

Terms and Conditions – [YEAR] Performance Share Awards

1. A Performance Share Award is a commitment by the Company to issue, on the third anniversary date of the date of the grant of the award, from 0 to 200% of the Target number of shares of Alcoa common stock indicated in the award notification letter. Alcoa common stock, if any, will not be issued until the award vests.
2. The exact amount of stock to be received under this Performance Share Award, if any, will be determined no later than 18 months after the grant date, and such determination will be made in accordance with the performance metrics reflected in the award notification letter.
3. Until the award vests, the Participant has no voting rights or rights to receive dividends with respect to the shares of Alcoa common stock potentially covered by the award. The Committee may, however, authorize the payment of cash dividend equivalents prior to vesting of the award. Such amounts, if authorized, will be equal to the common stock dividend per share payable from time to time on Alcoa common stock multiplied by, (i) during the first 12 to 18 months after the grant date, the Target number of shares covered by the award, or (ii) after the exact amount of stock to be received under the grant is determined as provided in paragraph 2. above, that exact number of shares.
4. Except as provided below, if the Participant's employment terminates before the award vests, the award is forfeited, and it is automatically canceled.
5. A. This award vests three years from its grant date, except in the following instances:
 - (i) If the Participant's employment terminates due to retirement under a Company, subsidiary or government retirement plan on a date that is at least six months from the grant date, the award is not forfeited but vests on the original stated vesting date set forth in the award notification letter.
 - (ii) A Performance Share Award held by a Participant who dies while an employee is not forfeited but vests on the original stated vesting date set forth in the award notification letter.
 - (iii) A Performance Share Award vests in accordance with the three year time vesting schedule, as determined at the Company CEO's discretion, if, prior to the Performance Share Award otherwise vesting, (i) management identifies the Participant to be terminated from employment with the Company or a subsidiary of the Company as a result of a divestiture of a business or a portion of a business, and (ii) the Participant either becomes an employee of (or is leased or seconded to) the entity acquiring the business on the date of the closing, or the Participant is not offered employment with the entity acquiring the business and is terminated by the Company or a subsidiary of the Company within 90 days of the closing of the sale. For purposes of this paragraph, employment by "the entity acquiring the business" includes employment by a subsidiary or affiliate of the entity acquiring the business; and "divestiture of a business" means the sale of assets or stock resulting in the sale of a going concern. "Divestiture of a business" does not include a plant shut down or other termination of a business.
- B. A Performance Share Award vests immediately upon certain Change in Control events described in the Plan. The award is payable and shares of stock become issuable immediately upon the occurrence of such Change in Control event.
6. When the Performance Share Award vests and stock, if any, becomes issuable, this award will be settled by delivery to the Participant of the number of shares of Alcoa common stock determined as provided in paragraph 2. above. U.S. taxes required to be withheld under applicable tax laws in connection with a Performance Share Award will be satisfied by Alcoa's withholding from the shares of stock to be issued that number of

shares whose fair market value on the vesting date equals the withholding amount to be paid. Employees in non-U.S. locations must satisfy tax requirements as outlined by their country of residence.

7. This award is nontransferable.
8. This award may be suspended or limited by the Committee at any time if it determines that this action is necessary or desirable in order to permit the Company to obtain the listing, registration or qualification of shares covered by this award upon any securities exchange or under any law, rule, regulation or decision or the consent or approval of any governmental regulatory body or to comply with insider trading laws. No suspension or delay resulting from this action will extend the termination date of this award.
9. The Committee has full power and authority to determine whether, to what extent and under what circumstances this award will be cancelled. In particular, but without limitation, all Performance Share Awards granted to any Participant may be canceled if the Participant, without the consent of the Committee, while employed by the Company or after termination of employment, becomes associated with, employed by, renders services to or owns any interest in (other than any insubstantial interest, as determined by the Committee) any business that is in competition with the Company or with any business in which the Company has 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.
10. This award does not confer any rights of continued employment upon the Participant.
11. To accept this award, you must, within 90 days from the grant date, confirm your agreement to the Terms and Conditions and Rules for Performance Share Awards at the Alcoa stock option web site.