter due to a reduction in deferred compensation costs and cost savings, which were partially offset by the unfavorable impact of foreign currency exchange movements. SG&A expenses increased \$19, or 3%, in the 2004 six-month period compared to the 2003 corresponding period due to unfavorable foreign currency exchange movements, expense associated with stock awards granted in 2004, and the bankruptcy of an alumina customer, which were partially offset by a reduction in deferred compensation costs.

The provision for depreciation, depletion, and amortization was relatively flat in the 2004 second quarter as compared to the second quarter of 2003. The provision increased by \$17, or 3%, in the 2004 six-month period over the corresponding 2003 period primarily due to unfavorable foreign currency exchange movements.

Restructuring and other charges resulted in expense of \$5 in the 2004 second quarter and income of \$26 in the 2004 six-month period, compared with an expense of \$3 in the second quarter of 2003 and income of \$1 in the 2003 six-month period. In the second quarter of 2004, a charge of \$14 was recorded for employee termination and severance costs associated with 2,700 salaried and hourly employees (primarily in Mexico and the U.S.). Partially offsetting this charge were income of \$6 associated with net gains on divested businesses and asset sales, and income of \$3 resulting from adjustments to prior year employee termination and severance cost reserves. As of June 30, 2004, 1,660 of the 2,700 employees had been terminated. In the first quarter of 2004, income of \$31 was recorded for restructuring and other charges, consisting of a gain of \$44 on the sale of the specialty chemicals business, which was somewhat offset by charges of \$13 for employee termination and severance costs associated with 380 salaried and hourly employees (primarily in the U.S. and U.K.). As of June 30, 2004, 250 of the 380 employees had been terminated. Approximately \$12 of cash payments were made against the reserves in the first half of 2004. All layoffs are expected to be completed in 2004. Restructuring and other charges are not included in the segment results.

The pre-tax impact of allocating these amounts to the segment results would have been as follows:

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Alumina and Chemicals	\$ 6	\$ —	\$ 50	\$ —
Primary Metals	—	(7)	(5)	(6)
Flat-Rolled Products	(1)	(10)	(1)	(10)
Engineered Products	(5)	(29)	(8)	(27)
Packaging and Consumer	(5)	43	(7)	43
Other	(1)	—	(1)	1
Segment total	(6)	(3)	28	1
Corporate	1	—	(2)	—
Total restructuring and other charges	\$ (5)	\$ (3)	\$ 26	\$ 1

Interest expense for the 2004 second quarter and six-month period decreased \$11, or 14%, and \$35, or 21%, from the corresponding 2003 periods. The decrease was due to lower average debt levels and lower average effective interest rates.

Other income for the 2004 second quarter and six-month period increased \$68, or 119%, and \$54, or 58%, over the corresponding 2003 periods. The increase in the 2004 second quarter is due to the gain of \$58 recognized on the restructuring of debt, \$17 of higher equity income, and \$12 of favorable foreign currency exchange movements. These were somewhat offset by an increase in the expenses related to employee life insurance and higher net gains on asset sales (principally office space) recognized in 2003.

The 2004 six-month increase resulted from the gain recognized on the restructuring of debt and \$35 of favorable foreign currency exchange movements, partially offset by \$13 lower equity income and \$20 associated with litigation settlements in 2004.

The effective tax rate of 28.6% for the 2004 six-month period differs from the statutory rate of 35% and the 2003 six-month rate of 27.7% principally due to the sale of the specialty chemicals business in 2004 and lower taxes on foreign income.

Minority interests' share of income from operations decreased \$2, or 3%, and \$11, or 8%, in the 2004 second quarter and six-month period, respectively, as compared to 2003 corresponding periods. The decreases were due to Alcoa's acquisition of the minority interest in Alcoa Aluminio in August 2003 and a tax benefit for international tax legislation enacted in 2003. These were partially offset by increased earnings at Alcoa World Alumina and Chemicals. The 2004 six-month period was also favorably impacted by the sale of the specialty chemicals business.

Segment Information

I. Alumina and Chemicals

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Alumina production (mt)	3,600	3,478	7,175	6,798
Third-party alumina shipments (mt)	1,796	1,939	3,514	3,733
Third-party sales	\$ 486	\$ 491	\$ 949	\$ 940
Intersegment sales	349	248	687	488
Total sales	\$ 835	\$ 739	\$ 1,636	\$ 1,428
After-tax operating income (ATOI)	\$ 159	\$ 89	\$ 286	\$ 180

Third-party sales for the Alumina and Chemicals segment were relatively flat in the 2004 second quarter and six-month period, compared with the corresponding 2003 periods. An increase in realized prices of 33% in the 2004 second quarter and 28% in the 2004 six-month period was offset by lower third-party volumes and the loss of revenue due to the sale of the specialty chemicals business in February of 2004.

Intersegment sales increased 41% in both the 2004 second quarter and in the 2004 six-month period as a result of higher realized prices and increased internal demand as a result of the expiration of contracts on required third-party purchases. Production increased principally at the Point Comfort, TX refinery, after startup of additional capacity during 2003, and at the Jamaica refinery, after the planned expansion was completed at the end of 2003.

ATOI for this segment rose 79% in the 2004 second quarter and 59% in the 2004 six-month period compared with the 2003 corresponding periods, due to higher realized prices, somewhat offset by the loss of profit associated with the sale of the chemicals business, unfavorable foreign currency exchange movements and increased raw materials costs.

LME-based pricing continues to be favorable in the third quarter of 2004. Weakening of the U.S. dollar would negatively impact segment results.

II. Primary Metals

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Aluminum production (mt)	863	883	1,730	1,764
Third-party aluminum shipments (mt)	472	495	941	948
Alcoa's average realized price per pound for aluminum ingot	\$.85	\$.68	\$.83	\$.69
Third-party sales	\$ 959	\$ 805	\$ 1,837	\$ 1,537
Intersegment sales	1,129	690	2,167	1,530
Total sales	\$ 2,088	\$ 1,495	\$ 4,004	\$ 3,067
ATOI	\$ 230	\$ 162	\$ 422	\$ 328

Third-party sales for the Primary Metals segment increased 19% in the second quarter of 2004 and 20% in the 2004 six-month period, compared with the corresponding periods of 2003, due to 25% higher realized prices in the second quarter of 2004 and 20% higher realized prices for the 2004 six-month period, partially offset by lower third-party volumes. Intersegment sales increased 64% in the second quarter of 2004 and 42% in the 2004 six-month period primarily due to the increase in realized prices as well as increased volumes due to strengthening in the downstream aluminum businesses.

ATOI for this segment increased 42% in the 2004 second quarter and 29% in the 2004 six-month period due to higher realized prices and higher total volumes, somewhat offset by higher costs for energy, raw materials, employee benefits, and the impact of unfavorable foreign currency exchange movements.

After the recently announced capacity curtailment at the Becancour smelter due to an employee strike, and the removal of a line at the Wenatchee smelter, Alcoa has approximately 719,000 mt per year (mtpy) of idle capacity on a base capacity of 3,977,000 mtpy.

Aluminum prices are expected to continue to be strong in the third quarter. Higher alumina and energy costs are expected to negatively impact results. Alcoa will continue its program of metal purchases to optimize the selling of value-added products. In addition, the production cuts at the Becancour aluminum smelter are expected to negatively impact results by 1.5 cents to 2 cents per share per month. The impact of the Wenatchee layoffs is expected to result in a charge of \$13 in the third quarter.

III. Flat-Rolled Products

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Third-party aluminum shipments (mt)	517	453	1,032	887
Third-party sales	\$ 1,490	\$ 1,200	\$ 2,940	\$ 2,352
Intersegment sales	23	15	46	35
Total sales	\$ 1,513	\$ 1,215	\$ 2,986	\$ 2,387
ATOI	\$ 59	\$ 56	\$ 125	\$ 109

Third-party sales for the Flat-Rolled Products segment increased 24% in the 2004 second quarter and 25% in the 2004 six-month period, as compared to the same periods in 2003. The increase resulted from the acquisition of the remaining 50% interest in KAAL Australia (can sheet rolling mills) in October of 2003, higher prices, and higher volumes due to improved demand in the commercial transportation, aerospace, automotive, packaging, building and construction, and industrial products markets.

ATOI for this segment increased 5% in the second quarter of 2004 and 15% for the 2004 six-month period due to higher volumes; favorable mix; improved productivity in the sheet and plate business; favorable foreign currency exchange movements in Europe; and the contribution of KAAL Australia. These positive contributions were somewhat offset by a hot mill interruption at the Kitts Green facility in the U.K. and temporary throughput issues at the Tennessee can sheet facility.

In the third quarter of 2004, higher demand is anticipated for the can sheet business due to seasonal volume increases. A marginal increase is also projected in industrial markets, while slight seasonal declines are expected in Europe and in the automotive sector (seasonal shutdowns and platform build rate reduction). Additionally, full production has resumed at the Kitts Green facility. Continued throughput issues at the Tennessee can sheet facility could negatively impact margins, and summer maintenance outages are expected at the North American rolling mills.

IV. Engineered Products

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Third-party aluminum shipments (mt)	239	221	473	444
Third-party sales	\$ 1,598	\$ 1,455	\$ 3,121	\$ 2,845
Intersegment sales	5	5	9	14
Total sales	\$ 1,603	\$ 1,460	\$ 3,130	\$ 2,859
ATOI	\$ 78	\$ 46	\$ 140	\$ 75

Third-party sales for the Engineered Products segment increased 10% in both the 2004 second quarter and six-month period, as compared to 2003 corresponding periods, principally due to higher volumes in the businesses serving the commercial transportation, automotive, building and construction, and industrial products markets.

ATOI for this segment increased 70% in the second quarter of 2004 and 87% in the 2004 six-month period. The increase in the second quarter of 2004 was principally due to increased productivity, as well as higher volumes as a result of improved market conditions. The increase in the 2004 six-month period is the result of higher volumes, increased productivity, and higher contributions as a result of the acquisition of Fairchild Fasteners, and was slightly offset by increased raw material costs and pricing pressures.

Lower demand is projected in the third quarter of 2004 for engineered products due to seasonal softening in Europe and seasonal shutdowns and a reduction in platform build rates in the automotive market. This will be somewhat mitigated by improvements in building and construction due to seasonality. Commercial transportation is expected to maintain second quarter strength.

V. Packaging and Consumer

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Third-party aluminum shipments (mt)	41	42	79	78
Third-party sales	\$ 843	\$ 836	\$ 1,587	\$ 1,585
Intersegment sales	—	—	—	—
Total sales	\$ 843	\$ 836	\$ 1,587	\$ 1,585
ATOI	\$ 54	\$ 57	\$ 89	\$ 110

Third-party sales for the Packaging and Consumer segment were relatively flat in the 2004 second quarter and six-month period, compared with the 2003 corresponding periods. Higher volumes in the closures, consumer products, thermoformed plastics, and packaging graphics and design businesses were offset by a decline in sales due to the divestiture of the Latin America PET business in 2003.

ATOI for this segment declined 5% in the second quarter of 2004 and 19% in the 2004 six-month period compared to 2003 corresponding periods. The decreases were the result of higher resin costs and the divestitures of the Latin America PET business and Latasa (a Latin America aluminum can business in which Alcoa had an equity interest). The resin price increases were offset by volume improvement in the closures, consumer products, thermoformed plastics, and packaging graphics and design businesses, but these improvements were not sufficient to overcome the loss of ATOI associated with the Latin American businesses.

An increase in demand for consumer products is anticipated in the third quarter of 2004 as a result of seasonality, but a reduction in closures demand is projected to offset the strength in consumer products. Resin prices are expected to remain high and, in some cases, increase during the quarter. Additionally, an outage at an Alcoa resin facility will drive the need to make additional higher cost third-party purchases.

VI. Other

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Third-party aluminum shipments (mt) *	18	20	34	42
Third-party sales	\$ 716	\$ 710	\$ 1,354	\$ 1,378
Intersegment sales	—	—	—	—
Total sales	\$ 716	\$ 710	\$ 1,354	\$ 1,378
ATOI	\$ 30	\$ 17	\$ 48	\$ 26

* Third party aluminum shipments for previously reported periods have been properly adjusted to reflect international selling company activity.

Third-party sales for the Other group remained relatively flat in the 2004 second quarter and six-month period compared with the 2003 corresponding periods, principally due to volume increases in the residential building products business and the telecommunications business, which were offset by lower volumes at AFL automotive, as this business continued to rebalance its customer base. The 2004 six-month period was also negatively affected by the disposition of distribution facilities in Europe.

ATOI for this group increased 76% in the 2004 second quarter and 85% in the 2004 six-month period, compared to corresponding 2003 periods, due to increased volumes in the residential building products business and the telecommunications business, cost savings, and higher equity income from Integris Metals, Inc. (a metals distribution joint venture in which Alcoa has a 50% equity interest). These were somewhat offset by lower volumes in the AFL automotive business. The 2004 six-month period was also negatively impacted by higher raw materials costs in the residential building products business.

In the third quarter of 2004, seasonal increases in building and construction are expected to be more than offset by declines in automotive revenues resulting from seasonal shutdowns and platform build rate reductions.

Reconciliation of ATOI to Consolidated Net Income

Items required to reconcile ATOI to consolidated net income include: corporate adjustments to eliminate any remaining profit or loss between segments; interest income and expense; minority interests; corporate expense, comprised of the general administrative and selling expenses of operating the corporate headquarters and other global administrative facilities along with depreciation on corporate-owned assets; restructuring and other charges; discontinued operations; the accounting change for asset retirement obligations in 2003; and other, which includes the impact of LIFO, differences between estimated tax rates used in the segments and the corporate effective tax rate, and other nonoperating items such as foreign currency translation gains/losses.

The following reconciles segment information to consolidated totals.

	Second quarter ended June 30		Six months ended June 30	
	2004	2003	2004	2003
Total ATOI	\$ 610	\$ 427	\$ 1,110	\$ 828
Impact of intersegment profit adjustments	8	(4)	31	3
Unallocated amounts (net of tax):				
Interest income	5	6	12	11
Interest expense	(45)	(52)	(86)	(109)
Minority interests	(73)	(75)	(123)	(134)
Corporate expense	(63)	(81)	(137)	(138)
Restructuring and other charges	(4)	(2)	27	2
Discontinued operations	—	(1)	5	2
Accounting change	—	—	—	(47)
Other	(34)	(2)	(80)	(51)
Consolidated net income	\$ 404	\$ 216	\$ 759	\$ 367

The significant changes in the reconciling items between ATOI and consolidated net income for the 2004 second quarter and six-month period compared with the corresponding 2003 periods consisted of:

- an increase in intersegment profit adjustments attributed to the continued increase in aluminum prices,
- a decrease in interest expense due to lower average debt levels and lower average effective interest rates, and
- an increase in other, principally caused by the increase of the environmental reserve for the Grasse River project; an increase in LIFO inventory adjustments due to the increase in the price of aluminum; a tax benefit for international tax legislation enacted in 2003; and the absence of the sale of assets (primarily office space) that occurred in the first half of 2003. These are partially offset by the gain recognized in June 2004 on the restructuring of debt. See Note B in Part I, Item I for additional details surrounding the restructuring of debt.

Additionally, corporate expense decreased in the second quarter of 2004 due to a decrease in deferred compensation costs.

Liquidity and Capital Resources

Cash from Operations

Cash from operations was \$560 in the 2004 six-month period compared with \$1,215 in the same period of 2003. The decrease of \$655 is principally due to net increases in inventories, receivables, and payables of \$426 and the absence of a \$440 advance payment received in 2003 against a long-term aluminum supply contract, partially offset by the increase in net income.

Financing Activities

Cash used for financing activities was \$562 in the 2004 six-month period compared with cash used of \$764 in the 2003 six-month period. The change of \$202 is primarily due to higher net debt repayments in 2003 than in 2004.

In June 2004, Alcoa completed the early retirement of \$1,200 of debt securities, consisting of the following: \$200 of 6.125% Bonds due in 2005, \$500 of 7.25% Notes due in 2005, and \$500 of 5.875% Notes due in 2006. These debt securities were retired primarily with proceeds from commercial paper borrowings.

On April 23, 2004 Alcoa refinanced its \$2,000 revolving-credit agreement that was to expire in April 2004 into a new \$1,000 revolving-credit agreement that will expire in April 2005, with an option to extend the maturity date of any borrowings outstanding on the April 2005 expiration date for one year. Additionally, Alcoa refinanced its \$1,000 revolving-credit agreement that was to expire in April 2005 into a new agreement that will expire in April 2009.

Investing Activities

Cash used for investing activities was \$106 in the 2004 six-month period compared with \$379 in the same period in 2003. The change of \$273 was primarily due to proceeds received from the divestitures of Alcoa's specialty chemicals, packaging equipment, and automotive fasteners businesses, as well as foil facilities, and a European extrusion facility. This was somewhat offset by cash used to acquire 44 million additional shares of Chalco to maintain Alcoa's 8% ownership interest.

Environmental Matters

Alcoa continues to participate in environmental assessments and cleanups at a number of locations. These include approximately 30 owned or operating facilities and adjoining properties, approximately 39 previously owned or operating facilities and adjoining properties and approximately 67 Superfund and other waste sites. A liability is recorded for environmental remediation costs or damages when a cleanup program becomes probable and the costs or damages can be reasonably estimated.

As assessments and cleanups proceed, the liability is adjusted based on progress made in determining the extent of remedial actions and related costs and damages. The liability can change substantially due to factors such as the nature and extent of contamination, changes in remedial requirements, and technological changes. Therefore, it is not possible to determine the outcomes or to estimate with any degree of accuracy the potential costs for certain of these matters.

The following discussion provides additional details regarding the current status of Alcoa's significant sites where the final outcome cannot be determined or the potential costs in the future cannot be estimated.

Massena, NY. Alcoa has been conducting investigations and studies of the Grasse River, adjacent to Alcoa's Massena, New York plant site, under order from the U.S. Environmental Protection Agency (EPA) issued under the Comprehensive Environmental Response, Compensation and Liability Act, also known as Superfund. Sediments and fish in the river contain varying levels of polychlorinated biphenyl (PCB).

In 2002, Alcoa submitted an Analysis of Alternatives Report that detailed a variety of remedial alternatives with estimated costs ranging from \$2 to \$525. Because the selection of the \$2 alternative (natural recovery) was considered remote, Alcoa adjusted the reserve for the Grasse River in 2002 to \$30 representing the low end of the range of possible alternatives, as no single alternative could be identified as more probable than the others.

In June of 2003, based on river observations during the spring of 2003, the EPA requested that Alcoa gather additional field data to assess the potential for sediment erosion from winter river ice formation and breakup. The results of these additional studies, submitted in a report to the EPA in April of 2004, suggest that this phenomenon has the potential to occur approximately every 10 years and may impact sediments in certain portions of the river under all remedial scenarios. The EPA informed Alcoa that a final remedial decision for the river could not be made without substantially more information, including river pilot studies on the effects of ice formation and breakup on each of the remedial techniques. The EPA requested that Alcoa consider a Remedial Options Study to gather this information. The scope of this study includes sediment removal and capping, the installation of an ice control structure, and significant monitoring.

In May of 2004, Alcoa agreed to perform the study at an estimated cost of \$35. Most of the work should be completed by the fourth quarter of 2005. The findings will be incorporated into a revised Analysis of Alternatives Report, which is expected to be submitted in 2006. This information will be used by the EPA to propose a remedy for the entire river.

Alcoa adjusted the reserves this quarter to include the \$35 for the Remedial Options Study. This is in addition to the \$30 previously reserved. Currently, none of the existing alternatives in the 2002 Analysis of Alternatives Report is more probable than the others and the results of the Remedial Options Study are necessary to revise the scope and estimated cost of many of the current alternatives.

The EPA's ultimate selection of a remedy could result in additional liability. Alcoa may be required to record a subsequent reserve adjustment at the time the EPA's Record of Decision is issued.

Sherwin, TX. In connection with the sale of the Sherwin alumina refinery in Texas, which was required to be divested as part of the Reynolds merger in 2000, Alcoa has agreed to retain responsibility for

the remediation of then existing environmental conditions, as well as a pro rata share of the final closure of the active waste disposal areas, which remain in use. Alcoa's share of the closure costs is proportional to the total period of operation of the active waste disposal areas. Alcoa estimated its liability for the active disposal areas by making certain assumptions about the period of operation, the amount of material placed in the area prior to closure, and the appropriate technology, engineering, and regulatory status applicable to final closure. The most probable cost for remediation has been reserved. It is reasonably possible that an additional liability, not expected to exceed \$75, may be incurred if actual experience varies from the original assumptions used.

Based on the foregoing, it is possible that Alcoa's results of operations, in a particular period, could be materially affected by matters relating to these sites. However, based on facts currently available, management believes that adequate reserves have been provided and that the disposition of these matters will not have a materially adverse effect on the financial position or liquidity of the company.

Alcoa's remediation reserve balance at June 30, 2004 was \$416 and \$395 at December 31, 2003 (of which \$65 was classified as a current liability in both periods), and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated. Remediation costs charged to the reserve in the 2004 six-month period were approximately \$17. They include expenditures currently mandated, as well as those not required by any regulatory authority or third party. The reserve balance was increased by \$38 in the 2004 six-month period, principally due to the additional reserve recorded for the Grasse River site.

Included in annual operating expenses are the recurring costs of managing hazardous substances and environmental programs. These costs are estimated to be about 2% of cost of goods sold.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

In addition to the risks inherent in its operations, Alcoa is exposed to financial, market, political and economic risks. The following discussion provides additional detail regarding Alcoa's exposure to the risks of changing commodity prices, foreign exchange rates, and interest rates.

Derivatives

Alcoa's commodity and derivative activities are subject to the management, direction, and control of the Strategic Risk Management Committee (SRMC). The SRMC is composed of the chief executive officer, the chief financial officer, and other officers and employees that the chief executive officer selects. The SRMC reports to the Board of Directors on the scope of its derivative activities.

All of the aluminum and other commodity contracts, as well as various types of derivatives, are held for purposes other than trading. They are used principally to mitigate uncertainty and volatility, and to cover underlying exposures. The company is not involved in energy-trading activities, weather derivatives, or other nonexchange commodity trading activities.

Commodity Price Risks - Alcoa is the world's leading producer of aluminum ingot and fabricated products. As a condition of sale, customers often require Alcoa to enter into forward-dated, fixed-price commitments. These commitments expose Alcoa to the risk of fluctuating aluminum prices between the time the order is committed and the time the order is shipped.

Alcoa's aluminum commodity risk management policy is to manage, through the use of futures contracts, the aluminum price risk associated with a portion of its fixed-price firm commitments. At June 30, 2004, these contracts totaled approximately 793,000 mt with a fair value gain of approximately \$99 (pre-tax).

Alcoa purchases natural gas, fuel oil, and electricity to meet its production requirements. These purchases expose the company to the risk of higher prices. To hedge a portion of this risk, Alcoa enters into long positions, principally using futures contracts. Alcoa follows a stable pattern of purchasing these commodities; therefore, it is highly likely that anticipated purchases will occur. The fair value of these contracts was a gain of approximately \$81 (pre-tax) at June 30, 2004.

Financial Risk

Currencies - Alcoa is subject to exposure from fluctuations in foreign currencies. Foreign currency exchange contracts may be used from time to time to hedge the variability in cash flows from the forecasted payment or receipt of currencies other than the functional currency. These contracts cover periods commensurate with known or expected exposures, generally within three years. The fair value of these contracts was a loss of approximately \$3 (pre-tax) at June 30, 2004.

Interest Rates - Alcoa uses interest rate swaps to help maintain a strategic balance between fixed- and floating-rate debt and to manage overall financing costs. The company has entered into pay floating, receive fixed interest rate swaps to change the interest rate risk exposure of its outstanding debt. The fair value of these swaps was a loss of approximately \$145 (pre-tax) at June 30, 2004.

Alcoa previously used interest rate swaps to establish fixed interest rates on anticipated borrowings between June 2005 and June 2006. Due to a change in forecasted borrowing requirements, resulting from the early retirement of debt in June 2004 and a forecasted increase in future operating cash flows resulting from improved market conditions, it is no longer probable that the anticipated borrowings will occur in 2005 and 2006. Therefore, Alcoa recognized \$33 of gains that had been deferred on previously settled swaps and \$44 of additional gains to unwind the remaining interest rate swaps. These gains were recorded in other income. See Note B in Part I, Item I for additional information.

Embedded Derivatives - During the second quarter of 2004, Alcoa entered into a long-term power supply contract. The power contract provides for increased pricing if the LME exceeds a certain price. This pricing feature in the contract is considered an embedded derivative and is marked to market through earnings. The impact to earnings in the second quarter of 2004 was not material.

Material Limitations - The disclosures with respect to commodity prices, interest rates, and foreign exchange risk do not take into account the underlying commitments or anticipated transactions. If the underlying items were included in the analysis, the gains or losses on the futures contracts may be offset. Actual results will be determined by a number of factors that are not under Alcoa's control and could vary significantly from those factors disclosed.

Alcoa is exposed to credit loss in the event of nonperformance by counterparties on the above instruments, as well as credit or performance risk with respect to its hedged customers' commitments. Although nonperformance is possible, Alcoa does not anticipate nonperformance by any of these parties. Futures contracts are with creditworthy counterparties and are further supported by cash, treasury bills, or irrevocable letters of credit issued by carefully chosen banks. In addition, various master netting arrangements are in place with counterparties to facilitate settlement of gains and losses on these contracts.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Alcoa's Chief Executive Officer and Chief Financial Officer have evaluated the company's disclosure controls and procedures as of the end of the period covered by this report, and they have concluded that these controls and procedures are effective.

(b) Changes in Internal Control Over Financial Reporting

There have been no significant changes in internal control over financial reporting that occurred during the quarter ended June 30, 2004, that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

As previously reported, in 2001 and 2002, two companion lawsuits were filed in the Court of Lafayette County, Arkansas on behalf of nearly 400 current or former residents of the City of Stamps, Arkansas, the City of Stamps, and former employees of Red River Aluminum, Inc. (RRA), a dross processor. The 2001 action was transferred to Miller County, Arkansas. The suits name 12 defendants (including Alumax Inc., Reynolds Metals Company and Alcoa Inc.) that sent dross to RRA for processing. Plaintiffs have filed claims for personal injuries and property damage and have alleged that the defendants violated Arkansas environmental statutes relating to the alleged contamination associated with RRA's operations in Stamps. The 2001 action was settled in May 2004. The cost of the settlement was previously reserved for and was not material to Alcoa. The 2002 action was dismissed, without prejudice, at the request of plaintiffs in June 2004.

As previously reported, in July 1999, Alcoa Aluminio S.A. received notice that an administrative proceeding was commenced by Brazil's Secretary of Economic Law of the Ministry of Justice against Brazilian producers of primary aluminum, including Alcoa Aluminio. The suit alleges collusive action in the pricing of primary aluminum in violation of Brazilian antitrust law. Alcoa Aluminio has presented its defense and has been awaiting the decision of the Secretary of Economic Law. If the Secretary of Economic Law determines that the antitrust law was violated, then the action may be further prosecuted by the Administrative Council of Economic Defense (known as CADE). Brazilian law provides for civil and criminal sanctions for violations of antitrust law, including fines ranging from 1% to 30% of a company's revenue during the last fiscal year. On July 6, 2004, the Office of Economic Law of the Ministry of Justice decided not to pursue the case in light of the lack of evidence of infringement of the antitrust law. This decision will be referred to the CADE for review.

Item 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities.

(c) Issuer Purchases of Equity Securities:

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Repurchase Plans or Programs (b)	Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased Under the Plans or Programs (b)
January 1 - January 31, 2004	674,679	\$ 36.49	—	32,311,636
February 1 - February 29, 2004	998,718	37.82	900,000	31,411,636
March 1 - March 31, 2004	1,013,749	38.08	877,354	30,534,282
Total for quarter ended March 31, 2004	2,687,146	37.58	1,777,354	30,534,282
April 1 – April 30, 2004	2,712	35.23	—	30,534,282
May 1 – May 31, 2004	—	—	—	30,534,282
June 1 – June 30, 2004	23,654	32.11	—	30,534,282
Total for quarter ended June 30, 2004	26,366	37.53	—	30,534,282

- (a) This column includes (i) purchases under Alcoa's publicly announced share repurchase program described in (b) below and (ii) the deemed surrender to the company by plan participants of shares of common stock to satisfy the exercise price related to the exercise of employee stock options, in each case to the extent applicable during the period indicated.
- (b) Alcoa's share repurchase program was approved by Alcoa's Board of Directors and publicly announced on July 13, 2001. The program authorizes the repurchase of up to 50 million shares of Alcoa common stock from time to time, directly or through brokers or agents, and has no expiration date.

Item 4. Submission of Matters to a Vote of Security Holders.

- (a) The 2004 annual meeting of shareholders of Alcoa Inc. was held on April 30, 2004.
- (b) All four nominees named in Alcoa's 2004 proxy statement were elected to serve as Directors for a three-year term expiring in 2007.
- (c) The matters voted upon at the meeting and the votes cast with respect to such matters are as follows:

Election of Directors

Nominee	Votes Cast For	Votes Withheld
Alain Belda	720,015,883	31,044,132
Carlos Ghosn	725,151,451	25,908,564
Henry B. Schacht	711,349,539	39,710,476
Franklin A. Thomas	723,313,698	27,746,317

Proposals

	Votes Cast			Broker Non -Votes
	For	Against	Abstain	
Approval of the 2004 Alcoa Stock Incentive Plan	535,871,861	117,378,929	11,833,072	85,976,153
Shareholder Proposals				
Relating to pay disparity	80,748,695	562,842,510	21,522,765	85,946,045
Relating to change in control severance plan	126,582,171	521,179,315	17,349,083	85,949,446

Item 6. Exhibits and Reports on Form 8-K.

- (a) Exhibits
- 10a. 364-Day Revolving Credit Agreement, dated as of April 23, 2004
- 10b. Five-Year Revolving Credit Agreement, dated as of April 23, 2004
- 10c. 2004 Alcoa Stock Incentive Plan
12. Computation of Ratio of Earnings to Fixed Charges
15. Letter regarding unaudited interim financial information
31. Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32. Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K during the second quarter of 2004:

Alcoa furnished to the Commission the following reports on Form 8-K:

- (1) a Form 8-K dated April 6, 2004, furnished under Item 12, relating to Alcoa's press release announcing its first quarter 2004 earnings;
- (2) a Form 8-K dated April 8, 2004, furnished under Item 9, relating to Alcoa's discussions with Rusal about aluminum plants located in the Russian Federation; and
- (3) a Form 8-K dated April 22, 2004, furnished under Item 12, relating to Alcoa's transcript and slides presented during its first quarter 2004 earnings call.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Alcoa Inc.

July 26, 2004

By /s/ RICHARD B. KELSON

Date

Richard B. Kelson
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

July 26, 2004

By /s/ CHARLES D. MCLANE, JR.

Date

Charles D. McLane, Jr.
Vice President - Corporate Controller
(Principal Accounting Officer)

EXHIBITS

- 10(a). 364-Day Revolving Credit Agreement, dated as of April 23, 2004
- 10(b). Five-Year Revolving Credit Agreement, dated as of April 23, 2004
- 10(c). 2004 Alcoa Stock Incentive Plan
- 12. Computation of Ratio of Earnings to Fixed Charges
- 15. Letter regarding unaudited interim financial information
- 31. Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32. Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

364-DAY

REVOLVING CREDIT AGREEMENT

Dated as of April 23, 2004

Among

ALCOA INC.,

THE LENDERS NAMED HEREIN,

CITIBANK, N.A., CREDIT SUISSE FIRST BOSTON and UBS AG, STAMFORD BRANCH,

as Syndication Agents,

DEUTSCHE BANK SECURITIES INC. and ABN AMRO BANK, N.V.,

as Documentation Agents, and

JPMORGAN CHASE BANK,

as Administrative Agent,

J.P. MORGAN SECURITIES INC.,

as Sole Lead Arranger and Sole Bookrunner

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364-DAY REVOLVING CREDIT AGREEMENT dated as of April 23, 2004 (as the same may be amended, modified or supplemented from time to time, the "Agreement"), among ALCOA INC., a Pennsylvania corporation ("Alcoa"), the Lenders (such term and each other capitalized term used but not defined herein having the meaning ascribed thereto in Article I), and JPMORGAN CHASE BANK, a New York banking corporation, as Administrative Agent for the Lenders.

Alcoa and the Borrowing Subsidiaries have requested the Lenders to extend credit in order to enable Alcoa and the Borrowing Subsidiaries, subject to the terms and conditions of this Agreement, to borrow on a revolving basis, during the Revolving Credit Period, an aggregate principal amount at any time outstanding not in excess of US\$1,000,000,000. The proceeds of such borrowings are to be used to provide working capital and for other general corporate purposes, including but not limited to the support of Alcoa's commercial paper program. The Lenders are willing to extend such credit to Alcoa and the Borrowing Subsidiaries on the terms and subject to the conditions set forth herein.

Accordingly, the Borrowers, the Lenders and the Administrative Agent agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"Administrative Agent" shall mean JPMorgan Chase Bank, a New York banking corporation, in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" shall mean an Administrative Questionnaire in the form of Exhibit B.

"Affiliate" shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

"Alternate Base Rate" shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the

Federal Funds Effective Rate in effect on such day plus ½ of 1%. For purposes hereof, “Prime Rate” shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as being effective. “Base CD Rate” shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) Statutory Reserves and (b) the Assessment Rate. “Three-Month Secondary CD Rate” shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Administrative Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it. “Federal Funds Effective Rate” shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Base CD Rate or the Federal Funds Effective Rate or both for any reason, including the inability of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c), or both, of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

“Applicable Margin” shall mean, with respect to the LIBOR Loans comprising any Borrowing, the applicable percentage set forth below based upon the ratings by S&P and Moody’s applicable on such date to the Index Debt; provided, that at all times after the Termination Date, each of the percentages set forth below shall be increased by .10% per annum:

	<u>Percentage</u>
<u>Category 1</u>	
AA-/Aa3 or above	.1000%
<u>Category 2</u>	
A+/A1	.1425%
<u>Category 3</u>	
A/A2	.1900%
<u>Category 4</u>	
A-/A3	.4350%
<u>Category 5</u>	
BBB/Baa2	.6600%
<u>Category 6</u>	
BBB-/Baa3 or below	.8600%

For purposes of the foregoing, (i) if neither Moody’s nor S&P shall have in effect a rating for any Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then both such rating agencies shall be deemed to have established ratings for such Index Debt in Category 6; (ii) if only one of Moody’s and S&P shall have in effect a rating for any Index Debt, then the Applicable Margin, to the extent determined by reference to such Index Debt, shall be determined on the basis of such rating; (iii) if the ratings established or deemed to have been established by Moody’s or S&P for any Index Debt shall fall within different Categories, the Applicable Margin shall be based on the Category corresponding to the higher rating unless the ratings differ by two or more Categories, in which case the Applicable Margin will be based upon the Category one level above the Category corresponding to the lower rating; and (iv) if any rating established or deemed to have been established by Moody’s or S&P shall be changed (other than as a result of a change in the rating system of Moody’s or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody’s or S&P shall change, or if any such rating agency shall cease to be in the business of rating corporate debt obligations, Alcoa and the Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system or the non-availability of ratings from such rating agency, and pending the effectiveness of any such amendment, the ratings of such rating agency most recently in effect prior to such change or cessation shall be employed in determining the Applicable Margin.

“Approved Fund” shall have the meaning assigned to such term in Section 10.04(b).

“Assessment Rate” shall mean, for any date, the annual rate (rounded upwards, if necessary, to the next 1/100 of 1%) most recently estimated by the Administrative Agent as the then current net annual assessment rate that will be employed in determining amounts payable by the Administrative Agent to the Federal Deposit Insurance Corporation (or any successor) for such date for insurance by such Corporation (or such successor) of time deposits made in dollars at the Administrative Agent’s domestic offices.

