UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF PENNSYLVANIA

HAWAII STRUCTURAL IRONWORKERS PENSION TRUST FUND, Derivatively On Behalf of ALCOA INC., Plaintiff, vs. ALAIN J.P. BELDA, KLAUS KLEINFELD, JOSEPH T. GORMAN, HENRY B. SCHACHT, FRANKLIN A. THOMAS, JUDITH M. GUERON, KATHRYN S. FULLER, ERNESTO ZEDILLO, CARLOS GHOSN, JAMES W. OWENS, RATAN N. TATA, E. STANLEY O'NEAL, MICHAEL G. MORRIS, LAWRENCE R. PURTELL, BERNT REITAN, WILLIAM J. RICE, DAVID B. DABNEY, PETER BURGESS, DAVID DEBNEY and VICTOR DAHDALEH, Defendants, – and – ALCOA INC., a Pennsylvania corporation, Nominal Defendant.	No.: VERIFIED SHAREHOLDER DERIVATIVE COMPLAINT FOR BREACH OF FIDUCIARY DUTY, ABUSE OF CONTROL, CORPORATE WASTE, UNJUST ENRICHMENT AND GROSS MISMANAGEMENT DEMAND FOR JURY TRIAL

"There is no amount of laws or regulations that will force a company to behave with integrity."

Alain Belda, Chairman & CEO Alcoa
July 30, 2002

NATURE AND SUMMARY OF THE ACTION

1. This is a shareholder derivative action brought on behalf of Alcoa Inc. ("Alcoa" or the "Company") – the world's third-largest aluminum producer, headquartered in Pittsburgh – arising out of the Alcoa Board's causing and/or failing to prevent Alcoa's illegal payment of hundreds of millions of dollars in illegal bribe payments to senior officials of the government of Bahrain and Aluminum Bahrain B.S.C. ("Alba"), a Bahrain-government controlled metals company, over a fifteen-year period, allegedly to induce Alba to pay Alcoa approximately $1 billion in illegal bribe-induced premiums for alumina, an ingredient used to make aluminum, and then attempting to induce Alba's executives to cede a controlling interest in an injured and devalued Alba to Alcoa. As a result of defendants' gross misconduct, self-dealing and *ultra vires* conduct, Alcoa is being investigated by the U.S. Department of Justice ("DOJ") and is exposed to substantial criminal liability for violating the nation's anti-bribery laws and money-laundering prohibitions, millions of dollars in fines and penalties, disgorgement of bribe-tainted profits and the billion of dollars in potential civil liability Alba has sought in its civil lawsuit. Even if Alba's civil suit is not successful, if criminal charges are never brought or proven, and if Alcoa is not forced to disgorge profits tainted by illegality, the Company will expend millions of dollars responding to the claims and/or investigating and disproving the charges, suffering immense reputational harm in the process. By this action, brought derivatively to protect Alcoa's and its shareholders' interests, plaintiff seeks to ensure that the responsible parties in the Alcoa executive ranks are held accountable.

2. In an effort to present themselves as competent, honest stewards and managers of Alcoa's business, the officers and directors named as defendants repeatedly misrepresented how they were overseeing, managing and operating Alcoa in a lawful and ethical manner. They told the

owners of Alcoa – the shareholders – that compliance with their legal and ethical obligations, including the nation's anti-bribery and anti-corruption laws, was especially critical to Alcoa given the nature of its global business, and that Alcoa had in place rigorous internal controls to assure compliance with national and international law, including anti-corruption and anti-bribery prohibitions, and extensive training programs for its executives and managers in this regard, and, as a result, it was in compliance with such laws and conventions. These representations were false and misleading. Instead, under their stewardship, the Alcoa executives named as defendants herein caused and/or permitted Alcoa to engage in a pattern and practice of making illegal and improper payments to secure contracts and false and misleading statements to conceal and cover them up, thus violating the Foreign Corrupt Practices Act ("FCPA") and the anti-corruption convention of the Organization for Economic Cooperation and Development ("OECD Convention"). Defendants' misconduct also involved repeatedly misleading Alcoa's shareholders in order to entrench and enrich themselves by boosting Alcoa's apparent short-term profits to justify paying themselves excessive compensation and benefits, even though they knew or recklessly disregarded that their actions would damage Alcoa in the longer term.

3. On July 30, 2002, defendant Alain J.P. Belda ("Belda"), Alcoa's Chairman and Chief Executive Officer ("CEO") since 2001 and 1999 respectively, released the following letter to Alcoa's shareholders and the investment community at large purportedly trumpeting "the importance of integrity" at Alcoa:

> July 30, 2002
>
> Confidence and trust in business haven't been so sternly tested in the U.S. for as long as I have been working. Scandals at Enron, Global Crossing, Tyco, WorldCom, Qwest, Adelphia, etc. have eroded the public confidence not only in business as an institution, but in regulators, auditors and the American capital market system in general.
>
> ***Here, in this developed economy, people from all over the world have been willing to invest in "pieces of paper" because of a basic trust that there are systems in place to make the "pieces of paper" valuable. What is happening is that the trust***

about investing in "pieces of paper" is being eroded by the idea that there is not an oversight system that works to protect the investor. It is also being eroded by the actions and omissions of some of the people entrusted to run these companies, and oversee their governance and reporting.

When confidence is not present, investors want hard assets, not "pieces of paper." This freezes capital and slows growth and opportunities. ***Far more is at stake than the accounting and governance of companies. At risk is the trust of investors, employees, the public and the ethical viability of the corporate sector and capitalism***.

For all these reasons, I support the recommendations from the different branches of government and others that are requiring more transparency, more disclosure, better and stronger control of the accounting industry, and better governance.

In the next few days, Rick Kelson, our CFO, and I will be signing documents attesting that our financial statements represent the truth as we know it, and include all material information necessary to ensure that such financial statements are not misleading. I have always believed that the CEO is responsible for the acts of the company and agree that I should be accountable for the financial disclosures of Alcoa.

While we have not completed the process, I will take the risk to say that I do this with a strong belief that our governance processes, our controls and transparency have been implemented well ahead of these recent requirements and mandates. ***This stems from our Values structure – the overall company culture of integrity and accountability to do the right thing, rather than the expedient one.***

There is no amount of laws or regulations that will force a company to behave with integrity. Learning from these events, we are taking steps to further improve standards, controls and accountabilities. The best line of defense is for integrity to be a part of the living Values of each individual member, each Alcoan.

Finally, we should look at these events as an opportunity to renew the pride we have in Alcoa and Alcoans, of our Values and of the way we live them. ***It should enhance your confidence in the company, your colleagues and our future.***

Alain Belda

4. Despite Belda's strong talk about "integrity" and engendering in shareholders the ***"basic trust that there are systems in place to make the 'pieces of paper' valuable,"*** the alleged Alba bribery scheme had already been under way ***for nine years*** by July 2002. Defendants' misleading assurances of their strong oversight continued through and including the day Alba filed

suit in February 2008. For instance, detailing Alcoa's "Corporate Governance Guidelines," defendants stated:

> Alcoa is a values-based company. ***Our Values guide our behavior at every level and apply across the company on a global basis.*** We expect all directors, officers and other Alcoans to conduct business in compliance with our Business Conduct Policies, and we survey compliance with these policies on an annual basis. ***Alcoa endorses The Business Roundtable Principles of Corporate Governance dated May 2002, which is a comprehensive statement of responsible corporate governance principles. These principles provide the foundation on which our Corporate Governance Guidelines and our board committee charters are based.***

5. Concerning "Director responsibilities," defendants promised:

> ***The core responsibility of the directors is to exercise their business judgment and act in what they reasonably believe to be the best interests of the company***.
>
> ***Serving on a board requires significant time and attention on the part of directors.*** Directors should participate in board meetings, review relevant materials, serve on board committees and prepare for meetings and discussions with management.
>
> * * *
>
> Directors are expected to maintain an attitude of constructive involvement and oversight; they are expected to ask incisive, probing questions and require accurate, honest answers; ***they are expected to act with integrity;*** and they are expected to demonstrate a commitment to the company, its values and its business plan and to long-term shareholder value.
>
> In performing their oversight responsibilities, directors rely on the competence and integrity of management in carrying out their responsibilities. ***It is the responsibility of management to operate the Company in an effective and ethical manner in order to produce value for shareholders.***

6. Addressing "Director qualification standards" purportedly in place and being implemented, defendants said that not only were a majority of Alcoa's directors technically "'independent' under the listing standards of the New York Stock Exchange," but insisted that at Alcoa, "[b]oard independence depend[ed] not only on directors' individual relationships, but also on the board's overall attitude," and that "***[p]roviding objective, independent judgment [was] at the core of the board's oversight function***."

7. Concerning "[d]irector access to management and, as necessary and appropriate, independent advisors," defendants said that at Alcoa:

> The board must have accurate, complete information to do its job; the quality of information received by the board directly affects its ability to perform its oversight function effectively. ***Directors should be provided with, and review, information from a variety of sources, including management, board committees, outside experts, auditor presentations and other reports.*** The board should be provided with information before board and committee meetings with sufficient time to review and reflect on key issues and to request supplemental information as necessary.

8. Each year, including in 2007, the Company's Proxy Statement described Alcoa's purported commitment to ethical business practices and the Board's oversight of that commitment:

> **CORPORATE GOVERNANCE**
>
> Alcoa is a values-based company. ***Our values guide our behavior at every level and apply across the company on a global basis.*** We expect all directors, officers and employees to conduct business in compliance with our Business Conduct Policies and ***we survey compliance with these policies on an annual basis***.

9. Each year, including 2007, the Proxy Statement also described the Board's and executives' purported commitment to compliance with the nation's anti-bribery and corruption laws and regulations, and the Board's effective oversight over business practices to ensure that commitment:

> **BUSINESS CONDUCT POLICIES AND CODE OF ETHICS**
>
> ***The company's Business Conduct Policies,*** which ***have been in place for many years***, apply equally to the directors and to all company officers and employees, as well as those of controlled subsidiaries, affiliates and joint ventures. ***The directors and employees in positions to make discretionary decisions are surveyed annually regarding their compliance with the policies.***
>
> In November 2003, the board adopted a code of ethics applicable to the CEO, CFO and other financial professionals, including the principal accounting officer, and those subject to it are surveyed annually for compliance with it. ***Only the Audit Committee can amend or grant waivers from the provisions of this code, and any such amendments or waivers will be posted promptly at http://www.alcoa.com. To date, no such amendments have been made or waivers granted.***

10. But each year, the statements on Alcoa's web site, to its investors and in Alcoa's Proxy Statement concerning compliance with the nation's anti-bribery and corruption laws and regulations and Alcoa's Business Conduct Policies and Code of Ethics, and specifically the effectiveness of the Board's oversight over business practices to ensure compliance, were false and misleading and lulled Alcoa's shareholders into a false sense of security that the Company's affairs were being prudently managed and overseen. This false sense of security, in turn, allowed the Alcoa Board and its executives to continue receiving millions of dollars in cash bonuses and incentive compensation that would otherwise have been withheld and to continue concealing the illegal Alba bribery scheme.

11. Suddenly on February 27, 2008, Alcoa was sued by Alba, claiming at least $1 billion in damages based on claims of fraud and bribery of officials overseas, including violation of the Racketeer Influenced and Corrupt Organizations Act ("RICO"), and fraud and conspiracy to violate RICO and to defraud. The bribes were allegedly sent through a series of shell companies that Alcoa and Alcoa-related entities ultimately controlled. According to Alba, Alcoa's "conspiracy succeeded in exacting hundreds of millions of dollars in overpayments, which continue to accumulate to this day." Among other things, Alba sought "damages in excess of $1 billion, including punitive damages, for this massive, outrageous fraud." ***On March 20, 2008, the DOJ intervened in Alba's civil suit seeking a stay of the civil proceedings to permit the DOJ to complete its own "pre-indictment investigation***." Company officials cheered, pointing out that this would allow ***them*** to quickly dispose of the civil suit, ***but not explaining how or at what cost to Alcoa***.

12. The Alba civil suit alleges that Alcoa steered payments for an aluminum precursor ingredient called "alumina" to a group of companies it controlled abroad in order to pay kickbacks to a Bahraini "senior government official." As a result, Alba alleges Alcoa overcharged it for the alumina. Bank records and invoices obtained by Alba allegedly show that ***more than $2 billion*** in

payments for alumina from Alba passed from Bahrain to tiny companies in Singapore, Switzerland and the Isle of Guernsey. Alba's civil suit alleges these funds were paid to Bahrainian government officials involved in granting the contracts and that Alcoa's executives "furthered their fraud through bribes paid to one or more senior officials of . . . the Government of Bahrain." These charges are creating a huge black eye for Alcoa: Standard & Poor's already downgraded Alcoa's stock rating and at least one analyst has estimated that, if proven, the charges could cost Alcoa up to $2 per share.

13. On March 22, 2008, it was also widely reported that Alcoa is now "under criminal investigation by the Justice Department over accusations that the company bribed officials in Bahrain in an effort to obtain business." The DOJ's intervention motion in the Alba civil suit disclosed that ***the "allegations in Alba's complaint implicate facts and conduct that fall within the scope of the criminal investigation***." Alcoa spokesman Kevin Lowery ("Lowery") immediately responded in an interview with *Bloomberg* that Alcoa executives saw "this as ***an opportunity to bring a speedy conclusion to the entire matter***." However, if the past is any indication, Alcoa's executives will follow the same course in resolving the criminal inquiry here as others have done recently, *i.e.*, BP plc (environmental and worker safety law violations – plea agreement 2007), British Airways (antitrust violations – plea agreement 2007), Chiquita (human rights violations – plea agreement 2007). Rather than allowing prosecutorial scrutiny to be turned on themselves, Alcoa's executives will simply force Alcoa to plead guilty to any criminal charges, pay the huge criminal fines and penalties, serve out its corporate felony probation (or deferred prosecution agreement), and potentially disgorge tens of millions of dollars in profits, ***while its executives – the true malefactors – walk free.***

14. Alumina is an ore refined from bauxite that is further processed to make aluminum. Alcoa produced approximately 15.1 million metric tons of alumina in 2006, more than half of which was supplied to outside customers like Alba. Alba, the second-largest aluminum producer in the

Middle East, after Dubai Aluminium Co., supplies nearly all the aluminum used by Bahrain's industries.

15. In order to secure the allegedly inflated payments for the alumina, Alba claims Alcoa and its agents paid bribes beginning in 1993 to officials of Bahrain, which controlled 77% of the government-owned company. The overcharges for alumina allegedly cost Alba $65 million a year. The bribery scheme was reportedly discovered by Alba in late 2007.

16. At the center of the controversy is a Canadian businessman of Jordanian origin named Victor Dahdaleh ("Dahdaleh") who served as Alcoa's agent in the aluminum sales to Alba. Dahdaleh, whose holdings are known as the Dadco Group, was a longtime partner of Alcoa in its Australian mining operations. Dahdaleh is also a part-owner with Alcoa of the national bauxite company of Guinea, a poor African nation that consistently ranks as one of the world's most corrupt. Beginning in 1990, the Alba civil suit alleges, Alcoa began assigning its supply contracts to a series of companies set up by Dahdaleh. However, according to the suit's allegations, these "assignments served no legitimate business purpose and were used as a means to secretly pay bribes and unlawful commissions as part of a scheme to defraud Alba."

17. Allegedly, alumina payments passed in large part through Chase Manhattan Bank in New York *en route* to accounts for certain off shore entities at the Royal Bank of Canada. The first such entity was a Singapore firm called Alumet Asia PTE Limited ("Alumet Asia"), controlled by Dahdaleh through Royal Bank of Canada trust companies in Guernsey and Jersey – sovereign islands in the English Channel known for their financial secrecy. An internal Alba memo cited a possible innocent explanation for routing payments through small firms – namely, to keep information from competitors. For instance, a December 2, 1996 Alba memo explained that Alcoa will "assign this [alumina purchase] contract to an associated company in Singapore to avoid prices being known through statistics released by the Australian Government." However, this explanation

was false. Instead, Alumet Asia existed solely as a front for the sales of alumina to Alba and a vehicle for defrauding Alba.

18. In fact, Alumet Asia was dissolved 11 days after its last invoice to Bahrain in 2002. The payments from Alba were redirected to AA Alumina, which Swiss records show was owned and run by a former Alcoa executive named David Dabney ("Dabney"), who worked for Dahdaleh. But invoices show that the payments continued to flow into the same account at the Royal Bank of Canada used by Alumet Asia. As a result, Alba alleged that its 2005 contract was inflated by an estimated 10%, or $65 million a year. Alba claims 80 payments had been made to the offshore firms, most of them exceeding $15 million.

19. Alcoa's contracts with Bahrain were negotiated by Dahdaleh who received the payments from Bahrain and passed them along to Alcoa. The small firms into which Bahrain's payments for alumina were channeled had been set up by defendant Dahdaleh.

20. To add insult to injury, according to Alba, Alcoa also tried to acquire 26% of Bahrain's share in Alba in 2003, while the Company was paying bribes to an unidentified Alba official. Bahrain attempted to back out of the deal after determining it was not in the country's interest. Even then, Alba officials allegedly continued pressuring an unidentified Bahrainian government official to close the transaction. Alcoa offered $600 million for the stake "while the true value was really closer to $1 billion" according to Alba.

21. Alcoa's dispute with Alba, a very important customer, comes at a crucial juncture in Alcoa's history. The Company faces increasing competition from its rivals. In 2007, Alcoa surrendered its position as the world's largest aluminum producer. Rio Tinto Group Plc's takeover of Alcan made it the largest producer followed by United Co. Rusal, a Russian company produced in 2007 by a merger. Alcoa has been attempting to obtain access to cheaper energy supplies, possibly through acquisitions in areas such as the Persian Gulf. Aluminum makers, amid surging demand,

have been jockeying to corner supplies of natural gas in the Mideast to fuel new metals plants. Foreign companies and governments do not want to do business with companies that pay bribes and conduct their business unethically. At the same time, Bahrain, the United Arab Emirates and Saudi Arabia have all been seeking to diversify their economies away from oil and toward manufacturing businesses that can use the region's plentiful energy. But, according to *The Wall Street Journal*, "[i]f Bahrain's claims against Alcoa give the Pittsburgh company a black eye in the region, that could hobble its strategic repositioning effort."

22. Reacting to the perceived threat of competition, defendants caused Alcoa to engage in the illegal bribery scheme to the Company's detriment. While Alcoa's reported short-term "profits" justified their own outsized executive compensation, on paper, defendants' illegal and *ultra vires* misconduct has destined Alcoa for long-term financial chaos.

23. In fact, as Nicholas Hildyard, director and policy analyst at Corner House Research, a not-for-profit organization with expertise in overseas corruption, presented recently to the U.K. High Court in connection with the legal challenge to a termination of an investigation of bribery charges against BAE Systems, plc, paying bribes is not only morally repugnant and violative of national and international law, it damages the payor:

- "Even if ***paying bribes*** wins contracts, it also ***incurs high reputational and other risks for companies***."

- "'***Corruption demands secrecy, but there are fewer secrets in an era of rapid, worldwide communication. Those who break the rules are more likely to be found out. A corruption scandal in one part of the world will affect a company's reputation – and its commercial prospects – thousands of miles away***'" . . . .

- "In addition, bribe paying, like giving in to blackmail, has its own dynamic: '***Once a company has a reputation for paying, officials will seek an opportunity to levy their 'share'. It is hard to resist when a company's earlier behaviour suggests a willingness to pay***'" . . . .

- "Moreover, the results of bribe paying are uncertain: '***The fact that bribery is illegal means that the bribe-payer has no control over the outcome, and cannot complain if they do not get what they paid for***'" . . . .

- "Companies that bribe also have no 'security of tenure': '***They will face new pressures – and possibly new demands – when the person they bribed leaves office***'" . . . .

- "Given these risks, Control Risks concludes: '***It is better not to pay in the first place***'" . . . .

24. As defendants were aware, willfully disregarded, and misrepresented to Alcoa's shareholders, the U.S. Securities and Exchange Commission ("SEC") and the investment community, Alcoa lacked sufficient internal controls to prevent or detect such improper payments and improperly recorded the payments in its books and records. This action is brought against certain of Alcoa's officers and directors seeking to remedy defendants' violations of law, including their breaches of fiduciary duties, abuse of control, waste of corporate assets, unjust enrichment and gross mismanagement that have caused substantial damage to Alcoa. Plaintiff also seeks an order sequestering complicit Board members from using their control and influence over Alcoa to immunize themselves from prosecution.

25. As a result of Alcoa's alleged FCPA violations, the Company now faces exacting criminal investigations and potential prosecution by the SEC and DOJ. This exposure to additional potential criminal and civil liability – and parallel proceedings – have further subjected Alcoa to substantial harm, including defending against criminal charges concomitantly while defending against the civil Alba RICO lawsuit.

JURISDICTION AND VENUE

26. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §1332(a)(2) in that plaintiff and defendants are citizens of different states and the matter in controversy exceeds $75,000, exclusive of interest and costs. This Court has supplemental jurisdiction under 28 U.S.C. §1367. The Court has personal jurisdiction over each defendant under 42 Pa.C.S. §5322.

27. Venue is proper in this District pursuant to 28 U.S.C. §1391, because nominal party Alcoa is organized under the law of Pennsylvania and headquartered in this District and thus a

substantial portion of the transactions and wrongs complained of herein, including the defendants' primary participation in the wrongful acts detailed herein, occurred in this District.

THE PARTIES

Plaintiff

28. Plaintiff Hawaii Structural Ironworkers Pension Trust Fund is, and was at times relevant hereto, an owner and holder of Alcoa common stock. The Hawaii Structural Ironworkers Pension Trust Fund is a multi-employer pension fund, jointly-trusteed by employees and management, that oversees the retirement savings of ironworkers throughout the State of Hawaii. None of plaintiff's trustees are citizens of any states that any of the defendants are citizens of.

Nominal Party

29. Nominal party Alcoa is a corporation organized and existing under the laws of the state of Pennsylvania. Alcoa, along with Alcoa World Alumina LLC ("Alcoa World Alumina"), its wholly-owned operating subsidiary also charged in the Alba civil action, have their principal places of business in Pennsylvania at 201 Isabella Street, Pittsburgh, Pennsylvania, 15212. The Company was formed as a Pennsylvania corporation in 1888 as the Pittsburgh Reduction Company. Its name was changed to Aluminum Company of America in 1907 and to Alcoa Inc. in 1999. The Company was listed on the New York Stock Exchange in 1951. Alcoa is a citizen of Pennsylvania.

Individual Defendants

30. Each of the Individual Defendants named herein knew, consciously disregarded and/or was reckless in not knowing the adverse, non-public information about the business of Alcoa, including the payment of illegal bribes to foreign officials, via access to internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and/or Board meetings and committees thereof, as well as reports and other information provided to them in connection therewith.

31. The Alcoa Board's Audit Committee was charged with reviewing Alcoa's auditing, financial reporting and internal control functions and retaining, overseeing and evaluating the Company's independent auditors. It also reviews the Company's environmental, financial and information technology audits and monitors compliance with Alcoa's Business Conduct Policies. By virtue of the fact that each member of the Audit Committee was charged with ensuring that Alcoa complied with its anti-bribery compliance processes and applicable law and with ensuring that Alcoa's accounting and reporting practices reflected all potential liability, its members are personally implicated by the allegations contained herein.

32. The Alcoa Board's Compensation and Benefits Committee had the sole authority under the Company's by-laws to determine the compensation of the Company's officers, and had the sole authority to establish equity awards for executive officers under the 2004 Alcoa Stock Incentive Plan. The committee oversees the administration of the Company's compensation and benefits plans and approves the Compensation Discussion & Analysis for inclusion in the proxy statement. The 2004 Alcoa Stock Incentive Plan contains a provision that permits cancellation or suspension of equity awards if a recipient takes any action that, in the judgment of the Compensation and Benefits Committee, is not in the best interests of the Company; however, despite knowing about the bribery allegations and the impact the fraudulent revenues had on Alcoa's reported earnings and financial metrics, upon information and belief the Compensation and Benefits Committee has not cancelled or suspended any equity awards. By virtue of the fact that each member of the Compensation and Benefits Committee was charged with ensuring that Alcoa's compensation principles preserved the Company's assets and promoted long-term shareholder value, and the compensation principles actually applied achieved the contrary, its members are personally implicated by the allegations contained herein.