“Assignment and Assumption” shall mean an assignment and assumption entered into by a Lender and an assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit A or such other form as shall be approved by the Administrative Agent.

“Board” shall mean the Board of Governors of the Federal Reserve System of the United States.

“Borrowers” shall mean Alcoa and the Borrowing Subsidiaries.

“Borrowing” shall mean any group of Loans of a single Type made by the Lenders on a single date and as to which a single Interest Period is in effect.

“Borrowing Subsidiaries” shall mean, at any time, the wholly-owned Subsidiaries of Alcoa that have undertaken the obligations of Borrowing Subsidiaries pursuant to Section 10.04(e).

“Borrowing Subsidiary Obligations” shall mean, collectively, the due and punctual payment by any Borrowing Subsidiary of the principal of and interest on the Loans to it, when and as due, whether at maturity, by acceleration or otherwise, and the due and punctual payment and performance of all other obligations of such Borrowing Subsidiary under this Agreement.

“Business Day” shall mean any day (other than a day which is a Saturday, Sunday or day on which banks in New York City are authorized or required by law to remain closed); provided, however, that, when used in connection with any LIBOR Loan, the term “Business Day” shall in each case also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

“CLO” shall have the meaning assigned to such term in Section 10.04(b).

“Code” shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

“Commercial Paper” of any person shall mean any note, draft, bill of exchange or other negotiable instrument issued by such person (other than any extendable commercial notes issued pursuant to Section 4(2) of the Securities Act of 1933) that has a maturity at the time of issuance not exceeding thirteen months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited, pursuant to Section 3(a)(3) or Section 4(2) of the Securities Act of 1933.

“Commitment” shall mean, with respect to each Lender, the commitment of such Lender to make Loans hereunder as set forth in Schedule 2.01 or in any Assignment and Assumption pursuant to which such Lender first becomes a Lender hereunder, as the same may be terminated or reduced from time to time pursuant to Section 2.10.

“Consolidated Net Tangible Assets” shall mean at any time, the aggregate amount of assets (less applicable reserves and other properly deductible items) of Alcoa and its consolidated Subsidiaries adjusted for inventories on the basis of cost (before application of the “last-in first-out” method of determining cost) or current market value, whichever is lower, and deducting therefrom (a) all current liabilities of such corporation and its consolidated Subsidiaries except for (i) notes and loans payable, (ii) current maturities of long-term debt and (iii) current maturities of obligations under capital leases and (b) all goodwill, trade names, patents, unamortized debt discount and expenses of such corporation and its consolidated Subsidiaries (to the extent included in said aggregate amount of assets) and other like intangibles, all as set forth in the most recent consolidated balance sheet of Alcoa and its consolidated Subsidiaries, delivered to the Administrative Agent pursuant to Section 5.01, computed and consolidated in accordance with GAAP.

“Consolidated Net Worth” shall mean at any time, the net worth of Alcoa and its consolidated Subsidiaries at such time (including minority interests), computed and consolidated in accordance with GAAP.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of Voting Stock, by contract or otherwise, and “Controlling” and “Controlled” shall have meanings correlative thereto.

“Default” shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

“Designation Date” shall have the meaning assigned to such term in Section 10.04(e).

“Designation of Borrowing Subsidiary” shall mean a Designation of Borrowing Subsidiary executed by Alcoa and a wholly-owned Subsidiary in substantially the form of Exhibit D.

“dollars” or “\$” shall mean lawful money of the United States of America.

“Effective Date” shall mean the date of this Agreement.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

“ERISA Affiliate” shall mean any trade or business (whether or not incorporated) that is a member of a group of which any Borrower is a member and which is treated as a single employer under Section 414 of the Code.

“ERISA Event” shall mean (i) any Reportable Event; (ii) the adoption of any amendment to a Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA; (iii) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (iv) the filing pursuant to Section 412(d) of the Code or Section 302(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (v) the incurrence of any liability under Title IV of ERISA with respect to the termination of any Plan or the withdrawal or partial withdrawal of the Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan; (vi) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (vii) the receipt by the Borrower or any ERISA Affiliate of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; (viii) the occurrence of a “prohibited transaction” with respect to which the Borrower or any of its subsidiaries is a “disqualified person” (within the meaning of Section 4975 of the Code) or with respect to which the Borrower or any such subsidiary could otherwise be liable; (ix) any other similar event or condition with respect to a Plan or Multiemployer Plan that could result in liability of the Borrowers and (x) any Foreign Benefit Event.

“Event of Default” shall have the meaning assigned to such term in Article VII.

“Exchange Act Report” shall mean the Annual Report of Alcoa on Form 10-K for the year ended December 31, 2003, filed by Alcoa with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

“Existing 364-Day Credit Agreement” shall mean the 364-Day Revolving Credit Agreement dated as of April 25, 2003, among Alcoa, the lenders party thereto, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Securities Inc., as lead arranger and bookrunner.

“Facility Fee” shall have the meaning assigned to such term in Section 2.06(a).

“Facility Fee Percentage” shall mean on any date the applicable percentage set forth below based upon the ratings by S&P and Moody’s, respectively, applicable on such date to the Index Debt :

	<u>Percentage</u>
<u>Category 1</u>	
AA-/Aa3 or above	.0500%
<u>Category 2</u>	
A+/A1	.0575%
<u>Category 3</u>	
A/A2	.0600%
<u>Category 4</u>	
A-/A3	.0650%
<u>Category 5</u>	
BBB/Baa2	.0900%
<u>Category 6</u>	
BBB-/Baa3 or below	.1400%

For purposes of the foregoing, (i) if neither Moody’s nor S&P shall have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then both such rating agencies shall be deemed to have established ratings in Category 6; (ii) if only one of Moody’s and S&P shall have in effect a rating for the Index Debt, then the Facility Fee Percentage shall be determined on the basis of such rating; (iii) if the ratings established or deemed to have been established by Moody’s or S&P for any Index Debt shall fall within different Categories, the Facility Fee Percentage shall be based on the Category corresponding to the higher rating unless the ratings differ by two or more Categories, in which case the Facility Fee Percentage will be based upon the Category one level above the Category corresponding to the lower rating; and (iv) if any rating established or deemed to have been established by Moody’s or S&P shall be changed (other than as a result of a change in the rating system of Moody’s or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Facility Fee Percentage shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody’s or S&P shall change, or if either of such rating agencies shall cease to be in the business of rating corporate debt obligations, Alcoa and the Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system or the non-availability of ratings from such rating agency, and pending the effectiveness of any such amendment, the ratings of such rating agency most recently in effect prior to such change or cessation shall be employed in determining the Facility Fee Percentage.

“Financial Officer” of any corporation shall mean the chief financial officer, principal accounting officer, Treasurer or Controller of such corporation.

“Foreign Benefit Event” shall mean (a) with respect to any Foreign Pension Plan, (i) the existence of unfunded liabilities in excess of the amount permitted under any applicable law, or in excess of the amount that would be permitted absent a waiver from a Governmental Authority, (ii) the failure to make the required contributions or payments, under any applicable law, on or before the due date for such contributions or payments, (iii) the receipt of a notice by a Governmental Authority relating to the intention to terminate any such Foreign Pension Plan or to appoint a trustee to administer any such Foreign Pension Plan, or to the insolvency of any such Foreign Pension Plan and (iv) the incurrence of any liability of the Borrowers under applicable law on account of the complete or partial termination of such Foreign Pension Plan or the complete or partial withdrawal of any participating employer therein and (b) with respect to any Foreign Plan, (i) the occurrence of any transaction that is prohibited under any applicable law and could result in the incurrence of any liability by the Borrowers, or the imposition on the Borrowers of any fine, excise tax or penalty resulting from any noncompliance with any applicable law and (ii) any other event or condition that could reasonably be expected to result in liability of any of the Borrowers.

“Foreign Plan” shall mean any plan or arrangement established or maintained outside the United States for the benefit of present or former employees of any of the Borrowers.

“Foreign Pension Plan” shall mean any benefit plan which under applicable law is required to be funded through a trust or other funding vehicle other than a trust or funding vehicle maintained exclusively by a Governmental Authority.

“GAAP” shall mean generally accepted accounting principles, as used in, and applied on a basis consistent with, the financial statements of Alcoa referred to in Section 3.06.

“Governmental Authority” shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

“Guarantee” of or by any person shall mean any obligation, contingent or otherwise, of such person guaranteeing any Indebtedness of any other person, whether directly or indirectly, and including any obligation of such person, direct or indirect, to purchase or pay such Indebtedness or to purchase any security for the payment of such Indebtedness; provided, however, that the term “Guarantee” shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

“Indebtedness” of any person at any time shall mean, without duplication, (a) all obligations for money borrowed or raised, all obligations (other than accounts payable and other similar items arising in the ordinary course of business) for the

deferred payment of the purchase price of property, and all capital lease obligations which, in each case, in accordance with GAAP, would be included in determining total liabilities as shown on the liability side of the balance sheet of such person and (b) all Guarantees of such person.

“Index Debt” shall mean the senior, unsecured, non-credit enhanced, long-term Indebtedness for borrowed money of Alcoa.

“Interest Election Request” means a request by any Borrower to convert a Borrowing to a different Type or to continue such Borrowing in its existing Type in accordance with Section 2.04.

“Interest Payment Date” shall mean, with respect to any Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a LIBOR Borrowing with an Interest Period of more than three months’ duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months’ duration been applicable to such Borrowing, and, in addition, the effective date of any continuation of such Borrowing in its existing Type or conversion of such Borrowing to a Borrowing of a different Type, and the Maturity Date.

“Interest Period” shall mean (a) as to any LIBOR Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the Borrower to which such Loan is made may elect; and (b) as to any ABR Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the earliest of (i) the next succeeding March 31, June 30, September 30 or December 31, (ii) the Maturity Date and (iii) the date such Borrowing is prepaid in accordance with Section 2.11; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a LIBOR Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day.

“Lenders” shall mean (a) the financial institutions listed on Schedule 2.01 (other than any such financial institution that has ceased to be a party hereto pursuant to an Assignment and Assumption) and (b) any financial institution that has become a party hereto pursuant to an Assignment and Assumption.

“LIBO Rate” shall mean, with respect to any LIBOR Borrowing for any Interest Period, an interest rate (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the offered rate for dollar deposits for a period equal to the Interest Period for such LIBOR Borrowing that appears on the LIBO page on the Reuters Screen (or any page that can reasonably be considered a replacement page) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period. If

such rate is not available on the Reuters Screen, the “LIBO Rate” shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the arithmetic average of the respective rates per annum at which dollar deposits approximately equal in principal amount to such LIBOR Borrowing and for a maturity comparable to such Interest Period are offered in immediately available funds to the London branches of the Reference Banks in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period. The Administrative Agent shall determine the LIBO Rate and such determination shall be conclusive absent manifest error.

“LIBOR Borrowing” shall mean a Borrowing comprised of LIBOR Loans.

II. “LIBOR Loan” shall mean any Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article

“Lien” shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

“Loans” shall have the meaning assigned to it in Section 2.01. Each Loan shall be a LIBOR Loan or an ABR Loan.

“Material Adverse Effect” shall mean a materially adverse effect on the business, assets, operations or financial condition of Alcoa and its Subsidiaries taken as a whole, or a material impairment of the ability of Alcoa to perform any of its obligations under this Agreement.

“Maturity Date” shall mean the Termination Date, unless extended pursuant to Section 2.20, in which case “Maturity Date” shall mean the first anniversary of the Termination Date or, if such day is not a Business Day, the next succeeding Business Day.

“Moody’s” shall mean Moody’s Investors Service, Inc.

“Multiemployer Plan” shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which any Borrower or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“PBGC” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“person” shall mean any natural person, corporation organization, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

“Plan” shall mean any pension plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code which is maintained for employees of any Borrower or any ERISA Affiliate.

“Pro Rata Percentage” of any Lender at any time shall mean the percentage of the Total Commitment that is represented by such Lender’s Commitment.

“Reference Banks” shall mean JPMorgan Chase Bank, Mellon Bank, N.A. and Bank of America, N.A.

“Register” shall have the meaning given such term in Section 10.04(b).

“Related Parties” means, with respect to any specified person, such person’s Affiliates and the respective directors, officers, employees, agents and advisors of such person and such person’s Affiliates.

“Reportable Event” shall mean any reportable event as defined in Section 4043(b) of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

“Required Lenders” shall mean Lenders representing at least 51% in principal amount of the outstanding Loans and unused Commitments.

“Responsible Officer” of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

“Restricted Subsidiary” shall mean any consolidated Subsidiary of Alcoa which owns any manufacturing plant or manufacturing facility located in the United States, except any such plant or facility which, in the opinion of the Board of Directors of Alcoa, is not of material importance to the business of Alcoa and its Restricted Subsidiaries, taken as a whole, excluding any such Subsidiary which (a) is principally engaged in leasing or financing receivables, (b) is principally engaged in financing Alcoa’s operations outside the United States or (c) principally serves as a partner in a partnership.

“Revolving Credit Period” means the period from and including the Effective Date to but excluding the Termination Date or any earlier date on which the Commitments shall be terminated.

“S&P” shall mean Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc.

“Statutory Reserves” shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal,

special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority to which the Administrative Agent is subject for new negotiable nonpersonal time deposits in dollars of over \$100,000 with maturities approximately equal to three months. Such reserve percentages shall include those imposed pursuant to such Regulation D of the Board. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subsidiary” shall mean, with respect to any person (herein referred to as the “parent”), any corporation, partnership, association or other business entity of which securities or other ownership interests representing more than 50% of the Voting Stock or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

“Termination Date” means April 22, 2005.

“Total Commitment” shall mean, at any time, the aggregate amount of the Commitments, as in effect at such time.

“2001 Five-Year Credit Agreement” shall mean the Amended and Restated Five-Year Revolving Credit Agreement dated as of April 27, 2001, and maturing on April 28, 2005, among Alcoa, the lenders party thereto, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Securities Inc., as lead arranger and bookrunner.

“2003 Five-Year Credit Agreement” shall mean the Five-Year Revolving Credit Agreement dated as of April 25, 2003, and maturing on April 25, 2008, among Alcoa, the lenders party thereto, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Securities Inc., as lead arranger and bookrunner.

“2004 Five-Year Credit Agreement” shall mean the Five-Year Revolving Credit Agreement dated as of April 23, 2004, and maturing on April 23, 2009, among Alcoa, the lenders party thereto, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Securities Inc., as lead arranger and bookrunner.

“Type”, when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, “Rate” shall mean the LIBO Rate and the Alternate Base Rate.

“Voting Stock” with respect to the stock of any person means stock of any class or classes (however designated) having ordinary voting power for the election of the directors of such person, other than stock having such power only by reason of the occurrence of a contingency.

“Withdrawal Liability” shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Terms Generally; Accounting Principles. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, however, that, if Alcoa notifies the Administrative Agent that it requests an amendment to any provision hereof to eliminate the effect of any change in GAAP on the operation of such provision (or if the Administrative Agent notifies Alcoa that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP (provided such change in GAAP occurs after the date hereof), then such provision shall be interpreted on the basis of GAAP in effect immediately before such change became effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

THE CREDITS

SECTION 2.01. Commitments. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make revolving credit loans in dollars (the “Loans”) to Alcoa and the Borrowing Subsidiaries during the Revolving Credit Period in accordance with the terms hereof; provided, however, that (i) after giving effect to any Loan, the aggregate principal amount of the outstanding Loans shall not exceed the Total Commitment and (ii) at all times the aggregate principal amount of all outstanding Loans made by each Lender shall equal its Pro Rata Percentage of the aggregate principal amount of all outstanding Loans. The Commitment of each Lender is set forth on Schedule 2.01 to this Agreement or in any applicable Assignment and Assumption. Such Commitment may be terminated or reduced from time to time pursuant to Section 2.10 and increased, decreased or terminated pursuant to 10.4. Within the limits set forth in the preceding sentence, the Borrowers may borrow, pay or prepay Loans and reborrow at any time during the Revolving Credit Period, subject to the terms, conditions and limitations set forth herein.

SECTION 2.02. Loans. (a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective applicable Commitments; provided, however, that the failure of any Lender to make any Loan shall not in itself relieve any other Lender of its obligation to lend

hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). The Loans comprising each Borrowing shall be in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$10,000,000 (or an aggregate principal amount equal to the remaining balance of the applicable Commitments, as the case may be).

(b) Each Borrowing shall be comprised entirely of LIBOR Loans or ABR Loans, as the applicable Borrower may request pursuant to Section 2.03. Each Lender may at its option fulfill its Commitment with respect to any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided, however, that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time; provided, however, that no Borrower shall be entitled to request any Borrowing which, if made, would result in an aggregate of more than five separate LIBOR Loans of any Lender being made to the Borrowers and outstanding under this Agreement at any one time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Each Lender shall make each Loan that is (A) an ABR Loan or (B) a LIBOR Loan, to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent in New York, New York, not later than 2:00 p.m., New York City time, and the Administrative Agent shall by 4:00 p.m., New York City time, credit the amounts so received to the general deposit account of the Borrower to which such Loan is to be made with Mellon Bank, N.A., or such other account as such Borrower may designate in a written notice to the Administrative Agent, or, if such Loans are not made on such date because any condition precedent to a Borrowing herein specified shall not have been met, return the amounts so received to the respective Lenders. Unless the Administrative Agent shall have received notice from a Lender prior to the time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c) and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and the applicable Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of such Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds (which determination shall be conclusive absent manifest error). If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

(d) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Notice of Borrowings. In order to request a Borrowing, a Borrower shall give written or telecopy notice (or telephone notice promptly confirmed in writing or by telecopy) (a) in the case of an ABR Borrowing, to the Administrative Agent not later than 12:00 noon, New York City time, on the Business Day of such proposed Borrowing, (b) in the case of a LIBOR Borrowing, to the Administrative Agent not later than 10:00 a.m., New York City time, three Business Days before such proposed Borrowing. Such notice shall be irrevocable and shall in each case refer to this Agreement, identify the applicable Borrower and specify (i) whether such Borrowing is to be a LIBOR Borrowing or an ABR Borrowing; (ii) the date of such Borrowing (which shall be a Business Day) and the amount thereof; and (iii) if such Borrowing is to be a LIBOR Borrowing, the Interest Period with respect thereto. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any LIBOR Borrowing is specified in any such notice, then the Borrower giving the notice of Borrowing shall be deemed to have selected an Interest Period of one month's duration. The Administrative Agent shall promptly advise the Lenders of any notice given pursuant to this Section 2.03 and of each Lender's portion of the requested Borrowing.

SECTION 2.04. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing request and, in the case of a LIBOR Borrowing, shall have an initial Interest Period as specified in such Borrowing request. Thereafter, the applicable Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing in its existing Type and, in the case of a LIBOR Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a borrowing request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Sections 2.02 and 2.03:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

- (ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;
- (iii) whether the resulting Borrowing is to be an ABR Borrowing or a LIBOR Borrowing; and
- (iv) if the resulting Borrowing is a LIBOR Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a LIBOR Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a LIBOR Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a LIBOR Borrowing and (ii) unless repaid, each LIBOR Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.05. Evidence of Debt; Repayment of Loans. (a) The outstanding principal balance of each Loan shall be payable on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made to a Borrower hereunder, (ii) the Type of each such Loan and the Interest Period applicable thereto, (iii) the amount of any principal or interest due and payable or to become due and payable from the applicable Borrower to each Lender hereunder and (iv) the amount of any sum received by the Administrative Agent hereunder from any Borrower and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraphs (b) and (c) above shall be prima facie evidence of the existence and amounts of the obligations therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with their terms.

(e) Notwithstanding any other provision of this Agreement, in the event any Lender shall request a promissory note evidencing the Loans made by it hereunder to Alcoa or any Borrowing Subsidiary, the Borrower shall deliver such a note, satisfactory to the Administrative Agent, payable to such Lender or its order, and the interests represented by such note shall at all times (including after any assignment of all or part of such interests pursuant to Section 10.04) be represented by one or more promissory notes payable to the payee named therein or its order.

SECTION 2.06. Fees. (a) Alcoa will pay to the Administrative Agent, for the account of each Lender, a facility fee (collectively, the “Facility Fees”) at a rate per annum equal to the relevant Facility Fee Percentage on (i) the aggregate amount of such Lender’s Commitment (whether used or unused), for the period from and including the date of this Agreement to but excluding the earlier of the date such Commitment is terminated and the Termination Date and (ii) after the termination of such Commitment, on the aggregate amount of such Lender’s outstanding Loans. Accrued Facility Fees shall be payable quarterly in arrears on each March 31, June 30, September 30 and December 31 and on the date on which the Commitments are terminated in their entirety (and, if Loans shall be outstanding thereafter, on the date on which the Loans shall be repaid in their entirety); provided that if any Loans shall be outstanding after the Maturity Date, then such Facility Fee shall be payable on demand. All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days.

(b) Alcoa will pay to the Administrative Agent, for its own account, the fees payable in the amounts and at the times separately agreed upon between Alcoa and the Administrative Agent.

(c) All fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent, for distribution, if and as appropriate, among the Lenders. Once paid, the fees shall not be refundable except in the case of an error which results in the payment of fees in excess of those due and payable as of such date, in which case the Administrative Agent shall cause a refund in the amount of such excess to be paid to Alcoa.

SECTION 2.07. Interest on Loans. (a) Subject to the provisions of Section 2.08, the unpaid principal amount of the Loans comprising each ABR Borrowing shall bear interest for each day (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when the Alternate Base Rate is determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate per annum equal to the Alternate Base Rate.

(b) Subject to the provisions of Section 2.08, the unpaid principal amount of the Loans comprising each LIBOR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Interest on each Loan shall be payable on the Interest Payment Dates applicable to such Loan except as otherwise provided in this Agreement. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period. The applicable LIBO Rate or Alternate Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.08. Default Interest. If any Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, by acceleration or otherwise, such Borrower shall on demand from time to time pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum equal to (a) in the case of overdue principal of any Loan, the rate otherwise applicable to such Loan as provided in Section 2.07 plus 2% per annum, or (b) in the case of any other amount, the rate applicable to ABR Borrowings plus 2% per annum.

SECTION 2.09. Alternate Rate of Interest. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a LIBOR Loan, the Administrative Agent shall have determined in good faith that dollar deposits in the principal amounts of the Loans comprising such Borrowing are not generally available in the London interbank market or other market in which Lenders ordinarily raise dollars to fund Loans of the requested Type, or that the rates at which such dollar deposits are being offered will not adequately and fairly reflect the cost to any Lender of making or maintaining its LIBOR Loan during such Interest Period, or that reasonable means do not exist for ascertaining the LIBO Rate, then the Administrative Agent shall, as soon as practicable thereafter, give written or telecopy notice of such determination to the relevant Borrower and Lenders. In the event of any such determination, any request made by a Borrower after the date of such notice for a LIBOR Borrowing pursuant to Section 2.03 or 2.04 shall, until the Administrative Agent shall have advised the Borrowers and the Lenders that the circumstances giving rise to such notice no longer exist, be deemed to be a request for an ABR Borrowing. Each determination by the Administrative Agent hereunder shall be conclusive absent manifest error.

SECTION 2.10. Termination and Reduction of Commitments. (a) The Commitments shall terminate on the Termination Date.

(b) Upon at least 10 Business Days' prior irrevocable, written or telecopy notice to the Administrative Agent, Alcoa may at any time during the Revolving Credit Period in whole permanently terminate, or from time to time in part permanently reduce,

the Total Commitment; provided, however, that (i) each partial reduction shall be in an integral multiple of \$1,000,000 and in a minimum principal amount of \$10,000,000 and (ii) the Total Commitment shall not be reduced to an amount that is less than the aggregate principal amount of the outstanding Loans (after giving effect to any simultaneous prepayment pursuant to Section 2.11).

(c) Each reduction in Commitments hereunder shall be made ratably among the Lenders in accordance with each such Lender's Pro Rata Percentage of the Total Commitment. Alcoa shall pay to the Administrative Agent for the account of the applicable Lenders, on the date of each such termination or reduction, the Facility Fees on the amount of the Commitments so terminated or reduced accrued to the date of such termination or reduction.

SECTION 2.11. Prepayment. (a) Each Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, upon at least three Business Days' prior written or telecopy notice (or telephone notice promptly confirmed by written or telecopy notice) to the Administrative Agent; provided, however, that each partial prepayment shall be in an amount which is an integral multiple of \$1,000,000 and not less than \$10,000,000.

(b) On the date of any termination or reduction of any Commitments pursuant to Section 2.10, the Borrowers shall pay or prepay so much of the Loans, as shall be necessary in order that, after giving effect to such reduction or termination, the aggregate principal amount of the outstanding Loans shall not exceed the Total Commitment; provided, however, that if the Maturity Date is extended pursuant to Section 2.20, Loans outstanding on the Termination Date may remain outstanding until the Maturity Date, notwithstanding the termination of the Commitments on the Termination Date, subject to the terms and conditions hereof.

(c) Each notice of prepayment shall specify the prepayment date and the principal amount of each Loan (or portion thereof) to be prepaid, shall be irrevocable and shall commit the applicable Borrower to prepay the Loan to which such notice relates by the amount stated therein on the date stated therein. All prepayments under this Section 2.11 shall be subject to Section 2.14 but otherwise without premium or penalty. All prepayments under this Section 2.11 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

SECTION 2.12. Reserve Requirements; Change in Circumstances. (a) Notwithstanding any other provision herein other than Section 2.14(c), if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) shall change the basis of taxation of payments to any Lender of the principal of or interest on any LIBOR Loan made by such Lender or any fees or other amounts payable hereunder (other than changes in respect of taxes imposed on the overall net income of such Lender by the jurisdiction in which such Lender has its principal office or by any political subdivision or taxing authority therein), or shall impose, modify or deem applicable any reserve, special

deposit or similar requirement against assets of, deposits with or for the account of or credit extended by such Lender (except any such reserve requirement which is reflected in the LIBO Rate or the Base CD Rate) or shall impose on such Lender or the London interbank market or other market in which Lenders ordinarily raise dollars to fund Loans of the requested Type any other condition affecting this Agreement or LIBOR Loans made by such Lender, and the result of any of the foregoing shall be to increase the cost to such Lender of funding, making or maintaining any LIBOR Loan or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) by an amount deemed by such Lender to be material, then Alcoa will pay or cause the other Borrowers to pay to such Lender upon demand such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender shall have determined that the applicability of any law, rule, regulation, agreement or guideline adopted after the date of this Agreement pursuant to the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after the date hereof of any other law, rule, regulation, agreement or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or any Lender's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender pursuant hereto to a level below that which such Lender or such Lender's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time Alcoa shall pay or cause the other Borrowers to pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of each Lender setting forth such amount or amounts as shall be necessary to compensate such Lender or its holding company as specified in paragraph (a) or (b) above, as the case may be, together with a statement of reasons for such demand and showing the calculation for such amounts shall be delivered to Alcoa and shall be conclusive absent manifest error. Alcoa shall pay or cause to be paid to each Lender the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Except as provided in this paragraph, failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's right to demand compensation with respect to such period or

any other period. The protection of this Section 2.12 shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed. No Lender shall be entitled to compensation under this Section 2.12 for any costs incurred or reductions suffered with respect to any date unless it shall have notified Alcoa that it will demand compensation for such costs or reductions under paragraph (c) above not more than 60 days after the later of (i) such date and (ii) the date on which it shall have or reasonably should have become aware of such costs or reductions. In the event a Borrower shall reimburse any Lender pursuant to this Section 2.12 for any cost and the Lender shall subsequently receive a refund in respect thereof, the Lender shall so notify such Borrower and shall pay to such Borrower the portion of such refund which it shall determine in good faith to be allocable to the cost so reimbursed.

SECTION 2.13. Change in Legality. (a) Notwithstanding any other provision herein other than Section 2.14(c), if any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Lender to make or maintain any LIBOR Loan or to give effect to its obligations as contemplated hereby with respect to any LIBOR Loan, then, by written or telecopy notice to Alcoa and the Administrative Agent, such Lender may:

- (i) declare that LIBOR Loans will not thereafter be made by such Lender hereunder, whereupon any request by a Borrower for a LIBOR Borrowing shall, as to such Lender only, be deemed a request for an ABR Loan unless such declaration shall be subsequently withdrawn; and
- (ii) require that all outstanding LIBOR Loans made by it be converted to ABR Loans, in which event all such LIBOR Loans shall automatically be so converted as of the effective date of such notice as provided in paragraph (b) below.

In the event any Lender shall exercise its rights under clause (i) or (ii) above, all payments and prepayments of principal which would otherwise have been applied to repay the LIBOR Loans that would have been made by such Lender or the converted LIBOR Loans of such Lender shall instead be applied to repay the Loans made by such Lender in lieu of, or resulting from the conversion of, such LIBOR Loans.

(b) For purposes of this Section 2.13, a notice by any Lender shall be effective as to each LIBOR Loan, if lawful, on the last day of the Interest Period applicable to such LIBOR Loan; in all other cases such notice shall be effective on the date of receipt.

SECTION 2.14. Indemnity. Alcoa shall indemnify or cause the other Borrowers to indemnify each Lender against any loss or expense which such Lender may sustain or incur as a consequence of (a) any failure to fulfill on the date of any Borrowing hereunder the applicable conditions set forth in Article IV, (b) any failure by a Borrower to borrow any Loan hereunder after irrevocable notice of such Borrowing has been given

pursuant to Section 2.03, (c) any payment or prepayment of a LIBOR Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period applicable thereto, other than any loss of profit resulting from any event, circumstance or condition set forth in Section 2.12 or 2.13, (d) any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise) or (e) the occurrence of any Event of Default, including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a LIBOR Loan. Such loss or reasonable expense shall include an amount equal to the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid, prepaid or not borrowed (assumed to be the LIBO Rate applicable thereto) for the period from the date of such payment, prepayment or failure to borrow to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid or not borrowed for such period or Interest Period, as the case may be. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section together with a statement of reasons for such demand and the calculation of such amount or amounts shall be delivered to Alcoa and shall be conclusive absent manifest error.

SECTION 2.15. Pro Rata Treatment. Except as required under Section 2.13, each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of the Facility Fees, each reduction of Commitments and each conversion or continuation of any Borrowing with a Borrowing of any Type shall be allocated pro rata among the Lenders in accordance with their respective applicable Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their applicable outstanding Loans). Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing, computed in accordance with Schedule 2.01, to the next higher or lower whole dollar amount.

SECTION 2.16. Sharing of Setoffs. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against any Borrower, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any Loan or Loans as a result of which the unpaid principal portion of its Loans shall be proportionately less than the unpaid principal portion of the Loans of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Loans of such other Lender, so that the aggregate unpaid principal

amount of the Loans and participations in Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Loans then outstanding as the principal amount of its Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; provided, however, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. Alcoa and each other Borrower expressly consent to the foregoing arrangements and agree that any Lender holding a participation in a Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by Alcoa or such other Borrower to such Lender by reason thereof as fully as if such Lender had made a Loan directly to Alcoa or such Borrower in the amount of such participation.

SECTION 2.17. Payments. (a) Each payment or prepayment by any Borrower of the principal of or interest on any Loans, any fees payable to the Administrative Agent or the Lenders or any other amounts due hereunder (other than amounts referred to in clause (b) below) shall be made, without setoff or counterclaim, not later than 12:00 (noon), New York City time, on the date when due in dollars to the Administrative Agent at its offices at 270 Park Avenue, New York, New York, in immediately available funds.

(b) Whenever any payment (including principal of or interest on any Borrowing or any fees or other amounts) hereunder shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or fees, if applicable.

SECTION 2.18. Taxes. (a) Any and all payments by or on behalf of a Borrower hereunder shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on the net income of the Administrative Agent or any Lender (or any transferee or assignee thereof, including a participation holder (any such entity a "Transferee")) and franchise taxes imposed on the Administrative Agent or any Lender (or Transferee) in each case by the United States or any jurisdiction under the laws of which the Administrative Agent or any such Lender (or Transferee) is organized or any political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities, collectively or individually, "Taxes"). If any Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Lenders (or any Transferee) or the Administrative Agent, (i) the sum payable shall be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.18) such Lender (or Transferee) or the Administrative Agent (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such

deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with applicable law; provided, however, that no Transferee of any Lender shall be entitled to receive any greater payment under this paragraph (a) than such Lender would have been entitled to receive immediately before assignment, participation or other transfer with respect to the rights assigned, participated or transferred unless such assignment, participation or transfer shall have been made (A) prior to the occurrence of an event (including any change in treaty, law or regulation) giving rise to such greater payment or (B) at the request of Alcoa.

(b) In addition, each Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement (hereinafter referred to as "Other Taxes").

(c) Each Borrower will indemnify each Lender (or Transferee) and the Administrative Agent for the full amount of Taxes and Other Taxes paid by such Lender (or Transferee) or the Administrative Agent, as the case may be, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant taxing authority or other Governmental Authority. Such indemnification shall be made within 30 days after the date any Lender (or Transferee) or the Administrative Agent, as the case may be, makes written demand therefor, together with a statement of reasons for such demand and the calculations of such amount.

(d) Within 30 days after the date of any payment of Taxes or Other Taxes withheld by any Borrower in respect of any payment to any Lender (or Transferee) or the Administrative Agent, such Borrower will furnish to the Administrative Agent, at its address referred to in Section 10.01, the original or a certified copy of a receipt evidencing payment thereof.

(e) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.18 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(f) Each Lender (or Transferee) represents to Alcoa that, on the date such Lender (or such Transferee) becomes a party to this Agreement, it is eligible to receive payments of interest hereunder from Alcoa or any Borrowing Subsidiary without withholding in respect of United States Federal withholding tax (except, in the case of a Transferee of any Lender, as a result of the occurrence of an event (including a change in treaty, law or regulation) after the date of this Agreement giving rise to withholding to which such Lender would be subject).

(g) Each Lender (or Transferee, other than a Transferee described in the exception in Section 2.18(f)) that is organized under the laws of a jurisdiction outside the United States shall, on or before the date it becomes a party to this Agreement (or, in the

case of a Transferee that is a participation holder, on or before the date such Transferee becomes a participation holder hereunder), deliver to Alcoa and the Administrative Agent such certificates, documents or other evidence, as required by the Code or Treasury Regulations issued pursuant thereto, including Internal Revenue Service Form W8-BEN, Form W-8ECI, or any other certificate or statement of exemption required by Treasury Regulation Section 1.1441-1, 1.1441-4 or 1.1441-6(c) or any subsequent version thereof or successors thereto, properly completed and duly executed by such Lender (or Transferee) establishing that payment is (i) not subject to United States Federal withholding tax under the Code because such payments are effectively connected with the conduct by such Lender (or Transferee) of a trade or business in the United States or (ii) totally exempt from United States Federal withholding tax under a provision of an applicable tax treaty. In addition, each such Lender (or such Transferee) shall, if legally able to do so, thereafter deliver such certificates, documents or other evidence from time to time establishing that payments received hereunder are not subject to such withholding upon receipt of a written request therefor from Alcoa or the Administrative Agent. Unless Alcoa and the Administrative Agent have received forms or other documents satisfactory to them indicating that payments hereunder are not subject to United States Federal withholding tax, Alcoa or the Administrative Agent shall withhold such taxes from such payments at the applicable statutory rate, subject to Section 2.18(a).

(h) None of the Borrowers shall be required to pay any additional amounts to any Lender (or Transferee) in respect of United States Federal withholding tax pursuant to paragraph (a) above to the extent that the obligation to pay such additional amounts would not have arisen but for a failure by such Lender (or Transferee) to deliver the certificates, documents or other evidence required to be delivered under the preceding paragraph (g) unless such failure is attributable to (i) a change in applicable law, regulation or official interpretation thereof or (ii) an amendment or modification to or a revocation of any applicable tax treaty or a change in official position regarding the application or interpretation thereof, in each case on or after the date such Lender (or Transferee) became a party to this Agreement.