33. The Alcoa Board's Governance and Nominating Committee is charged with developing and annually reviewing corporate governance guidelines for the Company, approving related-person transactions and otherwise overseeing corporate governance matters, in addition to coordinating an annual performance review for the Board, board committees and individual director nominees. By virtue of the fact that each member of the Governance and Nominating Committee was charged with ensuring that Alcoa had effective internal controls and that they were being effectively applied to protect and preserve shareholder value, but were not, its members are personally implicated by the allegations contained herein.

34. Defendant Belda has served as Alcoa's Chairman since January 2001, as its CEO since May 1999 and as a director of Alcoa since September 1998. Belda was previously President and CEO from May 1999 to January 2001, and President and Chief Operating Officer from January 1997 to May 1999. Belda served as Vice Chairman of Alcoa from 1995 to 1997. During fiscal 2007, Belda received a salary of $1.4 million, and a bonus, other long-term compensation and a long-term incentive payout for a total of $25+ million. Belda has breached his fiduciary duties owed to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Belda is a citizen of New York.

35. Defendant Klaus Kleinfeld ("Kleinfeld") has served as Alcoa's President and Chief Operating Officer since October 2007, and as a director of Alcoa since 2003. Kleinfeld has breached his fiduciary duties owed to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage

in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Kleinfeld is a citizen of New York.

36. Defendant Joseph T. Gorman ("Gorman") has served as a director of Alcoa since 2003. Gorman serves on the Alcoa Board's Audit, Compensation and Benefits and Executive Committees. Gorman has also served as Chairman and CEO of Moxahela Enterprises, LLC, a venture capital firm, since 2001. Gorman retired as Chairman and CEO of TRW Inc., a global company serving the automotive, space and information systems markets, in June 2001, after a 33-year career with that company, and after having served in those positions since 1988. Gorman also holds directorship in Imperial Chemical Industries plc, The Procter & Gamble Company, Tonsberg Magnesium Group International AB, and Vector Intersect Security Acquisition Corp. Gorman has breached his fiduciary duties owed to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Gorman is a citizen of Ohio.

37. Defendant Henry B. Schacht ("Schacht") has served as a director of Alcoa since 1994. Schacht serves on the Alcoa Board's Audit, Executive and Public Issues Committees. Schacht has also served as a managing director and senior advisor of Warburg Pincus LLC, a global private equity firm, since 2004. Schacht previously served as Chairman (1996 to 1998; and October 2000 to February 2003) and CEO (1996 to 1997; October 2000 to January 2002) of Lucent Technologies Inc., and as a senior advisor (1998 to 1999 and 2003) to Lucent. Schacht was managing director of Warburg Pincus LLC, from February 1999 until October 2000. Prior to that, Schacht was Chairman (1977 to 1995) and CEO (1973 to 1994) of Cummins Inc., a leading manufacturer of diesel engines. Schacht also holds a directorship in Alcatel-Lucent. Schacht has breached his fiduciary duties owed

to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Schacht is a citizen of New York and Connecticut.

38. Defendant Franklin A. Thomas ("Thomas") has served as a director of Alcoa since 1977. Thomas serves on the Alcoa Board's Compensation and Benefits, Executive and Governance and Nominating Committees. Thomas has also served as an advisor to the United Nations Fund for International Partnerships since 1998. Thomas also holds directorships in Citigroup Inc. and PepsiCo, Inc. Thomas has breached his fiduciary duties owed to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Thomas is a citizen of New York.

39. Defendant Judith M. Gueron ("Gueron") has served as a director of Alcoa since 1988. Gueron serves on the Alcoa Board's Audit and Public Issues Committees. Gueron has breached her fiduciary duties owed to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Gueron is a citizen of New York.

40. Defendant Kathryn S. Fuller ("Fuller") has served as a director of Alcoa since 2002. Fuller serves on the Alcoa Board's Compensation and Benefits, Governance and Nominating and Public Issues Committees. ***Fuller owns no Alcoa stock.*** Fuller has breached her fiduciary duties

owed to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Fuller is a citizen of District of Columbia.

41. Defendant Ernesto Zedillo ("Zedillo") has served as a director of Alcoa since 2002. Zedillo serves on the Alcoa Board's Audit, Governance and Nominating and Public Issues Committees. ***Zedillo owns no Alcoa stock.*** Zedillo has also served as the director of the Yale Center for the Study of Globalization since September 2002, is the former president of Mexico (was elected in 1994 and served until 2000), and had previously served in various positions in the Mexican Federal Government and in Mexico's Central Bank. Zedillo is also a member of the international advisory boards of The Coca-Cola Company, DaimlerChrysler AG, JP Morgan Chase, and Magna International Inc. and holds a directorship in The Procter & Gamble Company. Zedillo has breached his fiduciary duties owed to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Zedillo is a citizen of Connecticut.

42. Defendant Carlos Ghosn ("Ghosn") has served as a director of Alcoa since 2002. ***Ghosn owns no Alcoa stock.*** Ghosn has also served as President and CEO Nissan Motor Co., Ltd. since 2001, and President and CEO of Renault S.A. since April 2005. Ghosn previously served as Executive Vice President of Renault S.A. of France from 1996 to 1999, where he was responsible for advanced research, car engineering and development, car manufacturing, power train operations and purchasing. From 1979 to 1996, Ghosn served in various capacities with Compagnie Générale des

Etablissements Michelin in Europe, the U.S. and Brazil, including as Chairman, President and CEO of Michelin North America, Inc. from 1990 to 1996. Ghosn also holds directorships in Nissan Motor Co., Ltd. and Renault S.A. Ghosn has breached his fiduciary duties owed to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Ghosn is a citizen of California.

43. Defendant James W. Owens ("Owens") has served as a director of Alcoa since 2005. Owens serves on the Alcoa Board's Audit Committee. Owens has also served as Chairman and CEO of Caterpillar Inc., a manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines, since February 2004. Owens served as Vice Chairman of Caterpillar from December 2003 to February 2004, and as Group President from 1995 to 2003, responsible at various times for 13 of the company's 25 divisions. Owens joined Caterpillar in 1972 as a corporate economist and has held numerous management positions at Caterpillar from that time to the present. Owens also holds directorships in Caterpillar Inc. and International Business Machines Corporation. Owens has breached his fiduciary duties owed to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Owens is a citizen of Illinois and North Carolina.

44. Defendant Ratan N. Tata ("Tata") has served as an Alcoa director since 2007. Tata serves on the Alcoa Board's Public Issues Committee. ***Tata owns no Alcoa stock.*** Tata has also served as chairman of Tata Sons Limited, the holding company of the Tata Group, one of India's largest business conglomerates, since 1991. Tata is also the Chairman of the major Tata Group

companies, including Tata Motors, Tata Steel, Tata Consultancy Services, Tata Power, Tata Tea, Tata Chemicals, Indian Hotels, Tata Teleservices and Tata AutoComp., having joined the Tata Group in December 1962. Tata is associated with organizations in India and abroad, including the international advisory boards of Mitsubishi Corporation, the American International Group and JP Morgan Chase, the Asia-Pacific Advisory Committee of the New York Stock Exchange, the RAND's Center for Asia Pacific Policy (chair), and also holds a directorship in Fiat S.p.A. Tata has breached his fiduciary duties owed to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Tata is a citizen of Nevada.

45. Defendant E. Stanley O'Neal ("O'Neal") has served as a director of Alcoa since being appointed by the existing Board on January 18, 2008. O'Neal serves on the Alcoa Board's Audit Committee. O'Neal is the former Chairman and CEO of Merrill Lynch, the world's largest brokerage firm, with offices in 38 countries and territories and total client assets of almost $2.0 trillion. O'Neal became Merrill Lynch's CEO in 2002 and was elected Chairman of Merrill Lynch in 2003, serving in both positions until October 2007. O'Neal worked for Merrill Lynch for 21 years. He was named President and Chief Operating Officer in 2001 and before that was President of the brokerage firm's U.S. Private Client group. O'Neal served as Executive Vice President and CFO of Merrill Lynch from 1998 until 2000 and also held the position of Executive Vice President and Co-Head of the Corporate and Institutional Client Group for one year starting in 1997. Previously, O'Neal had been in charge of Capital Markets and a managing director in investment banking, heading the financing services group, which included the high yield finance, restructuring, real estate, project and lease finance, and equity private placement groups. Before joining Merrill Lynch,

O'Neal was employed at General Motors Corporation where he held a number of financial positions of increasing responsibility, including General Assistant Treasurer, responsible for mergers, acquisitions and domestic financing activities. O'Neal has breached his fiduciary duties owed to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. O'Neal is a citizen of New York.

46. Defendant Michael G. Morris ("Morris") has served as a director of Alcoa since being appointed by the existing Board on January 18, 2008. Morris serves on the Alcoa Board's Public Issues Committee. Morris also serves as Chairman, President and CEO of American Electric Power ("AEP"), one of the nation's largest electric utilities delivering electricity to more than 5 million customers in 11 states. AEP owns more than 38,000 megawatts of generating capacity in the U.S., making it among the largest generators of electricity in the country. Before joining AEP, Morris was Chairman, President and CEO of Northeast Utilities System, New England's largest utility system, from 1997 to 2003. Previously, Morris was at integrated energy company CMS Energy for nine years, where he served as President and CEO of Consumers Energy, its principal subsidiary and one of the nation's largest combination electric and natural gas utilities. Earlier in his career, he was President of Colorado Interstate Gas Co. and Executive Vice President of ANR Pipeline, a large interstate natural gas pipeline system in the U.S. Morris has breached his fiduciary duties owed to Alcoa by, among other things, failing to direct Alcoa to initiate suit against the Company's senior executives for causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials, as well as for causing and/or allowing Alcoa to engage in the payment of illegal bribes to

foreign officials and refusing to implement sufficient internal controls. Morris is a citizen of Michigan.

47. Defendant Lawrence R. Purtell ("Purtell") has served as Alcoa's Executive Vice President and General Counsel since 1997 and as Chief Compliance Officer since April 2002. Purtell has breached his fiduciary duties owed to Alcoa by causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Purtell is a citizen of New York and Massachusetts.

48. Defendant Bernt Reitan ("Reitan") has served as Alcoa's Executive Vice President since November 2004 and Group President - Global Primary Products since October 2004. Reitan was named Group President, Alcoa Primary Products in January 2004. He was elected Vice President of Primary Metals in 2003. He was named President of Alcoa World Alumina and Chemicals ("AWAC") and was elected a Vice President of Alcoa in July 2001. He joined Alcoa in 2000 as General Manager of Alcoa World Alumina in Europe. Reitan has breached his fiduciary duties owed to Alcoa by causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Reitan is a citizen of New York.

49. Defendant William J. Rice ("Rice") served as Vice President of Marketing of Alcoa World Alumina from 2001 through December 2006. Presently, Rice is Vice President of Mining of AWAC. Rice has breached his fiduciary duties owed to Alcoa by causing and/or allowing Alcoa to engage in the payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls. Rice is a citizen of Tennessee.

50. Defendant Dabney is a former Alcoa executive who went to work for Dahdaleh. Swiss records indicate Dabney owned and ran AA Alumina, through which millions of dollars in bribe payments were funneled. From approximately 1996 to 1998, Dabney was an officer of Alcoa

Chemie GmbH. Dabney served as director of three other Dahdaleh-controlled entities. Dabney is a citizen of the Maryland.

51. Defendant Peter Burgess ("Burgess") served as the Sales and Marketing Manager of Alcoa World Alumina. Upon information and belief, Burgess is a citizen of Australia.