(i) Any Lender (or Transferee) claiming any additional amounts payable pursuant to this Section 2.18 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested in writing by the relevant Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue and would not, in the sole determination of such Lender (or Transferee), be otherwise disadvantageous to such Lender (or Transferee).

(j) If a Lender (or Transferee) or the Administrative Agent shall become aware that it may be entitled to receive a refund in respect of Taxes or Other Taxes as to which it has been indemnified by a Borrower pursuant to this Section 2.18, it shall promptly notify Alcoa of the availability of such refund and shall, within 30 days after receipt of a request by Alcoa, apply for such refund at Alcoa's expense. If any Lender (or Transferee) or the Administrative Agent receives a refund in respect of any Taxes or Other Taxes as to which it has been indemnified by a Borrower pursuant to this

Section 2.18, it shall promptly repay such refund to such Borrower (to the extent of amounts that have been paid by such Borrower under this Section 2.18 with respect to such refund), net of all out-of-pocket expenses (including taxes imposed with respect to such refund) of such Lender (or Transferee) or the Administrative Agent and without interest; provided, however, that such Borrower, upon the request of such Lender (or Transferee) or the Administrative Agent, agrees to return such refund (plus penalties, interest or other charges) to such Lender (or Transferee) or the Administrative Agent in the event such Lender (or Transferee) or the Administrative Agent is required to repay such refund.

(k) Nothing contained in this Section 2.18 shall require any Lender (or Transferee) or the Administrative Agent to make available any of its tax returns (or any other information relating to its taxes which it deems to be confidential).

(l) No Borrower shall be required to reimburse any Lender (or Transferee) or the Administrative Agent with respect to any Tax or Other Tax unless such Lender, Transferee or the Administrative Agent notifies such Borrower of the amount of such Tax or Other Tax on or before the second anniversary of the date such Lender, Transferee or the Administrative Agent pays such Tax or Other Tax.

SECTION 2.19. Assignment of Commitments Under Certain Circumstances. In the event that any Lender shall have delivered a notice or certificate pursuant to Section 2.12 or 2.13, or a Borrower shall be required to make additional payments to any Lender under Section 2.18, Alcoa shall have the right, at its own expense, upon notice to such Lender and the Administrative Agent, to require such Lender to transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 10.04) all its interests, rights and obligations under this Agreement to another financial institution which shall assume such obligations; provided, however, that (i) no such assignment shall conflict with any law, rule or regulation or order of any Governmental Authority and (ii) Alcoa or the assignee, as the case may be, shall pay (or, in the case of Alcoa, cause another Borrower to pay) to the affected Lender in immediately available funds on the date of such termination or assignment the principal of and interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it hereunder.

SECTION 2.20. Extension of Maturity Date. Alcoa may by written notice delivered to the Administrative Agent not fewer than 5 and not more than 20 days prior to the Termination Date extend the Maturity Date from the Termination Date to the first anniversary of the Termination Date (or if such day is not a Business Day, the next succeeding Business Day); provided that on the Termination Date:

(i) The representations and warranties set forth in Article III hereof (except for those representations and warranties set forth in Sections 3.08, 3.09 and 3.10) shall be true and correct in all material respects with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(ii) Each Borrower shall be in compliance in all material respects with all the terms and provisions set forth herein on its part to be observed or performed, and no Event of Default or Default shall have occurred and be continuing.

(iii) Alcoa shall have delivered to the Administrative Agent a certificate signed by a Responsible Officer of Alcoa confirming the satisfaction of the conditions set forth in paragraphs (i) and (ii) above.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to each of the Lenders with respect to itself as follows (except that the Borrowing Subsidiaries make no representations or warranties under Section 3.06 or 3.09):

SECTION 3.01. Organization. Such Borrower is a corporation duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of incorporation and is duly qualified to do business as a foreign corporation and, where applicable, is in good standing in all other jurisdictions in which the ownership of its properties or the nature of its activities or both makes such qualification necessary, except to the extent that failure to be so qualified would not result in a Material Adverse Effect.

SECTION 3.02. Authorization. Such Borrower has corporate power and authority to execute, deliver and carry out the provisions of this Agreement to which it is a party, to borrow hereunder and to perform its obligations hereunder and all such action has been duly and validly authorized by all necessary corporate proceedings on its part.

SECTION 3.03. Enforceability. This Agreement has been duly executed and delivered by such Borrower and constitutes the legal, valid and binding obligation of such Borrower enforceable in accordance to its terms, except as limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

SECTION 3.04. Governmental Approvals. No authorization, consent, approval, license, exemption or other action by, and no registration, qualification, designation, declaration or filing with, any Governmental Authority is necessary in connection with such Borrower's execution and delivery of this Agreement, the consummation by any Borrower of the transactions contemplated hereby or such Borrower's performance of or compliance with the terms and conditions hereof, except as set forth on Schedule 3.04.

SECTION 3.05. No Conflict. None of the execution and delivery by such Borrower of this Agreement, the consummation by such Borrower of the transactions

contemplated hereby or performance by such Borrower or compliance by such Borrower with the terms and conditions hereof or thereof will (a) violate any law, constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of any Governmental Authority to which it is subject, (b) conflict with or result in a breach or default under its charter or Memorandum and Articles of Association or by-laws, as applicable, (c) conflict with or result in a breach or default which is material in the context of this Agreement under any agreement or instrument to which such Borrower is a party or by which it or any of its properties, whether now owned or hereafter acquired, may be subject or bound or (d) result in the creation or imposition of any Lien prohibited by Section 6.01 upon any property or assets, whether now owned or hereafter acquired, of such Borrower.

SECTION 3.06. Financial Statements. In the case of Alcoa, it has furnished to the Lenders copies of its consolidated balance sheet as of December 31, 2002 and 2003, and the related consolidated statements of income and shareholders' equity and cash flows for the three years ended December 31, 2003, all audited by PricewaterhouseCoopers LLP. Such financial statements (including the notes thereto) present fairly the financial condition of Alcoa and its Subsidiaries as of such dates and the results of their operations and cash flows for the periods then ended, all in conformity with GAAP.

SECTION 3.07. No Defaults. No event has occurred and is continuing and no condition exists which constitutes a Default or Event of Default hereunder. Such Borrower is not in violation of (i) any term of its charter or Constitution or by-laws, as applicable, or (ii) any material agreement or instrument to which it is a party or by which it or any of its properties may be subject or bound where such violation is likely to result in a Material Adverse Effect.

SECTION 3.08. Litigation. Except as set forth in the financial statements referred to in Section 3.06 or the Exchange Act Report or otherwise disclosed on Schedule 3.08, there is no pending or, to the knowledge of any of its Responsible Officers, threatened proceeding by or before any Governmental Authority against it which in the opinion of its counsel is likely to result in a Material Adverse Effect. Except as set forth in the financial statements referred to in Section 3.06 or the Exchange Act Report or otherwise disclosed in Schedule 3.08, there is no pending or, to the knowledge of any of its Responsible Officers, threatened proceeding by or before any Governmental Authority against any of its Subsidiaries which in the opinion of its counsel is likely to result in a Material Adverse Effect.

SECTION 3.09. No Material Adverse Change. As of the date of this Agreement, there has been no material adverse change in the business, assets, operations or financial condition of itself and its Subsidiaries, taken as a whole except, in the case of Alcoa and the Borrowing Subsidiaries, as disclosed in the Exchange Act Report since December 31, 2003.

SECTION 3.10. Employee Benefit Plans. (a) U.S. Plans. It and each of its ERISA Affiliates is in compliance in all material respects with the applicable

provisions of ERISA and the regulations and published interpretations thereunder. No Reportable Event has occurred as to which such Borrower or any ERISA Affiliate was required to file a report with the PBGC that alone or together with any other Reportable Event would reasonably be expected to result in a liability of such Borrower to the PBGC in an aggregate amount in excess of \$25,000,000. The aggregate present value of all benefit liabilities under the Plans (based on the assumptions used to fund such Plans) did not, as of the last annual valuation dates applicable thereto, exceed the aggregate value of the assets of the Plans by more than 10% of Consolidated Net Worth. Neither such Borrower nor any ERISA Affiliate has incurred any Withdrawal Liability that would reasonably be expected to result in a Material Adverse Effect. Neither such Borrower nor any ERISA Affiliate has received any notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA, and no Responsible Officer of any Borrower has knowledge of any fact which would reasonably be expected to result in the reorganization or termination of a Multiemployer Plan where such reorganization or termination has resulted or would reasonably be expected to result, through increases in the contributions required to be made to such Plan or otherwise, in a Material Adverse Effect.

(b) Foreign Plans. Each Foreign Plan is in compliance in all material respects with all requirements of law applicable thereto and the respective requirements of the governing documents for such plan except to the extent such non-compliance could not reasonably be expected to result in a Material Adverse Effect. With respect to each Foreign Pension Plan, none of the Borrowers, their respective Affiliates or any of their directors, officers, employees or agents has engaged in a transaction which would subject any of the Borrowers, directly or indirectly, to a material tax or civil penalty which could reasonably be expected to result in a Material Adverse Effect. With respect to each Foreign Pension Plan, none of the Borrowers, their respective Affiliates or any of their directors, officers, employees or agents has engaged in a transaction which would subject any of the Borrowers, directly or indirectly, to a material tax or civil penalty which could reasonably be expected to result in a Material Adverse Effect. With respect to each Foreign Plan, adequate reserves have been established in the financial statements furnished to Lenders in respect of any unfunded liabilities in accordance with applicable law and prudent business practice or, where required, in accordance with ordinary accounting practices in the jurisdiction in which such Foreign Plan is maintained. The aggregate unfunded liabilities, after giving effect to any such reserves for such liabilities, with respect to such Foreign Plans could not reasonably be expected to result in a Material Adverse Effect. There are no material actions, suits or claims (other than routine claims for benefits) pending or threatened against any of the Borrowers or any of their Affiliates with respect to any Foreign Plan which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

SECTION 3.11. Title to Properties; Possession Under Leases. (a) Such Borrower and each of its Subsidiaries have good and marketable title to, or valid leasehold interests in, all its material properties and assets, except for minor defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes.

(b) Such Borrower and each of its Subsidiaries have complied with all material obligations under all material leases to which it is a party and all such leases are in full force and effect. Such Borrower and its Subsidiaries enjoy peaceful and undisturbed possession under all such material leases.

SECTION 3.12. Investment Company Act; Public Utility Holding Company Act. None of Alcoa or any Borrowing Subsidiary is an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940. Alcoa is exempted as, and no Borrowing Subsidiary is, a “holding company” as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.13. Tax Returns. Such Borrower and its Subsidiaries have filed or caused to be filed all Federal, state, local and foreign tax returns required to have been filed by it and have paid or caused to be paid all taxes shown to be due and payable on such returns or on any assessments received by it, except taxes that are being contested in good faith by appropriate proceedings and for which adequate reserves are maintained in accordance with GAAP.

SECTION 3.14. Compliance with Laws and Agreements. (a) Neither such Borrower nor any of its Subsidiaries is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would reasonably be expected to result in a Material Adverse Effect.

(b) Neither such Borrower nor any of its Subsidiaries is in default in any material manner under any provision of any indenture or other agreement or instrument evidencing Indebtedness, or any other material agreement or instrument to which it is a party or by which it or any of its properties or assets are or may be bound, where such default would be reasonably likely to result in a Material Adverse Effect.

SECTION 3.15. No Material Misstatements. Except for information not prepared by Alcoa and expressly disclaimed thereby, no report, financial statement, exhibit or schedule furnished by or on behalf of such Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or included herein or delivered pursuant thereto contained or contains any material misstatement of fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were or are made, not misleading.

SECTION 3.16. Federal Reserve Regulations. The proceeds of any Loan will be used to provide working capital or for other general corporate purposes, including but not limited to the support of Alcoa’s Commercial Paper program. No part of the proceeds of any Loan to such Borrower will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

SECTION 3.17. No Trusts. Such Borrower is not entering into this Agreement in its capacity as trustee of any trust.

ARTICLE IV

CONDITIONS OF EFFECTIVENESS,
LENDING AND DESIGNATION OF BORROWING SUBSIDIARIES

The obligations of the Lenders to make Loans to any Borrower hereunder are subject to the satisfaction of the conditions set forth in Sections 4.01 and 4.02 below (and, in the case of Loans to any Borrowing Subsidiary, the satisfaction, as to such Borrowing Subsidiary, of the conditions set forth in Section 4.03 below):

SECTION 4.01. Effective Date. On the Effective Date:

(a) The Administrative Agent shall have received a written opinion of Thomas F. Seligson, Counsel of Alcoa, dated the Effective Date and addressed to the Lenders, to the effect set forth in Exhibit C hereto.

(b) All legal matters incident to this Agreement and the borrowings hereunder shall be satisfactory to the Lenders and to Cravath, Swaine & Moore LLP, counsel for the Administrative Agent.

(c) The Administrative Agent shall have received (i) a copy, including all amendments thereto, of the charter of Alcoa, certified as of a recent date by the Secretary of State or other appropriate official of its jurisdiction of incorporation and a certificate as to the good standing of Alcoa as of a recent date, from such Secretary of State or other official; (ii) a certificate of the Secretary or Assistant Secretary of Alcoa dated the Effective Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of such corporation as in effect on the Effective Date showing all amendments thereto since the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such corporation authorizing the execution, delivery and performance of this Agreement and the borrowings by such corporation hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the charter of Alcoa has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above and (D) as to the incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of such corporation; (iii) a certificate of another officer of each such corporation as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above; and (iv) such other documents as the Lenders or Cravath, Swaine & Moore LLP, counsel for the Administrative Agent may reasonably request.

(d) No loans shall be outstanding under the Existing 364-Day Credit Agreement or the 2001 Five-Year Credit Agreement and the commitments under both such Agreements shall have been terminated.

(e) The Administrative Agent shall have received certificates dated the Effective Date and signed by a Financial Officer of Alcoa confirming the satisfaction of the conditions precedent set forth in paragraph (d) of this Section 4.01 and paragraph (b) and paragraph (c) of Section 4.02.

(f) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including all fees accrued to the date hereof under both the Existing 364-Day Credit Agreement and the 2001 Five-Year Credit Agreement.

(g) The Administrative Agent shall have received certificates of a Responsible Officer of Alcoa, each dated the Effective Date and stating that (i) except as disclosed in the Exchange Act Report or otherwise disclosed in such certificate, Alcoa and each of its Subsidiaries have complied in all respects with all Federal, state, local and foreign statutes, ordinances, orders, judgments, rulings and regulations relating to environmental pollution or to environmental regulation or control except to the extent any such failure so to comply would not, alone or together with any other such failure, be reasonably likely to result in a Material Adverse Effect; (ii) neither Alcoa nor any of its Subsidiaries has received notice of any failure so to comply which alone or together with any other such failure would be reasonably likely to result in a Material Adverse Effect; and (iii) the plants of Alcoa and its Subsidiaries do not manage any hazardous wastes, toxic pollutants or substances similarly denominated in violation of any applicable law or regulations promulgated pursuant thereto including, for operations within the United States, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response Compensation and Liability Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Clean Air Act, the Clean Water Act or any other applicable law, where such violation would be reasonably likely to result, individually or together with any such other violations, in a Material Adverse Effect.

SECTION 4.02. All Borrowings. On the date of each Borrowing:

(a) Such Borrower shall have provided the notice as required by Section 2.03.

(b) The representations and warranties set forth in Article III hereof shall be true and correct in all material respects on and as of the date of such Borrowing with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) Each Borrower shall be in compliance in all material respects with all the terms and provisions set forth herein on its part to be observed or performed, and at the time of and immediately after such Borrowing no Event of Default or Default shall have occurred and be continuing.

(d) In the case of any Borrowing which would cause the aggregate principal amount of outstanding loans under this Agreement, the 2003 Five-Year Credit Agreement, the 2004 Five-Year Credit Agreement and any other Facilities (as defined in the resolutions duly adopted by the Board of Directors of Alcoa on November 9, 2001) to exceed \$10,000,000,000, such Borrowing shall have been duly authorized by Alcoa and the Administrative Agent shall have received a true and complete copy of resolutions duly adopted by the Board of Directors of Alcoa authorizing such Borrowing.

Each Borrowing by any Borrower shall be deemed to constitute a representation and warranty by such Borrower and, in the case of a Borrowing Subsidiary, Alcoa on the date of such Borrowing as to the matters specified in paragraphs (b), (c) and (d) of this Section 4.02. Notwithstanding any contrary provision hereof, a conversion of a Borrowing to a different Type or a continuation of a Borrowing in its existing Type shall not be considered a new Borrowing.

SECTION 4.03. Designation of Borrowing Subsidiaries. On each Designation Date:

(a) The Administrative Agent shall have received (i) a copy of the charter, including all amendments thereto, of each applicable Borrowing Subsidiary, certified as of a recent date by the Secretary of State or the appropriate foreign governmental official of the state or country of its organization, and a certificate as to the good standing of such Borrowing Subsidiary as of a recent date from such Secretary of State or appropriate foreign governmental official, as applicable; (ii) a certificate of the Secretary or Assistant Secretary of such Borrowing Subsidiary dated the Designation Date and certifying (A) that attached thereto is a true and completed copy of the by-laws of such Borrowing Subsidiary as in effect on the Designation Date showing all amendments thereto since the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such Borrowing Subsidiary authorizing the execution, delivery and performance of this Agreement and the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the charter of such Borrowing Subsidiary has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing or any other document delivered in connection herewith on behalf of such Borrowing Subsidiary; and (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above.

(b) The Administrative Agent shall have received a Designation of Borrowing Subsidiary of each applicable Borrowing Subsidiary as provided in Section 10.04(e).

AFFIRMATIVE COVENANTS

So long as this Agreement shall remain in effect or the principal of or interest on any Loan, any fees or any other expenses or amounts payable in connection herewith shall be unpaid, unless the Required Lenders shall otherwise consent in writing:

SECTION 5.01. Financial Statements, Reports, etc. Alcoa shall furnish to the Administrative Agent the following, with sufficient copies for the Administrative Agent to provide a copy to each Lender:

(a) within 120 days after the end of each fiscal year, (i) its consolidated balance sheet and related statements of income and cash flow audited by independent public accountants of recognized national standing, accompanied by an opinion of such accountants (which shall not be qualified as to scope of audit or in any manner calling into question the status of its business as a going concern) to the effect that such consolidated financial statements fairly present its financial condition and results of operations and that of its consolidated Subsidiaries, taken as a whole, in accordance with GAAP and (ii) the balance sheet and related statements of income of each of its Subsidiaries which has been designated pursuant to Section 10.04(e) as, and as long as such Subsidiary remains, a Borrowing Subsidiary, certified by a Financial Officer of such Subsidiary;

(b) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, its Form 10-Q as prescribed by the Securities and Exchange Commission (or any successor agency);

(c) no later than the delivery due date of financial statements under (a) above and promptly at the request of the Administrative Agent (but not more often than once with respect to any fiscal quarter), a certificate of a Financial Officer (i) certifying that no Event of Default or Default has occurred and is continuing or, if such an Event of Default or Default has occurred and is continuing, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenant contained in Section 6.03;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by it (other than registration statements and prospectuses related to offerings to directors, officers or employees) with the Securities and Exchange Commission or any Governmental Authority succeeding to any of or all the functions of such Commission, or with any national securities exchange, or distributed to its shareholders, as the case may be; and

(e) promptly, from time to time, such other information regarding its operations, business affairs and financial condition, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request.

Information required to be delivered pursuant to this Section 5.01 shall be deemed to have been delivered if such information, or one or more annual or quarterly reports containing such information, shall have been posted by the Administrative Agent on an IntraLinks or similar site to which the Lenders have been granted access (and a confirming electronic correspondence is delivered or caused to be delivered by the Administrative Agent to such addresses as a Lender may designate for this purpose providing notice of such posting) or shall be available on the website of the Securities and Exchange Commission at <http://www.sec.gov> (and a confirming electronic correspondence is delivered or caused to be delivered by Alcoa to the Administrative Agent providing notice of such availability); provided that Alcoa shall deliver paper copies of such information to any Lender that requests such delivery. Information required to be delivered pursuant to this Section 5.01 may also be delivered by electronic communications pursuant to procedures approved by the Administrative Agent.

SECTION 5.02. Pari Passu Ranking. Each Borrower shall ensure that any amounts payable by it hereunder will at all times rank at least pari passu with all other unsecured, unsubordinated Indebtedness of such Borrower except to the extent any such Indebtedness may be preferred by law.

SECTION 5.03. Maintenance of Properties. Each Borrower shall, and shall cause its Subsidiaries to, maintain and keep its properties in such repair, working order and condition, and make or cause to be made all such needful and proper repairs, renewals and replacements thereto, as in the judgment of such Borrower are necessary and in the interests of such Borrower; provided, however, that nothing in this Section 5.03 shall prevent such Borrower (or any Subsidiary thereof) from selling, abandoning or otherwise disposing of any of its respective properties or discontinuing a part of its respective businesses from time to time if, in the judgment of such Borrower, such sale, abandonment, disposition or discontinuance is advisable.

SECTION 5.04. Obligations and Taxes. Each Borrower shall pay its Indebtedness and other obligations that, if not paid, would result in a Material Adverse Effect before the same shall become delinquent or in default, and pay and discharge all taxes upon or against it, or against its properties, in each case prior to the date on which penalties attach thereto, unless and to the extent that any such obligation or tax is being contested in good faith and adequate reserves with respect thereto are maintained in accordance with GAAP.

SECTION 5.05. Insurance. Each Borrower shall, and shall cause its consolidated Subsidiaries to, insure and keep insured, in each case with reputable insurance companies, so much of its respective properties to such an extent and against such risks, or in lieu thereof, in the case of any Borrower, maintain or cause to be maintained a system or systems of self-insurance, as is customary in the case of corporations engaged in the same or similar business or having similar properties similarly situated.

SECTION 5.06. Existence; Businesses and Properties. (a) Each Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence in its jurisdiction of incorporation, except as otherwise expressly permitted under Section 6.02.

(b) Each Borrower shall do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names material to the conduct of its business as its Board of Directors shall determine in its judgment.

SECTION 5.07. Compliance with Laws. (a) Each Borrower shall comply in all material respects with all applicable laws, rules, regulations and orders of any Governmental Authority to which it is subject, whether now in effect or hereafter enacted, such that no failure so to comply will result in the levy of any penalty or fine which shall have a Material Adverse Effect.

(b) Each Borrower shall comply in all material respects with the applicable provisions of ERISA and all other related applicable laws and furnish to the Administrative Agent and each Lender (i) as soon as possible, and in any event within 30 days after any Responsible Officer of such Borrower or any ERISA Affiliate either knows or has reason to know that any ERISA Event has occurred that alone or together with any other ERISA Event would reasonably be expected to result in liability of such Borrower to the PBGC in an aggregate amount exceeding \$25,000,000, a statement of a Financial Officer setting forth details as to such ERISA Event and the action proposed to be taken with respect thereto, together with a copy of the notice, if any, of such ERISA Event given to the PBGC or other Governmental Authority, (ii) promptly after receipt thereof, a copy of any notice such Borrower or any ERISA Affiliate may receive from the PBGC or other Governmental Authority relating to the intention of the PBGC or other Governmental Authority to terminate any Plan or Plans (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code), or any Foreign Plan or Foreign Plans, or to appoint a trustee to administer any Plan or Plans, or any Foreign Plan or Foreign Plans, (iii) within 10 days after the due date for filing with the PBGC pursuant to Section 412(n) of the Code of a notice of failure to make a required installment or other payment with respect to a Plan, a statement of a Financial Officer setting forth details as to such failure and the action proposed to be taken with respect thereto, together with a copy of such notice given to the PBGC and (iv) promptly and in any event within 30 days after receipt thereof by such Borrower or any ERISA Affiliate from the sponsor of a Multiemployer Plan, a copy of each notice received by such Borrower or ERISA Affiliate concerning (A) the imposition of Withdrawal Liability in excess of \$25,000,000 or (B) a determination that a Multiemployer Plan is, or is expected to be, terminated or in reorganization, in each case within the meaning of Title IV of ERISA, if such termination or reorganization would reasonably be expected to result, alone or with any other such termination or reorganization, in increases in excess of \$25,000,000 in the contributions required to be made to the relevant Plan or Plans.

SECTION 5.08. Litigation and Other Notices. Each Borrower shall furnish to the Administrative Agent prompt written notice upon its becoming aware of any of the following:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against it or any of its Subsidiaries which would reasonably be expected to result in a Material Adverse Effect; and

(c) any other development that has resulted in, or would reasonably be expected to result in, a Material Adverse Effect.

SECTION 5.09. Borrowing Subsidiaries. Alcoa shall cause each Borrowing Subsidiary at all times to be a wholly-owned Subsidiary.

ARTICLE VI

NEGATIVE COVENANTS

Each Borrower covenants and agrees with each Lender that, so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any fees or any other expenses or amounts payable in connection herewith shall be unpaid, unless the Required Lenders shall otherwise consent in writing, such Borrower will not:

SECTION 6.01. Liens. (a) Create or incur, or permit any Restricted Subsidiary to create or incur, any Lien on its property or assets (including stock or other securities of any person, including any of its Subsidiaries) now or hereafter acquired by it or on any income or revenues or rights in respect thereof, securing Indebtedness for borrowed money, without ratably securing the Loans; provided, however, that the foregoing shall not apply to the following:

(i) Liens on property or assets of any corporation existing at the time such corporation becomes a Restricted Subsidiary;

(ii) Liens existing on any property or asset at or prior to the acquisition thereof by such Borrower or a Restricted Subsidiary, Liens on any property or asset securing the payment of all or any part of the purchase price of such property or asset, Liens on any property or asset securing any Indebtedness incurred prior to, at the time of or within 180 days after the acquisition of such property or asset for the purpose of financing all or any part of the purchase price thereof or Liens on any property or asset securing any Indebtedness incurred for the purpose of financing all or any part of the cost to such Borrower or Restricted Subsidiary of improvements thereto;

(iii) Liens securing Indebtedness of a Restricted Subsidiary owing to Alcoa or to another Restricted Subsidiary;

(iv) Liens existing on December 31, 2003, and set forth on Schedule 6.01(a);

(v) Liens on property of a person existing (or, in the case of Alumax Inc., that shall have existed) at the time such person is merged into or consolidated with Alcoa or a Restricted Subsidiary or at the time such person becomes a subsidiary of Alcoa through the direct or indirect acquisition of capital stock of such person by Alcoa or at the time of a sale, lease or other disposition of the properties of a person as an entirety or substantially as an entirety to Alcoa or a Restricted Subsidiary;

(vi) Liens on any property owned by Alcoa or any Restricted Subsidiary, in favor of the United States of America or any state thereof, or any department, agency or instrumentality or political subdivision of the United States of America or any State thereof, or in favor of any other country, or any political subdivision thereof, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such Liens; and

(vii) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of the Liens referred to in clauses (i) through (vi) of this Section 6.01(a); provided, however, that each such extension, renewal or replacement is limited to all or a part of the property which secured the Lien so extended, renewed or replaced (and any improvements thereon).

(b) Notwithstanding paragraph (a) of this Section 6.01 and in addition to the Liens permitted thereunder, each Borrower and any Restricted Subsidiary may create or incur Liens which would otherwise be subject to the foregoing restrictions to secure Indebtedness for borrowed money in an aggregate amount which does not at the time exceed 10% of the Consolidated Net Tangible Assets of Alcoa and its consolidated Subsidiaries at such time.

SECTION 6.02. Consolidation, Merger, Sale of Assets, etc. Consolidate or merge with or into any other person or sell, lease or transfer all or substantially all of its property and assets, or agree to do any of the foregoing, unless (a) no Default or Event of Default has occurred and is continuing or would result immediately after giving effect thereto, (b) if such Borrower is not the surviving corporation or if such Borrower sells, leases or transfers all or substantially all of its property and assets, the surviving corporation or person purchasing or being leased the assets agrees to be bound by the terms and provisions applicable to such Borrower hereunder, and (c)(i) in the case of Alcoa, immediately after such transaction, individuals who were directors of Alcoa during the twelve month period prior to such merger, sale or lease (together with any

replacement or additional directors whose election was recommended by or who were elected by a majority of directors then in office) constitute the Board of Directors of the surviving corporation or the person purchasing or being leased the assets and (ii) in the case of a Borrowing Subsidiary, (A) the surviving corporation or the person purchasing or being leased the assets is a wholly-owned Subsidiary of Alcoa and (B) if the surviving corporation or such person is not Alcoa, Alcoa agrees to guarantee pursuant to Article VIII the obligations of such person under this Agreement.

SECTION 6.03. Financial Undertaking. In the case of Alcoa, permit the aggregate principal amount of (a) the Indebtedness of Alcoa and its consolidated Subsidiaries, after eliminating intercompany items, plus (b) all other liabilities of Alcoa and its consolidated Subsidiaries, after eliminating intercompany items, in respect of any guarantee or endorsement (except the endorsement of negotiable instruments for deposit or collection or similar transactions in the normal course of business) of the Indebtedness of any person to exceed 150% of Consolidated Net Worth of Alcoa and its consolidated Subsidiaries.

SECTION 6.04. Change in Business. In the case of Alcoa, make or permit any substantial change in the general nature of the business carried on by Alcoa and its consolidated Subsidiaries as at the date hereof, including any such alteration arising from an acquisition, which would reasonably be expected to result in a Material Adverse Effect.

ARTICLE VII

EVENTS OF DEFAULT

In case of the happening of any of the following events ("Events of Default"):

(a) any Borrower shall default in the payment when due of any principal of any Loan and, if such default shall result from the failure of any third party payments system used by such Borrower, such default shall continue for a period of two Business Days;

(b) any Borrower shall fail to pay when due any interest, fee or other amount payable under this Agreement or Alcoa shall fail to pay any amount due under Article VIII upon demand therefor, and, in each case, such failure shall continue for a period of five Business Days;

(c) any representation or warranty made in Section 3.09 shall prove to have been false or misleading in any material respect as of the time when made (including by omission of material information necessary to make such representation or warranty not misleading); or any other representation or warranty made by a Borrower under this Agreement or any statement made by a Borrower in any financial statement, certificate, report, exhibit or document furnished by or on behalf of such Borrower in connection with this Agreement shall prove to have been false or misleading in any

material respect as of the time when made and, if such representation or warranty is able to be corrected, such representation or warranty is not corrected within 20 days after such Borrower's knowledge that it was false or misleading;

(d) any Borrower shall default in the performance or observance of any covenant contained in Section 5.02, Section 5.06(a), Section 5.08(a) or Article VI;

(e) any Borrower shall default in the performance or observance of any covenant or agreement under this Agreement (other than those specified in paragraphs (a), (b) and (d) above) and such default shall continue for a period of 10 Business Days, in the case of a default with respect to Section 5.08(b) or (c), or in any other case a period of 30 days after notice from the Administrative Agent;

(f) any Borrower shall (i) default in the payment of any principal or interest beyond any period of grace provided with respect thereto, due in respect of any Indebtedness in a principal amount in excess of \$20,000,000; or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness if the effect of any such failure referred to in this paragraph (f) is to cause such Indebtedness to become due prior to its stated maturity;

(g) a proceeding shall have been instituted or a petition filed in respect of a Borrower

(i) seeking to have an order for relief entered in respect of such Borrower, or seeking a declaration or entailing a finding that such Borrower is insolvent or a similar declaration or finding, or seeking dissolution, winding-up, revocation or forfeiture of charter or Memorandum and Articles of Association, liquidation, reorganization, arrangement, adjustment, composition or other relief with respect to such Borrower, its assets or its debts under any law relating to bankruptcy, insolvency, relief of debtors or protection of creditors, termination of legal entities or any other similar law now or hereafter in effect, or

(ii) seeking appointment of a receiver, trustee, custodian, liquidator, assignee, sequestrator, administrator or other similar official for such Borrower or for all or any substantial part of its property,

and such proceeding or petition shall remain undismissed for a period of 90 consecutive days or an order or decree approving any of the foregoing shall be entered;

(h) any Borrower shall become insolvent, shall become generally unable to pay its debts as they become due, shall voluntarily suspend transaction of its business generally or as a whole, shall make a general assignment for the benefit of creditors, shall institute a proceeding described in clause (g)(i) above or shall consent to any order or decree described therein, shall institute a proceeding described in clause (g)(ii) above or shall consent to any such appointment or to the taking of possession by any such official of all or any substantial part of its property whether or not any such proceeding is instituted, shall dissolve, wind-up or liquidate itself or any substantial part of its property or shall take any action in furtherance of any of the foregoing;

(i) any of the following shall have occurred: (i) any person or group of persons shall have acquired beneficial ownership of a majority in interest of the outstanding Voting Stock of Alcoa (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934 and the applicable rules and regulations thereunder), (ii) during any period of 25 consecutive months, commencing before or after the date of this Agreement, individuals who at the beginning of such 25 month period were directors of Alcoa (together with any replacement or additional directors whose election was recommended by or who were elected by a majority of directors then in office) cease to constitute a majority of the Board of Directors of Alcoa or (iii) any person or group of related persons shall acquire all or substantially all of the assets of Alcoa; provided, however, that a change in control of Alcoa shall not be deemed to have occurred pursuant to clause (iii) of this paragraph (i) if Alcoa shall have merged or consolidated with or transferred all or substantially all of its assets to another person in compliance with the provisions of Section 6.02 and the ratio represented by the total assets of the surviving person, successor or transferee divided by such person's stockholders' equity, in each case as determined and as would be shown in a consolidated balance sheet of such person prepared in accordance with GAAP (the "Leverage Ratio" of such person) is no greater than the then Leverage Ratio of Alcoa immediately prior to such event;

(j) an ERISA Event or ERISA Events shall have occurred with respect to any Plan or Plans, or any Foreign Plan or Foreign Plans, that reasonably could be expected to result in liability of any Borrower to the PBGC or other Governmental Authority or to a Plan or Foreign Plan in an aggregate amount exceeding \$25,000,000 and, within 30 days after the reporting of any such ERISA Event to the Administrative Agent or after the receipt by the Administrative Agent of the statement required pursuant to Section 5.07(b), the Administrative Agent shall have notified the Borrower in writing that (i) the Required Lenders have made a determination that, on the basis of such ERISA Event or ERISA Events or the failure to make a required payment, there are reasonable grounds (A) for the termination of such Plan or Plans, or such Foreign Plan or Foreign Plans, by the PBGC or other Governmental Authority, (B) for the appointment either by the appropriate United States District Court of a trustee to administer such Plan or Plans or by an applicable court of law outside the United States of a trustee to administer such Foreign Plan or Foreign Plans or (C) for the imposition of a lien in favor of a Plan or Foreign Plan and (ii) as a result thereof an Event of Default exists hereunder; or a trustee shall be appointed by a United States District Court to administer any such Plan or Plans or by an applicable court of law outside the United States of a trustee to administer such Foreign Plan or Foreign Plans; or the PBGC or other Governmental Authority shall institute proceedings to terminate any Plan or Plans or any Foreign Plan or Foreign Plans;

(k) (i) any Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan, (ii) such Borrower or such ERISA Affiliate does not have reasonable grounds for contesting such Withdrawal Liability or is not in fact contesting such Withdrawal Liability in a timely and appropriate manner and does not have

adequate reserves set aside against such Withdrawal Liability and (iii) the amount of the Withdrawal Liability specified in such notice, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date or dates of such notification), exceeds \$25,000,000 or requires payments exceeding \$25,000,000 in any calendar year;

(l) any Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if solely as a result of such reorganization or termination the aggregate annual contributions of such Borrower and its ERISA Affiliates to all Multiemployer Plans that are then in reorganization or have been or are being terminated have been or will be increased over the amounts required to be contributed to such Multiemployer Plans for their most recently completed plan years by an amount exceeding \$25,000,000;

(m) one or more judgments for the payment of money in an aggregate amount in excess of \$50,000,000 shall be rendered against any Borrower or any Subsidiary of any Borrower or any combination thereof and the same shall remain undischarged for a period of 45 consecutive days during which execution shall not be effectively stayed (unless an appeal or writ of certiorari is being diligently prosecuted), or any action shall be legally taken by a judgment creditor or creditors holding judgments which in the aggregate exceed \$50,000,000 to levy upon assets or properties of any Borrower or any Subsidiary of a Borrower to enforce any such judgment; or

(n) Any "Event of Default" as defined in the 2003 Five-Year Credit Agreement or the 2004 Five-Year Credit Agreement shall occur and be continuing;

then, and in every such event (other than an event described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by written notice to Alcoa, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued fees and all other liabilities accrued hereunder, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each Borrower, anything contained herein to the contrary notwithstanding; and in any event described in paragraph (g) or (h) above, the Commitments of the Lenders shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued fees and all other liabilities accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each Borrower, anything contained herein to the contrary notwithstanding.

ARTICLE VIII

GUARANTEE

Alcoa unconditionally and irrevocably guarantees, as a principal obligor and not merely as a surety, the due and punctual payment and performance of all Borrowing Subsidiary Obligations. Alcoa further agrees that the Borrowing Subsidiary Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, and that it will remain bound upon the provisions of this Article VIII notwithstanding any extension or renewal of any Borrowing Subsidiary Obligation.

Alcoa waives presentation to, demand of payment from and protest to any Borrowing Subsidiary of any of the Borrowing Subsidiary Obligations, and also waives notice of acceptance of the guarantee set forth in this Article VIII and notice of protest for nonpayment. The obligations of Alcoa hereunder shall not be affected by (a) the failure of the Administrative Agent or any Lender to assert any claim or demand or to enforce any right or remedy against any Borrowing Subsidiary under the provisions of this Agreement or any guarantee; (b) any extension or renewal of any provision of this Agreement or any guarantee; or (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Agreement or any guarantee or any other agreement.

Alcoa further agrees that the guarantee set forth in this Article VIII constitutes a guarantee of payment when due and not of collection and waives any right to require that any resort be had by the Administrative Agent or any Lender to the balance of any deposit account or credit on the books of the Administrative Agent or the relevant Lender, as applicable, in favor of any Borrowing Subsidiary or any other person.

The obligations of Alcoa hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim or waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Borrowing Subsidiary Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of Alcoa hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any Lender to assert any claim or demand or to enforce any remedy under this Agreement, by any waiver or modification of any thereof, by any default, failure or delay, wilful or otherwise, in the performance of the Borrowing Subsidiary Obligations or by any other act or omission which may or might in any manner or to any extent vary the risk of Alcoa or would otherwise operate as a discharge of Alcoa as a matter of law or equity.

Alcoa further agrees that this guarantee shall continue to be effective or be reinstated, as the case may be, if at any time payment by any Borrowing Subsidiary to the Administrative Agent or any Lender, or any part thereof, of principal of or interest on such Borrowing Subsidiary Obligation is rescinded or must otherwise be restored by the Administrative Agent or any Lender or any holder of any Borrowing Subsidiary Obligation upon the bankruptcy or reorganization of such Borrowing Subsidiary or otherwise.

In furtherance of the foregoing and not in limitation of any other right which the Administrative Agent or any Lender may have at law or in equity against Alcoa by virtue hereof, upon the failure of any Borrowing Subsidiary to pay any Borrowing Subsidiary Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, Alcoa hereby promises to and will, upon receipt of written demand by the Administrative Agent, promptly pay, or cause to be paid, to such Agent in cash the amount of such unpaid Borrowing Subsidiary Obligation, and thereupon such Agent shall assign, in any reasonable manner, the amount of the Borrowing Subsidiary Obligation paid by Alcoa pursuant to this guarantee to Alcoa, such assignment to be pro tanto to the extent to which the Borrowing Subsidiary Obligation in question was discharged by Alcoa, or make such other disposition thereof as Alcoa shall direct (all without recourse to the Administrative Agent or any Lender and without any representation or warranty by the Administrative Agent or Lender).

Upon payment by Alcoa of any sums to the Administrative Agent as provided above, all rights of Alcoa against the Borrowing Subsidiaries arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full of all the Borrowing Subsidiary Obligations.

ARTICLE IX

THE ADMINISTRATIVE AGENT

In order to expedite the transactions contemplated by this Agreement, JPMorgan Chase Bank is hereby appointed to act as the Administrative Agent on behalf of the Lenders. Each of the Lenders hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Lender and to exercise such powers as are specifically delegated to such Agent by the terms and provisions hereof, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders all payments of principal of and interest on the Loans and all other amounts due to the Lenders hereunder, and promptly to distribute to each Lender its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders to the relevant Borrower of any Event of Default specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by any Borrower pursuant to this Agreement as received by such Agent.

None of the Administrative Agent or any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or wilful misconduct, or be responsible

for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by any Borrower of any of the terms, conditions, covenants or agreements contained herein. The Administrative Agent shall not be responsible to the Lenders or any assignee thereof for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or other instruments or agreements. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant hereto shall be binding on all the Lenders and each assignee of any such Lender. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. None of the Administrative Agent or any of its directors, officers, employees or agents shall have any responsibility to any Borrower on account of the failure of or delay in performance or breach by any other Lender or any Borrower of any of their respective obligations hereunder or in connection herewith. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Lenders hereby acknowledge that the Administrative Agent shall not be under any duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders.

Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Lenders and the Borrowers. Upon any such resignation, the Required Lenders shall have the right to appoint a successor; provided, however, that Alcoa has approved such successor (such consent not to be unreasonably withheld or delayed and not to be required if an Event of Default exists). If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, subject to the prior approval of Alcoa (such consent not to be unreasonably withheld or delayed and not to be required if an Event of Default exists), which shall be a bank with an office in New York, New York, having total assets in excess of \$10,000,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent and the retiring Agent shall be discharged from its duties and obligations hereunder. After the Agent's resignation hereunder the provisions of this Article and Section 10.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

With respect to the Loans made by it hereunder, the Administrative Agent in its individual capacity and not as Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not an Administrative Agent, and such Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Borrower or any Subsidiary or other Affiliate of Alcoa as if it were not an Agent.

Each Lender agrees (i) to reimburse the Administrative Agent, on demand, in the amount of its pro rata share (based on its Commitment hereunder) of any expenses incurred for the benefit of the Lenders by such Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, which shall not have been reimbursed by the Borrowers and (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees, agents or Affiliates, on demand, in the amount of such pro rata share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as an Administrative Agent or any of them in any way relating to or arising out of this Agreement or any action taken or omitted by it or any of them under this Agreement, to the extent the same shall not have been reimbursed by the Borrowers; provided that no Lender shall be liable to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or wilful misconduct of such Agent or any of its directors, officers, employees, agents or Affiliates.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy as follows:

(a) if to Alcoa or a Borrowing Subsidiary, to Alcoa Inc. at 390 Park Avenue, New York, New York 10022-4608, Attention of Vice President & Treasurer (Telecopy No. 212-836-2823);

(b) if to the Administrative Agent, to JPMorgan Chase Bank at 1111 Fannin Street, Houston, Texas 77002, Attention of Andrew Perkins (Telecopy No. 713-750-2223), with a copy to JPMorgan Chase Bank at 270 Park Avenue, New York, New York 10017, Attention of James Ramage (Telecopy No. 212-270-5100);

(c) if to a Lender, to it at its address (or telecopy number) set forth in Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender shall have become a party hereto.

Any party may subsequently change its notice address by written notice to the other parties as herein provided. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 10.01 or in accordance with the latest unrevoked direction from such party to the Administrative Agent and each Borrower given in accordance with this Section 10.01.

Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender provided further that any Lender may, upon request, receive a hard copy delivery of any or all such notices. The Administrative Agent or Alcoa may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Any notice hereunder shall be effective upon receipt. Any notice or other communication received on a day which is not a Business Day or after business hours in the place of receipt shall be deemed to be served on the next following Business Day in such place. Any notice given to Alcoa shall be deemed to have been duly given to each other Borrower at the same time and in the same manner.

SECTION 10.02. Survival of Agreement. All covenants, agreements, representations and warranties made by any Borrower herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Lenders and shall survive the making by the Lenders of the Loans, regardless of any investigation made by the Lenders or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not been terminated.

SECTION 10.03. Binding Effect. This Agreement shall become effective when it shall have been executed by Alcoa and the Administrative Agent and when the

Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each Lender, and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent and each Lender and their respective successors and assigns, except that none of the Borrowers shall have the right to assign its rights hereunder or any interest herein without the prior consent of all the Lenders.

SECTION 10.04. Successors and Assigns; Additional Borrowing Subsidiaries. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrowers may not assign or otherwise transfer any of their rights or obligations hereunder (except as provided in Section 10.04(e)) without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrowers without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); with the prior written consent (such consent not to be unreasonably withheld) of:

(A) Alcoa, provided that no consent of Alcoa shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund (as defined below) or, if an Event of Default under clause (a), (b), (g) or (h) of Article VII has occurred and is continuing, any other assignee; and

(B) the Administrative Agent.

(ii) Assignments shall be subject to the following conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 unless each of Alcoa and the Administrative Agent otherwise consent, provided that no such consent of Alcoa shall be required if an Event of Default under clause (a), (b), (g) or (h) of Article VII has occurred and is continuing);

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; and

(E) in the case of an assignment to a CLO (as defined below), the assigning Lender shall retain the sole right to approve any amendment, modification or waiver of any provision of this Agreement, provided that the Assignment and Assumption between such Lender and such CLO may provide that such Lender will not, without the consent of such CLO, agree to any amendment, modification or waiver described in the proviso to Section 10.08(b) that affects such CLO.

For purposes of this Section 10.04(b), the terms "Approved Fund" and "CLO" have the following meanings:

"Approved Fund" means (a) a CLO and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"CLO" means any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto with respect to the interests assumed and, to the extent of the interest assigned under such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12, 2.14, 2.18 and 10.05).

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the

Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of manifest error, and the Borrowers, the Administrative Agent and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall promptly (i) accept such Assignment and Assumption, (ii) record the information contained therein in the Register and (iii) give notice thereof to Alcoa. No assignment shall be effective for purposes of this Agreement until it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of any Borrower and the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the proviso to Section 10.08(b) that affects such Participant. Subject to paragraph (c)(ii) of this Section, Alcoa agrees that each Participant shall be entitled to the benefits of Sections 2.12 and 2.18 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.06 as though it were a Lender, provided such Participant agrees to be subject to Section 2.16 as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.12 or 2.18 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with Alcoa's prior written consent.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and the other provisions of this Section 10.04 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(e) Unless an Event of Default has occurred and is continuing, Alcoa at any time and from time to time may designate any wholly-owned Subsidiary to be a Borrowing Subsidiary upon the completion of the following: (i) each of Alcoa and such Subsidiary shall have executed and delivered to the Administrative Agent a Designation of Borrowing Subsidiary and (ii) such Subsidiary shall have complied with Section 4.03, whereupon (A) such Subsidiary shall become a party hereto and shall have the rights and obligations of a Borrowing Subsidiary hereunder and (B) the obligations of such Subsidiary shall become part of the Borrowing Subsidiary Obligations and the guarantee of Alcoa pursuant to Article VIII hereof shall apply thereto to the same extent that it applies to the other Borrowing Subsidiary Obligations, if any (the date on which any such designation shall occur being called a "Designation Date").

SECTION 10.05. Expenses; Indemnity. (a) Alcoa agrees to pay or cause one or more other Borrowers to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent in connection with the preparation of this Agreement or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby contemplated shall be consummated) or incurred by the Administrative Agent or any Lender in connection with the enforcement of their rights in connection with this Agreement or in connection with the Loans made hereunder, including the reasonable fees, charges and disbursements of Cravath, Swaine & Moore LLP, counsel for the Administrative Agent, and, in connection with any such enforcement, the reasonable fees, charges and disbursements of any other counsel for the Administrative Agent or any Lender. Alcoa further agrees to indemnify or cause one or more other Borrowers to indemnify the Lenders from and hold them harmless against any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement.

(b) Alcoa agrees to indemnify or cause one or more other Borrowers to indemnify the Administrative Agent, each Lender and each of their respective Affiliates, directors, officers, employees and agents (each such person being called an "Indemnatee") against, and to hold or cause one or more other Borrowers to hold each Indemnatee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnatee arising out of, in any way connected with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the transactions contemplated thereby, (ii) the use of the proceeds of the Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnatee is a party

thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee. The Administrative Agent and each Lender agrees to promptly notify Alcoa of any claims relating to clauses (i), (ii) or (iii) of the next preceding sentence; provided, however, that any failure to deliver any such notice shall not relieve Alcoa from its obligations under this paragraph (b).

(c) The provisions of this Section 10.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement, or any investigation made by or on behalf of the Administrative Agent or Lender. All amounts due under this Section 10.05 shall be payable on written demand therefor.

SECTION 10.06. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or its Affiliates to or for the credit or the account of any Borrower against any of and all the obligations of such Borrower (or, in the case of Alcoa, any of and all the obligations of any Borrowing Subsidiary) now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or otherwise and although such obligations may be unmatuered. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.07. Applicable Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 10.08. Waivers; Amendment. (a) No failure or delay of the Administrative Agent or any Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Borrower in any case shall entitle such Borrower to any further notice or shall entitle such Borrower or any other Borrower to notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders; provided, however, that no such agreement shall (i) decrease the principal amount of, or extend the maturity of or any scheduled principal payment date or date for the payment of any interest on any Loan or date fixed for payment of any Facility Fee, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan, without the prior written consent of each Lender affected thereby, (ii) change or extend the Commitment or decrease the Facility Fees of any Lender without the prior written consent of such Lender, (iii) amend or modify the provisions of Section 2.14, 2.15, the provisions of Article VIII, the provisions of this Section or the definition of “Required Lenders”, without the prior written consent of each Lender or (iv) amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of such Agent. Each Lender and each assignee thereof shall be bound by any waiver, consent, amendment or modification authorized by this Section.

SECTION 10.09. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges which are treated as interest under applicable law (collectively the “Charges”), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender, shall exceed the maximum lawful rate (the “Maximum Rate”) which may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable to such Lender, together with all Charges payable to such Lender, shall be limited to the Maximum Rate.

SECTION 10.10. Entire Agreement. This Agreement and any fee arrangements related hereto constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the fee arrangements related hereto.

SECTION 10.11. Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement, as applicable, by, among other things, the mutual waivers and certifications in this Section 10.11.

SECTION 10.12. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 10.13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 10.03.

SECTION 10.14. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 10.15. Jurisdiction, Consent to Service of Process. (a) Each Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender may otherwise have to bring any action or proceeding relating to this Agreement against any Borrower or its properties in the courts of any jurisdiction.

(b) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.16. Conversion of Currencies. (a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due hereunder in dollars into another currency, the parties hereto agree, to the fullest extent that they may legally and effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase dollars with such other currency in The City of New York, on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligation of each Borrower in respect of any sum due to any Lender hereunder in dollars shall, to the extent permitted by applicable law, notwithstanding any judgment in a currency other than dollars, be discharged only to the extent that on the Business Day following receipt of any sum adjudged to be so due in the judgment currency such Lender may in accordance with normal banking procedures purchase dollars in the amount originally due to such Lender with the judgment currency. If the amount of dollars so purchased is less than the sum originally due to such Lender, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender against the resulting loss.

SECTION 10.17. USA Patriot Act. Each Lender hereby notifies each Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies such Borrower, which information includes the name and address of such Borrower and other information that will allow such Lender to identify such Borrower in accordance with the Act.

IN WITNESS WHEREOF, Alcoa, the Administrative Agent and the Lenders have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

ALCOA INC.,

by _____

Name:

Title:

JPMORGAN CHASE BANK,
individually and as Administrative Agent,

by _____

Name:

Title:

SIGNATURE PAGE TO THE
ALCOA INC. 364-DAY
REVOLVING CREDIT
AGREEMENT DATED AS OF
APRIL 23, 2004

LENDER: _____

by _____

Name:

Title:

[FORM OF]

Assignment and Assumption

Reference is made to the 364-Day Revolving Credit Agreement dated as of April 23, 2004 (as amended from time to time, the "Credit Agreement"), among Alcoa Inc. ("Alcoa"), a Pennsylvania corporation, certain subsidiaries of Alcoa, the Lenders, and JPMorgan Chase Bank, as the Administrative Agent for the Lenders. Terms defined in the Credit Agreement are used herein with the same meanings.

1. The Assignor hereby sells and assigns, without recourse, to the Assignee, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Assignment Effective Date set forth below, the interests set forth below (the "Assigned Interest") in the Assignor's rights and obligations under the Credit Agreement, including, without limitation, the Commitment of the Assignor on the Assignment Effective Date and the Loans owing to the Assignor which are outstanding on the Assignment Effective Date, together with unpaid interest accrued on the assigned Loans to the Assignment Effective Date and the amount, if any, set forth below of the fees accrued to the Assignment Effective Date for the account of the Assignor. From and after the Assignment Effective Date (i) the Assignee shall if not already a Lender, become a party to and be bound by the provisions of the Credit Agreement and, to the extent of the interests assigned by this Assignment and Assumption, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the interests assigned by this Assignment and Assumption, relinquish its rights and be released from its obligations under the Credit Agreement.

2. This Assignment and Assumption is being delivered to the Administrative Agent together with (i) if the Assignee is a Lender and is organized under the laws of a jurisdiction outside the United States, the forms specified in Section 2.18(g) of the Credit Agreement, duly completed and executed by such Assignee, (ii) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire in the form of Exhibit B to the Credit Agreement and (iii) a processing and recordation fee of \$3,500.

3. This Assignment and Assumption shall be governed by and construed in accordance with the laws of the State of New York.

Date of Assignment:

Legal Name of Assignor:

Legal Name of Assignee:

Assignee's Address for Notices:

Assignment Effective Date of Assignment:

Facility/ Commitment	Principal Amount Assigned	Percentage Assigned of Applicable Facility/Commitment(set forth, to at least 8 decimals, as a percentage of the Facility and the aggregate Commitments of all Lenders thereunder)
Commitment	\$	%
Loan:	\$	%
Fees Assigned (if any):	\$	%

The terms set forth above are hereby agreed to:

_____, as Assignor

Accepted*/

ALCOA INC.,

by: _____

Name:

Title:

by: _____

Name:

Title:

_____, as Assignee

JPMORGAN CHASE BANK

by: _____

by: _____

Name:

Name:

Title:

Title:

*/ To be completed to the extent consents are required under Section 10.04(b) of the Credit Agreement.

ADMINISTRATIVE QUESTIONNAIRE
ALCOA INC.

Please accurately complete the following information and return via FAX to the attention of [Bang Tran (713-750-2223)] at JPMorgan Chase Bank as soon as possible.

PHONE NUMBER: FAX NUMBER:

LEGAL NAME OF LENDER (TO APPEAR ON THE SIGNATURE LINE IN DOCUMENTATION):

GENERAL INFORMATION - DOMESTIC LENDING OFFICE:

Institution Name: _____

Street Address: _____

City, State, Zip Code: _____

GENERAL INFORMATION - LIBOR LENDING OFFICE:

Institution Name: _____

Street Address: _____

City, State, Zip Code: _____

TAX WITHHOLDING:

Non-Resident Alien: _____ Yes* _____ No*

*Form 4224 Enclosed

Tax ID Number: _____

CONTACTS/NOTIFICATION METHODS:

CREDIT CONTACTS:

Primary Contact: _____

Street Address: _____

City, State, Zip Code: _____

Phone Number: _____

FAX Number: _____

Backup Contact: _____

Street Address: _____

City, State, Zip Code: _____

Phone Number: _____

FAX Number: _____

ADMINISTRATIVE CONTACTS - BORROWING, PAYMENTS, INTEREST, ETC...

Contact(s): _____

Street Address: _____

City, State, Zip Code: _____

Phone Number: _____

FAX Number: _____

ACCOUNT INFORMATION - Please provide only one set of instructions for all types of payments:

Name of Bank where funds are to be transferred:

Routing Transit/ABA number of Bank where funds are to be transferred:

Name of Account: _____

Account Number: _____

Additional Information: _____

It is very important that all of the above information is accurately filled in and promptly returned. If there is someone other than yourself who should receive this questionnaire, please notify us of their name and FAX number and we will FAX them a copy of the questionnaire.

[Letterhead of]

ALCOA

April 23, 2004

JPMorgan Chase Bank, as Agent
and each of the Lenders party to the
Agreement referred to below
270 Park Avenue
New York, NY 10017

Ladies and Gentlemen:

I am Counsel of Alcoa Inc. ("Alcoa") and in such capacity have represented Alcoa in connection with the 364-Day Revolving Credit Agreement dated as of April 23, 2004 (the "Agreement"), among Alcoa, certain subsidiaries of Alcoa, the Lenders and JPMorgan Chase Bank, as the Administrative Agent. This opinion is rendered to you pursuant to Section 4.01(a) of the Agreement. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Agreement.

In rendering the opinion expressed below, I have examined, either personally or indirectly through other counsel, the originals or conformed copies of the Agreement and such corporate records, agreements and instruments of Alcoa and its Subsidiaries, certificates of public officials and of officers of Alcoa and its Subsidiaries, and such other documents and records as I have deemed appropriate as a basis for the opinions hereinafter expressed.

Based upon the foregoing and subject to the qualifications stated herein, I am of the opinion that:

1. Alcoa is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and is duly qualified to do business as a foreign corporation and is in good standing in all other jurisdictions in which the ownership of its properties or the nature of its activities or both makes such qualification necessary, except to the extent that failure to be so qualified would not result in a Material Adverse Effect.
2. Alcoa has corporate power and authority to execute, deliver and carry out the provisions of the Agreement, to borrow under the Agreement and to perform its obligations thereunder and all such action has been duly and validly authorized by all necessary corporate proceedings on its part.

3. The Agreement has been duly executed and delivered by Alcoa and constitutes the legal, valid and binding obligation of Alcoa enforceable against Alcoa in accordance with its terms, except as limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

4. No authorization, consent, approval, license, exemption or other action by, and no registration, qualification, designation, declaration or filing with, any Governmental Authority is necessary in connection with Alcoa's execution and delivery of the Agreement, the consummation by Alcoa of the transactions contemplated therein or Alcoa's performance of or compliance with the terms and conditions thereof, except as set forth on Schedule 3.04 to the Agreement.

5. The execution and delivery by Alcoa of the Agreement, the consummation by Alcoa of the transactions contemplated thereby or performance by Alcoa of or compliance with the terms and conditions thereof will not (a) violate any law, constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of any Governmental Authority to which it is subject, (b) conflict with or result in a breach or default under its charter or by-laws, (c) to the best of my knowledge, conflict with or result in a breach or default which is material in the context of the Agreement under any agreement or instrument to which Alcoa is a party or by which it or any of its properties, whether now owned or hereafter acquired, may be subject or bound or (d) result in the creation or imposition of any Lien prohibited by Section 6.01 of the Agreement upon any property or assets of Alcoa, whether now owned or hereafter acquired.

6. Except as set forth in the financial statements referred to in Section 3.06 of the Agreement, the Exchange Act Report or otherwise disclosed on Schedule 3.08 to the Agreement, there is no pending or, to my knowledge, threatened proceeding by or before any Governmental Authority against Alcoa or any of its Subsidiaries which in my opinion is likely to result in a Material Adverse Effect.

7. Alcoa is not an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, and Alcoa is exempted as a "holding company" as defined in the Public Utility Holding Company Act of 1935.

I am a member of the bar of the Commonwealth of Pennsylvania and my opinion is limited to the laws of the Commonwealth of Pennsylvania and the laws of the United States of America. I express no opinion herein as to whether a court would apply New York law to any particular subject matter hereof. To the extent that the laws of the State of New York or, contrary to the agreement of the parties, the laws of any other State govern the documents referenced herein, you may rely on my opinion with respect to such laws to the extent that the laws of such state or states are substantially the same as the laws of the Commonwealth of Pennsylvania, as to which sameness I express no opinion.

Very truly yours,

[FORM OF]

DESIGNATION OF BORROWING SUBSIDIARY

Reference is made to the 364-Day Revolving Credit Agreement dated as of April 23, 2004 (as amended from time to time, the "Credit Agreement"), among Alcoa Inc. ("Alcoa"), a Pennsylvania corporation, certain subsidiaries of Alcoa, the Lenders and JPMorgan Chase Bank, as the Administrative Agent for the Lenders. Terms defined in the Credit Agreement are used herein with the same meanings.

1. Alcoa hereby designates [], a [] corporation (the "Subsidiary"), effective as of [], 20[] (the "Designation Date"), as a Borrowing Subsidiary under the Credit Agreement. The Subsidiary hereby makes and agrees to be bound by all the representations, warranties and agreements set forth in Article III, V and VI of the Credit Agreement. From and after the Designation Date, the Subsidiary shall become a party to the Credit Agreement and shall have the rights and obligations of a Borrowing Subsidiary thereunder. Alcoa agrees that its guarantee pursuant to Article VIII of the Credit Agreement shall apply to the Borrowings of the Subsidiary.

2. This Designation of Borrowing Subsidiary is being delivered to the Administrative Agent together with the documents set forth in Section 4.03(a).

3. This Designation of Borrowing Subsidiary shall be governed by and construed in accordance with the laws of the State of New York.

The terms set forth above are hereby agreed to:

[_____], as subsidiary,

by _____

Name:

Title:

ALCOA INC.,

by _____

Name:

Title:

Accepted:

JPMORGAN CHASE BANK, as the Administrative Agent

by _____

Name:

Title:

364-DAY REVOLVING CREDIT AGREEMENT

Name and Address of Lenders	Title	Contact Person And Telephone And Facsimile Number	Commitment (U.S.\$)
JPMorgan Chase Bank 270 Park Avenue New York, NY 10017	Administrative Agent	James Ramage Tel: 212-270-1373 Fax: 212-270-4724	\$ 108,333,336
ABN AMRO Bank, N.V. 135 South LaSalle Street, Ste 710 Chicago, Illinois 60603	Documentation Agent	Stephanie Casas Tel: 832-681-7186 Fax: 832-681-7141	91,666,666
Deutsche Bank AG 60 Wall Street –NYC60-1101 New York, NY 10005	Documentation Agent	Oliver Schwarz Tel: 212-250-8610 Fax: 212-797-4421	91,666,666
Credit Suisse First Boston One First Canada Place Toronto M5X1C Canada	Syndication Agent	Alain Daoust Tel: 416-325-4527 Fax: 416-352-4576	91,666,666
Citibank, N.A. 388 Greenwich Street, 21st Fl. New York, NY 10013	Syndication Agent	Daniel Miller Tel: 212-816-8283 Fax: 212-816-8051	91,666,666
UBS AG, Stamford Branch 677 Washington Boulevard Stamford, Connecticut 06901	Syndication Agent	Denise Conzo Tel: 203-719-3853 Fax: 203-719-3888	91,666,666
Barclays Bank 200 Park Avenue New York, NY 10166		Jonathan Burn Tel: 212-412-1488 Fax: 212-412-2441	66,666,667
Mellon Bank, N.A. One Mellon Bank Center Pittsburgh, PA 15258-0001		Robert Reichenbach Tel: 412-236-0567 Fax: 412-236-1914	66,666,667
The Bank of Tokyo - Mitsubishi, Ltd., New York Branch 1251 Avenue of the Americas New York, NY 10022		Mark Marron Tel: 212-782-4337 Fax: 212-782-6440	50,000,000
Australian and New Zealand Banking Group Ltd. 1177 Avenue of the Americas New York, NY 10036		David Giacalone Tel: 212-801-9894 Fax: 212-536-9294	50,000,000

Lehman Brothers 745 Seventh Avenue, 3rd Fl. New York, NY 10019	Alan Cutler Tel: 212-526-3399 Fax: 212-646-4933	33,333,333
Morgan Stanley Bank 1585 Broadway New York, 10036	Mark Tashkovich Tel: 212-761-2223 Fax: 212-507-4242	50,000,000
Bank of America, N.A. 901 Main Street, 67th Fl. Dallas, TX 75202	Steve Aronowitz Tel: 212-503-7950 Fax: 212-503-7066	33,333,333
BNP Paribas 787 Seventh Avenue New York, NY 10019	Robert Munczinski Tel: 212-841-2632 Fax: 212-415-9822	33,333,333
Royal Bank of Canada One Liberty Plaza 165 Broadway New York, NY 10006-1404	Patrick Shields Tel: 212-428-2322 Fax: 212-428-6459	16,666,667
SANPAOLO IMI S.P.A. 245 Park Avenue, 35th Fl. New York, NY 10167	Luca Sacchi Tel: 212-692-3130 Fax: 212-692-3178	16,666,667
Banco Bilbao Vizcaya Argentaria, S.A. 1345 Avenue of the Americas New York, NY 10105	Francesc Alvarez Tel: 212-728-1634 Fax: 212-333-2904	16,666,667
	Total:	<u>1,000,000,000</u>

Governmental Approvals

International Capital Form S filed with the Federal Reserve Bank of New York.

Litigation

None.

ENTITY	<u>Liens</u>				
	<u>LEASED EQUIPMENT</u>	<u>MORTGAGES</u>	<u>OTHER LIENS ON PERSONAL PROPERTY*</u>	<u>ACCOUNTS RECEIVABLE SECURITIZATIONS**</u>	<u>TAX EXEMPT REVENUE BOND FINANCINGS***</u>
Alcoa Inc. - Consolidated	1,410,400	125,000			
	1,524,611				
		1,025,430			
					38,630,000
Reynolds Metals Company	1,525,253	89,035			
Alcoa Architectural Products SAS		11,337,933			
Reynolds Systems Ireland Limited	200,689				
Reynolds Wheels Virginia International, Ltd.			494,000		
Automotive Castings		11,494			
Alcoa Manufacturing (GB) Limited	9,575				
	60,998,365				
Kawneer U.K. Ltd	80,055	42,630			
Alcoa Building Products (ABP)	70,261	410,618			
Eastalco Aluminum Company					9,880,000
Kawneer Co., Inc.		12,793			
	940,238	826,558			
Baco Consumer Products Limited		22,253			
Huck S.A.		189,378			
Alcoa Inespal, S.A.	28,467	6,818			
		52,053			
	10,188				
Alcoa World Alumina LLC		186,079			
Alcoa Chemie GMBH	529,643				
Alcoa Shanghai Aluminum Products		6,303,204			
Alcoa Kofem Kft		4			
Alcoa Closure Systems Japan, Ltd.	1,804,241			16,307,737	
Alumax Europe N.V.		480,357			
Alumax Mill Products, Inc. (Texarkana)	138,870,450				
Alcoa Servicios, SA de CV	51,028				
Alcoa Wireless Network Services Inc.		131,063			
Alcoa Inter-America, Inc.				100,000,000	
	<u>\$ 208,053,464</u>	<u>\$ 21,252,700</u>	<u>\$ 494,000</u>	<u>\$ 116,307,737</u>	<u>\$ 48,510,000</u>

* Relates to economic development loan entered into by Reynolds Wheels Virginia International, Inc.

** Fluctuating balance not to exceed the maximum U.S. dollar amount indicated.

*** Excludes bonds redeemed, defeased or paid off after December 31, 2003 and prior to the Effective Date of the Credit Agreement.

FIVE-YEAR
REVOLVING CREDIT AGREEMENT

Dated as of April 23, 2004

Among

ALCOA INC.,

THE LENDERS NAMED HEREIN,

CITIBANK, N.A., CREDIT SUISSE FIRST BOSTON and UBS AG, STAMFORD BRANCH,

as Syndication Agents,

DEUTSCHE BANK SECURITIES INC. and ABN AMRO BANK, N.V.,

as Documentation Agents, and

JPMORGAN CHASE BANK,

as Administrative Agent,

J.P. MORGAN SECURITIES INC.,

as Sole Lead Arranger and Sole Bookrunner

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FIVE-YEAR REVOLVING CREDIT AGREEMENT dated as of April 23, 2004 (as the same may be amended, modified or supplemented from time to time, the "Agreement"), among ALCOA INC., a Pennsylvania corporation ("Alcoa"), the Lenders (such term and each other capitalized term used but not defined herein having the meaning ascribed thereto in Article I), and JPMORGAN CHASE BANK, a New York banking corporation, as Administrative Agent for the Lenders.

Alcoa and the Borrowing Subsidiaries have requested the Lenders to extend credit in order to enable Alcoa and the Borrowing Subsidiaries, subject to the terms and conditions of this Agreement, to borrow on a revolving basis, at any time and from time to time prior to the Maturity Date, an aggregate principal amount at any time outstanding not in excess of US\$1,000,000,000. The proceeds of such borrowings are to be used to provide working capital and for other general corporate purposes, including but not limited to the support of Alcoa's commercial paper program. The Lenders are willing to extend such credit to Alcoa and the Borrowing Subsidiaries on the terms and subject to the conditions set forth herein.

Accordingly, the Borrowers, the Lenders and the Administrative Agent agree as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

"ABR Borrowing" shall mean a Borrowing comprised of ABR Loans.

"ABR Loan" shall mean any Loan bearing interest at a rate determined by reference to the Alternate Base Rate in accordance with the provisions of Article II.

"Administrative Agent" shall mean JPMorgan Chase Bank, a New York banking corporation, in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" shall mean an Administrative Questionnaire in the form of Exhibit B.

“Affiliate” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

“Alternate Base Rate” shall mean, for any day, a rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Base CD Rate in effect on such day plus 1% and (c) the Federal Funds Effective Rate in effect on such day plus ½ of 1%. For purposes hereof, “Prime Rate” shall mean the rate of interest per annum publicly announced from time to time by the Administrative Agent as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective on the date such change is publicly announced as being effective. “Base CD Rate” shall mean the sum of (a) the product of (i) the Three-Month Secondary CD Rate and (ii) Statutory Reserves and (b) the Assessment Rate. “Three-Month Secondary CD Rate” shall mean, for any day, the secondary market rate for three-month certificates of deposit reported as being in effect on such day (or, if such day shall not be a Business Day, the next preceding Business Day) by the Board through the public information telephone line of the Federal Reserve Bank of New York (which rate will, under the current practices of the Board, be published in Federal Reserve Statistical Release H.15(519) during the week following such day), or, if such rate shall not be so reported on such day or such next preceding Business Day, the average of the secondary market quotations for three month certificates of deposit of major money center banks in New York City received at approximately 10:00 a.m., New York City time, on such day (or, if such day shall not be a Business Day, on the next preceding Business Day) by the Administrative Agent from three New York City negotiable certificate of deposit dealers of recognized standing selected by it. “Federal Funds Effective Rate” shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Base CD Rate or the Federal Funds Effective Rate or both for any reason, including the inability of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to clause (b) or (c), or both, of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Prime Rate, the Three-Month Secondary CD Rate or the Federal Funds Effective Rate, respectively.

“Applicable Margin” shall mean, with respect to the LIBOR Loans comprising any Borrowing, the applicable percentage set forth below based upon the ratings by S&P and Moody’s applicable on such date to the Index Debt:

	<u>Percentage</u>
<u>Category 1</u>	
AA-/Aa3 or above	.0750%
<u>Category 2</u>	
A+/A1	.1225%
<u>Category 3</u>	
A/A2	.1700%
<u>Category 4</u>	
A-/A3	.4150%
<u>Category 5</u>	
BBB/Baa2	.6350%
<u>Category 6</u>	
BBB-/Baa3 or below	.8350%

For purposes of the foregoing, (i) if neither Moody’s nor S&P shall have in effect a rating for any Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then both such rating agencies shall be deemed to have established ratings for such Index Debt in Category 6; (ii) if only one of Moody’s and S&P shall have in effect a rating for any Index Debt, then the Applicable Margin, to the extent determined by reference to such Index Debt, shall be determined on the basis of such rating; (iii) if the ratings established or deemed to have been established by Moody’s or S&P for any Index Debt shall fall within different Categories, the Applicable Margin shall be based on the Category corresponding to the higher rating unless the ratings differ by two or more Categories, in which case the Applicable Margin will be based upon the Category one level above the Category corresponding to the lower rating; and (iv) if any rating established or deemed to have been established by Moody’s or S&P shall be changed (other than as a result of a change in the rating system of Moody’s or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody’s or S&P shall change, or if any such rating agency shall cease to be in the business of rating corporate debt obligations, Alcoa and the Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system or the non-availability of ratings from such rating agency, and pending the effectiveness of any such amendment, the ratings of such rating agency most recently in effect prior to such change or cessation shall be employed in determining the Applicable Margin.