52. Defendant David Debney ("Debney") is an associate of both Alcoa and Dahdaleh. In December 2004, Debney founded AAAC-3, for which he is the Administrative President and a shareholder. From approximately 1989 to 2004, Debney was employed by Alcoa of Australia as Administrative President (2000-2004), Manager of Alumina Sales and Marketing (1997-2000), and Technical Manager (1989-1997). Beginning in 1997, Debney was Alba's lead contact at Alcoa of Australia. Since December 2004, Debney has also served as a Director of two Dahdaleh-affiliated entities: AA Alumina and Chemicals Limited, Guernsey and Dadco Holding (Luxembourg) S.A. Upon information and belief, Debney is a citizen of Australia.

53. Defendant Victor Dahdaleh ("Dahdaleh") acted as an agent of Alcoa and Alcoa World Alumina. Dahdaleh is a Canadian citizen residing in the United Kingdom. Upon information and belief, Dahdaleh has had regular, continuous and ongoing contacts with the District of Pennsylvania through his actions on behalf of, and business relationships with, the other defendants.

54. The defendants named in ¶¶34-46 comprise the Alcoa Board of Directors as of the filing of this Complaint and are sometimes collectively referred to herein as the "Director Defendants." The defendants identified in ¶¶34-35 and 47-52 are referred to herein as the "Officer Defendants." Collectively, the Director Defendants, the Officer Defendants and Dahdaleh are referred to herein as the "Individual Defendants."

Non-Parties

55. Non-Party AWAC is an unincorporated joint venture of Alcoa and Alumina Limited, an Australian company formerly known as Western Mining Corporation Holdings Limited. The

AWAC Strategic Council directs AWAC's operations, which operate as a vehicle for Alcoa's investments, operations and participation in the alumina business. The Alcoa Officer and Director Defendants, via their domination and control of Alcoa, appoint a majority of the Strategic Council, including the Chair. Alcoa is also AWAC's "industrial leader" and presumptively provides the management of both AWAC and the "Enterprise Companies" through which it operates. The AWAC Enterprise Companies include Alcoa's affiliated companies, Alcoa World Alumina and Alcoa of Australia Limited ("Alcoa of Australia"). Under the direction of the Alcoa Officer and Director Defendants, via their control and dominance over Alcoa, the Enterprise Companies follow the direction of the Strategic Council.

56. Angela Hill ("Hill") is an officer of Dadco Australia Pty Limited ("Dadco"), a company founded by Dahdaleh and Dahdaleh's brother in Perth Australia.

57. Sandra Ainsworth ("Ainsworth") served as Administrative Manager of Alumet Asia from 1998-2001 but has served since 2001 as the company Secretary of another Dahdaleh-controlled entity, Dadco. From December 2001 to April 2005, Ainsworth served as administrative and shipping manager of other Dahdaleh-controlled entities known as the AAAC companies.

THE DIRECTOR AND OFFICER DEFENDANTS' FIDUCIARY DUTIES

58. By reason of their positions as officers, directors and/or fiduciaries of Alcoa, a Pennsylvania corporation, the Director and Officer Defendants owe and owed Alcoa and its shareholders the highest fiduciary duties of loyalty, good faith and care.

59. Each Director and Officer Defendant, by virtue of his or her position as a director and/or officer of Alcoa, owed to the Company and to its shareholders the fiduciary duties of loyalty, good faith and the exercise of due care and diligence in the management and administration of the affairs of the Company, as well as in the use and preservation of its property and assets. The conduct of the Director and Officer Defendants complained of herein involves a knowing and intentional

breach and/or reckless disregard of their obligations as directors and officers of Alcoa, the absence of good faith on their part, and a sustained or systemic failure to exercise oversight over the Company which the Director and Officer Defendants were aware or should have been aware posed a risk of serious injury to the Company.

60. The Director and Officer Defendants breached their duties of loyalty and good faith by allowing or by themselves causing the Company to pay illegal bribes to foreign officials in violation of the FCPA and thereafter refusing to take remedial measures to protect the interests of Alcoa and its shareholders. These bribes were facilitated by defendants' knowing and/or reckless failure to maintain an adequate system of internal controls at Alcoa. Defendants were responsible. As a result, Alcoa has expended, and will continue to expend, significant sums of money. Moreover, these actions have irreparably damaged Alcoa's corporate image and goodwill.

61. Directors, in particular, are required to act solely in furtherance of the best interests of the corporation and its shareholders. They are prohibited from engaging in self-dealing. Liability arises from a board's intentional dereliction of a duty, including conscious disregard for the board's responsibilities, which assist in determining whether the board has acted in good faith. Moreover, the duty of good faith requires that a director not intentionally or recklessly disregard his duties. Deliberate indifference and inaction in the face of a duty to act is conduct which is clearly disloyal to the corporation and is the epitome of faithless conduct.

62. The duty of oversight is a process-oriented duty that requires directors to be active monitors of corporate performance. Directors have a duty to exercise care in overseeing the business and operations of the corporation and the conduct of corporate employees. In connection with this duty, directors have a responsibility to assure that appropriate information and reporting systems are established and implemented so that senior management and the board have adequate information on

the company's business and operations, material events, and compliance with applicable statutes and regulations.

63. The Director and Officer Defendants, because of their positions of control and authority as directors and/or officers of Alcoa, were able to and did, directly and/or indirectly, exercise control over the wrongful acts complained of herein. Because of their executive, managerial and/or directorial positions with Alcoa, each of the Director and Officer Defendants had access to adverse, non-public information concerning the illegal bribes paid to foreign officials and other individuals.

64. At times relevant hereto, the Individual Defendants were the agents of each other and the Individual Defendants were at all times acting within the course and scope of such agency.

65. Concerning "management succession," defendants have consistently told shareholders that the "paramount duty of the Board of Directors is to select a Chief Executive Officer and to oversee the CEO and other senior management in the competent and ethical operation of the company." To enable it to do so, defendants stated the Board would "identify, and periodically update, the qualities and characteristics necessary for an effective CEO of this company" and that "[w]ith these principles in mind, the board should periodically monitor and review the development and progression of potential internal candidates against these standards." ***Nonetheless, when the Alcoa Board (following shareholder outcry about the Company's abysmal financial performance) announced in October 2007 that Belda would step down in August 2008 and that Kleinfeld had been selected as Belda's heir apparent, they did anything but.***

66. Kleinfeld himself is currently embroiled in the bribery scheme that played out at Siemens AG on his watch and Kleinfeld has not been cleared of charges in that debacle. In May 2007, Siemens, which had then been operating under the pressures of a corruption probe for six months, was ordered by a German court to pay €38 million ($51 million) when two of its former

managers were found guilty in a bribery case. Andreas Kley, an ex-finance chief at Siemens' power-generation unit, and Horst Vigener, a former consultant to the company, were convicted on charges related to payments of €6 million to managers of two Enel SpA units to win orders. ***Siemens was ordered to give up some of the profits it made from the sales.*** Guenter Heine, a German professor of criminal law at the University of Bern in Switzerland told *Bloomberg:* "For Siemens, this verdict is a real problem and I am afraid there are many others to follow. . . . ***Things seem to have got out of hand at Siemens – there is not just one murky character, it rather looks like a systematic problem***." Its own bribery scheme cost Siemens a bundle. Prosecutors uncovered illegal dealings from 2000 to 2006. During 2007, Siemens was fined $314 million by the Munich public prosecutors. ***By the end of 2007, Siemens had paid out a total of $1.7 billion in fines, $2 billion in back taxes for illegal deductions and $44 million in late interest charges. Siemens still faces the SEC and prosecutors in a number of countries.***

67. Despite Alcoa's involvement in the Alba bribery scheme still being concealed, the inappropriateness of selecting Kleinfeld as Belda's heir apparent to lead Alcoa was not missed by the U.S. financial media, with *The Wall Street Journal* reporting on August 16, 2007 that

> the appointment of Mr. Kleinfeld, a 49-year-old German . . . ***marks a gamble that Mr. Kleinfeld won't be tainted by the investigations at Siemens***. Mr. Kleinfeld announced in late April that he would step down from the German conglomerate after the supervisory board again delayed extending his contract amid a widening corruption scandal.
>
> Mr. Kleinfeld says he didn't do anything wrong, ***but critics accused top management of not doing enough in recent years to clamp down on alleged bribery.*** Criminal prosecutors from several countries, including the U.S., are investigating allegations that Siemens managers paid bribes to potential customers abroad over several years.

68. And as reported by the *International Herald Tribune*:

> Kleinfeld's downfall is a sign that practices may indeed be changing. ***In this case, some Siemens board members, who themselves have been caught up in scandals elsewhere, appear more reluctant to take actions - like sticking with a chief executive - that might later call into question their own oversight***.

> "***In times like these, the company needs clarity about its leadership," Kleinfeld said in a statement. "I have therefore decided not to make myself available for an extension of my contract***."

69. Larger issues loom at Alcoa. In the absence of judicial intervention, Kleinfeld will wield considerable power in determining whether Belda is investigated and prosecuted in connection with the Alba bribery payment scheme that went on at Alcoa ***on Kleinfeld's watch***. "There but for the grace of God go I" sympathies will arise and prevail. Kleinfeld, who has himself served as an Alcoa Board member since 2003, along with the rest of the Alcoa Board face a Hobson's choice between investigating and illuminating Belda's past transgressions, potentially implicating themselves in the process as well, or simply turning a blind eye and potentially facing demands by Belda (in connection with severance negotiations) that Alcoa indemnify Belda for any liability in the civil and criminal actions. These precarious scenarios are exactly what shareholder derivative actions like this are designed to address.

70. The Company's Audit Committee was tasked with overseeing the Company's compliance with legal and regulatory requirements, including monitoring the Company's adherence to the Business Conduct Policies and Code of Ethics for the CEO, CFO and Other Financial Professionals. Specifically, the Audit Committee's stated purpose was to "[r]eview[] Alcoa's auditing, financial reporting and internal control functions and . . . the company's environmental, financial and information technology audits and monitor[] compliance with Alcoa business conduct policies." The Audit Committee, operating under the direction of the entire Board, failed to meet its basic responsibilities.

71. The Alcoa Board also contained some of the country's foremost business leaders and advisors – executives who knew better. These executives have extraordinary capabilities in reviewing, analyzing and understanding corporate operations and malfeasance and are charged with employing those extraordinary capabilities in the exercise of their oversight function. Not only did

the members of the Alcoa Board fail to apply their extraordinary talents, they failed to exercise a basic level of due care.

72. Despite their knowledge that the Company lacked sufficient internal controls, none of the defendants herein have taken any steps to prevent or remedy these egregious acts or sought to hold accountable those responsible for mismanaging Alcoa and exposing it to serious criminal sanctions and over a billion dollars in civil liability. This refusal to act has resulted in substantial corporate harm in breach of the fiduciary duties owed to the Company, and demonstrates abuse of control, waste of corporate assets, unjust enrichment and gross mismanagement.

73. In short, defendants caused Alcoa to maintain internal controls that were so deficient that its employees diverted millions of dollars of Company funds to pay illegal bribes to various foreign officials in direct violation of the national and international bribery laws and anti-money laundering prohibitions, including the FCPA. Defendants' misconduct has caused substantial damage to Alcoa. Plaintiff, on behalf of the Company, seeks damages against defendants to compensate the Company for these violations.

AIDING AND ABETTING AND CONCERTED ACTION

74. In committing the wrongful acts alleged herein, the Individual Defendants have pursued or joined in the pursuit of a common course of conduct and acted in concert with one another in furtherance of their common plan.

75. During all times relevant hereto, the Individual Defendants collectively and individually initiated a course of conduct which was designed to and did: (i) conceal the fact that the Company was engaging in violations of the FCPA; and (ii) maintain the Officer and Director Defendants' executive and directorial positions at Alcoa and the profits, power and prestige which the Officer and Director Defendants enjoyed as a result of these positions.

76. The purpose and effect of the Individual Defendants' common course of conduct was, among other things, to disguise the Individual Defendants' violations of law and breaches of fiduciary duty, to conceal adverse information concerning the Company's operations and enhance the Director and Officer Defendants' executive and directorial positions and allow them to continue to receive the substantial compensation they obtained as a result thereof and to avoid criminal liability.