“Approved Fund” shall have the meaning assigned to such term in Section 10.04(b).

“Assessment Rate” shall mean, for any date, the annual rate (rounded upwards, if necessary, to the next 1/100 of 1%) most recently estimated by the Administrative Agent as the then current net annual assessment rate that will be employed in determining amounts payable by the Administrative Agent to the Federal Deposit Insurance Corporation (or any successor) for such date for insurance by such Corporation (or such successor) of time deposits made in dollars at the Administrative Agent’s domestic offices.

“Assignment and Assumption” shall mean an assignment and assumption entered into by a Lender and an assignee, and accepted by the Administrative Agent, in substantially the form of Exhibit A or such other form as shall be approved by the Administrative Agent.

“Board” shall mean the Board of Governors of the Federal Reserve System of the United States.

“Borrowers” shall mean Alcoa and the Borrowing Subsidiaries.

“Borrowing” shall mean any group of Loans of a single Type made by the Lenders on a single date and as to which a single Interest Period is in effect.

“Borrowing Subsidiaries” shall mean, at any time, the wholly-owned Subsidiaries of Alcoa that have undertaken the obligations of Borrowing Subsidiaries pursuant to Section 10.04(e).

“Borrowing Subsidiary Obligations” shall mean, collectively, the due and punctual payment by any Borrowing Subsidiary of the principal of and interest on the Loans to it, when and as due, whether at maturity, by acceleration or otherwise, and the due and punctual payment and performance of all other obligations of such Borrowing Subsidiary under this Agreement.

“Business Day” shall mean any day (other than a day which is a Saturday, Sunday or day on which banks in New York City are authorized or required by law to remain closed); provided, however, that, when used in connection with any LIBOR Loan, the term “Business Day” shall in each case also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

“CLO” shall have the meaning assigned to such term in Section 10.04(b).

“Code” shall mean the Internal Revenue Code of 1986, as the same may be amended from time to time.

“Commercial Paper” of any person shall mean any note, draft, bill of exchange or other negotiable instrument issued by such person (other than any extendable commercial notes issued pursuant to Section 4(2) of the Securities Act of 1933) that has a maturity at the time of issuance not exceeding thirteen months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited, pursuant to Section 3(a)(3) or Section 4(2) of the Securities Act of 1933.

“Commitment” shall mean, with respect to each Lender, the commitment of such Lender to make Loans hereunder as set forth in Schedule 2.01 or in any Assignment and Assumption pursuant to which such Lender first becomes a Lender hereunder, as the same may be terminated or reduced from time to time pursuant to Section 2.10.

“Consolidated Net Tangible Assets” shall mean at any time, the aggregate amount of assets (less applicable reserves and other properly deductible items) of Alcoa and its consolidated Subsidiaries adjusted for inventories on the basis of cost (before application of the “last-in first-out” method of determining cost) or current market value, whichever is lower, and deducting therefrom (a) all current liabilities of such corporation and its consolidated Subsidiaries except for (i) notes and loans payable, (ii) current maturities of long-term debt and (iii) current maturities of obligations under capital leases and (b) all goodwill, trade names, patents, unamortized debt discount and expenses of such corporation and its consolidated Subsidiaries (to the extent included in said aggregate amount of assets) and other like intangibles, all as set forth in the most recent consolidated balance sheet of Alcoa and its consolidated Subsidiaries, delivered to the Administrative Agent pursuant to Section 5.01, computed and consolidated in accordance with GAAP.

“Consolidated Net Worth” shall mean at any time, the net worth of Alcoa and its consolidated Subsidiaries at such time (including minority interests), computed and consolidated in accordance with GAAP.

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of Voting Stock, by contract or otherwise, and “Controlling” and “Controlled” shall have meanings correlative thereto.

“Default” shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

“Designation Date” shall have the meaning assigned to such term in Section 10.04(e).

“Designation of Borrowing Subsidiary” shall mean a Designation of Borrowing Subsidiary executed by Alcoa and a wholly-owned Subsidiary in substantially the form of Exhibit D.

“dollars” or “\$” shall mean lawful money of the United States of America.

“Effective Date” shall mean the date of this Agreement.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

“ERISA Affiliate” shall mean any trade or business (whether or not incorporated) that is a member of a group of which any Borrower is a member and which is treated as a single employer under Section 414 of the Code.

“ERISA Event” shall mean (i) any Reportable Event; (ii) the adoption of any amendment to a Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA; (iii) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (iv) the filing pursuant to Section 412(d) of the Code or Section 302(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (v) the incurrence of any liability under Title IV of ERISA with respect to the termination of any Plan or the withdrawal or partial withdrawal of the Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan; (vi) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (vii) the receipt by the Borrower or any ERISA Affiliate of any notice concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA; (viii) the occurrence of a “prohibited transaction” with respect to which the Borrower or any of its subsidiaries is a “disqualified person” (within the meaning of Section 4975 of the Code) or with respect to which the Borrower or any such subsidiary could otherwise be liable; (ix) any other similar event or condition with respect to a Plan or Multiemployer Plan that could result in liability of the Borrowers and (x) any Foreign Benefit Event.

“Event of Default” shall have the meaning assigned to such term in Article VII.

“Exchange Act Report” shall mean the Annual Report of Alcoa on Form 10-K for the year ended December 31, 2003, filed by Alcoa with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

“Existing 364-Day Credit Agreement” shall mean the 364-Day Revolving Credit Agreement dated as of April 25, 2003, among Alcoa, the lenders party thereto, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Securities Inc., as lead arranger and bookrunner.

“Facility Fee” shall have the meaning assigned to such term in Section 2.06(a).

“Facility Fee Percentage” shall mean on any date the applicable percentage set forth below based upon the ratings by S&P and Moody’s, respectively, applicable on such date to the Index Debt:

	<u>Percentage</u>
<u>Category 1</u>	
AA-/Aa3 or above	.0750%
<u>Category 2</u>	
A+/A1	.0775%
<u>Category 3</u>	
A/A2	.0800%
<u>Category 4</u>	
A-/A3	.0850%
<u>Category 5</u>	
BBB/Baa2	.1150%
<u>Category 6</u>	
BBB-/Baa3 or below	.1650%

For purposes of the foregoing, (i) if neither Moody’s nor S&P shall have in effect a rating for the Index Debt (other than by reason of the circumstances referred to in the last sentence of this definition), then both such rating agencies shall be deemed to have established ratings in Category 6; (ii) if only one of Moody’s and S&P shall have in effect a rating for the Index Debt, then the Facility Fee Percentage shall be determined on the basis of such rating; (iii) if the ratings established or deemed to have been established by Moody’s or S&P for any Index Debt shall fall within different Categories, the Facility Fee Percentage shall be based on the Category corresponding to the higher rating unless the ratings differ by two or more Categories, in which case the Facility Fee Percentage will be based upon the Category one level above the Category corresponding to the lower rating; and (iv) if any rating established or deemed to have been established by Moody’s or S&P shall be changed (other than as a result of a change in the rating system of Moody’s or S&P), such change shall be effective as of the date on which it is first announced by the applicable rating agency. Each change in the Facility Fee Percentage shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change. If the rating system of Moody’s or S&P shall change, or if either of such rating agencies shall cease to be in the business of rating corporate debt obligations, Alcoa and the Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system or the non-availability of ratings from such rating agency, and pending the effectiveness of any such amendment, the ratings of such rating agency most recently in effect prior to such change or cessation shall be employed in determining the Facility Fee Percentage.

“Financial Officer” of any corporation shall mean the chief financial officer, principal accounting officer, Treasurer or Controller of such corporation.

“Foreign Benefit Event” shall mean (a) with respect to any Foreign Pension Plan, (i) the existence of unfunded liabilities in excess of the amount permitted under any applicable law, or in excess of the amount that would be permitted absent a waiver from a Governmental Authority, (ii) the failure to make the required contributions or payments, under any applicable law, on or before the due date for such contributions or payments, (iii) the receipt of a notice by a Governmental Authority relating to the intention to terminate any such Foreign Pension Plan or to appoint a trustee to administer any such Foreign Pension Plan, or to the insolvency of any such Foreign Pension Plan and (iv) the incurrence of any liability of the Borrowers under applicable law on account of the complete or partial termination of such Foreign Pension Plan or the complete or partial withdrawal of any participating employer therein and (b) with respect to any Foreign Plan, (i) the occurrence of any transaction that is prohibited under any applicable law and could result in the incurrence of any liability by the Borrowers, or the imposition on the Borrowers of any fine, excise tax or penalty resulting from any noncompliance with any applicable law and (ii) any other event or condition that could reasonably be expected to result in liability of any of the Borrowers.

“Foreign Plan” shall mean any plan or arrangement established or maintained outside the United States for the benefit of present or former employees of any of the Borrowers.

“Foreign Pension Plan” shall mean any benefit plan which under applicable law is required to be funded through a trust or other funding vehicle other than a trust or funding vehicle maintained exclusively by a Governmental Authority.

“GAAP” shall mean generally accepted accounting principles, as used in, and applied on a basis consistent with, the financial statements of Alcoa referred to in Section 3.06.

“Governmental Authority” shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

“Guarantee” of or by any person shall mean any obligation, contingent or otherwise, of such person guaranteeing any Indebtedness of any other person, whether directly or indirectly, and including any obligation of such person, direct or indirect, to purchase or pay such Indebtedness or to purchase any security for the payment of such Indebtedness; provided, however, that the term “Guarantee” shall not include endorsements for collection or deposit, in either case in the ordinary course of business.

“Indebtedness” of any person at any time shall mean, without duplication, (a) all obligations for money borrowed or raised, all obligations (other than accounts payable and other similar items arising in the ordinary course of business) for the

deferred payment of the purchase price of property, and all capital lease obligations which, in each case, in accordance with GAAP, would be included in determining total liabilities as shown on the liability side of the balance sheet of such person and (b) all Guarantees of such person.

“Index Debt” shall mean the senior, unsecured, non-credit enhanced, long-term Indebtedness for borrowed money of Alcoa.

“Interest Election Request” means a request by any Borrower to convert a Borrowing to a different Type or to continue such Borrowing in its existing Type in accordance with Section 2.04.

“Interest Payment Date” shall mean, with respect to any Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a LIBOR Borrowing with an Interest Period of more than three months’ duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months’ duration been applicable to such Borrowing, and, in addition, the effective date of any continuation of such Borrowing in its existing Type or conversion of such Borrowing to a Borrowing of a different Type, and the Maturity Date.

“Interest Period” shall mean (a) as to any LIBOR Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter, as the Borrower to which such Loan is made may elect; and (b) as to any ABR Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as the case may be, and ending on the earliest of (i) the next succeeding March 31, June 30, September 30 or December 31, (ii) the Maturity Date and (iii) the date such Borrowing is prepaid in accordance with Section 2.11; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a LIBOR Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day.

“Lenders” shall mean (a) the financial institutions listed on Schedule 2.01 (other than any such financial institution that has ceased to be a party hereto pursuant to an Assignment and Assumption) and (b) any financial institution that has become a party hereto pursuant to an Assignment and Assumption.

“LIBO Rate” shall mean, with respect to any LIBOR Borrowing for any Interest Period, an interest rate (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the offered rate for dollar deposits for a period equal to the Interest Period for such LIBOR Borrowing that appears on the LIBO page on the Reuters Screen (or any page that can reasonably be considered a replacement page) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period. If

such rate is not available on the Reuters Screen, the "LIBO Rate" shall be the rate (rounded upwards, if necessary, to the next 1/16 of 1%) equal to the arithmetic average of the respective rates per annum at which dollar deposits approximately equal in principal amount to such LIBOR Borrowing and for a maturity comparable to such Interest Period are offered in immediately available funds to the London branches of the Reference Banks in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period. The Administrative Agent shall determine the LIBO Rate and such determination shall be conclusive absent manifest error.

"LIBOR Borrowing" shall mean a Borrowing comprised of LIBOR Loans.

"LIBOR Loan" shall mean any Loan bearing interest at a rate determined by reference to the LIBO Rate in accordance with the provisions of Article II.

"Lien" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loans" shall have the meaning assigned to it in Section 2.01. Each Loan shall be a LIBOR Loan or an ABR Loan.

"Material Adverse Effect" shall mean a materially adverse effect on the business, assets, operations or financial condition of Alcoa and its Subsidiaries taken as a whole, or a material impairment of the ability of Alcoa to perform any of its obligations under this Agreement.

"Maturity Date" shall mean April 23, 2009.

"Moody's" shall mean Moody's Investors Service, Inc.

"Multiemployer Plan" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which any Borrower or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code) is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"PBGC" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"person" shall mean any natural person, corporation organization, business trust, joint venture, association, company, partnership or government, or any agency or political subdivision thereof.

“Plan” shall mean any pension plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code which is maintained for employees of any Borrower or any ERISA Affiliate.

“Pro Rata Percentage” of any Lender at any time shall mean the percentage of the Total Commitment that is represented by such Lender’s Commitment.

“Reference Banks” shall mean JPMorgan Chase Bank, Mellon Bank, N.A. and Bank of America, N.A.

“Register” shall have the meaning given such term in Section 10.04(b).

“Related Parties” means, with respect to any specified person, such person’s Affiliates and the respective directors, officers, employees, agents and advisors of such person and such person’s Affiliates.

“Reportable Event” shall mean any reportable event as defined in Section 4043(b) of ERISA or the regulations issued thereunder with respect to a Plan (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

“Required Lenders” shall mean Lenders representing at least 51% in principal amount of the outstanding Loans and unused Commitments.

“Responsible Officer” of any corporation shall mean any executive officer or Financial Officer of such corporation and any other officer or similar official thereof responsible for the administration of the obligations of such corporation in respect of this Agreement.

“Restricted Subsidiary” shall mean any consolidated Subsidiary of Alcoa which owns any manufacturing plant or manufacturing facility located in the United States, except any such plant or facility which, in the opinion of the Board of Directors of Alcoa, is not of material importance to the business of Alcoa and its Restricted Subsidiaries, taken as a whole, excluding any such Subsidiary which (a) is principally engaged in leasing or financing receivables, (b) is principally engaged in financing Alcoa’s operations outside the United States or (c) principally serves as a partner in a partnership.

“S&P” shall mean Standard & Poor’s Ratings Services, a Division of The McGraw-Hill Companies, Inc.

“Statutory Reserves” shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority to which the Administrative Agent is subject for new negotiable nonpersonal time deposits in dollars of over \$100,000 with maturities approximately equal to three months. Such reserve percentages shall include those

imposed pursuant to such Regulation D of the Board. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

“Subsidiary” shall mean, with respect to any person (herein referred to as the “parent”), any corporation, partnership, association or other business entity of which securities or other ownership interests representing more than 50% of the Voting Stock or more than 50% of the general partnership interests are, at the time any determination is being made, owned, controlled or held by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent.

“364-Day Credit Agreement” shall mean the 364-Day Revolving Credit Agreement dated as of April 23, 2004, among Alcoa, the lenders party thereto, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Securities Inc., as lead arranger and bookrunner.

“Total Commitment” shall mean, at any time, the aggregate amount of the Commitments, as in effect at such time.

“2001 Five-Year Credit Agreement” shall mean the Amended and Restated Five-Year Revolving Credit Agreement dated as of April 27, 2001, and maturing on April 28, 2005, among Alcoa, the lenders party thereto, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Securities Inc., as lead arranger and bookrunner.

“2003 Five-Year Credit Agreement” shall mean the Five-Year Revolving Credit Agreement dated as of April 25, 2003, and maturing on April 25, 2008, among Alcoa, the lenders party thereto, JPMorgan Chase Bank, as Administrative Agent, and J.P. Morgan Securities Inc., as lead arranger and bookrunner.

“Type”, when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, “Rate” shall mean the LIBO Rate and the Alternate Base Rate.

“Voting Stock” with respect to the stock of any person means stock of any class or classes (however designated) having ordinary voting power for the election of the directors of such person, other than stock having such power only by reason of the occurrence of a contingency.

“Withdrawal Liability” shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.02. Terms Generally; Accounting Principles. The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including”

shall be deemed to be followed by the phrase “without limitation”. All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, however, that, if Alcoa notifies the Administrative Agent that it requests an amendment to any provision hereof to eliminate the effect of any change in GAAP on the operation of such provision (or if the Administrative Agent notifies Alcoa that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP (provided such change in GAAP occurs after the date hereof), then such provision shall be interpreted on the basis of GAAP in effect immediately before such change became effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

THE CREDITS

SECTION 2.01. Commitments. Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make revolving credit loans in dollars (the “Loans”) to Alcoa and the Borrowing Subsidiaries, at any time and from time to time on or after the Effective Date and until the earlier of the Maturity Date and the termination of the Commitment of such Lender in accordance with the terms hereof; provided, however, that (i) after giving effect to any Loan, the aggregate principal amount of the outstanding Loans shall not exceed the Total Commitment and (ii) at all times the aggregate principal amount of all outstanding Loans made by each Lender shall equal its Pro Rata Percentage of the aggregate principal amount of all outstanding Loans. The Commitment of each Lender is set forth on Schedule 2.01 to this Agreement or in any applicable Assignment and Assumption. Such Commitment may be terminated or reduced from time to time pursuant to Section 2.10 and increased, decreased or terminated pursuant to Section 10.4. Within the limits set forth in the preceding sentence, the Borrowers may borrow, pay or prepay and reborrow Loans on or after the Effective Date and prior to the Maturity Date, subject to the terms, conditions and limitations set forth herein.

SECTION 2.02. Loans. (a) Each Loan shall be made as part of a Borrowing consisting of Loans made by the Lenders ratably in accordance with their respective applicable Commitments; provided, however, that the failure of any Lender to make any Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Loan required to be made by such other Lender). The Loans comprising each Borrowing shall be in an aggregate principal amount which is an integral multiple of \$1,000,000 and not less than \$10,000,000 (or an aggregate principal amount equal to the remaining balance of the applicable Commitments, as the case may be).

(b) Each Borrowing shall be comprised entirely of LIBOR Loans or ABR Loans, as the applicable Borrower may request pursuant to Section 2.03. Each Lender may at its option fulfill its Commitment with respect to any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided, however, that any exercise of such option shall not affect the obligation of the applicable Borrower to repay such Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time; provided, however, that no Borrower shall be entitled to request any Borrowing which, if made, would result in an aggregate of more than five separate LIBOR Loans of any Lender being made to the Borrowers and outstanding under this Agreement at any one time. For purposes of the foregoing, Loans having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Loans.

(c) Each Lender shall make each Loan that is (A) an ABR Loan or (B) a LIBOR Loan, to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to the Administrative Agent in New York, New York, not later than 2:00 p.m., New York City time, and the Administrative Agent shall by 4:00 p.m., New York City time, credit the amounts so received to the general deposit account of the Borrower to which such Loan is to be made with Mellon Bank, N.A., or such other account as such Borrower may designate in a written notice to the Administrative Agent, or, if such Loans are not made on such date because any condition precedent to a Borrowing herein specified shall not have been met, return the amounts so received to the respective Lenders. Unless the Administrative Agent shall have received notice from a Lender prior to the time of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with this paragraph (c) and the Administrative Agent may, in reliance upon such assumption, make available to the applicable Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and the applicable Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to such Borrower until the date such amount is repaid to the Administrative Agent, at (i) in the case of such Borrower, the interest rate applicable at the time to the Loans comprising such Borrowing and (ii) in the case of such Lender, a rate determined by the Administrative Agent to represent its cost of overnight or short-term funds (which determination shall be conclusive absent manifest error). If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Loan as part of such Borrowing for purposes of this Agreement.

(d) Notwithstanding any other provision of this Agreement, no Borrower shall be entitled to request any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

SECTION 2.03. Notice of Borrowings. In order to request a Borrowing, a Borrower shall give written or telecopy notice (or telephone notice promptly confirmed

in writing or by telecopy) (a) in the case of an ABR Borrowing, to the Administrative Agent not later than 12:00 noon, New York City time, on the Business Day of such proposed Borrowing, (b) in the case of a LIBOR Borrowing, to the Administrative Agent not later than 10:00 a.m., New York City time, three Business Days before such proposed Borrowing. Such notice shall be irrevocable and shall in each case refer to this Agreement, identify the applicable Borrower and specify (i) whether such Borrowing is to be a LIBOR Borrowing or an ABR Borrowing; (ii) the date of such Borrowing (which shall be a Business Day) and the amount thereof; and (iii) if such Borrowing is to be a LIBOR Borrowing, the Interest Period with respect thereto. If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any LIBOR Borrowing is specified in any such notice, then the Borrower giving the notice of Borrowing shall be deemed to have selected an Interest Period of one month's duration. The Administrative Agent shall promptly advise the Lenders of any notice given pursuant to this Section 2.03 and of each Lender's portion of the requested Borrowing.

SECTION 2.04. Interest Elections. (a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing request and, in the case of a LIBOR Borrowing, shall have an initial Interest Period as specified in such Borrowing request. Thereafter, the applicable Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing in its existing Type and, in the case of a LIBOR Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a borrowing request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Sections 2.02 and 2.03:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a LIBOR Borrowing; and

(iv) if the resulting Borrowing is a LIBOR Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term "Interest Period".

If any such Interest Election Request requests a LIBOR Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month's duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a LIBOR Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a LIBOR Borrowing and (ii) unless repaid, each LIBOR Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.05. Evidence of Debt; Repayment of Loans. (a) The outstanding principal balance of each Loan shall be payable on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made to a Borrower hereunder, (ii) the Type of each such Loan and the Interest Period applicable thereto, (iii) the amount of any principal or interest due and payable or to become due and payable from the applicable Borrower to each Lender hereunder and (iv) the amount of any sum received by the Administrative Agent hereunder from any Borrower and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraphs (b) and (c) above shall be prima facie evidence of the existence and amounts of the obligations therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with their terms.

(e) Notwithstanding any other provision of this Agreement, in the event any Lender shall request a promissory note evidencing the Loans made by it hereunder to Alcoa or any Borrowing Subsidiary, the Borrower shall deliver such a note, satisfactory to the Administrative Agent, payable to such Lender or its order, and the interests represented by such note shall at all times (including after any assignment of all or part of such interests pursuant to Section 10.04) be represented by one or more promissory notes payable to the payee named therein or its order.

SECTION 2.06. Fees. (a) Alcoa will pay to each Lender, through the Administrative Agent, on the last day of March, June, September and December in each year, and on the date on which the Commitment of such Lender shall be terminated as provided herein, a facility fee (the "Facility Fee") at a rate per annum equal to the Facility Fee Percentage from time to time in effect on the aggregate amount of the Commitment of such Lender, whether used or unused, from time to time in effect during the preceding quarter (or shorter period commencing with the date hereof or ending with the Maturity Date or the date on which the Commitment of such Lender shall be terminated). All Facility Fees shall be computed on the basis of the actual number of days elapsed in a year of 360 days. The Facility Fee due to each Lender shall commence to accrue on the date hereof and shall cease to accrue on the date on which the Commitment of such Lender shall be terminated as provided herein.

(b) Alcoa will pay to the Administrative Agent, for its own account, the fees payable in the amounts and at the times separately agreed upon between Alcoa and the Administrative Agent.

(c) All fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent, for distribution, if and as appropriate, among the Lenders. Once paid, the fees shall not be refundable except in the case of an error which results in the payment of fees in excess of those due and payable as of such date, in which case the Administrative Agent shall cause a refund in the amount of such excess to be paid to Alcoa.

SECTION 2.07. Interest on Loans. (a) Subject to the provisions of Section 2.08, the unpaid principal amount of the Loans comprising each ABR Borrowing shall bear interest for each day (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when the Alternate Base Rate is determined by reference to the Prime Rate and over a year of 360 days at all other times) at a rate per annum equal to the Alternate Base Rate.

(b) Subject to the provisions of Section 2.08, the unpaid principal amount of the Loans comprising each LIBOR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Interest on each Loan shall be payable on the Interest Payment Dates applicable to such Loan except as otherwise provided in this Agreement. Interest shall

accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period. The applicable LIBO Rate or Alternate Base Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.08. Default Interest. If any Borrower shall default in the payment of the principal of or interest on any Loan or any other amount becoming due hereunder, by acceleration or otherwise, such Borrower shall on demand from time to time pay interest, to the extent permitted by law, on such defaulted amount up to (but not including) the date of actual payment (after as well as before judgment) at a rate per annum equal to (a) in the case of overdue principal of any Loan, the rate otherwise applicable to such Loan as provided in Section 2.07 plus 2% per annum, or (b) in the case of any other amount, the rate applicable to ABR Borrowings plus 2% per annum.

SECTION 2.09. Alternate Rate of Interest. In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a LIBOR Loan, the Administrative Agent shall have determined in good faith that dollar deposits in the principal amounts of the Loans comprising such Borrowing are not generally available in the London interbank market or other market in which Lenders ordinarily raise dollars to fund Loans of the requested Type, or that the rates at which such dollar deposits are being offered will not adequately and fairly reflect the cost to any Lender of making or maintaining its LIBOR Loan during such Interest Period, or that reasonable means do not exist for ascertaining the LIBO Rate, then the Administrative Agent shall, as soon as practicable thereafter, give written or telecopy notice of such determination to the relevant Borrower and Lenders. In the event of any such determination, any request made by a Borrower after the date of such notice for a LIBOR Borrowing pursuant to Section 2.03 or 2.04 shall, until the Administrative Agent shall have advised the Borrowers and the Lenders that the circumstances giving rise to such notice no longer exist, be deemed to be a request for an ABR Borrowing. Each determination by the Administrative Agent hereunder shall be conclusive absent manifest error.

SECTION 2.10. Termination and Reduction of Commitments. (a) The Commitments shall be automatically terminated on the Maturity Date.

(b) Upon at least 10 Business Days' prior irrevocable, written or telecopy notice to the Administrative Agent, Alcoa may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Total Commitment; provided, however, that (i) each partial reduction shall be in an integral multiple of \$1,000,000 and in a minimum principal amount of \$10,000,000 and (ii) the Total Commitment shall not be reduced to an amount that is less than the aggregate principal amount of the outstanding Loans (after giving effect to any simultaneous prepayment pursuant to Section 2.11).

(c) Each reduction in Commitments hereunder shall be made ratably among the Lenders in accordance with each such Lender's Pro Rata Percentage of the

Total Commitment. Alcoa shall pay to the Administrative Agent for the account of the applicable Lenders, on the date of each such termination or reduction, the Facility Fees on the amount of the Commitments so terminated or reduced accrued to the date of such termination or reduction.

SECTION 2.11. Prepayment. (a) Each Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, upon at least three Business Days' prior written or telecopy notice (or telephone notice promptly confirmed by written or telecopy notice) to the Administrative Agent; provided, however, that each partial prepayment shall be in an amount which is an integral multiple of \$1,000,000 and not less than \$10,000,000.

(b) On the date of any termination or reduction of any Commitments pursuant to Section 2.10, the Borrowers shall pay or prepay so much of the Loans, as shall be necessary in order that, after giving effect to such reduction or termination, the aggregate principal amount of the outstanding Loans shall not exceed the Total Commitment.

(c) Each notice of prepayment shall specify the prepayment date and the principal amount of each Loan (or portion thereof) to be prepaid, shall be irrevocable and shall commit the applicable Borrower to prepay the Loan to which such notice relates by the amount stated therein on the date stated therein. All prepayments under this Section 2.11 shall be subject to Section 2.14 but otherwise without premium or penalty. All prepayments under this Section 2.11 shall be accompanied by accrued interest on the principal amount being prepaid to the date of payment.

SECTION 2.12. Reserve Requirements; Change in Circumstances. (a) Notwithstanding any other provision herein other than Section 2.14(c), if after the date of this Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any Governmental Authority charged with the interpretation or administration thereof (whether or not having the force of law) shall change the basis of taxation of payments to any Lender of the principal of or interest on any LIBOR Loan made by such Lender or any fees or other amounts payable hereunder (other than changes in respect of taxes imposed on the overall net income of such Lender by the jurisdiction in which such Lender has its principal office or by any political subdivision or taxing authority therein), or shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by such Lender (except any such reserve requirement which is reflected in the LIBO Rate or the Base CD Rate) or shall impose on such Lender or the London interbank market or other market in which Lenders ordinarily raise dollars to fund Loans of the requested Type any other condition affecting this Agreement or LIBOR Loans made by such Lender, and the result of any of the foregoing shall be to increase the cost to such Lender of funding, making or maintaining any LIBOR Loan or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) by an amount deemed by such Lender to be material, then Alcoa will pay or cause the other Borrowers to pay to such Lender upon demand such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender shall have determined that the applicability of any law, rule, regulation, agreement or guideline adopted after the date of this Agreement pursuant to the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after the date hereof of any other law, rule, regulation, agreement or guideline regarding capital adequacy, or any change in any of the foregoing or in the interpretation or administration of any of the foregoing by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or any lending office of such Lender) or any Lender's holding company with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Loans made by such Lender pursuant hereto to a level below that which such Lender or such Lender's holding company could have achieved but for such applicability, adoption, change or compliance (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time Alcoa shall pay or cause the other Borrowers to pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(c) A certificate of each Lender setting forth such amount or amounts as shall be necessary to compensate such Lender or its holding company as specified in paragraph (a) or (b) above, as the case may be, together with a statement of reasons for such demand and showing the calculation for such amounts shall be delivered to Alcoa and shall be conclusive absent manifest error. Alcoa shall pay or cause to be paid to each Lender the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(d) Except as provided in this paragraph, failure on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's right to demand compensation with respect to such period or any other period. The protection of this Section 2.12 shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of the law, rule, regulation, guideline or other change or condition which shall have occurred or been imposed. No Lender shall be entitled to compensation under this Section 2.12 for any costs incurred or reductions suffered with respect to any date unless it shall have notified Alcoa that it will demand compensation for such costs or reductions under paragraph (c) above not more than 60 days after the later of (i) such date and (ii) the date on which it shall have or reasonably should have become aware of such costs or reductions. In the event a Borrower shall reimburse any Lender pursuant to this Section 2.12 for any cost and the Lender shall subsequently receive a refund in respect thereof, the Lender shall so notify such Borrower and shall pay to such Borrower the portion of such refund which it shall determine in good faith to be allocable to the cost so reimbursed.

SECTION 2.13. Change in Legality. (a) Notwithstanding any other provision herein other than Section 2.14(c), if any change in any law or regulation or in the interpretation thereof by any Governmental Authority charged with the administration or interpretation thereof shall make it unlawful for any Lender to make or maintain any LIBOR Loan or to give effect to its obligations as contemplated hereby with respect to any LIBOR Loan, then, by written or telecopy notice to Alcoa and the Administrative Agent, such Lender may:

(i) declare that LIBOR Loans will not thereafter be made by such Lender hereunder, whereupon any request by a Borrower for a LIBOR Borrowing shall, as to such Lender only, be deemed a request for an ABR Loan unless such declaration shall be subsequently withdrawn; and

(ii) require that all outstanding LIBOR Loans made by it be converted to ABR Loans, in which event all such LIBOR Loans shall automatically be so converted as of the effective date of such notice as provided in paragraph (b) below.

In the event any Lender shall exercise its rights under clause (i) or (ii) above, all payments and prepayments of principal which would otherwise have been applied to repay the LIBOR Loans that would have been made by such Lender or the converted LIBOR Loans of such Lender shall instead be applied to repay the Loans made by such Lender in lieu of, or resulting from the conversion of, such LIBOR Loans.

(b) For purposes of this Section 2.13, a notice by any Lender shall be effective as to each LIBOR Loan, if lawful, on the last day of the Interest Period applicable to such LIBOR Loan; in all other cases such notice shall be effective on the date of receipt.

SECTION 2.14. Indemnity. Alcoa shall indemnify or cause the other Borrowers to indemnify each Lender against any loss or expense which such Lender may sustain or incur as a consequence of (a) any failure to fulfill on the date of any Borrowing hereunder the applicable conditions set forth in Article IV, (b) any failure by a Borrower to borrow any Loan hereunder after irrevocable notice of such Borrowing has been given pursuant to Section 2.03, (c) any payment or prepayment of a LIBOR Loan required by any other provision of this Agreement or otherwise made or deemed made on a date other than the last day of the Interest Period applicable thereto, other than any loss of profit resulting from any event, circumstance or condition set forth in Section 2.12 or 2.13, (d) any default in payment or prepayment of the principal amount of any Loan or any part thereof or interest accrued thereon, as and when due and payable (at the due date thereof, whether by scheduled maturity, acceleration, irrevocable notice of prepayment or otherwise) or (e) the occurrence of any Event of Default, including, in each such case, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such

Loan or any part thereof as a LIBOR Loan. Such loss or reasonable expense shall include an amount equal to the excess, if any, as reasonably determined by such Lender, of (i) its cost of obtaining the funds for the Loan being paid, prepaid or not borrowed (assumed to be the LIBO Rate applicable thereto) for the period from the date of such payment, prepayment or failure to borrow to the last day of the Interest Period for such Loan (or, in the case of a failure to borrow the Interest Period for such Loan which would have commenced on the date of such failure) over (ii) the amount of interest (as reasonably determined by such Lender) that would be realized by such Lender in reemploying the funds so paid, prepaid or not borrowed for such period or Interest Period, as the case may be. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section together with a statement of reasons for such demand and the calculation of such amount or amounts shall be delivered to Alcoa and shall be conclusive absent manifest error.

SECTION 2.15. Pro Rata Treatment. Except as required under Section 2.13, each Borrowing, each payment or prepayment of principal of any Borrowing, each payment of interest on the Loans, each payment of the Facility Fees, each reduction of Commitments and each conversion or continuation of any Borrowing with a Borrowing of any Type shall be allocated pro rata among the Lenders in accordance with their respective applicable Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their applicable outstanding Loans). Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing, computed in accordance with Schedule 2.01, to the next higher or lower whole dollar amount.

SECTION 2.16. Sharing of Setoffs. Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against any Borrower, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any Loan or Loans as a result of which the unpaid principal portion of its Loans shall be proportionately less than the unpaid principal portion of the Loans of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Loans of such other Lender, so that the aggregate unpaid principal amount of the Loans and participations in Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Loans then outstanding as the principal amount of its Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; provided, however, that, if any such purchase or purchases or adjustments shall be made pursuant to this Section and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest. Alcoa and each other Borrower expressly consent to the foregoing arrangements and agree that any Lender

holding a participation in a Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by Alcoa or such other Borrower to such Lender by reason thereof as fully as if such Lender had made a Loan directly to Alcoa or such Borrower in the amount of such participation.

SECTION 2.17. Payments. (a) Each payment or prepayment by any Borrower of the principal of or interest on any Loans, any fees payable to the Administrative Agent or the Lenders or any other amounts due hereunder (other than amounts referred to in clause (b) below) shall be made, without setoff or counterclaim, not later than 12:00 (noon), New York City time, on the date when due in dollars to the Administrative Agent at its offices at 270 Park Avenue, New York, New York, in immediately available funds.

(b) Whenever any payment (including principal of or interest on any Borrowing or any fees or other amounts) hereunder shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest or fees, if applicable.

SECTION 2.18. Taxes. (a) Any and all payments by or on behalf of a Borrower hereunder shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on the net income of the Administrative Agent or any Lender (or any transferee or assignee thereof, including a participation holder (any such entity a "Transferee")) and franchise taxes imposed on the Administrative Agent or any Lender (or Transferee) in each case by the United States or any jurisdiction under the laws of which the Administrative Agent or any such Lender (or Transferee) is organized or any political subdivision thereof (all such nonexcluded taxes, levies, imposts, deductions, charges, withholdings and liabilities, collectively or individually, "Taxes"). If any Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Lenders (or any Transferee) or the Administrative Agent, (i) the sum payable shall be increased by the amount necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.18) such Lender (or Transferee) or the Administrative Agent (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) such Borrower shall make such deductions and (iii) such Borrower shall pay the full amount deducted to the relevant taxing authority or other Governmental Authority in accordance with applicable law; provided, however, that no Transferee of any Lender shall be entitled to receive any greater payment under this paragraph (a) than such Lender would have been entitled to receive immediately before assignment, participation or other transfer with respect to the rights assigned, participated or transferred unless such assignment, participation or transfer shall have been made (A) prior to the occurrence of an event (including any change in treaty, law or regulation) giving rise to such greater payment or (B) at the request of Alcoa.

(b) In addition, each Borrower agrees to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement (hereinafter referred to as "Other Taxes").

(c) Each Borrower will indemnify each Lender (or Transferee) and the Administrative Agent for the full amount of Taxes and Other Taxes paid by such Lender (or Transferee) or the Administrative Agent, as the case may be, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted by the relevant taxing authority or other Governmental Authority. Such indemnification shall be made within 30 days after the date any Lender (or Transferee) or the Administrative Agent, as the case may be, makes written demand therefor, together with a statement of reasons for such demand and the calculations of such amount.

(d) Within 30 days after the date of any payment of Taxes or Other Taxes withheld by any Borrower in respect of any payment to any Lender (or Transferee) or the Administrative Agent, such Borrower will furnish to the Administrative Agent, at its address referred to in Section 10.01, the original or a certified copy of a receipt evidencing payment thereof.

(e) Without prejudice to the survival of any other agreement contained herein, the agreements and obligations contained in this Section 2.18 shall survive the payment in full of the principal of and interest on all Loans made hereunder.

(f) Each Lender (or Transferee) represents to Alcoa that, on the date such Lender (or such Transferee) becomes a party to this Agreement, it is eligible to receive payments of interest hereunder from Alcoa or any Borrowing Subsidiary without withholding in respect of United States Federal withholding tax (except, in the case of a Transferee of any Lender, as a result of the occurrence of an event (including a change in treaty, law or regulation) after the date of this Agreement giving rise to withholding to which such Lender would be subject).

(g) Each Lender (or Transferee, other than a Transferee described in the exception in Section 2.18(f)) that is organized under the laws of a jurisdiction outside the United States shall, on or before the date it becomes a party to this Agreement (or, in the case of a Transferee that is a participation holder, on or before the date such Transferee becomes a participation holder hereunder), deliver to Alcoa and the Administrative Agent such certificates, documents or other evidence, as required by the Code or Treasury Regulations issued pursuant thereto, including Internal Revenue Service Form W8-BEN, Form W-8ECI, or any other certificate or statement of exemption required by Treasury Regulation Section 1.1441-1, 1.1441-4 or 1.1441-6(c) or any subsequent version thereof or successors thereto, properly completed and duly executed by such Lender (or Transferee) establishing that payment is (i) not subject to United States Federal withholding tax under the Code because such payments are effectively connected with the conduct by such Lender (or Transferee) of a trade or business in the United States or

(ii) totally exempt from United States Federal withholding tax under a provision of an applicable tax treaty. In addition, each such Lender (or such Transferee) shall, if legally able to do so, thereafter deliver such certificates, documents or other evidence from time to time establishing that payments received hereunder are not subject to such withholding upon receipt of a written request therefor from Alcoa or the Administrative Agent. Unless Alcoa and the Administrative Agent have received forms or other documents satisfactory to them indicating that payments hereunder are not subject to United States Federal withholding tax, Alcoa or the Administrative Agent shall withhold such taxes from such payments at the applicable statutory rate, subject to Section 2.18(a).

(h) None of the Borrowers shall be required to pay any additional amounts to any Lender (or Transferee) in respect of United States Federal withholding tax pursuant to paragraph (a) above to the extent that the obligation to pay such additional amounts would not have arisen but for a failure by such Lender (or Transferee) to deliver the certificates, documents or other evidence required to be delivered under the preceding paragraph (g) unless such failure is attributable to (i) a change in applicable law, regulation or official interpretation thereof or (ii) an amendment or modification to or a revocation of any applicable tax treaty or a change in official position regarding the application or interpretation thereof, in each case on or after the date such Lender (or Transferee) became a party to this Agreement.

(i) Any Lender (or Transferee) claiming any additional amounts payable pursuant to this Section 2.18 shall use reasonable efforts (consistent with legal and regulatory restrictions) to file any certificate or document requested in writing by the relevant Borrower or to change the jurisdiction of its applicable lending office if the making of such a filing or change would avoid the need for or reduce the amount of any such additional amounts which may thereafter accrue and would not, in the sole determination of such Lender (or Transferee), be otherwise disadvantageous to such Lender (or Transferee).

(j) If a Lender (or Transferee) or the Administrative Agent shall become aware that it may be entitled to receive a refund in respect of Taxes or Other Taxes as to which it has been indemnified by a Borrower pursuant to this Section 2.18, it shall promptly notify Alcoa of the availability of such refund and shall, within 30 days after receipt of a request by Alcoa, apply for such refund at Alcoa's expense. If any Lender (or Transferee) or the Administrative Agent receives a refund in respect of any Taxes or Other Taxes as to which it has been indemnified by a Borrower pursuant to this Section 2.18, it shall promptly repay such refund to such Borrower (to the extent of amounts that have been paid by such Borrower under this Section 2.18 with respect to such refund), net of all out-of-pocket expenses (including taxes imposed with respect to such refund) of such Lender (or Transferee) or the Administrative Agent and without interest; provided, however, that such Borrower, upon the request of such Lender (or Transferee) or the Administrative Agent, agrees to return such refund (plus penalties, interest or other charges) to such Lender (or Transferee) or the Administrative Agent in the event such Lender (or Transferee) or the Administrative Agent is required to repay such refund.

(k) Nothing contained in this Section 2.18 shall require any Lender (or Transferee) or the Administrative Agent to make available any of its tax returns (or any other information relating to its taxes which it deems to be confidential).

(l) No Borrower shall be required to reimburse any Lender (or Transferee) or the Administrative Agent with respect to any Tax or Other Tax unless such Lender, Transferee or the Administrative Agent notifies such Borrower of the amount of such Tax or Other Tax on or before the second anniversary of the date such Lender, Transferee or the Administrative Agent pays such Tax or Other Tax.

SECTION 2.19. Assignment of Commitments Under Certain Circumstances. In the event that any Lender shall have delivered a notice or certificate pursuant to Section 2.12 or 2.13, or a Borrower shall be required to make additional payments to any Lender under Section 2.18, Alcoa shall have the right, at its own expense, upon notice to such Lender and the Administrative Agent, to require such Lender to transfer and assign without recourse (in accordance with and subject to the restrictions contained in Section 10.04) all its interests, rights and obligations under this Agreement to another financial institution which shall assume such obligations; provided, however, that (i) no such assignment shall conflict with any law, rule or regulation or order of any Governmental Authority and (ii) Alcoa or the assignee, as the case may be, shall pay (or, in the case of Alcoa, cause another Borrower to pay) to the affected Lender in immediately available funds on the date of such termination or assignment the principal of and interest accrued to the date of payment on the Loans made by it hereunder and all other amounts accrued for its account or owed to it hereunder.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each Borrower represents and warrants to each of the Lenders with respect to itself as follows (except that the Borrowing Subsidiaries make no representations or warranties under Section 3.06 or 3.09):

SECTION 3.01. Organization. Such Borrower is a corporation duly organized, validly existing and, where applicable, in good standing under the laws of its jurisdiction of incorporation and is duly qualified to do business as a foreign corporation and, where applicable, is in good standing in all other jurisdictions in which the ownership of its properties or the nature of its activities or both makes such qualification necessary, except to the extent that failure to be so qualified would not result in a Material Adverse Effect.

SECTION 3.02. Authorization. Such Borrower has corporate power and authority to execute, deliver and carry out the provisions of this Agreement to which it is a party, to borrow hereunder and to perform its obligations hereunder and all such action has been duly and validly authorized by all necessary corporate proceedings on its part.

SECTION 3.03. Enforceability. This Agreement has been duly executed and delivered by such Borrower and constitutes the legal, valid and binding obligation of such Borrower enforceable in accordance to its terms, except as limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

SECTION 3.04. Governmental Approvals. No authorization, consent, approval, license, exemption or other action by, and no registration, qualification, designation, declaration or filing with, any Governmental Authority is necessary in connection with such Borrower's execution and delivery of this Agreement, the consummation by any Borrower of the transactions contemplated hereby or such Borrower's performance of or compliance with the terms and conditions hereof, except as set forth on Schedule 3.04.

SECTION 3.05. No Conflict. None of the execution and delivery by such Borrower of this Agreement, the consummation by such Borrower of the transactions contemplated hereby or performance by such Borrower of or compliance by such Borrower with the terms and conditions hereof or thereof will (a) violate any law, constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of any Governmental Authority to which it is subject, (b) conflict with or result in a breach or default under its charter or Memorandum and Articles of Association or by-laws, as applicable, (c) conflict with or result in a breach or default which is material in the context of this Agreement under any agreement or instrument to which such Borrower is a party or by which it or any of its properties, whether now owned or hereafter acquired, may be subject or bound or (d) result in the creation or imposition of any Lien prohibited by Section 6.01 upon any property or assets, whether now owned or hereafter acquired, of such Borrower.

SECTION 3.06. Financial Statements. In the case of Alcoa, it has furnished to the Lenders copies of its consolidated balance sheet as of December 31, 2002 and 2003, and the related consolidated statements of income and shareholders' equity and cash flows for the three years ended December 31, 2003, all audited by PricewaterhouseCoopers LLP. Such financial statements (including the notes thereto) present fairly the financial condition of Alcoa and its Subsidiaries as of such dates and the results of their operations and cash flows for the periods then ended, all in conformity with GAAP.

SECTION 3.07. No Defaults. No event has occurred and is continuing and no condition exists which constitutes a Default or Event of Default hereunder. Such Borrower is not in violation of (i) any term of its charter or Constitution or by-laws, as applicable, or (ii) any material agreement or instrument to which it is a party or by which it or any of its properties may be subject or bound where such violation is likely to result in a Material Adverse Effect.

SECTION 3.08. Litigation. Except as set forth in the financial statements referred to in Section 3.06 or the Exchange Act Report or otherwise disclosed on

Schedule 3.08, there is no pending or, to the knowledge of any of its Responsible Officers, threatened proceeding by or before any Governmental Authority against it which in the opinion of its counsel is likely to result in a Material Adverse Effect. Except as set forth in the financial statements referred to in Section 3.06 or the Exchange Act Report or otherwise disclosed in Schedule 3.08, there is no pending or, to the knowledge of any of its Responsible Officers, threatened proceeding by or before any Governmental Authority against any of its Subsidiaries which in the opinion of its counsel is likely to result in a Material Adverse Effect.

SECTION 3.09. No Material Adverse Change. As of the date of this Agreement, there has been no material adverse change in the business, assets, operations or financial condition of itself and its Subsidiaries, taken as a whole except, in the case of Alcoa and the Borrowing Subsidiaries, as disclosed in the Exchange Act Report since December 31, 2003.

SECTION 3.10. Employee Benefit Plans. (a) U.S. Plans. It and each of its ERISA Affiliates is in compliance in all material respects with the applicable provisions of ERISA and the regulations and published interpretations thereunder. No Reportable Event has occurred as to which such Borrower or any ERISA Affiliate was required to file a report with the PBGC that alone or together with any other Reportable Event would reasonably be expected to result in a liability of such Borrower to the PBGC in an aggregate amount in excess of \$25,000,000. The aggregate present value of all benefit liabilities under the Plans (based on the assumptions used to fund such Plans) did not, as of the last annual valuation dates applicable thereto, exceed the aggregate value of the assets of the Plans by more than 10% of Consolidated Net Worth. Neither such Borrower nor any ERISA Affiliate has incurred any Withdrawal Liability that would reasonably be expected to result in a Material Adverse Effect. Neither such Borrower nor any ERISA Affiliate has received any notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA, and no Responsible Officer of any Borrower has knowledge of any fact which would reasonably be expected to result in the reorganization or termination of a Multiemployer Plan where such reorganization or termination has resulted or would reasonably be expected to result, through increases in the contributions required to be made to such Plan or otherwise, in a Material Adverse Effect.

(b) Foreign Plans. Each Foreign Plan is in compliance in all material respects with all requirements of law applicable thereto and the respective requirements of the governing documents for such plan except to the extent such non-compliance could not reasonably be expected to result in a Material Adverse Effect. With respect to each Foreign Pension Plan, none of the Borrowers, their respective Affiliates or any of their directors, officers, employees or agents has engaged in a transaction which would subject any of the Borrowers, directly or indirectly, to a material tax or civil penalty which could reasonably be expected to result in a Material Adverse Effect. With respect to each Foreign Pension Plan, none of the Borrowers, their respective Affiliates or any of their directors, officers, employees or agents has engaged in a transaction which would subject any of the Borrowers, directly or indirectly, to a material tax or civil penalty which could reasonably be expected to result in a Material Adverse Effect. With respect to each

Foreign Plan, adequate reserves have been established in the financial statements furnished to Lenders in respect of any unfunded liabilities in accordance with applicable law and prudent business practice or, where required, in accordance with ordinary accounting practices in the jurisdiction in which such Foreign Plan is maintained. The aggregate unfunded liabilities, after giving effect to any such reserves for such liabilities, with respect to such Foreign Plans could not reasonably be expected to result in a Material Adverse Effect. There are no material actions, suits or claims (other than routine claims for benefits) pending or threatened against any of the Borrowers or any of their Affiliates with respect to any Foreign Plan which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

SECTION 3.11. Title to Properties; Possession Under Leases. (a) Such Borrower and each of its Subsidiaries have good and marketable title to, or valid leasehold interests in, all its material properties and assets, except for minor defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes.

(b) Such Borrower and each of its Subsidiaries have complied with all material obligations under all material leases to which it is a party and all such leases are in full force and effect. Such Borrower and its Subsidiaries enjoy peaceful and undisturbed possession under all such material leases.

SECTION 3.12. Investment Company Act; Public Utility Holding Company Act. None of Alcoa or any Borrowing Subsidiary is an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940. Alcoa is exempted as, and no Borrowing Subsidiary is, a “holding company” as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

SECTION 3.13. Tax Returns. Such Borrower and its Subsidiaries have filed or caused to be filed all Federal, state, local and foreign tax returns required to have been filed by it and have paid or caused to be paid all taxes shown to be due and payable on such returns or on any assessments received by it, except taxes that are being contested in good faith by appropriate proceedings and for which adequate reserves are maintained in accordance with GAAP.

SECTION 3.14. Compliance with Laws and Agreements. (a) Neither such Borrower nor any of its Subsidiaries is in violation of any law, rule or regulation, or in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would reasonably be expected to result in a Material Adverse Effect.

(b) Neither such Borrower nor any of its Subsidiaries is in default in any material manner under any provision of any indenture or other agreement or instrument evidencing Indebtedness, or any other material agreement or instrument to which it is a party or by which it or any of its properties or assets are or may be bound, where such default would be reasonably likely to result in a Material Adverse Effect.

SECTION 3.15. No Material Misstatements. Except for information not prepared by Alcoa and expressly disclaimed thereby, no report, financial statement, exhibit or schedule furnished by or on behalf of such Borrower to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or included herein or delivered pursuant thereto contained or contains any material misstatement of fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were or are made, not misleading.

SECTION 3.16. Federal Reserve Regulations. The proceeds of any Loan will be used to provide working capital or for other general corporate purposes, including but not limited to the support of Alcoa's Commercial Paper program. No part of the proceeds of any Loan to such Borrower will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations U and X.

SECTION 3.17. No Trusts. Such Borrower is not entering into this Agreement in its capacity as trustee of any trust.

ARTICLE IV

CONDITIONS OF EFFECTIVENESS, LENDING AND DESIGNATION OF BORROWING SUBSIDIARIES

The obligations of the Lenders to make Loans to any Borrower hereunder are subject to the satisfaction of the conditions set forth in Sections 4.01 and 4.02 below (and, in the case of Loans to any Borrowing Subsidiary, the satisfaction, as to such Borrowing Subsidiary, of the conditions set forth in Section 4.03 below):

SECTION 4.01. Effective Date. On the Effective Date:

(a) The Administrative Agent shall have received a written opinion of Thomas F. Seligson, Counsel of Alcoa, dated the Effective Date and addressed to the Lenders, to the effect set forth in Exhibit C hereto.

(b) All legal matters incident to this Agreement and the borrowings hereunder shall be satisfactory to the Lenders and to Cravath, Swaine & Moore LLP, counsel for the Administrative Agent.

(c) The Administrative Agent shall have received (i) a copy, including all amendments thereto, of the charter of Alcoa, certified as of a recent date by the Secretary of State or other appropriate official of its jurisdiction of incorporation and a certificate as to the good standing of Alcoa as of a recent date, from such Secretary of State or other official; (ii) a certificate of the Secretary or Assistant Secretary of Alcoa dated the Effective Date and certifying (A) that attached thereto is a true and complete copy of the by-laws of such corporation as in effect on the Effective Date showing all amendments thereto since the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors

of such corporation authorizing the execution, delivery and performance of this Agreement and the borrowings by such corporation hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the charter of Alcoa has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above and (D) as to the incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of such corporation; (iii) a certificate of another officer of each such corporation as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above; and (iv) such other documents as the Lenders or Cravath, Swaine & Moore LLP, counsel for the Administrative Agent may reasonably request.

(d) No loans shall be outstanding under the Existing 364-Day Credit Agreement or the 2001 Five-Year Credit Agreement and the commitments under both such Agreements shall have been terminated.

(e) The Administrative Agent shall have received certificates dated the Effective Date and signed by a Financial Officer of Alcoa confirming the satisfaction of the conditions precedent set forth in paragraph (d) of this Section 4.01 and paragraph (b) and paragraph (c) of Section 4.02.

(f) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including all fees accrued to the date hereof under both the Existing 364-Day Credit Agreement and the 2001 Five-Year Credit Agreement.

(g) The Administrative Agent shall have received certificates of a Responsible Officer of Alcoa, each dated the Effective Date and stating that (i) except as disclosed in the Exchange Act Report or otherwise disclosed in such certificate, Alcoa and each of its Subsidiaries have complied in all respects with all Federal, state, local and foreign statutes, ordinances, orders, judgments, rulings and regulations relating to environmental pollution or to environmental regulation or control except to the extent any such failure so to comply would not, alone or together with any other such failure, be reasonably likely to result in a Material Adverse Effect; (ii) neither Alcoa nor any of its Subsidiaries has received notice of any failure so to comply which alone or together with any other such failure would be reasonably likely to result in a Material Adverse Effect; and (iii) the plants of Alcoa and its Subsidiaries do not manage any hazardous wastes, toxic pollutants or substances similarly denominated in violation of any applicable law or regulations promulgated pursuant thereto including, for operations within the United States, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response Compensation and Liability Act, the Hazardous Materials Transportation Act, the Toxic Substance Control Act, the Clean Air Act, the Clean Water Act or any other applicable law, where such violation would be reasonably likely to result, individually or together with any such other violations, in a Material Adverse Effect.

SECTION 4.02. All Borrowings. On the date of each Borrowing:

(a) Such Borrower shall have provided the notice as required by Section 2.03.

(b) The representations and warranties set forth in Article III hereof shall be true and correct in all material respects on and as of the date of such Borrowing with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date.

(c) Each Borrower shall be in compliance in all material respects with all the terms and provisions set forth herein on its part to be observed or performed, and at the time of and immediately after such Borrowing no Event of Default or Default shall have occurred and be continuing.

(d) In the case of any Borrowing which would cause the aggregate principal amount of outstanding loans under this Agreement, the 2003 Five-Year Credit Agreement, the 364-Day Credit Agreement and any other Facilities (as defined in the resolutions duly adopted by the Board of Directors of Alcoa on November 9, 2001) to exceed \$10,000,000,000, such Borrowing shall have been duly authorized by Alcoa and the Administrative Agent shall have received a true and complete copy of resolutions duly adopted by the Board of Directors of Alcoa authorizing such Borrowing.

Each Borrowing by any Borrower shall be deemed to constitute a representation and warranty by such Borrower and, in the case of a Borrowing Subsidiary, Alcoa on the date of such Borrowing as to the matters specified in paragraphs (b), (c) and (d) of this Section 4.02. Notwithstanding any contrary provision hereof, a conversion of a Borrowing to a different Type or a continuation of a Borrowing in its existing Type shall not be considered a new Borrowing.

SECTION 4.03. Designation of Borrowing Subsidiaries. On each Designation Date:

(a) The Administrative Agent shall have received (i) a copy of the charter, including all amendments thereto, of each applicable Borrowing Subsidiary, certified as of a recent date by the Secretary of State or the appropriate foreign governmental official of the state or country of its organization, and a certificate as to the good standing of such Borrowing Subsidiary as of a recent date from such Secretary of State or appropriate foreign governmental official, as applicable; (ii) a certificate of the Secretary or Assistant Secretary of such Borrowing Subsidiary dated the Designation Date and certifying (A) that attached thereto is a true and completed copy of the by-laws of such Borrowing Subsidiary as in effect on the Designation Date showing all amendments thereto since the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such Borrowing Subsidiary authorizing the execution, delivery and performance of this Agreement and the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the charter of such Borrowing Subsidiary has not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above,

and (D) as to the incumbency and specimen signature of each officer executing or any other document delivered in connection herewith on behalf of such Borrowing Subsidiary; and (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to (ii) above.

(b) The Administrative Agent shall have received a Designation of Borrowing Subsidiary of each applicable Borrowing Subsidiary as provided in Section 10.04(e).

ARTICLE V

AFFIRMATIVE COVENANTS

So long as this Agreement shall remain in effect or the principal of or interest on any Loan, any fees or any other expenses or amounts payable in connection herewith shall be unpaid, unless the Required Lenders shall otherwise consent in writing:

SECTION 5.01. Financial Statements, Reports, etc. Alcoa shall furnish to the Administrative Agent the following, with sufficient copies for the Administrative Agent to provide a copy to each Lender:

(a) within 120 days after the end of each fiscal year, (i) its consolidated balance sheet and related statements of income and cash flow audited by independent public accountants of recognized national standing, accompanied by an opinion of such accountants (which shall not be qualified as to scope of audit or in any manner calling into question the status of its business as a going concern) to the effect that such consolidated financial statements fairly present its financial condition and results of operations and that of its consolidated Subsidiaries, taken as a whole, in accordance with GAAP and (ii) the balance sheet and related statements of income of each of its Subsidiaries which has been designated pursuant to Section 10.04(e) as, and as long as such Subsidiary remains, a Borrowing Subsidiary, certified by a Financial Officer of such Subsidiary;

(b) within 60 days after the end of each of the first three fiscal quarters of each fiscal year, its Form 10-Q as prescribed by the Securities and Exchange Commission (or any successor agency);

(c) no later than the delivery due date of financial statements under (a) above and promptly at the request of the Administrative Agent (but not more often than once with respect to any fiscal quarter), a certificate of a Financial Officer (i) certifying that no Event of Default or Default has occurred and is continuing or, if such an Event of Default or Default has occurred and is continuing, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the covenant contained in Section 6.03;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by it (other than registration statements and prospectuses related to offerings to directors, officers or employees) with the Securities and Exchange Commission or any Governmental Authority succeeding to any of or all the functions of such Commission, or with any national securities exchange, or distributed to its shareholders, as the case may be; and

(e) promptly, from time to time, such other information regarding its operations, business affairs and financial condition, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender may reasonably request.

Information required to be delivered pursuant to this Section 5.01 shall be deemed to have been delivered if such information, or one or more annual or quarterly reports containing such information, shall have been posted by the Administrative Agent on an IntraLinks or similar site to which the Lenders have been granted access (and a confirming electronic correspondence is delivered or caused to be delivered by the Administrative Agent to such addresses as a Lender may designate for this purpose providing notice of such posting) or shall be available on the website of the Securities and Exchange Commission at <http://www.sec.gov> (and a confirming electronic correspondence is delivered or caused to be delivered by Alcoa to the Administrative Agent providing notice of such availability); provided that Alcoa shall deliver paper copies of such information to any Lender that requests such delivery. Information required to be delivered pursuant to this Section 5.01 may also be delivered by electronic communications pursuant to procedures approved by the Administrative Agent.

SECTION 5.02. Pari Passu Ranking. Each Borrower shall ensure that any amounts payable by it hereunder will at all times rank at least pari passu with all other unsecured, unsubordinated Indebtedness of such Borrower except to the extent any such Indebtedness may be preferred by law.

SECTION 5.03. Maintenance of Properties. Each Borrower shall, and shall cause its Subsidiaries to, maintain and keep its properties in such repair, working order and condition, and make or cause to be made all such needful and proper repairs, renewals and replacements thereto, as in the judgment of such Borrower are necessary and in the interests of such Borrower; provided, however, that nothing in this Section 5.03 shall prevent such Borrower (or any Subsidiary thereof) from selling, abandoning or otherwise disposing of any of its respective properties or discontinuing a part of its respective businesses from time to time if, in the judgment of such Borrower, such sale, abandonment, disposition or discontinuance is advisable.

SECTION 5.04. Obligations and Taxes. Each Borrower shall pay its Indebtedness and other obligations that, if not paid, would result in a Material Adverse Effect before the same shall become delinquent or in default, and pay and discharge all taxes upon or against it, or against its properties, in each case prior to the date on which penalties attach thereto, unless and to the extent that any such obligation or tax is being contested in good faith and adequate reserves with respect thereto are maintained in accordance with GAAP.

SECTION 5.05. Insurance. Each Borrower shall, and shall cause its consolidated Subsidiaries to, insure and keep insured, in each case with reputable insurance companies, so much of its respective properties to such an extent and against such risks, or in lieu thereof, in the case of any Borrower, maintain or cause to be maintained a system or systems of self-insurance, as is customary in the case of corporations engaged in the same or similar business or having similar properties similarly situated.

SECTION 5.06. Existence; Businesses and Properties. (a) Each Borrower shall do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence in its jurisdiction of incorporation, except as otherwise expressly permitted under Section 6.02.

(b) Each Borrower shall do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names material to the conduct of its business as its Board of Directors shall determine in its judgment.

SECTION 5.07. Compliance with Laws. (a) Each Borrower shall comply in all material respects with all applicable laws, rules, regulations and orders of any Governmental Authority to which it is subject, whether now in effect or hereafter enacted, such that no failure so to comply will result in the levy of any penalty or fine which shall have a Material Adverse Effect.

(b) Each Borrower shall comply in all material respects with the applicable provisions of ERISA and all other related applicable laws and furnish to the Administrative Agent and each Lender (i) as soon as possible, and in any event within 30 days after any Responsible Officer of such Borrower or any ERISA Affiliate either knows or has reason to know that any ERISA Event has occurred that alone or together with any other ERISA Event would reasonably be expected to result in liability of such Borrower to the PBGC in an aggregate amount exceeding \$25,000,000, a statement of a Financial Officer setting forth details as to such ERISA Event and the action proposed to be taken with respect thereto, together with a copy of the notice, if any, of such ERISA Event given to the PBGC or other Governmental Authority, (ii) promptly after receipt thereof, a copy of any notice such Borrower or any ERISA Affiliate may receive from the PBGC or other Governmental Authority relating to the intention of the PBGC or other Governmental Authority to terminate any Plan or Plans (other than a Plan maintained by an ERISA Affiliate which is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code), or any Foreign Plan or Foreign Plans, or to appoint a trustee to administer any Plan or Plans, or any Foreign Plan or Foreign Plans, (iii) within 10 days after the due date for filing with the PBGC pursuant to Section 412(n) of the Code of a notice of failure to make a required installment or other payment with respect to a Plan, a statement of a Financial Officer setting forth details as to such failure and the action proposed to be taken with respect thereto, together with a copy of such notice given to the PBGC and (iv) promptly and in any event within 30 days after receipt thereof by such Borrower or any ERISA Affiliate from the sponsor of a

Multiemployer Plan, a copy of each notice received by such Borrower or ERISA Affiliate concerning (A) the imposition of Withdrawal Liability in excess of \$25,000,000 or (B) a determination that a Multiemployer Plan is, or is expected to be, terminated or in reorganization, in each case within the meaning of Title IV of ERISA, if such termination or reorganization would reasonably be expected to result, alone or with any other such termination or reorganization, in increases in excess of \$25,000,000 in the contributions required to be made to the relevant Plan or Plans.

SECTION 5.08. Litigation and Other Notices. Each Borrower shall furnish to the Administrative Agent prompt written notice upon its becoming aware of any of the following:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against it or any of its Subsidiaries which would reasonably be expected to result in a Material Adverse Effect; and

(c) any other development that has resulted in, or would reasonably be expected to result in, a Material Adverse Effect.

SECTION 5.09. Borrowing Subsidiaries. Alcoa shall cause each Borrowing Subsidiary at all times to be a wholly-owned Subsidiary.

ARTICLE VI

NEGATIVE COVENANTS

Each Borrower covenants and agrees with each Lender that, so long as this Agreement shall remain in effect or the principal of or interest on any Loan, any fees or any other expenses or amounts payable in connection herewith shall be unpaid, unless the Required Lenders shall otherwise consent in writing, such Borrower will not:

SECTION 6.01. Liens. (a) Create or incur, or permit any Restricted Subsidiary to create or incur, any Lien on its property or assets (including stock or other securities of any person, including any of its Subsidiaries) now or hereafter acquired by it or on any income or revenues or rights in respect thereof, securing Indebtedness for borrowed money, without ratably securing the Loans; provided, however, that the foregoing shall not apply to the following:

(i) Liens on property or assets of any corporation existing at the time such corporation becomes a Restricted Subsidiary;

(ii) Liens existing on any property or asset at or prior to the acquisition thereof by such Borrower or a Restricted Subsidiary, Liens on any property or asset securing the payment of all or any part of the purchase price of such

property or asset, Liens on any property or asset securing any Indebtedness incurred prior to, at the time of or within 180 days after the acquisition of such property or asset for the purpose of financing all or any part of the purchase price thereof or Liens on any property or asset securing any Indebtedness incurred for the purpose of financing all or any part of the cost to such Borrower or Restricted Subsidiary of improvements thereto;

(iii) Liens securing Indebtedness of a Restricted Subsidiary owing to Alcoa or to another Restricted Subsidiary;

(iv) Liens existing on December 31, 2003, and set forth on Schedule 6.01(a);

(v) Liens on property of a person existing (or, in the case of Alumax Inc., that shall have existed) at the time such person is merged into or consolidated with Alcoa or a Restricted Subsidiary or at the time such person becomes a subsidiary of Alcoa through the direct or indirect acquisition of capital stock of such person by Alcoa or at the time of a sale, lease or other disposition of the properties of a person as an entirety or substantially as an entirety to Alcoa or a Restricted Subsidiary;

(vi) Liens on any property owned by Alcoa or any Restricted Subsidiary, in favor of the United States of America or any state thereof, or any department, agency or instrumentality or political subdivision of the United States of America or any State thereof, or in favor of any other country, or any political subdivision thereof, to secure partial, progress, advance or other payments pursuant to any contract or statute or to secure any Indebtedness incurred for the purpose of financing all or any part of the purchase price or the cost of construction of the property subject to such Liens; and

(vii) any extension, renewal or replacement (or successive extensions, renewals or replacements) in whole or in part of the Liens referred to in clauses (i) through (vi) of this Section 6.01(a); provided, however, that each such extension, renewal or replacement is limited to all or a part of the property which secured the Lien so extended, renewed or replaced (and any improvements thereon).

(b) Notwithstanding paragraph (a) of this Section 6.01 and in addition to the Liens permitted thereunder, each Borrower and any Restricted Subsidiary may create or incur Liens which would otherwise be subject to the foregoing restrictions to secure Indebtedness for borrowed money in an aggregate amount which does not at the time exceed 10% of the Consolidated Net Tangible Assets of Alcoa and its consolidated Subsidiaries at such time.

SECTION 6.02. Consolidation, Merger, Sale of Assets, etc. Consolidate or merge with or into any other person or sell, lease or transfer all or substantially all of its property and assets, or agree to do any of the foregoing, unless (a) no Default or Event

of Default has occurred and is continuing or would result immediately after giving effect thereto, (b) if such Borrower is not the surviving corporation or if such Borrower sells, leases or transfers all or substantially all of its property and assets, the surviving corporation or person purchasing or being leased the assets agrees to be bound by the terms and provisions applicable to such Borrower hereunder, and (c)(i) in the case of Alcoa, immediately after such transaction, individuals who were directors of Alcoa during the twelve month period prior to such merger, sale or lease (together with any replacement or additional directors whose election was recommended by or who were elected by a majority of directors then in office) constitute the Board of Directors of the surviving corporation or the person purchasing or being leased the assets and (ii) in the case of a Borrowing Subsidiary, (A) the surviving corporation or the person purchasing or being leased the assets is a wholly-owned Subsidiary of Alcoa and (B) if the surviving corporation or such person is not Alcoa, Alcoa agrees to guarantee pursuant to Article VIII the obligations of such person under this Agreement.

SECTION 6.03. Financial Undertaking. In the case of Alcoa, permit the aggregate principal amount of (a) the Indebtedness of Alcoa and its consolidated Subsidiaries, after eliminating intercompany items, plus (b) all other liabilities of Alcoa and its consolidated Subsidiaries, after eliminating intercompany items, in respect of any guarantee or endorsement (except the endorsement of negotiable instruments for deposit or collection or similar transactions in the normal course of business) of the Indebtedness of any person to exceed 150% of Consolidated Net Worth of Alcoa and its consolidated Subsidiaries.

SECTION 6.04. Change in Business. In the case of Alcoa, make or permit any substantial change in the general nature of the business carried on by Alcoa and its consolidated Subsidiaries as at the date hereof, including any such alteration arising from an acquisition, which would reasonably be expected to result in a Material Adverse Effect.