77. The Individual Defendants accomplished their common enterprise and/or common course of conduct by causing the Company to purposefully and/or recklessly violate the FCPA. Each of the defendants was a direct, necessary, and substantial participant in the common enterprise and/or common course of conduct complained of herein.

78. Each of the Individual Defendants aided and abetted and rendered substantial assistance in the wrongs complained of herein. In taking such actions to substantially assist the commission of the wrongdoing complained of herein, each Individual Defendant acted with knowledge of the primary wrongdoing, substantially assisted the accomplishment of that wrongdoing, and was aware of his or her overall contribution to and furtherance of the wrongdoing.

FACTUAL ALLEGATIONS

79. Alcoa is the world's leading producer and manager of primary aluminum, fabricated aluminum and alumina facilities, through its growing position in all major aspects of the industry. Alcoa serves the aerospace, automotive, packaging, building and construction, commercial transportation, and industrial markets, bringing design, engineering, production, and other capabilities of Alcoa's businesses as a single solution to customers. In addition to aluminum products and components, Alcoa also makes aerospace and commercial fastening systems, precision castings, and electrical distribution systems for cars and trucks. The Company has 116,000 employees in 44 countries. Alcoa reportedly received $30.4 billion in revenues during fiscal 2007.

Background: The FCPA

80. The FCPA, first enacted in 1977, amended the Securities Exchange Act of 1934 ("Exchange Act") to make it unlawful for U.S. issuers, or anyone acting at their behest, to make improper payments to any foreign official in order to obtain or retain business. 15 U.S.C. §78dd-1. In addition, the FCPA established accounting control requirements for issuers subject to either the registration or reporting provisions of the Exchange Act. 15 U.S.C. §78m.

81. Section 13(b)(2)(A) of the Exchange Act requires every issuer with a class of securities registered pursuant to §12 of the Exchange Act to make and keep books, records and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer. Section 13(b)(2)(B) of the Exchange Act requires every issuer to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (i) transactions are executed in accordance with management's general or specific authorization; and (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets.

82. U.S. Attorney General Michael B. Mukasey recently stated in a DOJ-issued fact sheet that the government has taken an increased focus on investing and prosecuting corruption cases, stating "[t]he investigation and prosecution of public corruption is among the highest obligations of law enforcement, and it should come as no surprise that I consider it to be one of the top priorities of the Department of Justice." The Mukasey report highlighted the following recent FCPA enforcement efforts (in addition to the Alcoa case):

- One of the Department's most potent weapons in combating foreign corruption is the FCPA. Since 2001, the Department has substantially increased its focus on FCPA violations. In 2007, the Department brought 16 enforcement actions, compared to four in 2002. While enforcement actions against corporations have increased, so too have prosecutions of individuals. In 2007, eight individual defendants either were indicted or pleaded guilty.

Three important FCPA prosecutions brought in 2007 were the cases against Baker Hughes, Congressman William Jefferson and Vetco International.

- On Apr. 26, 2007, Baker Hughes Services International Inc. entered into a deferred prosecution agreement and its subsidiary, Baker Hughes Incorporated, pleaded guilty to violating the FCPA, conspiracy to violate the FCPA, and aiding and abetting the falsification of the books and records of its parent company Baker Hughes. As part of the agreements, BHSI agreed to an $11 million fine which, when considered in conjunction with penalties and disgorgement of profits imposed by the Securities and Exchange Commission, constitutes the largest collective penalty ever imposed in an FCPA case, a total of $44 million.

- On Feb. 6, 2007, three subsidiaries of Vetco International Ltd. pleaded guilty, and a fourth subsidiary entered into a deferred prosecution agreement, in connection with violations of the anti-bribery provisions of the FCPA that involved making approximately $2.1 million in corrupt payments to Nigerian government officials over a two-year period. As part of the plea and deferred prosecution agreements, the three subsidiaries paid a total of $26 million in criminal fines, the largest criminal fine to-date in an FCPA prosecution.

- In addition to charges brought under the FCPA anti-bribery provisions more than $24 million in penalties have been levied by the Department in cases involving suppliers of humanitarian goods under the U.N. Oil for Food program. Because these cases have, thus far, involved payments to the government of Iraq as opposed to an individual Iraqi official, FCPA bribery charges have not been brought. Instead, cases have included charges of wire fraud and violations of the books and records provisions of the FCPA. The two most recent enforcement actions concerning the U.N. Oil for Food Program were against AB Volvo and Flowserve Corporation:

  - On March 20, 2008, AB Volvo agreed to pay a $7 million penalty as part of an agreement with the Department regarding charges brought against AB Volvo subsidiaries Renault Trucks and Volvo Construction Equipment AB (VCE) for separate conspiracies to commit wire fraud and to violate the books and records provisions of the FCPA. Employees and agents of Renault Trucks paid a total of approximately $5 million in kickbacks to the Iraqi government for a total of approximately 61 million euros worth of contracts with various Iraqi ministries. Volvo Construction Equipment International AB the predecessor to VCE, and its distributors were awarded a total of approximately $13.8 million worth of contracts in return for approximately $1.3 million in kickbacks.

  - Flowserve Corporation entered into a three-year deferred prosecution agreement and agreed to pay a $4 million penalty resulting from

> kickbacks paid to the Iraqi government by employees and agents of its subsidiary, Flowserve Pompes SAS, to obtain contracts with Iraqi ministries for the sale of large-scale water pumps and spare parts for use in Iraqi oil refineries.

83. Yet, as widely reported in the media, it is equally clear that the DOJ's charging and settling practices do not do enough to reign in executive abuses – but instead often result in companies shelling out hundreds of millions of dollars in fines and penalties, pleading guilty to felonies, serving felony probation and entering into deferred prosecution agreements overseen by inept and conflicted "corporate monitors":

(a) On September 12, 2007, the *Cincinnati Post* reported:

> ***The Justice Department notified Chiquita Brands International Tuesday that it will not prosecute 10 of the company's former high-ranking officers, including its former chief executive, over the company's payment of bribes to a Colombian organization on the State Department's list of terrorist groups***.
>
> The government's long-awaited decision was part of a sentencing memo urging U.S. District Judge Royce C. Lamberth to fine Cincinnati-based Chiquita $25 million and have the company serve five years probation for its illegal deals. The sentencing hearing before Lamberth is set for Sept. 17.
>
> The multibillion-dollar banana company pleaded guilty in March to making $1.7 million in illegal payments to the United Self-Defense Forces of Colombia, a right-wing Colombian paramilitary group known as the AUC from its name in Spanish, from 1997 to 2004. ***The payments continued even after federal prosecutors warned the company in 2003 such bribes violated the nation's anti-terrorism laws.***
>
> Under its plea, the company also agreed to adopt a large-scale corporate integrity program.
>
> ***Until now, three of its officers were under investigation for authorizing and approving the payments. Lamberth warned prosecutors in June, though, that he could not decide an appropriate fine until he knew how the government had decided to handle the Chiquita officers who had continued the AUC payments***.
>
> ***Of the 10 company officials with potential liability – most not been publicly identified*** . . . .
>
> * * *
>
> ***Roscoe C. Howard Jr., then U.S. attorney for Washington, had pushed his office to prosecute the case and said he equated financing the AUC with financing murder. Colombian authorities hold the AUC responsible for some of the worst***

massacres in Colombia's civil conflict and for a sizable percentage of the country's cocaine exports. It has been on the State Department's list of terrorist organizations.

Fernando Aguirre, Chiquita's current chairman and chief executive officer, said in a statement that the company was pleased with the decision. "We believe this is the right decision and one that reflects the ***good faith efforts of the company – and its officers, directors and employees*** . . . .

(b) On September 18, 2007, following the Chiquita sentencing hearing, the *Miami Herald* reported:

Prosecutors argued the company continued to pay the AUC even after some company officers expressed fears they were breaking U.S. laws.

* * *

Jonathan Malis, a Department of Justice attorney, called the payments ''morally repugnant'' and said the company may have protected the lives of its workers but ``fueled violence everywhere else.''

(c) On September 18, 2007, the *Associated Press* also reported on the Chiquita sentencing hearing:

The ruling sparked outrage within the staunchly pro-American government, as well as among victims of paramilitary violence.

"You can't help but feeling betrayed by the American justice system," said [Columbian] Interior Minister Carlos Holguin. "For $25 million those who financed a mass massacre of Colombians were able to purchase impunity."

(d) Also on August 1, 2007, British Airways ("BA") pled guilty and paid $300 million in criminal fines here in the U.S. for its role in the conspiracy to fix the prices of passenger and cargo flights between New York and London. According to the plea, in 2004, BA's fuel surcharge for round-trip passenger tickets was around $10 per ticket. By the time the passenger conspiracy was cracked in 2006, the surcharge was nearly $110 per ticket, a 10-fold increase. During the air cargo conspiracy, BA's fuel surcharge on shipments to and from the United States changed more than 20 times and increased from $.04 per kilogram of cargo shipped to as high as $.72 per kilogram. On February 14, 2008, BA, along with another co-conspirator airline, agreed to

pay an additional $200 million to settle a civil lawsuit arising out of BA's illegal conduct. Executive pay was directly tied to the anti-competitive profits. Yet not a single BA executive was charged.

(e) Similarly, in October 2007, BP plc plead guilty to felony and misdemeanor charges arising out of the 2005 Texas City Refinery Explosion (where 15 were killed and 170 were injured), the 200,000 gallon 2006 Prudhoe Bay Oil Spill, and 2002-2004 illegal energy market manipulation charges where BP was alleged to have intentionally artificially inflated the price of propane in the U.S. market. BP paid $373 million in fines and penalties, will serve felony corporate probation and entered into a deferred prosecution agreement, cumulatively adding up to the worst scandal in the company's long history. Yet not a single BP executive was charged.

(f) An April 9, 2008 *New York Times* article lambasted the DOJ's recent increased entry into deferred prosecution agreements instead of prosecuting corporate malefactors – which purportedly permits the company to reform itself without being found criminally liable, but in reality allows the responsible corporate executives to avoid big publicly humiliating trials:

> In 2005, federal authorities concluded that a Monsanto consultant had visited the home of an Indonesian official and, with the approval of a senior company executive, handed over an envelope stuffed with hundred-dollar bills. The money was meant as a bribe to win looser environmental regulations for Monsanto's cotton crops, according to a court document. Monsanto was also caught concealing the bribe with fake invoices.
>
> A few years earlier, in the age of Enron, these kinds of charges would probably have resulted in a criminal indictment. ***Instead, Monsanto was allowed to pay $1 million and avoid criminal prosecution by entering into a monitoring agreement with the Justice Department***.
>
> In a major shift of policy, the Justice Department, once known for taking down giant corporations, including the accounting firm Arthur Andersen, has put off prosecuting more than 50 companies suspected of wrongdoing over the last three years.
>
> ***Instead, many companies, from boutique outfits to immense corporations like American Express, have avoided the cost and stigma of defending themselves against criminal charges with a so-called deferred prosecution agreement, which allows the government to collect fines and appoint an outside monitor to impose internal reforms without going through a trial. In many cases, the name of the monitor and the details of the agreement are kept secret***.

* * *

Michael McDonald, a former Internal Revenue Service investigator in Miami who is a private consultant and has given seminars on deferred prosecutions, said such deals "should not be on the board" in the subprime mortgage investigations.

"***In light of what this did to our economy, people shouldn't just be able to write a check and walk away," Mr. McDonald said. "People should be prosecuted for it and go to jail***."

Timothy Dickinson, a lawyer in Washington who was the outside monitor for Monsanto, agreed. ***Corporate lenders caught up in the mortgage scandals should not assume they will be given the chance for a deferred prosecution, Mr. Dickinson said, and the Justice Department should "insist on a guilty plea" rather than offering a deal***.