ARTICLE VII

EVENTS OF DEFAULT

In case of the happening of any of the following events ("Events of Default"):

(a) any Borrower shall default in the payment when due of any principal of any Loan and, if such default shall result from the failure of any third party payments system used by such Borrower, such default shall continue for a period of two Business Days;

(b) any Borrower shall fail to pay when due any interest, fee or other amount payable under this Agreement or Alcoa shall fail to pay any amount due under Article VIII upon demand therefor, and, in each case, such failure shall continue for a period of five Business Days;

(c) any representation or warranty made in Section 3.09 shall prove to have been false or misleading in any material respect as of the time when made (including by omission of material information necessary to make such representation or warranty not misleading); or any other representation or warranty made by a Borrower under this Agreement or any statement made by a Borrower in any financial statement, certificate, report, exhibit or document furnished by or on behalf of such Borrower in connection with this Agreement shall prove to have been false or misleading in any material respect as of the time when made and, if such representation or warranty is able to be corrected, such representation or warranty is not corrected within 20 days after such Borrower's knowledge that it was false or misleading;

(d) any Borrower shall default in the performance or observance of any covenant contained in Section 5.02, Section 5.06(a), Section 5.08(a) or Article VI;

(e) any Borrower shall default in the performance or observance of any covenant or agreement under this Agreement (other than those specified in paragraphs (a), (b) and (d) above) and such default shall continue for a period of 10 Business Days, in the case of a default with respect to Section 5.08(b) or (c), or in any other case a period of 30 days after notice from the Administrative Agent;

(f) any Borrower shall (i) default in the payment of any principal or interest beyond any period of grace provided with respect thereto, due in respect of any Indebtedness in a principal amount in excess of \$20,000,000; or (ii) fail to observe or perform any other term, covenant, condition or agreement contained in any agreement or instrument evidencing or governing any such Indebtedness if the effect of any such failure referred to in this paragraph (f) is to cause such Indebtedness to become due prior to its stated maturity;

(g) a proceeding shall have been instituted or a petition filed in respect of a Borrower

(i) seeking to have an order for relief entered in respect of such Borrower, or seeking a declaration or entailing a finding that such Borrower is insolvent or a similar declaration or finding, or seeking dissolution, winding-up, revocation or forfeiture of charter or Memorandum and Articles of Association, liquidation, reorganization, arrangement, adjustment, composition or other relief with respect to such Borrower, its assets or its debts under any law relating to bankruptcy, insolvency, relief of debtors or protection of creditors, termination of legal entities or any other similar law now or hereafter in effect, or

(ii) seeking appointment of a receiver, trustee, custodian, liquidator, assignee, sequestrator, administrator or other similar official for such Borrower or for all or any substantial part of its property,

and such proceeding or petition shall remain undismissed for a period of 90 consecutive days or an order or decree approving any of the foregoing shall be entered;

(h) any Borrower shall become insolvent, shall become generally unable to pay its debts as they become due, shall voluntarily suspend transaction of its business generally or as a whole, shall make a general assignment for the benefit of creditors, shall institute a proceeding described in clause (g)(i) above or shall consent to any order or decree described therein, shall institute a proceeding described in clause (g)(ii) above or shall consent to any such appointment or to the taking of possession by any such official of all or any substantial part of its property whether or not any such proceeding is instituted, shall dissolve, wind-up or liquidate itself or any substantial part of its property or shall take any action in furtherance of any of the foregoing;

(i) any of the following shall have occurred: (i) any person or group of persons shall have acquired beneficial ownership of a majority in interest of the outstanding Voting Stock of Alcoa (within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934 and the applicable rules and regulations thereunder), (ii) during any period of 25 consecutive months, commencing before or after the date of this Agreement, individuals who at the beginning of such 25 month period were directors of Alcoa (together with any replacement or additional directors whose election was recommended by or who were elected by a majority of directors then in office) cease to constitute a majority of the Board of Directors of Alcoa or (iii) any person or group of related persons shall acquire all or substantially all of the assets of Alcoa; provided, however, that a change in control of Alcoa shall not be deemed to have occurred pursuant to clause (iii) of this paragraph (i) if Alcoa shall have merged or consolidated with or transferred all or substantially all of its assets to another person in compliance with the provisions of Section 6.02 and the ratio represented by the total assets of the surviving person, successor or transferee divided by such person's stockholders' equity, in each case as determined and as would be shown in a consolidated balance sheet of such person prepared in accordance with GAAP (the "Leverage Ratio" of such person) is no greater than the then Leverage Ratio of Alcoa immediately prior to such event;

(j) an ERISA Event or ERISA Events shall have occurred with respect to any Plan or Plans, or any Foreign Plan or Foreign Plans, that reasonably could be expected to result in liability of any Borrower to the PBGC or other Governmental Authority or to a Plan or Foreign Plan in an aggregate amount exceeding \$25,000,000 and, within 30 days after the reporting of any such ERISA Event to the Administrative Agent or after the receipt by the Administrative Agent of the statement required pursuant to Section 5.07(b), the Administrative Agent shall have notified the Borrower in writing that (i) the Required Lenders have made a determination that, on the basis of such ERISA Event or ERISA Events or the failure to make a required payment, there are reasonable grounds (A) for the termination of such Plan or Plans, or such Foreign Plan or Foreign Plans, by the PBGC or other Governmental Authority, (B) for the appointment either by the appropriate United States District Court of a trustee to administer such Plan or Plans or by an applicable court of law outside the United States of a trustee to administer such Foreign Plan or Foreign Plans or (C) for the imposition of a lien in favor of a Plan or Foreign Plan and (ii) as a result thereof an Event of Default exists hereunder; or a trustee shall be appointed by a United States District Court to administer any such Plan or Plans or by an applicable court of law outside the United States of a trustee to administer such Foreign Plan or Foreign Plans; or the PBGC or other Governmental Authority shall institute proceedings to terminate any Plan or Plans or any Foreign Plan or Foreign Plans;

(k) (i) any Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that it has incurred Withdrawal Liability to such Multiemployer Plan, (ii) such Borrower or such ERISA Affiliate does not have reasonable grounds for contesting such Withdrawal Liability or is not in fact contesting such Withdrawal Liability in a timely and appropriate manner and does not have adequate reserves set aside against such Withdrawal Liability and (iii) the amount of the Withdrawal Liability specified in such notice, when aggregated with all other amounts required to be paid to Multiemployer Plans in connection with Withdrawal Liabilities (determined as of the date or dates of such notification), exceeds \$25,000,000 or requires payments exceeding \$25,000,000 in any calendar year;

(l) any Borrower or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA, if solely as a result of such reorganization or termination the aggregate annual contributions of such Borrower and its ERISA Affiliates to all Multiemployer Plans that are then in reorganization or have been or are being terminated have been or will be increased over the amounts required to be contributed to such Multiemployer Plans for their most recently completed plan years by an amount exceeding \$25,000,000;

(m) one or more judgments for the payment of money in an aggregate amount in excess of \$50,000,000 shall be rendered against any Borrower or any Subsidiary of any Borrower or any combination thereof and the same shall remain undischarged for a period of 45 consecutive days during which execution shall not be effectively stayed (unless an appeal or writ of certiorari is being diligently prosecuted), or any action shall be legally taken by a judgment creditor or creditors holding judgments which in the aggregate exceed \$50,000,000 to levy upon assets or properties of any Borrower or any Subsidiary of a Borrower to enforce any such judgment; or

(n) Any "Event of Default" as defined in the 2003 Five-Year Credit Agreement or the 364-Day Credit Agreement shall occur and be continuing; then, and in every such event (other than an event described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders, shall, by written notice to Alcoa, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued fees and all other liabilities accrued hereunder, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each Borrower, anything contained herein to the contrary notwithstanding; and in any event described in paragraph (g) or (h) above, the Commitments of the Lenders shall automatically terminate and the principal of the Loans

then outstanding, together with accrued interest thereon and any unpaid accrued fees and all other liabilities accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by each Borrower, anything contained herein to the contrary notwithstanding.

ARTICLE VIII

GUARANTEE

Alcoa unconditionally and irrevocably guarantees, as a principal obligor and not merely as a surety, the due and punctual payment and performance of all Borrowing Subsidiary Obligations. Alcoa further agrees that the Borrowing Subsidiary Obligations may be extended or renewed, in whole or in part, without notice or further assent from it, and that it will remain bound upon the provisions of this Article VIII notwithstanding any extension or renewal of any Borrowing Subsidiary Obligation.

Alcoa waives presentation to, demand of payment from and protest to any Borrowing Subsidiary of any of the Borrowing Subsidiary Obligations, and also waives notice of acceptance of the guarantee set forth in this Article VIII and notice of protest for nonpayment. The obligations of Alcoa hereunder shall not be affected by (a) the failure of the Administrative Agent or any Lender to assert any claim or demand or to enforce any right or remedy against any Borrowing Subsidiary under the provisions of this Agreement or any guarantee; (b) any extension or renewal of any provision of this Agreement or any guarantee; or (c) any rescission, waiver, amendment or modification of any of the terms or provisions of this Agreement or any guarantee or any other agreement.

Alcoa further agrees that the guarantee set forth in this Article VIII constitutes a guarantee of payment when due and not of collection and waives any right to require that any resort be had by the Administrative Agent or any Lender to the balance of any deposit account or credit on the books of the Administrative Agent or the relevant Lender, as applicable, in favor of any Borrowing Subsidiary or any other person.

The obligations of Alcoa hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim or waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality or unenforceability of the Borrowing Subsidiary Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of Alcoa hereunder shall not be discharged or impaired or otherwise affected by the failure of the Administrative Agent or any Lender to assert any claim or demand or to enforce any remedy under this Agreement, by any waiver or modification of any thereof, by any default, failure or delay, wilful or otherwise, in the performance of the Borrowing Subsidiary Obligations or by any other act or omission which may or might in any manner or to any extent vary the risk of Alcoa or would otherwise operate as a discharge of Alcoa as a matter of law or equity.

Alcoa further agrees that this guarantee shall continue to be effective or be reinstated, as the case may be, if at any time payment by any Borrowing Subsidiary to the Administrative Agent or any Lender, or any part thereof, of principal of or interest on such Borrowing Subsidiary Obligation is rescinded or must otherwise be restored by the Administrative Agent or any Lender or any holder of any Borrowing Subsidiary Obligation upon the bankruptcy or reorganization of such Borrowing Subsidiary or otherwise.

In furtherance of the foregoing and not in limitation of any other right which the Administrative Agent or any Lender may have at law or in equity against Alcoa by virtue hereof, upon the failure of any Borrowing Subsidiary to pay any Borrowing Subsidiary Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, Alcoa hereby promises to and will, upon receipt of written demand by the Administrative Agent, promptly pay, or cause to be paid, to such Agent in cash the amount of such unpaid Borrowing Subsidiary Obligation, and thereupon such Agent shall assign, in any reasonable manner, the amount of the Borrowing Subsidiary Obligation paid by Alcoa pursuant to this guarantee to Alcoa, such assignment to be pro tanto to the extent to which the Borrowing Subsidiary Obligation in question was discharged by Alcoa, or make such other disposition thereof as Alcoa shall direct (all without recourse to the Administrative Agent or any Lender and without any representation or warranty by the Administrative Agent or Lender).

Upon payment by Alcoa of any sums to the Administrative Agent as provided above, all rights of Alcoa against the Borrowing Subsidiaries arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinate and junior in right of payment to the prior indefeasible payment in full of all the Borrowing Subsidiary Obligations.

ARTICLE IX

THE ADMINISTRATIVE AGENT

In order to expedite the transactions contemplated by this Agreement, JPMorgan Chase Bank is hereby appointed to act as the Administrative Agent on behalf of the Lenders. Each of the Lenders hereby irrevocably authorizes the Administrative Agent to take such actions on behalf of such Lender and to exercise such powers as are specifically delegated to such Agent by the terms and provisions hereof, together with such actions and powers as are reasonably incidental thereto. The Administrative Agent is hereby expressly authorized by the Lenders, without hereby limiting any implied authority, (a) to receive on behalf of the Lenders all payments of principal of and interest on the Loans and all other amounts due to the Lenders hereunder, and promptly to distribute to each Lender its proper share of each payment so received; (b) to give notice on behalf of each of the Lenders to the relevant Borrower of any Event of Default specified in this Agreement of which the Administrative Agent has actual knowledge acquired in connection with its agency hereunder; and (c) to distribute to each Lender copies of all notices, financial statements and other materials delivered by any Borrower pursuant to this Agreement as received by such Agent.

None of the Administrative Agent or any of its directors, officers, employees or agents shall be liable as such for any action taken or omitted by any of them except for its or his own gross negligence or wilful misconduct, or be responsible for any statement, warranty or representation herein or the contents of any document delivered in connection herewith, or be required to ascertain or to make any inquiry concerning the performance or observance by any Borrower of any of the terms, conditions, covenants or agreements contained herein. The Administrative Agent shall not be responsible to the Lenders or any assignee thereof for the due execution, genuineness, validity, enforceability or effectiveness of this Agreement or other instruments or agreements. The Administrative Agent shall in all cases be fully protected in acting, or refraining from acting, in accordance with written instructions signed by the Required Lenders and, except as otherwise specifically provided herein, such instructions and any action or inaction pursuant hereto shall be binding on all the Lenders and each assignee of any such Lender. The Administrative Agent shall, in the absence of knowledge to the contrary, be entitled to rely on any instrument or document believed by it in good faith to be genuine and correct and to have been signed or sent by the proper person or persons. None of the Administrative Agent or any of its directors, officers, employees or agents shall have any responsibility to any Borrower on account of the failure of or delay in performance or breach by any other Lender or any Borrower of any of their respective obligations hereunder or in connection herewith. The Administrative Agent may execute any and all duties hereunder by or through agents or employees and shall be entitled to rely upon the advice of legal counsel selected by it with respect to all matters arising hereunder and shall not be liable for any action taken or suffered in good faith by it in accordance with the advice of such counsel.

The Lenders hereby acknowledge that the Administrative Agent shall not be under any duty to take any discretionary action permitted to be taken by it pursuant to the provisions of this Agreement unless it shall be requested in writing to do so by the Required Lenders.

Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Lenders and the Borrowers. Upon any such resignation, the Required Lenders shall have the right to appoint a successor; provided, however, that Alcoa has approved such successor (such consent not to be unreasonably withheld or delayed and not to be required if an Event of Default exists). If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, subject to the prior approval of Alcoa (such consent not to be unreasonably withheld or delayed and not to be required if an Event of Default exists), which shall be a bank with an office in New York, New York, having total assets in excess of \$10,000,000,000 or an Affiliate of any such bank. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor bank, such successor shall succeed to and become vested with all the

rights, powers, privileges and duties of the retiring Agent and the retiring Agent shall be discharged from its duties and obligations hereunder. After the Agent's resignation hereunder the provisions of this Article and Section 10.05 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Administrative Agent.

With respect to the Loans made by it hereunder, the Administrative Agent in its individual capacity and not as Agent shall have the same rights and powers as any other Lender and may exercise the same as though it were not an Administrative Agent, and such Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Borrower or any Subsidiary or other Affiliate of Alcoa as if it were not an Agent.

Each Lender agrees (i) to reimburse the Administrative Agent, on demand, in the amount of its pro rata share (based on its Commitment hereunder) of any expenses incurred for the benefit of the Lenders by such Agent, including counsel fees and compensation of agents and employees paid for services rendered on behalf of the Lenders, which shall not have been reimbursed by the Borrowers and (ii) to indemnify and hold harmless the Administrative Agent and any of its directors, officers, employees, agents or Affiliates, on demand, in the amount of such pro rata share, from and against any and all liabilities, taxes, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against it in its capacity as an Administrative Agent or any of them in any way relating to or arising out of this Agreement or any action taken or omitted by it or any of them under this Agreement, to the extent the same shall not have been reimbursed by the Borrowers; provided that no Lender shall be liable to the Administrative Agent for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the gross negligence or wilful misconduct of such Agent or any of its directors, officers, employees, agents or Affiliates.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Notices. Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy as follows:

(a) if to Alcoa or a Borrowing Subsidiary, to Alcoa Inc. at 390 Park Avenue, New York, New York 10022-4608, Attention of Vice President & Treasurer (Telecopy No. 212-836-2823);

(b) if to the Administrative Agent, to JPMorgan Chase Bank at 1111 Fannin Street, Houston, Texas 77002, Attention of Andrew Perkins (Telecopy No. 713-750-2223), with a copy to JPMorgan Chase Bank at 270 Park Avenue, New York, New York 10017, Attention of James Ramage (Telecopy No. 212-270-5100);

(c) if to a Lender, to it at its address (or telecopy number) set forth in Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender shall have become a party hereto.

Any party may subsequently change its notice address by written notice to the other parties as herein provided. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by telecopy or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 10.01 or in accordance with the latest unrevoked direction from such party to the Administrative Agent and each Borrower given in accordance with this Section 10.01.

Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender and provided further that any Lender may, upon request, receive a hard copy delivery of any or all such notices. The Administrative Agent or Alcoa may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Any notice hereunder shall be effective upon receipt. Any notice or other communication received on a day which is not a Business Day or after business hours in the place of receipt shall be deemed to be served on the next following Business Day in such place. Any notice given to Alcoa shall be deemed to have been duly given to each other Borrower at the same time and in the same manner.

SECTION 10.02. Survival of Agreement. All covenants, agreements, representations and warranties made by any Borrower herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the Lenders and shall survive the making by the Lenders of the Loans, regardless of any investigation made by the Lenders or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not been terminated.

SECTION 10.03. Binding Effect. This Agreement shall become effective when it shall have been executed by Alcoa and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each Lender, and thereafter shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent and each Lender and their respective successors and assigns, except that none of the Borrowers shall have the right to assign its rights hereunder or any interest herein without the prior consent of all the Lenders.

SECTION 10.04. Successors and Assigns; Additional Borrowing Subsidiaries. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) the Borrowers may not assign or otherwise transfer any of their rights or obligations hereunder (except as provided in Section 10.04(e)) without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrowers without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); with the prior written consent (such consent not to be unreasonably withheld) of:

(A) Alcoa, provided that no consent of Alcoa shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund (as defined below) or, if an Event of Default under clause (a), (b), (g) or (h) of Article VII has occurred and is continuing, any other assignee; and

(B) the Administrative Agent.

(ii) Assignments shall be subject to the following conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, the amount of the Commitment of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000

unless each of Alcoa and the Administrative Agent otherwise consent, provided that no such consent of Alcoa shall be required if an Event of Default under clause (a), (b), (g) or (h) of Article VII has occurred and is continuing);

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; and

(E) in the case of an assignment to a CLO (as defined below), the assigning Lender shall retain the sole right to approve any amendment, modification or waiver of any provision of this Agreement, provided that the Assignment and Assumption between such Lender and such CLO may provide that such Lender will not, without the consent of such CLO, agree to any amendment, modification or waiver described in the proviso to Section 10.08(b) that affects such CLO.

For purposes of this Section 10.04(b), the terms "Approved Fund" and "CLO" have the following meanings:

"Approved Fund" means (a) a CLO and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"CLO" means any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto with respect to the interests assumed and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned under such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.12, 2.14, 2.18 and 10.05).

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive in the absence of manifest error, and the Borrowers, the Administrative Agent and the Lenders may treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall promptly (i) accept such Assignment and Assumption, (ii) record the information contained therein in the Register and (iii) give notice thereof to Alcoa. No assignment shall be effective for purposes of this Agreement until it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of any Borrower and the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the proviso to Section 10.08(b) that affects such Participant. Subject to paragraph (c)(ii) of this Section, Alcoa agrees that each Participant shall be entitled to the benefits of Sections 2.12 and 2.18 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 10.06 as though it were a Lender, provided such Participant agrees to be subject to Section 2.16 as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.12 or 2.18 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with Alcoa's prior written consent.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and the other provisions of this Section 10.04 shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(e) Unless an Event of Default has occurred and is continuing, Alcoa at any time and from time to time may designate any wholly-owned Subsidiary to be a Borrowing Subsidiary upon the completion of the following: (i) each of Alcoa and such Subsidiary shall have executed and delivered to the Administrative Agent a Designation of Borrowing Subsidiary and (ii) such Subsidiary shall have complied with Section 4.03, whereupon (A) such Subsidiary shall become a party hereto and shall have the rights and obligations of a Borrowing Subsidiary hereunder and (B) the obligations of such Subsidiary shall become part of the Borrowing Subsidiary Obligations and the guarantee of Alcoa pursuant to Article VIII hereof shall apply thereto to the same extent that it applies to the other Borrowing Subsidiary Obligations, if any (the date on which any such designation shall occur being called a "Designation Date").

SECTION 10.05. Expenses; Indemnity. (a) Alcoa agrees to pay or cause one or more other Borrowers to pay all reasonable out-of-pocket expenses incurred by the Administrative Agent in connection with the preparation of this Agreement or in connection with any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions hereby contemplated shall be consummated) or incurred by the Administrative Agent or any Lender in connection with the enforcement of their rights in connection with this Agreement or in connection with the Loans made hereunder, including the reasonable fees, charges and disbursements of Cravath, Swaine & Moore LLP, counsel for the Administrative Agent, and, in connection with any such enforcement, the reasonable fees, charges and disbursements of any other counsel for the Administrative Agent or any Lender. Alcoa further agrees to indemnify or cause one or more other Borrowers to indemnify the Lenders from and hold them harmless against any documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement.

(b) Alcoa agrees to indemnify or cause one or more other Borrowers to indemnify the Administrative Agent, each Lender and each of their respective Affiliates, directors, officers, employees and agents (each such person being called an "Indemnitee") against, and to hold or cause one or more other Borrowers to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result

of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the transactions contemplated thereby, (ii) the use of the proceeds of the Loans or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or wilful misconduct of such Indemnitee. The Administrative Agent and each Lender agrees to promptly notify Alcoa of any claims relating to clauses (i), (ii) or (iii) of the next preceding sentence; provided, however, that any failure to deliver any such notice shall not relieve Alcoa from its obligations under this paragraph (b).

(c) The provisions of this Section 10.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the invalidity or unenforceability of any term or provision of this Agreement, or any investigation made by or on behalf of the Administrative Agent or Lender. All amounts due under this Section 10.05 shall be payable on written demand therefor.

SECTION 10.06. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or its Affiliates to or for the credit or the account of any Borrower against any of and all the obligations of such Borrower (or, in the case of Alcoa, any of and all the obligations of any Borrowing Subsidiary) now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or otherwise and although such obligations may be unmaturing. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.07. Applicable Law. THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 10.08. Waivers; Amendment. (a) No failure or delay of the Administrative Agent or any Lender in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Borrower therefrom shall in any event be effective unless the same shall be permitted by

paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Borrower in any case shall entitle such Borrower to any further notice or shall entitle such Borrower or any other Borrower to notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders; provided, however, that no such agreement shall (i) decrease the principal amount of, or extend the maturity of or any scheduled principal payment date or date for the payment of any interest on any Loan or date fixed for payment of any Facility Fee, or waive or excuse any such payment or any part thereof, or decrease the rate of interest on any Loan, without the prior written consent of each Lender affected thereby, (ii) change or extend the Commitment or decrease the Facility Fees of any Lender without the prior written consent of such Lender, (iii) amend or modify the provisions of Section 2.14, 2.15, the provisions of Article VIII, the provisions of this Section or the definition of "Required Lenders", without the prior written consent of each Lender or (iv) amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of such Agent. Each Lender and each assignee thereof shall be bound by any waiver, consent, amendment or modification authorized by this Section.

SECTION 10.09. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges which are treated as interest under applicable law (collectively the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender, shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by such Lender in accordance with applicable law, the rate of interest payable to such Lender, together with all Charges payable to such Lender, shall be limited to the Maximum Rate.

SECTION 10.10. Entire Agreement. This Agreement and any fee arrangements related hereto constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the fee arrangements related hereto.

SECTION 10.11. Waiver of Jury Trial. Each party hereto hereby waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any litigation directly or indirectly arising out of, under or in connection with this Agreement. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement, as applicable, by, among other things, the mutual waivers and certifications in this Section 10.11.

SECTION 10.12. Severability. In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 10.13. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which when taken together shall constitute but one contract, and shall become effective as provided in Section 10.03.

SECTION 10.14. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

SECTION 10.15. Jurisdiction, Consent to Service of Process. (a) Each Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any Lender may otherwise have to bring any action or proceeding relating to this Agreement against any Borrower or its properties in the courts of any jurisdiction.

(b) Each Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 10.16. Conversion of Currencies. (a) If, for the purpose of obtaining judgment in any court, it is necessary to convert a sum due hereunder in dollars

into another currency, the parties hereto agree, to the fullest extent that they may legally and effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase dollars with such other currency in The City of New York, on the Business Day immediately preceding the day on which final judgment is given.

(b) The obligation of each Borrower in respect of any sum due to any Lender hereunder in dollars shall, to the extent permitted by applicable law, notwithstanding any judgment in a currency other than dollars, be discharged only to the extent that on the Business Day following receipt of any sum adjudged to be so due in the judgment currency such Lender may in accordance with normal banking procedures purchase dollars in the amount originally due to such Lender with the judgment currency. If the amount of dollars so purchased is less than the sum originally due to such Lender, such Borrower agrees, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender against the resulting loss.

SECTION 10.17. USA Patriot Act. Each Lender hereby notifies each Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies such Borrower, which information includes the name and address of such Borrower and other information that will allow such Lender to identify such Borrower in accordance with the Act.

IN WITNESS WHEREOF, Alcoa, the Administrative Agent and the Lenders have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

ALCOA INC.,

by _____

Name:

Title:

JPMORGAN CHASE BANK,

individually and as

Administrative Agent,

by _____

Name:

Title:

SIGNATURE PAGE TO THE
ALCOA INC. FIVE-YEAR
REVOLVING CREDIT
AGREEMENT DATED AS
OF APRIL 23, 2004

LENDER: _____

by _____

Name:

Title:

[FORM OF]

Assignment and Assumption

Reference is made to the Five-Year Revolving Credit Agreement dated as of April 23, 2004 (as amended from time to time, the "Credit Agreement"), among Alcoa Inc. ("Alcoa"), a Pennsylvania corporation, certain subsidiaries of Alcoa, the Lenders, and JPMorgan Chase Bank, as the Administrative Agent for the Lenders. Terms defined in the Credit Agreement are used herein with the same meanings.

1. The Assignor hereby sells and assigns, without recourse, to the Assignee, and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Assignment Effective Date set forth below, the interests set forth below (the "Assigned Interest") in the Assignor's rights and obligations under the Credit Agreement, including, without limitation, the Commitment of the Assignor on the Assignment Effective Date and the Loans owing to the Assignor which are outstanding on the Assignment Effective Date, together with unpaid interest accrued on the assigned Loans to the Assignment Effective Date and the amount, if any, set forth below hereof of the fees accrued to the Assignment Effective Date for the account of the Assignor. From and after the Assignment Effective Date (i) the Assignee shall if not already a Lender, become a party to and be bound by the provisions of the Credit Agreement and, to the extent of the interests assigned by this Assignment and Assumption, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the interests assigned by this Assignment and Assumption, relinquish its rights and be released from its obligations under the Credit Agreement.

2. This Assignment and Assumption is being delivered to the Administrative Agent together with (i) if the Assignee is a Lender and is organized under the laws of a jurisdiction outside the United States, the forms specified in Section 2.18(g) of the Credit Agreement, duly completed and executed by such Assignee, (ii) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire in the form of Exhibit B to the Credit Agreement and (iii) a processing and recordation fee of \$3,500.

3. This Assignment and Assumption shall be governed by and construed in accordance with the laws of the State of New York.

Date of Assignment:

Legal Name of Assignor:

Legal Name of Assignee:

Assignee's Address for Notices:

Assignment Effective Date of Assignment:

Facility/Commitment	Principal Amount Assigned	Percentage Assigned of Applicable Facility/Commitment(set forth, to at least 8 decimals, as a percentage of the Facility and the aggregate Commitments of all Lenders thereunder)
Commitment	\$	%
Loan:	\$	%
Fees Assigned (if any):	\$	%

The terms set forth above are hereby agreed to:

_____, as Assignor

Accepted*/

ALCOA INC.,

by: _____

Name:
Title:

by: _____

Name:
Title:

_____, as Assignee

JPMORGAN CHASE BANK

by: _____

by: _____

Name:
Title:

Name:
Title:

*/ To be completed to the extent consents are required under Section 10.04(b) of the Credit Agreement.

ADMINISTRATIVE QUESTIONNAIRE
ALCOA INC.

Please accurately complete the following information and return via FAX to the attention of [Bang Tran (713-750-2223)] at JPMorgan Chase Bank as soon as possible.

PHONE NUMBER: FAX NUMBER:

LEGAL NAME OF LENDER (TO APPEAR ON THE SIGNATURE LINE IN DOCUMENTATION):

GENERAL INFORMATION - DOMESTIC LENDING OFFICE:

Institution Name: _____

Street Address: _____

City, State, Zip Code: _____

GENERAL INFORMATION - LIBOR LENDING OFFICE:

Institution Name: _____

Street Address: _____

City, State, Zip Code: _____

TAX WITHHOLDING:

Non-Resident Alien: _____ Yes* _____ No*

*Form 4224 Enclosed

Tax ID Number: _____

CONTACTS/NOTIFICATION METHODS:

CREDIT CONTACTS:

Primary Contact: _____

Street Address: _____

City, State, Zip Code: _____

Phone Number: _____

FAX Number: _____

Backup Contact: _____

Street Address: _____

City, State, Zip Code: _____

Phone Number: _____

FAX Number: _____

ADMINISTRATIVE CONTACTS - BORROWING, PAYMENTS, INTEREST, ETC

Contact(s): _____

Street Address: _____

City, State, Zip Code: _____

Phone Number: _____

FAX Number: _____

ACCOUNT INFORMATION - Please provide only one set of instructions for all types of payments:

Name of Bank where funds are to be transferred:

Routing Transit/ABA number of Bank where funds are to be transferred:

Name of Account: _____

Account Number: _____

Additional Information: _____

It is very important that all of the above information is accurately filled in and promptly returned. If there is someone other than yourself who should receive this questionnaire, please notify us of their name and FAX number and we will FAX them a copy of the questionnaire.

[Letterhead of]

ALCOA

April 23, 2004

JPMorgan Chase Bank, as Agent
and each of the Lenders party to the
Agreement referred to below
270 Park Avenue
New York, NY 10017

Ladies and Gentlemen:

I am Counsel of Alcoa Inc. ("Alcoa") and in such capacity have represented Alcoa in connection with the Five-Year Revolving Credit Agreement dated as of April 23, 2004 (the "Agreement"), among Alcoa, certain subsidiaries of Alcoa, the Lenders and JPMorgan Chase Bank, as the Administrative Agent. This opinion is rendered to you pursuant to Section 4.01(a) of the Agreement. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Agreement.

In rendering the opinion expressed below, I have examined, either personally or indirectly through other counsel, the originals or conformed copies of the Agreement and such corporate records, agreements and instruments of Alcoa and its Subsidiaries, certificates of public officials and of officers of Alcoa and its Subsidiaries, and such other documents and records as I have deemed appropriate as a basis for the opinions hereinafter expressed.

Based upon the foregoing and subject to the qualifications stated herein, I am of the opinion that:

1. Alcoa is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and is duly qualified to do business as a foreign corporation and is in good standing in all other jurisdictions in which the ownership of its properties or the nature of its activities or both makes such qualification necessary, except to the extent that failure to be so qualified would not result in a Material Adverse Effect.
2. Alcoa has corporate power and authority to execute, deliver and carry out the provisions of the Agreement, to borrow under the Agreement and to perform its obligations thereunder and all such action has been duly and validly authorized by all necessary corporate proceedings on its part.

3. The Agreement has been duly executed and delivered by Alcoa and constitutes the legal, valid and binding obligation of Alcoa enforceable against Alcoa in accordance with its terms, except as limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity limiting the availability of equitable remedies.

4. No authorization, consent, approval, license, exemption or other action by, and no registration, qualification, designation, declaration or filing with, any Governmental Authority is necessary in connection with Alcoa's execution and delivery of the Agreement, the consummation by Alcoa of the transactions contemplated therein or Alcoa's performance of or compliance with the terms and conditions thereof, except as set forth on Schedule 3.04 to the Agreement.

5. The execution and delivery by Alcoa of the Agreement, the consummation by Alcoa of the transactions contemplated thereby or performance by Alcoa of or compliance with the terms and conditions thereof will not (a) violate any law, constitution, statute, treaty, regulation, rule, ordinance, order, injunction, writ, decree or award of any Governmental Authority to which it is subject, (b) conflict with or result in a breach or default under its charter or by-laws, (c) to the best of my knowledge, conflict with or result in a breach or default which is material in the context of the Agreement under any agreement or instrument to which Alcoa is a party or by which it or any of its properties, whether now owned or hereafter acquired, may be subject or bound or (d) result in the creation or imposition of any Lien prohibited by Section 6.01 of the Agreement upon any property or assets of Alcoa, whether now owned or hereafter acquired.

6. Except as set forth in the financial statements referred to in Section 3.06 of the Agreement, the Exchange Act Report or otherwise disclosed on Schedule 3.08 to the Agreement, there is no pending or, to my knowledge, threatened proceeding by or before any Governmental Authority against Alcoa or any of its Subsidiaries which in my opinion is likely to result in a Material Adverse Effect.

7. Alcoa is not an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, and Alcoa is exempted as a "holding company" as defined in the Public Utility Holding Company Act of 1935.

I am a member of the bar of the Commonwealth of Pennsylvania and my opinion is limited to the laws of the Commonwealth of Pennsylvania and the laws of the United States of America. I express no opinion herein as to whether a court would apply New York law to any particular subject matter hereof. To the extent that the laws of the State of New York or, contrary to the agreement of the parties, the laws of any other State govern the documents referenced herein, you may rely on my opinion with respect to such laws to the extent that the laws of such state or states are substantially the same as the laws of the Commonwealth of Pennsylvania, as to which sameness I express no opinion.

Very truly yours,

[FORM OF]

DESIGNATION OF BORROWING SUBSIDIARY

Reference is made to the Five-Year Revolving Credit Agreement dated as of April 23, 2004 (as amended from time to time, the "Credit Agreement"), among Alcoa Inc. ("Alcoa"), a Pennsylvania corporation, certain subsidiaries of Alcoa, the Lenders and JPMorgan Chase Bank, as the Administrative Agent for the Lenders. Terms defined in the Credit Agreement are used herein with the same meanings.

1. Alcoa hereby designates [], a [] corporation (the "Subsidiary"), effective as of [], 20[] (the "Designation Date"), as a Borrowing Subsidiary under the Credit Agreement. The Subsidiary hereby makes and agrees to be bound by all the representations, warranties and agreements set forth in Article III, V and VI of the Credit Agreement. From and after the Designation Date, the Subsidiary shall become a party to the Credit Agreement and shall have the rights and obligations of a Borrowing Subsidiary thereunder. Alcoa agrees that its guarantee pursuant to Article VIII of the Credit Agreement shall apply to the Borrowings of the Subsidiary.

2. This Designation of Borrowing Subsidiary is being delivered to the Administrative Agent together with the documents set forth in Section 4.03(a).

3. This Designation of Borrowing Subsidiary shall be governed by and construed in accordance with the laws of the State of New York.

The terms set forth above are hereby agreed to:

[], as Subsidiary,

by

Name:

Title:

ALCOA INC.,

by

Name:

Title:

Accepted:

JPMORGAN CHASE BANK, as the Administrative Agent

by

Name:

Title:

FIVE -YEAR REVOLVING CREDIT AGREEMENT

Name and Address of Lenders	Title	Contact Person And Telephone And Facsimile Numbers	Commitment (U.S.\$)
JPMorgan Chase Bank 270 Park Avenue New York, NY 10017	Administrative Agent	James Ramage Tel: 212-270-1373 Fax: 212-270-4724	\$ 50,833,329
ABN AMRO Bank, N.V. 135 South LaSalle Street, Ste 710 Chicago, Illinois 60603	Documentation Agent	Stephanie Casas Tel: 832-681-7186 Fax: 832-681-7141	100,000,001
Deutsche Bank AG 60 Wall Street – NYC60-1101 New York, NY 10005	Documentation Agent	Oliver Schwarz Tel: 212-250-8610 Fax: 212-797-4421	100,000,001
Credit Suisse First Boston One First Canada Place Toronto M5X1C Canada	Syndication Agent	Alain Daoust Tel: 416-325-4527 Fax: 416-352-4576	91,666,667
Citibank, N.A. 388 Greenwich Street, 21st Fl. New York, NY 10013	Syndication Agent	Daniel Miller Tel: 212-816-8283 Fax: 212-816-8051	83,333,334
UBS AG, Stamford Branch 677 Washington Boulevard Stamford, Connecticut 06901	Syndication Agent	Denise Conzo Tel: 203-719-3853 Fax: 203-719-3888	83,333,334
Barclays Bank 200 Park Avenue New York, NY 10166		Jonathan Burn Tel: 212-412-1488 Fax: 212-412-2441	133,333,333
Mellon Bank, N.A. One Mellon Bank Center Pittsburgh, PA 15258-0001		Robert Reichenbach Tel: 412-236-0567 Fax: 412-236-1914	58,333,333
The Bank of Tokyo- Mitsubishi, Ltd., New York Branch 1251 Avenue of the Americas New York, NY 10022		Mark Marron Tel: 212-782-4337 Fax: 212-782-6440	66,666,667
Australian and New Zealand Banking Group Ltd. 1177 Avenue of the Americas New York, NY 10036		David Giacalone Tel: 212-801-9894 Fax: 212-536-9294	52,500,000

Lehman Brothers 745 Seventh Avenue, 3rd Fl. New York, NY 10019	Alan Cutler Tel: 212-526-3399 Fax: 212-646-4933	66,666,667
Morgan Stanley Bank 1585 Broadway New York, 10036	Mark Tashkovich Tel: 212-761-2223 Fax: 212-507-4242	41,666,667
Bank of America, N.A. 901 Main Street, 67th Fl. Dallas, TX 75202	Steve Aronowitz Tel: 212-503-7950 Fax: 212-503-7066	16,666,667
BNP Paribas 787 Seventh Avenue New York, NY 10019	Robert Munczinski Tel: 212-841-2632 Fax: 212-415-9822	16,666,667
Royal Bank of Canada One Liberty Plaza 165 Broadway New York, NY 10006-1404	Patrick Shields Tel: 212-428-2322 Fax: 212-428-6459	33,333,333
SANPAOLO IMI S.P.A. 245 Park Avenue, 35th Fl. New York, NY 10167	Luca Sacchi Tel: 212-692-3130 Fax: 212-692-3178	5,000,000
Total:		1,000,000,000

Governmental Approvals

International Capital Form S filed with the Federal Reserve Bank of New York.