Alcoa Claimed to Have Sufficient Internal Controls and that It Was Run as an Ethical, Law-Abiding Company

84. On July 30, 2002, defendant Belda released the following letter to Alcoa's shareholders and the investment community at large purportedly trumpeting "the importance of integrity":

July 30, 2002

Confidence and trust in business haven't been so sternly tested in the U.S. for as long as I have been working. Scandals at Enron, Global Crossing, Tyco, WorldCom, Qwest, Adelphia, etc. have eroded the public confidence not only in business as an institution, but in regulators, auditors and the American capital market system in general.

Here, in this developed economy, people from all over the world have been willing to invest in "pieces of paper" because of a basic trust that there are systems in place to make the "pieces of paper" valuable. What is happening is that the trust about investing in "pieces of paper" is being eroded by the idea that there is not an oversight system that works to protect the investor. It is also being eroded by the actions and omissions of some of the people entrusted to run these companies, and oversee their governance and reporting.

When confidence is not present, investors want hard assets, not "pieces of paper." This freezes capital and slows growth and opportunities. ***Far more is at stake than the accounting and governance of companies. At risk is the trust of investors, employees, the public and the ethical viability of the corporate sector and capitalism***.

For all these reasons, I support the recommendations from the different branches of government and others that are requiring more transparency, more

disclosure, better and stronger control of the accounting industry, and better governance.

In the next few days, Rick Kelson, our CFO, and I will be signing documents attesting that our financial statements represent the truth as we know it, and include all material information necessary to ensure that such financial statements are not misleading. I have always believed that the CEO is responsible for the acts of the company and agree that I should be accountable for the financial disclosures of Alcoa.

While we have not completed the process, I will take the risk to say that I do this with a strong belief that our governance processes, our controls and transparency have been implemented well ahead of these recent requirements and mandates. ***This stems from our Values structure - the overall company culture of integrity and accountability to do the right thing, rather than the expedient one.***

There is no amount of laws or regulations that will force a company to behave with integrity. Learning from these events, we are taking steps to further improve standards, controls and accountabilities. The best line of defense is for integrity to be a part of the living Values of each individual member, each Alcoan.

Finally, we should look at these events as an opportunity to renew the pride we have in Alcoa and Alcoans, of our Values and of the way we live them. ***It should enhance your confidence in the company, your colleagues and our future.***

Alain Belda

85. Despite Belda's strong talk about "integrity" and engendering in shareholders the ***"basic trust that there are systems in place to make the 'pieces of paper' valuable,"*** the alleged Alba bribe-scheme had already been under way ***for nine years*** in July 2002. Defendants' misleading assurances of their strong oversight continued through and including the day Alba filed suit in February 2008. For instance, detailing Alcoa's "Corporate Governance Guidelines," defendants stated:

Alcoa is a values-based company. ***Our Values guide our behavior at every level and apply across the company on a global basis.*** We expect all directors, officers and other Alcoans to conduct business in compliance with our Business Conduct Policies, and we survey compliance with these policies on an annual basis. ***Alcoa endorses The Business Roundtable Principles of Corporate Governance dated May 2002, which is a comprehensive statement of responsible corporate governance principles. These principles provide the foundation on which our Corporate Governance Guidelines and our board committee charters are based.***

86. Concerning "Director responsibilities," defendants promised:

> ***The core responsibility of the directors is to exercise their business judgment and act in what they reasonably believe to be the best interests of the company***.
>
> ***Serving on a board requires significant time and attention on the part of directors.*** Directors should participate in board meetings, review relevant materials, serve on board committees and prepare for meetings and discussions with management.
>
> * * *
>
> Directors are expected to maintain an attitude of constructive involvement and oversight; they are expected to ask incisive, probing questions and require accurate, honest answers; ***they are expected to act with integrity;*** and they are expected to demonstrate a commitment to the company, its values and its business plan and to long-term shareholder value.
>
> In performing their oversight responsibilities, directors rely on the competence and integrity of management in carrying out their responsibilities. ***It is the responsibility of management to operate the Company in an effective and ethical manner in order to produce value for shareholders.***

87. Addressing "Director qualification standards" purportedly in place and being implemented, defendants said that not only were a majority of Alcoa's directors technically "'independent' under the listing standards of the New York Stock Exchange," but insisted that at Alcoa "[b]oard independence depend[ed] not only on directors' individual relationships, but also on the board's overall attitude," and that ***"[p]roviding objective, independent judgment [was] at the core of the board's oversight function."***

88. Concerning "[d]irector access to management and, as necessary and appropriate, independent advisors," defendants said that at Alcoa:

> The board must have accurate, complete information to do its job; the quality of information received by the board directly affects its ability to perform its oversight function effectively. ***Directors should be provided with, and review, information from a variety of sources, including management, board committees, outside experts, auditor presentations and other reports.*** The board should be provided with information before board and committee meetings with sufficient time to review and reflect on key issues and to request supplemental information as necessary.

89. Each year, including in 2007, the Proxy Statement described Alcoa's purported commitment to ethical business practices and the Board's oversight of that commitment:

> **CORPORATE GOVERNANCE**
>
> Alcoa is a values-based company. ***Our values guide our behavior at every level and apply across the company on a global basis.*** We expect all directors, officers and employees to conduct business in compliance with our Business Conduct Policies and ***we survey compliance with these policies on an annual basis***.

90. Each year, including 2007, the Proxy Statement also described the Board's and executives' purported commitment to compliance with the nation's anti-bribery and corruption laws and regulations, and the Board's effective oversight over business practices to ensure that commitment:

> **BUSINESS CONDUCT POLICIES AND CODE OF ETHICS**
>
> ***The company's Business Conduct Policies,*** which ***have been in place for many years***, apply equally to the directors and to all company officers and employees, as well as those of controlled subsidiaries, affiliates and joint ventures. ***The directors and employees in positions to make discretionary decisions are surveyed annually regarding their compliance with the policies.***
>
> In November 2003, the board adopted a code of ethics applicable to the CEO, CFO and other financial professionals, including the principal accounting officer, and those subject to it are surveyed annually for compliance with it. ***Only the Audit Committee can amend or grant waivers from the provisions of this code, and any such amendments or waivers will be posted promptly at http://www.alcoa.com. To date, no such amendments have been made or waivers granted.***

91. But each year, the statements in Alcoa's Proxy Statement concerning compliance with the nation's anti-bribery and corruption laws and regulations and Alcoa's Business Conduct Policies and Code of Ethics, and specifically the effectiveness of the Board's oversight over business practices to ensure compliance, were false and misleading and lulled Alcoa's shareholders into a false sense of security that the Company's affairs were being prudently managed and overseen.

92. Claiming to be "a Values-based company," Alcoa's web site explains:

> Our Values guide our behavior at every level and apply across the company on a global basis. We expect all Alcoans to conduct business in compliance with our Business Conduct Policies and ***we survey compliance with these Policies on an***

annual basis. Alcoa endorses The Business Roundtable Principles of Corporate Governance dated May 2002, which is a comprehensive statement of responsible corporate governance principles. These principles provide the foundation on which our Corporate Governance Guidelines and our board committee charters are based. All of the highlighted documents are publicly available on our web site.

93. Alcoa stresses that the following core "Values" protect its operations:

Integrity

Alcoa's foundation is our integrity. ***We are open, honest and trustworthy in dealing with customers, suppliers, coworkers, shareholders and the communities where we have an impact***.

* * *

Profitability

We earn sustainable financial results that enable profitable growth ***and superior shareholder value.***

Accountability

We are accountable – individually and in teams – for our behaviors, actions and results.

We live our Values and measure our success by the success of our customers, shareholders, communities and people.

94. Alcoa also professes adhering to the following "Business Conduct Policies," stating the "following policies apply equally to the Board of Directors, officers and employees at all levels of Alcoa Inc. . . . and each subsidiary, partnership, joint venture or other business association that is effectively controlled by Alcoa directly or indirectly," and that "[a]ll officers and managers of the company are responsible for communicating and implementing these policies within their specific areas of supervisory responsibility":

1. ***The company and its directors, officers and employees shall comply with all laws and regulations that are applicable to the company's activities***.

* * *

3. ***No receipt or payment of funds, property, service or thing of value shall be made by the company with the intent or understanding that any part thereof is to be used for any unlawful purpose or for any purpose other***

than as described in the documentation which evidences or supports the transaction.

4. ***Compliance with accepted accounting rules and controls is required at all times. All reports and documents filed with the Securities and Exchange Commission or any other governmental agency, as well as all other public disclosures, shall contain full, fair, accurate and timely disclosures.***

5. ***No false, artificial or misleading entries in the books and records of the company shall be made for any reason whatsoever. No fund or asset that is not fully and properly recorded and no accounting entries or books of account that do not truly reflect the transactions to which they relate shall be created or permitted to exist.***

6. ***Gifts, favors and entertainment may be given at company expense or accepted by directors, officers or employees from a competitor or an individual or firm doing or seeking to do business with the company only if they meet all of the following criteria:***

   a. ***they are consistent with customary business practices and do not violate applicable law or ethical standards;***

   b. ***they are not excessive in value;***

   c. ***they cannot be construed as a bribe, payoff or improper inducement; and***

   d. ***public disclosure of the facts would not embarrass the company or the director, officer or employee.***

Payments or gifts of cash (or of cash equivalents such as stocks or commodities) to or from a competitor or an individual or firm doing or seeking to do business with the company are never permitted and may not be solicited, offered, made or accepted by directors, officers or employees.

7. ***The use of company funds, property, services or things of value for or in aid of political parties or candidates for public office is prohibited. Any exception requires the prior written approval of the General Counsel and the Chief Executive Officer of Alcoa***.

* * *

12. ***Any director, officer or employee who discovers an event of a questionable, fraudulent or*** illegal ***nature which is, or may be, in violation of the foregoing policies is to immediately report such event to the General Counsel of Alcoa. Retribution against any officer or employee for such reporting is prohibited and will not be tolerated.***

13. ***Violation of the foregoing policies by any officer or employee will result in appropriate, case specific discipline that may include demotion or discharge. The company shall not delegate substantial discretionary authority to any individual who, in the good faith judgment of the company, has shown a propensity to engage in illegal activities***.

95. Alcoa also professes to follow a "Code of Ethics for the CEO, CFO and Other Financial Professionals" ("Code of Ethics"), which purportedly "applies to Alcoa's CEO, CFO, Company Controller and Assistant Controller, Vice President Financial Analysis and Planning, Vice President-Audit, Group and Business Unit Controllers, Treasurer and Assistant Treasurers, Vice President of Tax, Director of Investor Relations, and such other individuals as determined from time to time by the General Counsel (for purposes of this Code of Ethics, together called 'Financial Professionals')." The Code of Ethics was adopted by the Board in November 2003. Alcoa states it "expects all employees, in carrying out their job responsibilities, to act in accordance with the highest standards of personal and professional integrity, to comply with all applicable laws, and to abide by Alcoa's Business Conduct Policies and other corporate policies and procedures adopted from time to time by the company," and that "[t]his Code of Ethics supplements the foregoing with respect to all Financial Professionals":

Alcoa's Financial Professionals will:

a. ***Engage in and promote honest and ethical conduct, acting with integrity and exercising at all times their best independent judgment***;

* * *

c. ***Produce full, fair, accurate, timely and understandable disclosure in reports and documents that Alcoa files with, or submits to, the Securities and Exchange Commission and in other public communications made by Alcoa***;

d. ***Comply with applicable governmental laws, rules and regulations, as well as the rules and regulations of self-regulatory organizations of which Alcoa is a member***; and

e. ***Promptly report any possible violation of this Code of Ethics to the General Counsel and Chief Compliance Officer***.

* * *

All Financial Professionals will be held accountable for their adherence to this Code of Ethics. Failure to observe the terms of this Code of Ethics may result in disciplinary action, up to and including termination of employment. Violations of this Code of Ethics may also constitute violations of law, and may result in civil and criminal penalties for the individual, his or her supervisor and/or Alcoa.

If a Financial Professional has any questions regarding the best course of action in a particular situation, he or she should promptly contact the General Counsel and Chief Compliance Officer. An individual may choose to remain anonymous in reporting any possible violation of this Code of Ethics.

96. Each year following the passage of the Sarbanes-Oxley Act of 2002, Alcoa's senior financial executives, including its CFO and CEO, certified that:

- each had "reviewed th[e] annual report on Form 10-K of Alcoa Inc.";
- ***that based on his "knowledge," those "report[s did] 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 th[e] report***";
- that based on his "knowledge, the financial statements, and other financial information included in th[e] report, ***fairly present[ed] in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in th[e] report***";
- that the "registrant's other certifying officer and [he were] responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) ***and internal control over financial reporting*** (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and ***ha[d]***:"

  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) ***Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;***

  c) ***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***

d) ***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***.

- that the "registrant's other certifying officer and [he ***had] disclosed,*** based on [their] 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***.

97. These so-called "SOX Certifications," each signed by Belda, accompanied Alcoa's 2003, 2004, 2005, 2006 and 2007 annual financial reports to shareholders filed with the SEC and distributed to the investment community.

98. On September 15, 2005, Alcoa announced it had received the highest corporate governance rating from Governance Metrics International, the world's first corporate governance rating agency. Belda claimed:

> "***To be recognized as one of the top companies for corporate governance stems from Alcoa's Value structure – the overall company culture of integrity and accountability to do the right thing. This top ranking demonstrates how we live our Values*** . . . ."

99. On January 16, 2006, the Company reported that it had been "Recognized as Worldwide Leader in Ethical Covalence Rankings." The Company's release stated:

> Alcoa announced today that it was pleased to be selected as one of the top 10 leading multinational companies in the 2005 Covalence Ethical Ranking, ***a barometer of how multinationals are perceived in the ethics field.*** Alcoa ranked 8th in the Best Ethical Score and 3rd in the Best Ethical Progress categories. Covalence closely monitors 300 multinational companies in ten major sectors including 220 companies that are classified as the largest market capitalization in the Dow Jones World Index. Only the top ten performing companies are ranked in the two categories. ***Alcoa also received the Best Ethical Score in the Mining/Metals sector.***

"This recognition supports our reputation as a company that has strong values at its core. Our values guide us in how we treat our employees, stakeholders, customers and community. ***It is critical to the long-term success of Alcoa," said Alain Belda, Chairman and CEO of Alcoa***.

Alcoa's Audit Committee

100. The Audit Committee was charged with reviewing Alcoa's auditing, financial reporting and internal control functions and retaining the Company's independent auditors. It was also charged with reviewing the Company's environmental, financial and information technology audits and monitoring its compliance with Alcoa's business conduct policies. The Audit Committee's stated "Mission" was to "***assist the Board of Directors to fulfill its oversight of the integrity of the company's financial statements, the company's compliance with legal and regulatory requirements,*** the independent auditor's qualifications and independence, ***and the performance of the company's internal audit function*** and independent auditors."

101. The Audit Committee has been comprised of the following defendants since 2002:

	2002	2003	2004	2005	2006	2007	2008
Gorman	X	X	X	X	X	X	X
Gueron	X	X	X	X	X	X	X
O'Neal							X
Owens							X
Schacht	C	C	C	C	C	C	X
Zedillo	X	X	X	X	X	X	X
Kleinfeld		X	X	X	X	X	

102. As detailed herein, the Audit Committee, as empowered and authorized by the entire Board, failed to meet its basic responsibilities. In fact, when faced with the increased corporate accountability requirements the Sarbanes-Oxley Act sought to create, Alcoa's executives openly dissented as evidenced by defendant Purtell's November 26, 2002 letter to the SEC:

Alcoa Inc.

November 26, 2002

By e-mail: rule-comments@sec.gov

Mr. Jonathan G. Katz, Secretary
Securities and Exchange Commission

450 Fifth Street, N.W.
Washington, D.C. 20549-0609

Re: Comments of Alcoa on File No. S7-40-02

Dear Mr. Katz:

This letter responds to the request of the U.S. Securities and Exchange Commission (the "Commission") for comments regarding its proposed rule defining "financial expert" under Section 407 of the Sarbanes-Oxley Act of 2002.

Alcoa supports recent initiatives to strengthen corporate governance practices. However, we are concerned that the proposed rule defining "financial expert" under Section 407 of the Sarbanes-Oxley Act does not enhance the oversight function of the audit committee.

We agree with the Commission's statement that the "role of the financial expert is to assist the audit committee in overseeing the audit process, not to audit the company." We believe the audit committee's function is not to replace the company's management, internal auditors and outside auditors, but rather one of oversight. It is the responsibility of the company's management to prepare the company's financial statements and to develop and maintain adequate systems of internal accounting and financial controls, and it is the internal and outside auditors' responsibility to review, and when appropriate, audit these financial statements and internal controls. ***Financial managers and the internal and outside auditors have more knowledge and information about the company than do audit committee members. Consequently, in carrying out its oversight responsibilities, the audit committee cannot provide any expert or special assurance as to the company's financial statements or internal controls or any professional certification as to the outside auditors' work***.

It is our view that if difficult accounting or disclosure issues arise, the audit committee can most effectively carry out its oversight responsibilities by retaining appropriate outside advisors who possess the technical expertise necessary to assist in addressing and resolving any such issues.

No financial expert serving on an audit committee can ensure the integrity of a company's financial statements-no matter how impressive the expert's qualifications. An unduly restrictive definition of "financial expert" burdens reporting companies without adding any real value to investors.

We therefore recommend that the Commission replace its list of mandatory financial expertise attributes with a more flexible standard that will allow boards to consider candidates with supervisory and other relevant experience. ***In particular, direct experience preparing or auditing financial statements of reporting companies should not be required. Experience reviewing or analyzing financial statements, such as that obtained while serving as a chief executive officer (or in some other senior supervisory role) is more relevant to fulfilling the oversight responsibilities of an audit committee member than direct experience preparing or auditing financial statements***.

In addition, we recommend that the Commission clarify that experience in the same industry as the company is not required. We believe there would be significant

competitive and antitrust issues if that were a requirement.

Finally, we support the Commission's statement that the "mere designation of the financial expert should not impose a higher degree of individual responsibility or obligation on a member of the audit committee." We would encourage the Commission to specifically address the issue of the degree of individual responsibility, obligation or liability under state or federal law of a person designated as a financial expert. ***A financial expert should have no higher degree of responsibility, obligation or liability under state or federal law than any other member of the board. Any other rule would make it difficult, if not impossible, to recruit and retain financial experts for service on the audit committee***.

On a related matter, with regard to the Commission's question whether the name of a financial expert on the audit committee be disclosed, we believe that the name of a financial expert should not be disclosed because it would discourage people from serving on an audit committee.

Thank you for your consideration of the foregoing.

Respectfully submitted,

/s/ Lawrence R. Purtell

_____

Lawrence R. Purtell
Executive Vice President
and General Counsel

103. In essence, in an effort to present themselves as competent, honest stewards and managers of Alcoa's business, the officers and directors named as defendants were repeatedly misrepresenting how they were overseeing, managing and operating Alcoa in a lawful and ethical manner. They told the owners of Alcoa – the shareholders – that compliance with their legal and ethical obligations, including the anti-bribery and anti-corruption laws, was especially critical to Alcoa given the nature of its global business, and thus Alcoa had in place rigorous internal controls to assure compliance with national and international law, including anti-corruption and anti-bribery prohibitions, and extensive training programs for its executives and managers in this regard, and, as a result, it was in compliance with such laws and conventions. These representations were false and misleading. Under their stewardship, the Alcoa executives named as defendants herein have caused Alcoa to engage in a pattern and practice of making illegal and improper payments to secure

contracts and false and misleading statements to conceal and cover them up, thus violating the FCPA and the anti-corruption convention of the OECD Convention. Defendants' misconduct also involved repeatedly misleading Alcoa's shareholders to entrench and enrich themselves by boosting Alcoa's apparent short-term profits and to justify paying themselves excessive compensation and benefits, even though they knew or recklessly disregarded that their actions would damage Alcoa in the longer term.

Alba's RICO Violation and Fraud and Conspiracy Claims Against Alcoa

104. Alba is one of the world's largest aluminum smelters, fulfilling essentially all the demands of industry in the Kingdom of Bahrain. The principal raw input for aluminum is alumina, which gives rise to 80% of Alba's raw material costs. Other significant inputs include carbon (a blend of petroleum coke and pitch) and aluminum fluoride.

105. According to Alba, "Alcoa and its affiliated companies are now, and have been for many decades, Alba's principal suppliers of alumina." Alcoa's alumina supply agreements with Alba are overseen by Alcoa World Alumina, Alcoa's wholly owned subsidiary.

106. Alba accuses Alcoa of conspiring to defraud Alba into ceding a substantial portion of its equity to Alcoa, paying inflated prices for alumina, and corrupting the integrity of senior officials. Alba alleges Alcoa furthered its fraud through bribes paid to one or more senior officials of Alba and the Government of Bahrain. Alba also alleges that Alcoa and its affiliates "acted individually and in concert to defraud" Alba and that Alba has been "directly damaged by this conduct." Specifically, Alba alleges that Alcoa deprived Alba of "the honest services of officials of Alba and caused government officials to violate their duties to the Government of Bahrain."

107. According to Alba, Alcoa's "scheme to defraud" began in or around 1993 and continues to the present, was not discovered by Alba until 2007, and Alcoa's "fraudulent

concealment contributed to [Alba]'s delayed discovery." According to Alba, Alcoa's concealment of the scheme made it impossible for Alba to know the details of many of the unlawful acts.

108. Allegedly in 1990, Alba and Alcoa of Australia entered into an agreement (the "1990 Contract") under which Alba agreed to purchase alumina from Alcoa. Originally for a ten-year term, the contract was extended by three amendments, ultimately expiring in December 2004.

109. Alcoa allegedly caused Alcoa of Australia to assign a portion of the 1990 Contract to companies controlled by defendant Dahdaleh. According to Alba, Alcoa operated and directed Dahdaleh-controlled companies, "collaborating with and instructing them to carry out the activities" alleged in Alba's lawsuit "in pursuit of their scheme to defraud" Alba. Moreover, according to Alba, "the assignments served no legitimate business purpose and were used as a means to secretly pay bribes and unlawful commissions as part of the scheme to defraud" Alba. The 1990 Contract called for the negotiation of a price for alumina, and the negotiations were undertaken with Alcoa of Australia. Allegedly, however, in exchange for Alcoa's bribes, one or more senior officials of Alba and the Government of Bahrain caused Alba to agree to pay inflated prices for alumina it purchased from Alcoa to which Alba would not have otherwise agreed. Alcoa, under the control of its officers and directors, allegedly directed the conduct of Alcoa World Alumina, Alcoa's wholly owned operating subsidiary, and its agents with respect to the 1990 Contract.

110. The 1990 Contract had two measures of the price for alumina. For approximately 60% of the supply, the price was set by a formula. For the remaining 40% (the "Market Tonnage"), the parties negotiated the price. Alcoa caused the Market Tonnage to be assigned to a company controlled by defendant Dahdaleh for the purpose of facilitating bribes that caused Alba to pay excessive prices for alumina. From 1993 through 1995, Alcoa, controlled by its officers and directors, allegedly caused the supply responsibility for the Market Tonnage to be assigned from

Alcoa of Australia to a company registered in Singapore named Kwinalum Trading Pte Limited ("Kwinalum"). Kwinalum was also allegedly controlled by defendant Dahdaleh:

(a) Kwinalum was a wholly owned subsidiary of Alumet Limited, a company incorporated in the British Virgin Islands. Defendant Dahdaleh allegedly controls Alumet Limited as well.

(b) All revenue from sales by Kwinalum was passed directly to Alumet Limited.

(c) Hill signed invoices on behalf of Kwinalum. Hill was and still is an officer of Dadco, a company founded by defendant Dahdaleh and Dahdaleh's brother in Perth Australia.

111. Pursuant to instructions on the invoices, Alba allegedly paid the invoices by wire transfer to accounts held at Royal Bank of Canada and Chase Manhattan Bank in New York. Notwithstanding the assignment, Alcoa of Australia allegedly remained the actual source of the alumina. According to Alba, there "was no legitimate business reason for the assignment, which instead was part of a scheme to pay bribes to one or more former senior officials of [Alba] and the Government of Bahrain." In exchange for the bribes, these officials allegedly agreed on behalf of Alba to pay excessive prices for alumina.