Litigation

None.

ENTITY	<u>Liens</u>				
	<u>LEASED EQUIPMENT</u>	<u>MORTGAGES</u>	<u>OTHER LIENS ON PERSONAL PROPERTY*</u>	<u>ACCOUNTS RECEIVABLE SECURITIZATIONS**</u>	<u>TAX EXEMPT REVENUE BOND FINANCINGS***</u>
Alcoa Inc. - Consolidated	1,410,400	125,000			
	1,524,611				
		1,025,430			38,630,000
Reynolds Metals Company	1,525,253	89,035			
Alcoa Architectural Products SAS		11,337,933			
Reynolds Systems Ireland Limited	200,689				
Reynolds Wheels Virginia International, Ltd.			494,000		
Automotive Castings		11,494			
Alcoa Manufacturing (GB) Limited	9,575				
	60,998,365				
Kawneer U.K. Ltd	80,055	42,630			
Alcoa Building Products (ABP)	70,261	410,618			
Eastalco Aluminum Company					9,880,000
Kawneer Co., Inc.		12,793			
	940,238	826,558			
Baco Consumer Products Limited		22,253			
Huck S.A.		189,378			
Alcoa Inespal, S.A.	28,467	6,818			
		52,053			
	10,188				
Alcoa World Alumina LLC		186,079			
Alcoa Chemie GMBH	529,643				
Alcoa Shanghai Aluminum Products		6,303,204			
Alcoa Kofem Kft		4			
Alcoa Closure Systems Japan, Ltd.	1,804,241			16,307,737	
Alumax Europe N.V.		480,357			
Alumax Mill Products, Inc. (Texarkana)	138,870,450				
Alcoa Servicios, SA de CV	51,028				
Alcoa Wireless Network Services Inc.		131,063			
Alcoa Inter-America, Inc.				100,000,000	
	\$ 208,053,464	\$ 21,252,700	\$ 494,000	\$ 116,307,737	\$ 48,510,000

* Relates to economic development loan entered into by Reynolds Wheels Virginia International, Inc.

** Fluctuating balance not to exceed the maximum U.S. dollar amount indicated.

*** Excludes bonds redeemed, defeased or paid off after December 31, 2003 and prior to the Effective Date of the Credit Agreement.

**2004 ALCOA STOCK
INCENTIVE PLAN**

(as amended effective July 9, 2004)

2004 ALCOA STOCK INCENTIVE PLAN

SECTION 1. PURPOSE. The purposes of the 2004 Alcoa Stock Incentive Plan are to encourage selected employees of the Company and its Subsidiaries to acquire a proprietary and vested interest in the long-term growth and financial success of the Company, to generate an increased incentive to promote its well-being and profitability, to link the interests of such employees to the long-term interests of shareholders and to enhance the ability of the Company and its Subsidiaries to attract and retain individuals of exceptional managerial, technical and professional talent upon whom, in large measure, the sustained progress, growth and profitability of the Company depend.

SECTION 2. DEFINITIONS. As used in the Plan, the following terms have the meanings set forth below:

“Award” means any Option, Stock Appreciation Right, Contingent Stock Award, Performance Share, Performance Unit, Other Stock Unit Award, or any other right, interest, or option relating to Shares or other property granted pursuant to the provisions of the Plan.

“Award Agreement” means any written agreement, contract, or other instrument or document evidencing any Award granted by the Committee hereunder, which may, but need not, be executed or acknowledged by both the Company and the Participant.

“Beneficial Owner” means beneficial owner as defined in Rule 13d-3 under the Exchange Act.

“Board” means the Board of Directors of the Company.

“Change in Control” means the first to occur of any of the following events:

(a) An Entity, other than a trustee or other fiduciary of securities held under an employee benefit plan of the Company or any of its Subsidiaries, is or becomes a Beneficial Owner, directly or indirectly, of stock of the Company representing 20% or more of the total voting power of the Company’s then outstanding stock and securities; provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company or (iv) any acquisition by any corporation pursuant to a transaction that complies with clauses (i) or (ii) of subsection (c) of this definition;

(b) individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”), cease for any reason to constitute a majority thereof; provided, however, that any individual becoming a director whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least 75% of the directors then comprising the Incumbent Board shall be considered as though such individual was a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of an Entity other than the Board;

(c) there is consummated a merger, consolidation or other corporate transaction, other than (i) a merger, consolidation or transaction that would result in the voting securities of the Company outstanding immediately prior to such merger, consolidation or transaction continuing to represent (either by remaining outstanding or by being converted into voting securities of the

surviving Entity or any parent thereof) at least 55% of the combined voting power of the stock and securities of the Company or such surviving Entity or any parent thereof outstanding immediately after such merger, consolidation or transaction, or (ii) a merger, consolidation or transaction effected to implement a recapitalization of the Company (or similar transaction) in which no Entity is or becomes the Beneficial Owner, directly or indirectly, of stock and securities of the Company representing more than 20% of the combined voting power of the Company's then outstanding stock and securities;

(d) the sale or disposition by the Company of all or substantially all of the Company's assets other than a sale or disposition by the Company of all or substantially all of the assets to an Entity at least 55% of the combined voting power of the stock and securities of which is owned by Persons in substantially the same proportions as their ownership of the Company's voting stock immediately prior to such sale; or

(e) the shareholders of the Company approve a plan of complete liquidation or dissolution of the Company.

"Change in Control Price" means the higher of (a) the highest reported sales price, regular way, of a Share in any transaction reported on the New York Stock Exchange Composite Tape or other national exchange on which Shares are listed or on NASDAQ during the 60-day period prior to and including the date of a Change in Control or (b) if the Change in Control is the result of a tender or exchange offer or a merger, consolidation or other corporate transaction, the highest price per Share paid in such tender or exchange offer or corporate transaction. To the extent that the consideration paid in any such transaction described above consists all or in part of securities or other non-cash consideration, the value of such securities or other non-cash consideration shall be determined in the sole discretion of the Board.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto.

"Committee" means the Compensation and Benefits Committee of the Board, or any successor to such committee, or a subcommittee thereof, composed of no fewer than two directors, each of whom is a Non-Employee Director and an "outside director" within the meaning of Section 162(m) of the Code, or any successor provision thereto.

"Company" means Alcoa Inc., a Pennsylvania corporation.

"Contingent Stock" means any Share issued with the contingency or restriction that the holder may not sell, transfer, pledge or assign such Share and with such other contingencies or restrictions as the Committee, in its sole discretion, may impose (including, without limitation, any contingency or restriction on the right to vote such Share and the right to receive any cash dividends), which contingencies and restrictions may lapse separately or in combination, at such time or times, in installments or otherwise, as the Committee may deem appropriate.

"Contingent Stock Award" means an award of Contingent Stock under Section 8 hereof.

"Covered Employee" means a "covered employee" within the meaning of Section 162(m)(3) of the Code, or any successor provision thereto.

"Employee" means any employee of the Company or of any Subsidiary.

"Entity" means any individual, entity, person (within the meaning of Section 3(a)(9) of the Exchange Act) or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than (a) any employee plan established by the Company, (b) any affiliate (as defined in Rule 12b-2 promulgated under the Exchange Act) of the Company, (c) an underwriter temporarily holding securities pursuant to an offering of such securities, or (d) a corporation owned, directly or indirectly, by shareholders of the Company in substantially the same proportions as their ownership of the Company.

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Fair Market Value” means, with respect to any property, the market value of such property determined by such methods or procedures as shall be established from time to time by the Committee.

“Non-Employee Director” has the meaning set forth in Rule 16b-3(b)(3) under the Exchange Act, or any successor definition adopted by the Securities and Exchange Commission.

“Option” means any right granted to a Participant under the Plan or predecessor plan allowing such Participant to purchase Shares at such price or prices and during such period or periods as the Committee shall determine. All Options granted under the Plan or predecessor plan are intended to be nonqualified stock options for purposes of the Code.

“Other Stock Unit Award” means any right granted to a Participant by the Committee pursuant to Section 10 hereof.

“Original Option” means any Option other than a Reload Option granted by the company in connection with the Prior Plan or the predecessor plan.

“Participant” means an Employee who is selected by the Committee to receive an Award under the Plan.

“Performance Award” means any Award of Performance Shares or Performance Units pursuant to Section 9 hereof.

“Performance Period” means that period established by the Committee at the time any Performance Award is granted or at any time thereafter during which any performance goals specified by the Committee with respect to such Award are to be measured. A Performance Period may not be less than one year.

“Performance Share” means any grant pursuant to Section 9 hereof of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including, without limitation, cash, Shares or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

“Performance Unit” means any grant pursuant to Section 9 hereof of a unit valued by reference to a designated amount of property other than Shares, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including, without limitation, cash, Shares or any combination thereof, upon achievement of such performance goals during the Performance Period as the Committee shall establish at the time of such grant or thereafter.

“Person” means any individual, corporation, partnership, association, joint stock company, trust, unincorporated organization or government or political subdivision thereof.

“Plan” means this 2004 Alcoa Stock Incentive Plan.

“Prior Plan” means the Alcoa Stock Incentive Plan adopted by the Company shareholders at the Company’s 1999 annual meeting.

“Reload Option” means an Option described in Section 6(e) of the Plan, granted in connection with the exercise of an option under the Prior Plan or predecessor plan (an “antecedent award”). As a condition to the grant of a Reload Option, a Participant must elect at the time of exercise of the antecedent award that a designated portion, as determined by the Committee, of the Shares issued upon exercise of the antecedent award shall be restricted in terms of transfer for the shorter of five years from the issuance date of the shares or the remainder of the participant’s career with Alcoa.

“Shares” means the shares of common stock of the Company, \$1.00 par value.

“Stock Appreciation Right” means any right granted to a Participant pursuant to Section 7 hereof to receive, upon exercise by the Participant, the excess of (a) the Fair Market Value of one Share on the date of exercise or, if the Committee shall so determine, at any time during a specified period before the date of exercise over (b) the grant price of the right on the date of grant, or if granted in connection with an outstanding Option on the date of grant of the related Option, as specified by the Committee in its sole discretion, which, except in the case of Substitute Awards or in connection with an adjustment provided in Section 4(g), shall not be less than the Fair Market Value of one Share on such date of grant of the right or the related Option, as the case may be. Any payment by the Company in respect of such right may be made in cash, Shares, other property or any combination thereof, as the Committee, in its sole discretion, shall determine.

“Subsidiary” means any corporation in which the Company owns, directly or indirectly, stock possessing 50 percent or more of the total combined voting power of all classes of stock in such corporation, and any corporation, partnership, joint venture, limited liability company or other business entity as to which the Company possesses a significant ownership interest, directly or indirectly, as determined by the Committee.

“Substitute Awards” means Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company acquired by the Company or any of its Subsidiaries or with which the Company or any of its Subsidiaries combines.

SECTION 3. ADMINISTRATION. The Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Employees of the Company and its Subsidiaries to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Award to be granted to each Participant hereunder; (iii) determine the number of Shares to be covered by each Award granted hereunder; (iv) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder; (v) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property or canceled or suspended; (vi) determine whether, to what extent and under what circumstances cash, Shares and other property and other amounts payable with respect to an Award under this Plan shall be deferred either automatically or at the election of the Participant; (vii) interpret and administer the Plan and any instrument or agreement entered into under the Plan; (viii) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (ix) make any other determination and take any other action that the Committee deems necessary or desirable for administration of the Plan. Decisions of the Committee shall be final, conclusive and binding upon all persons, including the Company, any Participant, any shareholder and any Employee.

SECTION 4. SHARES SUBJECT TO THE PLAN.

(a) Subject to the adjustment provisions of Section 4(g) below and the provisions of Section 4(b) through (f), commencing May 1, 2004, up to 30 million Shares may be issued in connection with Options and Stock Appreciation Rights under the Plan.

(b) In addition to the Shares authorized by Section 4(a), the following Shares may be issued under the Plan:

(i) Shares available for future awards under the Prior Plan as of the effective date of this Plan, and any shares that are not issued under the Prior Plan because of the cancellation, termination or expiration of awards under the Prior Plan or the predecessor plan.

(ii) If a Participant tenders, or has withheld, Shares in payment of all or part of the option price under a stock option granted under the Plan, the Prior Plan, or the predecessor plan, or in satisfaction of withholding tax obligations thereunder, the Shares tendered by the Participant or so withheld shall become available for issuance under the Plan.

(iii) If Shares that are issued under the Plan are subsequently forfeited in accordance with the terms of the Award or an Award Agreement, the forfeited Shares shall become available for issuance under the Plan.

(c) Subject to the adjustment provisions of Section 4(g), commencing May 1, 2004, up to 10 million Shares may be issued under Awards other than Options and Stock Appreciation Rights.

(d) If an Award may be paid only in Shares or in either cash or Shares, the Shares shall be deemed to be issued hereunder only when and to the extent that payment is actually made in Shares. However, the Committee may authorize a cash payment under an Award in lieu of Shares if there are insufficient Shares available for issuance under the Plan.

(e) Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased in the open market or otherwise.

(f) Shares issued or granted in connection with Substitute Awards shall not reduce the Shares available for issuance under the Plan or to a Participant in any calendar year.

(g) In the event of any merger, reorganization, consolidation, recapitalization, stock dividend, stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affecting the Shares, such adjustments and other substitutions shall be made to the Plan and to Awards as the Committee in its sole discretion deems equitable or appropriate, including, without limitation, such adjustments in the aggregate number, class and kind of securities that may be delivered under the Plan, in the aggregate or to any one Participant, in the number, class, kind and option or exercise price of securities subject to outstanding Options, Stock Appreciation Rights or other Awards granted under the Plan, and in the number, class and kind of securities subject to Awards granted under the Plan (including, if the Committee deems appropriate, the substitution of similar options to purchase the shares of, or other awards denominated in the shares of, another company) as the Committee may determine to be appropriate in its sole discretion; provided that the number of Shares subject to any Award shall always be a whole number.

SECTION 5. ELIGIBILITY. Any Employee shall be eligible to be selected as a Participant.

SECTION 6. STOCK OPTIONS. Options may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Any Option granted under the Plan may be evidenced by an Award Agreement in such form as the Committee from time to time approves. Any such Option shall be subject to the terms and conditions required by this Section 6 and to such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee may deem appropriate in each case.

(a) Option Price. The purchase price per Share purchasable under an Option shall be determined by the Committee in its sole discretion; provided that, except in connection with an adjustment provided for in Section 4(g), such purchase price shall not be less than the Fair Market Value of the Share on the date of the grant of the Option.

(b) Option Period. The term of each Original Option granted hereunder shall not exceed six years from the date the Option is granted.

(c) Exercisability. Options shall be exercisable at such time or times as determined by the Committee at or subsequent to grant, provided, however, that the minimum vesting period of an Option shall be one year.

(d) Method Of Exercise. Subject to the other provisions of the Plan, any Option may be exercised by the Participant in whole or in part at such time or times, and the Participant may make payment of the Option price in such form or forms, including, without limitation, payment by delivery of cash, Shares or other consideration (including, where permitted by law and the Committee, Awards) having a Fair Market Value on the exercise date equal to the total Option price, or by any combination of cash, Shares and other consideration as the Committee may specify in the applicable Award Agreement.

(e) Reload Options. A Reload Option entitles the Participant to purchase Shares (i) that are covered by an antecedent award at the time of its exercise, but are not issued upon such exercise, or (ii)

whose aggregate grant price equals the purchase price of the exercised antecedent award and any related tax withholdings. The grant price per Share of the Reload Option shall be the Fair Market Value per Share at the time of grant. The duration of a Reload Option shall not extend beyond the expiration date of the antecedent award. No Options with a reload feature can be granted under the Plan in 2004 or anytime thereafter. Options and Reload Options granted under the Prior Plan or predecessor plan in 2002, or prior thereto, will be eligible for grant of a Reload Option only once on and after January 1, 2004, which grant of a Reload Option must occur anytime prior to the expiration of the antecedent award. For Original Options granted under the Prior Plan in 2003, only that portion of the grant that vests in 2004 will be eligible for grant of only one Reload Option, which grant must occur on or before December 31, 2004.

(f) Transferability of Options. Notwithstanding the provisions of Section 14(a) of the Plan, at the discretion of the Committee and in accordance with rules it establishes from time to time, Participants may be permitted to transfer some or all of their Options to one or more "family members" as such term is defined in Form S-8 (or any successor form) promulgated under the Securities Act of 1933, as amended.

SECTION 7. STOCK APPRECIATION RIGHTS. Stock Appreciation Rights may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan and may, but need not, relate to a specific Option granted under Section 6. The provisions of Stock Appreciation Rights need not be the same with respect to each recipient. Any Stock Appreciation Right related to an Option may be granted at the same time such Option is granted or at any time thereafter before exercise or expiration of such Option. In the case of any Stock Appreciation Right related to any Option, the Stock Appreciation Right or applicable portion thereof shall terminate and no longer be exercisable upon the termination or exercise of the related Option, except that a Stock Appreciation Right granted with respect to less than the full number of Shares covered by a related Option shall not be reduced until the exercise or termination of the related Option exceeds the number of Shares not covered by the Stock Appreciation Right. Any Option related to any Stock Appreciation Right shall no longer be exercisable to the extent the related Stock Appreciation Right has been exercised. The Committee may impose such conditions or restrictions on the exercise of any Stock Appreciation Right as it shall deem appropriate.

SECTION 8. CONTINGENT STOCK

(a) Issuance. A Contingent Stock Award shall be subject to contingencies or restrictions imposed by the Committee during a period of time specified by the Committee (the "Contingency Period"). Contingent Stock Awards may be issued hereunder to Participants, for no cash consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards granted under the Plan. The provisions of Contingent Stock Awards need not be the same with respect to each recipient.

(b) Registration. Any Contingent Stock issued hereunder may be evidenced in such manner as the Committee in its sole discretion shall deem appropriate, including, without limitation, book-entry registration or issuance of a stock certificate or certificates. In the event any stock certificate is issued in respect of shares of Contingent Stock awarded under the Plan, such certificate shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions, contingencies and restrictions applicable to such Award.

(c) Forfeiture. Except as otherwise determined by the Committee at the time of grant or thereafter, upon termination of employment for any reason during the Contingency Period, all Shares of Contingent Stock still subject to any contingency or restriction shall be forfeited by the Participant and reacquired by the Company. Noncontingent Shares, evidenced in such manner as the Committee shall deem appropriate, shall be issued to the Participant promptly after the Contingency Period, as determined or modified by the Committee, shall expire.

(d) Minimum Vesting Condition. The minimum Contingency Period applicable to any Contingent Stock Award that is not subject to performance conditions restricting transfer shall be three (3) years from the date of grant; provided, however, that a Contingency Period of less than three (3) years may be approved for such Awards with respect to up to 200,000 Shares under the Plan.

SECTION 9. PERFORMANCE AWARDS. Performance Awards may be granted hereunder to Participants, for no cash consideration or for such minimum consideration as may be required by

applicable law, either alone or in addition to other Awards granted under the Plan. The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee upon the grant of each Performance Award. Except as provided in Section 11, Performance Awards will be paid only after the end of the relevant Performance Period. Performance Awards may be paid in cash, Shares, other property or any combination thereof in the sole discretion of the Committee at the time of payment. The performance levels to be achieved for each Performance Period and the amount of the Award to be paid shall be conclusively determined by the Committee. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee, on a deferred basis.

SECTION 10. OTHER STOCK UNIT AWARDS.

(a) Other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares or other property (“Other Stock Unit Awards”) may be granted hereunder to Participants, either alone or in addition to other Awards granted under the Plan. Other Stock Unit Awards may be paid in Shares, cash or any other form of property as the Committee shall determine. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Employees of the Company and its Subsidiaries to whom, and the time or times at which, such Awards shall be made, the number of Shares to be granted pursuant to such Awards and all other conditions of the Awards. The provisions of Other Stock Unit Awards need not be the same with respect to each recipient.

(b) Subject to the provisions of this Plan and any applicable Award Agreement, Awards and Shares subject to Awards granted under this Section 10, may not be sold, assigned, transferred, pledged or otherwise encumbered prior to the date on which the Shares are issued, or, if later, the date on which any applicable contingency, restriction, performance or deferral period lapses. For any Award or Shares subject to any Award granted under this Section 10 the transferability of which is conditioned only on the passage of time, such restriction period shall be a minimum of three (3) years. Shares (including securities convertible into Shares) subject to Awards granted under this Section 10 may be issued for no cash consideration or for such minimum consideration as may be required by applicable law. Shares (including securities convertible into Shares) purchased pursuant to a purchase right granted under this Section 10 thereafter shall be purchased for such consideration as the Committee shall in its sole discretion determine, which shall not be less than the Fair Market Value of such Shares or other securities as of the date such purchase right is granted.

SECTION 11. CHANGE IN CONTROL PROVISIONS.

(a) Impact of Event. Notwithstanding any other provision of the Plan to the contrary, unless the Committee shall determine otherwise at the time of grant with respect to a particular Award, in the event of a Change in Control:

(i) any Options and Stock Appreciation Rights outstanding as of the date such Change in Control is determined to have occurred, and which are not then exercisable and vested, shall become fully exercisable and vested to the full extent of the original grant;

(ii) the contingencies, restrictions and deferral limitations applicable to any Contingent Stock shall lapse, and such Contingent Stock shall become free of all contingencies, restrictions and limitations and become fully vested and transferable to the full extent of the original grant;

(iii) all Performance Awards shall be considered to be earned and payable at the target amount of Shares covered by the Award, to the extent that the Change in Control occurs during the Performance Period, or at the calculated award level, to the extent that the Change in Control occurs after the Performance Period, and shall be immediately settled or distributed. Any deferral, contingency or other restriction applicable to such Performance Awards shall lapse; and

(iv) the contingencies, restrictions and deferral limitations and other conditions applicable to any Other Stock Unit Awards or any other Awards shall lapse, and such Other Stock Unit Awards or such other Awards shall become free of all contingencies, restrictions, limitations or conditions and become fully vested and transferable to the full extent of the original grant; and

(v) the restrictions applicable to any Shares received in connection with the grant of a Reload Option shall lapse and such Shares shall be freely and fully transferable.

(b) Change In Control Settlement. Notwithstanding any other provision of the Plan, during the 60-day period from and after a Change in Control (the "Change in Control Election Period"), a Participant holding an Option or Stock Appreciation Right shall have the right, whether or not the Option or Stock Appreciation Right is fully exercisable and in lieu of the payment of the purchase price for the Shares being purchased under the Option or Stock Appreciation Right and by giving notice to the Company, to elect (within the Change in Control Election Period) to surrender all or part of the Option or Stock Appreciation Right to the Company and to receive cash, within 30 days of such notice, in an amount equal to the amount by which the Change in Control Price per Share on the date of such election shall exceed the purchase price per Share under the Option or Stock Appreciation Right multiplied by the number of Shares granted under the Option or Stock Appreciation right as to which the right granted under this Section 11(b) shall have been exercised.

(c) Other Forms of Settlement. The foregoing provisions of this Section 11 shall not preclude other forms of settlement of outstanding Awards in the event of a Change in Control, including a conversion or exchange of Awards for awards or securities of any person that is a party to or initiates the Change in Control transaction; provided that no Participant shall be required to accept any such substituted or exchanged award or security without such Participant's written consent.

SECTION 12. CODE SECTION 162(m) PROVISIONS.

(a) Notwithstanding any other provision of this Plan, if the Committee determines at the time Contingent Stock, a Performance Award or an Other Stock Unit Award is granted to a Participant that such Participant is, or is likely to be as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, then the Committee may provide that this Section 12 is applicable to such Award.

(b) If an Award is subject to this Section 12, then the lapsing of contingencies or restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be subject to the achievement by the Company or any Subsidiary, or any division or business unit thereof, as appropriate, of one or more objective performance goals established by the Committee, which shall be based on the attainment of specified levels of one or any combination of the following: cumulative net income or cumulative net income per share during the performance period; return on sales; return on assets; return on capital; return on shareholders' equity; cash flow; economic value added; cumulative operating income; total shareholders' return; cost reductions; or achievement of environment, health & safety goals of the Company or the Subsidiary or business unit of the Company for or within which the Participant is primarily employed. Performance goals may be based upon the attainment of specified levels of Company, Subsidiary or unit performance under one or more of the measures described above relative to the performance of other comparator companies or groups of companies, and may include a threshold level of performance below which no Award will be earned, levels of performance at which an Award will become partially earned, and a level of performance at which an Award will be fully earned. Performance goals shall be set by the Committee within the time period prescribed by, and shall otherwise comply with, the requirements of Section 162(m) of the Code, or any successor provision thereto, and the regulations thereunder.

(c) Notwithstanding any provision of this Plan other than Section 11, with respect to any Award that is subject to this Section 12, the Committee may adjust downwards, but not upwards, the amount payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance goals.

(d) The Committee shall have the power to impose such other restrictions on Awards subject to this Section 12 as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of Section 162(m)(4)(C) of the Code, or any successor provision thereto.

(e) Notwithstanding any provision of this Plan other than Section 4(g), no Participant may be granted Options and/or Stock Appreciation Rights in any calendar year with respect to more than two million (2,000,000) Shares, or Contingent Stock Awards or Performance Share Awards covering more

than 300,000 Shares. The maximum dollar value payable with respect to Performance Units and/or Other Stock Unit Awards that are valued with reference to property other than Shares and granted to any Participant in any one calendar year is \$2,000,000.

SECTION 13. AMENDMENTS AND TERMINATION. The Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time; provided that no such amendment, alteration, suspension, discontinuation or termination shall be made without (i) shareholder approval if: (x) such approval is necessary to qualify for or comply with any tax or regulatory requirement for which or with which the Board deems it necessary or desirable to qualify or comply; or (y) a proposed amendment or alteration would materially increase the benefits accruing to Participants, materially increase the maximum number of shares which may be issued under the Plan or materially modify the Plan's eligibility requirements; or (ii) the consent of the affected Participant, if such action would impair the rights of such Participant under any outstanding Award. Notwithstanding anything to the contrary herein, the Committee may amend the Plan in such manner as may be necessary so as to have the Plan conform to local rules and regulations in any jurisdiction outside the United States.

The Committee may amend the terms of any Award theretofore granted, prospectively or retroactively, but no such amendment shall impair the rights of any Participant without his or her consent. Notwithstanding any provision of this Plan, the Committee may not amend the terms of any Option to reduce the option price, nor amend the terms of any Contingent Stock Award or Other Stock Unit Award to reduce the minimum vesting period specified therein.

SECTION 14. GENERAL PROVISIONS.

(a) Nontransferability of Awards. Unless the Committee determines otherwise at the time the Award is granted or thereafter, and except for transfers of Options permitted by Section 6(f) of the Plan: (i) no Award, and no Shares subject to Awards described in Section 10 that have not been issued, or as to which any applicable contingency, restriction, performance or deferral period has not lapsed, may be sold, assigned, transferred, pledged or otherwise encumbered, except by will or by the laws of descent and distribution; provided that, if so determined by the Committee, a Participant may, in the manner established by the Committee, designate a beneficiary to exercise the rights of the Participant with respect to any Award upon the death of the Participant, and (ii) each Award shall be exercisable, during the Participant's lifetime, only by the Participant or, if permissible under applicable law, by the Participant's guardian or legal representative.

(b) Award Term. Except to the extent already established in Section 6 (b), the term of each Award shall be for such period of months or years from the date of its grant as may be determined by the Committee.

(c) Award Entitlement. No Employee or Participant shall have any claim to be granted any Award under the Plan and there is no obligation for uniformity of treatment of Employees or Participants under the Plan.

(d) Requirement of an Award Agreement. The prospective recipient of any Award under the Plan shall not, with respect to such Award, be deemed to have become a Participant, or to have any rights with respect to such Award, until and unless such recipient shall have executed an agreement or other instrument evidencing the Award and delivered a copy thereof to the Company and otherwise complied with the then applicable terms and conditions.

(e) Award Adjustments. Except as provided in Section 12, the Committee shall be authorized to make adjustments in Performance Award criteria or in the terms and conditions of other Awards in recognition of unusual or nonrecurring events affecting the Company or its financial statements or changes in applicable laws, regulations or accounting principles. The Committee may correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent it shall deem desirable to carry it into effect.

(f) Committee Right to Cancel. The Committee shall have full power and authority to determine whether, to what extent and under what circumstances any Award shall be canceled or suspended. In particular, but without limitation, all outstanding Awards to any Participant shall be canceled if the Participant, without the consent of the Committee, while employed by the Company or after termination of such employment, becomes associated with, employed by, renders services to or owns any interest in

(other than any nonsubstantial interest, as determined by the Committee) any business that is in competition with the Company or with any business in which the Company has a substantial interest as determined by the Committee or otherwise takes any action that in the judgment of the Committee is not in the best interests of the Company.

(g) Stock Certificate Legends. All certificates for Shares delivered under the Plan pursuant to any Award shall be subject to such stock transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange upon which the Shares are then listed and any applicable Federal or state securities law, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(h) Compliance with Securities Laws. No Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. Federal securities laws and any other laws to which such offer, if made, would be subject.

(i) Award Deferrals; Dividends. The Committee shall be authorized to establish procedures pursuant to which the payment of any Award may be deferred. Subject to the provisions of the Plan and any Award Agreement, the recipient of an Award (including, without limitation, any deferred Award) may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, cash dividends, or cash payments in amounts equivalent to cash dividends on Shares ("Dividend Equivalents"), with respect to the number of Shares covered by the Award, as determined by the Committee, in its sole discretion, and the Committee may provide that such amounts (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested.

(j) Consideration for Awards. Except as otherwise required in any applicable Award Agreement or by the terms of the Plan, recipients of Awards under the Plan shall not be required to make any payment or provide consideration other than the rendering of services.

(k) Delegation of Authority by Committee. The Committee may delegate to one or more executive officers (as that term is defined in Rule 3b-7 under the Exchange Act) or a committee of executive officers the right to grant Awards to Employees who are not executive officers or directors of the Company and to cancel or suspend Awards to Employees who are not executive officers or directors of the Company.

(l) Withholding Taxes. The Company shall be authorized to withhold from any Award granted or payment due under the Plan the amount of withholding taxes due in respect of an Award or payment hereunder and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. The Committee shall be authorized to establish procedures for election by Participants to satisfy such obligations for the payment of such taxes by delivery of or transfer of Shares to the Company or by directing the Company to retain Shares otherwise deliverable in connection with the Award.

(m) Other Compensatory Arrangements. Nothing contained in this Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

(n) Governing Law. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan shall be determined in accordance with the laws of the Commonwealth of Pennsylvania and applicable Federal law.

(o) Severability. If any provision of this Plan is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan, it shall be stricken and the remainder of the Plan shall remain in full force and effect.

(p) Awards to NonU.S. Employees. Awards may be granted to Employees who are foreign nationals or employed outside the United States, or both, on such terms and conditions different from those applicable to Awards to Employees employed in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees on assignments outside their home countries.

(q) Repricing Prohibited. The repricing of Options or Stock Appreciation Right Awards under the Plan is expressly prohibited. "Repricing" means the grant of a new Option, Stock Appreciation Right or other Award in consideration of the exchange, cancellation or forfeiture of an Award that has a higher grant price than the new Award or the amendment of an outstanding Award to reduce the grant price; provided, that the grant of a Substitute Award shall not be considered to be repricing.

SECTION 15. TERM OF PLAN. The Plan shall be effective as of May 1, 2004. No Award shall be granted pursuant to the Plan after April 30, 2009, but any Award theretofore granted may extend beyond that date.

SECTION 16. TERMINATION OF PRIOR PLAN. No stock options or other awards may be granted under the Prior Plan or any predecessor plan after April 30, 2004, but all such awards theretofore granted shall extend for the full stated terms thereof and be administered under this Plan.

Computation of Ratio of Earnings to Fixed Charges
For the six months ended June 30, 2004
(in millions, except ratio)

Six months ended June 30	2004
Earnings:	
Income from continuing operations before taxes on income	\$ 1,228
Minority interests' share of earnings of majority-owned subsidiaries without fixed charges	—
Equity income	(71)
Fixed charges	156
Distributed income of less than 50%-owned persons	18
Amortization of capitalized interest	13
	—
Total earnings	\$ 1,344
Fixed Charges:	
Interest expense:	
Consolidated	\$ 133
Proportionate share of 50%-owned persons	1
	—
	\$ 134
Amount representative of the interest factor in rents:	
Consolidated	\$ 21
Proportionate share of 50%-owned persons	1
	—
	\$ 22
Fixed charges added to earnings	\$ 156
Interest capitalized:	
Consolidated	\$ 13
Proportionate share of 50%-owned persons	—
	—
	\$ 13
Preferred stock dividend requirements of majority-owned subsidiaries	—
Total fixed charges	\$ 169
Ratio of earnings to fixed charges	7.9

July 26, 2004

Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549

RE: Alcoa Inc.

Commissioners:

We are aware that our report dated July 7, 2004, on our review of interim financial information of Alcoa Inc. and its subsidiaries (the "Company") for the three-month and six-month periods ended June 30, 2004 and 2003 and included in the Company's quarterly report on Form 10-Q for the quarter ended June 30, 2004 is incorporated by reference in its Form S-8 Registration Statements (Nos. 33-24846, 333-32516, 333-106411, 333-36214, 33-22346, 33-49109, 33-60305, 333-27903, 333-62663, 333-79575, 333-36208, 333-37740, 333-39708, and 333-115717) and Form S-3 Registration Statements (Nos. 333-74874 and 333-107926).

Very truly yours,

/s/ PricewaterhouseCoopers LLP

Certifications

I, Alain J. P. Belda, Chairman of the Board and Chief Executive Officer of Alcoa Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alcoa Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2004

/s/ ALAIN J. P. BELDA

Title: Chairman of the Board and
Chief Executive Officer

I, Richard B. Kelson, Executive Vice President and Chief Financial Officer of Alcoa Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alcoa Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 26, 2004

/s/ RICHARD B. KELSON

Title: Executive Vice President and
Chief Financial Officer

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Alcoa Inc., a Pennsylvania corporation (the "Company"), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 26, 2004

/s/ ALAIN J. P. BELDA

Name: Alain J. P. Belda
Title: Chairman of the Board and
Chief Executive Officer

Dated: July 26, 2004

/s/ RICHARD B. KELSON

Name: Richard B. Kelson
Title: Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.