112. In 1996, the 1990 Contract was amended to provide that Alcoa of Australia would provide the Market Tonnage to Alba from 1997 through 2000 (the "1996 Amendment"). The 1996 Amendment also extended the term of the 1990 Contract until December 31, 2000. Belda was then serving as Vice Chairman of the Alcoa Board, which by then also included defendants Gorman, Schacht, Thomas and Gueron.

113. As they had in the period from 1993 to 1995, Alcoa's executives caused the Market Tonnage to be assigned to a company controlled by defendant Dahdaleh for the purpose of facilitating bribes that caused Alba to pay excessive prices for the Market Tonnage. Alcoa of Australia assigned supply responsibility for 285,000 metric tons of Market Tonnage to Alumet Asia.

114. Defendant Burgess (Sales and Marketing Manager of Alcoa World Alumina) signed the 1996 Amendment on behalf of Alcoa of Australia. Notwithstanding the assignment, Alcoa of Australia remained the actual source of the alumina. Alcoa of Australia sold the alumina to Alumet Limited, which in turn sold it to Alumet Asia. Alumet Asia was controlled by defendant Dahdaleh:

(a) Alumet Asia was a new name for Kwinalum, which had provided the Market Tonnage from 1993 through 1995.

(b) Hill signed invoices on behalf of Alumet Asia, as she had for its predecessor Kwinalum.

(c) Ainsworth from time to time, signed invoices directed to Alba on behalf of Hill. From June 1998 to December 2001, Ainsworth served as Administrative Manager of Alumet Asia. Since 2001, Ainsworth has served as the Company Secretary of another Dahdaleh-controlled entity, Dadco. From in or about the month of December 2001 to April 2005, Ainsworth served as administrative and shipping manager of other Dahdaleh-controlled entities (known as the AAAC companies).

115. The 1996 Amendment required that the identity of Alumet Asia be kept "absolutely confidential." Alcoa represented to Alba that the assignment of Market Tonnage was necessary in order to avoid disclosure of Alcoa's prices to other customers and the Government of Australia. Alcoa's explanation to Alba for the assignment was allegedly false. According to Alba, there was "no legitimate business reason for the assignment."

116. Alumet Asia existed solely as a front for the sales of alumina to Alba and a vehicle for defrauding Alba. Alumet Asia ceased activity on January 1, 2002, eleven days after the date of its final invoice to Alba. Nonetheless, pursuant to instructions on the invoices issued by Dahdaleh associates Ainsworth and Hill, Alba wired payments to Chase Manhattan Bank in New York. Some

payments were for credit to accounts held at the Royal Bank of Canada in New York (including account XXX-XX5613) for further credit to another account of Alumet Asia.

117. Throughout 2000 and 2001, Alcoa World Alumina issued Alba the invoices under the 1990 Contract. These invoices directed that payments be made to accounts for the benefit of Alcoa of Australia at ANZ Investment Bank and Chase Manhattan Bank in New York.

118. In 2001, Alba and Alcoa of Australia amended the 1990 Contract to extend its term through 2003 (the "2001 Extension"). The extension was proposed by Alcoa World Alumina through its officer, defendant Rice, by an April 21, 2001, letter on Alcoa World Alumina stationery sent from Pittsburgh, Pennsylvania. The letter refers to the 1990 Contract as "our present purchase agreement" and seeks "to continue the relationship we have had for 30 years." By then the Alcoa Board consisted of defendants Belda (Chairman), Gorman, Schacht and Gueron. Purtell was serving as General Counsel and Reitan was President of AWAC and had been elected a Vice President of Alcoa in July 2001.

119. Alcoa of Australia remained the only source of alumina under the 2001 Extension. Alcoa's senior executives structured the 2001 Extension to facilitate the payment of bribes, in exchange for which Alba would pay excessive prices for alumina. Under the 2001 Extension, Alcoa continued to operate through Dahdaleh-controlled entities and Dahdaleh associates:

(a) The 2001 Extension was executed by Dahdaleh associate defendant Dabney on behalf of Alcoa of Australia.

(b) Defendant Dabney was not, in fact, an officer or employee of Alcoa of Australia.

(c) Defendant Dabney was an officer and shareholder of several Dahdaleh-controlled entities that would subsequently supply alumina to Alba. From approximately 1996 to

1998, Dabney was an officer of Alcoa Chemie GmbH. Dabney has served as director of three other Dahdaleh-controlled entities.

(d) At the time Dabney executed the 2001 Extension, he was in fact an employee of Dahdaleh-controlled Dadco and its affiliate Dadco Alumina and Chemicals. Dabney executed the 2001 Extension at the direction of defendant Dahdaleh.

(e) Dabney transmitted the executed 2001 Extension to Alba by letter ("2001 Extension Letter"). The letterhead identified the sender as AA Alumina and Chemicals and bore the logo of Alcoa of Australia.

(f) No company named AA Alumina and Chemicals was incorporated in Australia or Switzerland on the date of the 2001 Extension Letter, and the address on the letter (Level 20 Exchange Plaza, 2 The Esplanade, Perth, Western Australia, 6000, Australia) was in fact the address of a Dahdaleh-controlled entity, Dadco.

(g) The extension provided that Alba would direct communications to Dabney via a confidential fax number (61 8 9202 1101) that was, in fact, the fax number of Dadco.

(h) Approximately four months after Dabney executed the 2001 Extension, AA Alumina and Chemicals was incorporated in Switzerland, with Dabney as President and majority shareholder.

(i) AA Alumina and Chemicals was controlled by defendant Dahdaleh. This was the first of three companies incorporated in Switzerland and controlled by Dahdaleh with the same name, referred to, in order of their creation, as AAAC-1, AAAC-2 and AAAC-3 (collectively "AAAC Companies").

(j) AAAC-1 was incorporated on December 19, 2001. Its name was then changed twice: to CI Chemicals Industries SA (on March 20, 2002) and then to Dadco Property SA (on March 3, 2004).

(k) All invoices to Alba under the 2001 Extension were issued by AAAC-1, rather than Alcoa of Australia.

(l) AAAC-1 issued all invoices in its name to Alba from January 1, 2002 through approximately March 20, 2002.

(m) The second company (AAAC-2) was incorporated on March 15, 2002, at the same time as the renaming of AAAC-1 to CI Chemicals Industries SA.

(n) AAAC-2 issued all invoices in its name to Alba from March 20, 2002 through the end of 2003.

120. The invoices nonetheless sought to create the appearance that they were provided on behalf of Alcoa and Alcoa of Australia, bearing an Alcoa logo and identifying AA Alumina and Chemicals as "an associate company" of Alcoa of Australia. Alcoa continued to conceal the role of defendant Dahdaleh and his affiliated entities. For example, a March 3, 2002 email to defendant Rice in anticipation of a visit by representatives of Alba to an operating facility of Alcoa in Tennessee stated, "Just for proper form, I don't make Victor's activities on behalf of [a recipient of defendants' bribes], knowledgeable to the plant hence I have removed references to him from your email before forwarding it to others." In an email response on March 4, 2002, defendant Rice stated that the host of the Tennessee visit "is also not aware of Victor's role so we should not get into any misunderstandings." Specifically:

(a) Pursuant to the instructions on the first four invoices AAAC-1 issued, Alba executed several wire transfers to an account at the Royal Bank of Canada in New York, previously used in invoices by Alumet Asia (No. XXX-XX5613) for further credit to an account (XXX-919-9) of AA Alumina and Chemicals.

(b) Pursuant to the instructions on subsequent invoices, Alba executed wire transfers (most exceeding $10 million each) to Deutsche Trust Company America and Bankers

Trust Company in New York, for the benefit of an account of AA Alumina and Chemicals at Royal Bank of Canada.

121. Alcoa, controlled by its officers and directors (which then consisted of defendants Belda (Chairman), Gorman, Schacht, Gueron, Fuller, Zedillo and Ghosn, a majority of the current Board), proposed a further extension of the 1990 Contract by letter dated July 8, 2003. Alba agreed to the extension (the "2003 Extension") in a letter to Ainsworth dated September 17, 2003. The 2003 Extension was to expire at the end of 2004. During the period of the 2003 Extension, Alcoa allegedly continued to pay bribes to induce Alba to pay excessive prices for alumina to which it would not otherwise have agreed. Alcoa allegedly sought the extension to maintain the role of Dahdaleh-controlled entities and Dahdaleh associates as follows:

(a) The September 17, 2003 letter was sent by Dahdaleh associate Ainsworth. At that time, Ainsworth was the administrative and shipping manager of AAAC-2 and company secretary of Dadco. She was also the former administrative manager of Alumet Asia.

(b) The letter sought to convey the impression that it was sent on behalf of Alcoa – it bore the Alcoa logo and referred to "our excellent long term relationship for the last thirty years."

(c) AAAC-2 continued to invoice Alba throughout the period of the 2003 Extension.

(d) AAAC-2 changed its name to PA Asset Management SA on September 16, 2004, yet continued to invoice Alba as AAAC-2 until the conclusion of the contract.

122. Alba allegedly made significant payments for alumina in response to the invoices it received.

123. Thereafter, in 2005, Alba entered into an agreement (the "2005 Contract") with yet a third entity known as AA Alumina & Chemicals SA ("AAAC-3" or "AAAC Limited") under which

Alba currently purchases alumina. The Alcoa Board then consisted of defendants Belda (Chairman), Gorman, Schacht, Gueron, Fuller, Zedillo, Ghosn and Owens.

124. AAAC-3 is allegedly controlled by defendant Dahdaleh:

(a) AAAC-3 was incorporated on December 30, 2004, after AAAC-2 was renamed PA Asset Management SA. AAAC-3 is registered at the same address as the former headquarters of Alcoa Europe. AA Alumina & Chemicals Limited is allegedly an alternative Swiss registration for AAAC-3.

(b) Defendant Debney, not to be confused with defendant Dabney, is an associate of Alcoa and Dahdaleh. In December 2004, Debney founded AAAC-3, for which he is the Administrative President and a shareholder. From approximately 1989 to 2004, Debney was employed by Alcoa of Australia as Administrative President (2000-2004), Manager of Alumina Sales and Marketing (1997-2000), and Technical Manager (1989-1997). Beginning in 1997, Debney was Alba's lead contact at Alcoa of Australia. Since December 2004, Debney has also served as a director of two Dahdaleh-affiliated entities: AA Alumina and Chemicals Limited, Guernsey and Dadco Holding (Luxembourg) SA.

(c) Alcoa defrauded Alba into entering into the 2005 Contract on unfavorable terms through a scheme either to acquire a controlling stake in Alba at a depressed price through bribery or to extort an excessive price from Alba through bribery and the threat that Alcoa would cease supplying Alba with alumina, threatening Alba's very existence.

The Alcoa Executives Allegedly Attempted to Acquire a Stake in Alba at a Depressed Price Through Bribery

125. On September 15, 2003, the Government of Bahrain and Alcoa signed a memorandum of understanding ("MOU") for the Government's sale of up to 26% of Bahrain's shares in Alba to Alcoa or "a controlled-affiliate of Alcoa," in exchange for one million tons of alumina per year in perpetuity at cost plus management fees. The Alcoa Board then consisted of

defendants Belda (Chairman), Gorman, Schacht, Gueron, Fuller, Zedillo and Ghosn, a majority of the current board. It was allegedly anticipated that Alba would then sell aluminum to Alcoa at the market price. Defendants Rice and Dahdaleh, among others, represented Alcoa throughout the negotiations. Defendants Rice and Dahdaleh allegedly were in contact with officers of Alba and the Government of Bahrain who were recipients of Alcoa's bribes during the course of the negotiations.

126. In negotiating the MOU, an officer of Alba who was a recipient of Alcoa's bribes objected to including a term that would benefit Alba by providing that Alba could withdraw from the transaction. The Government of Bahrain allegedly withdrew from the transaction after concluding that it was not in the best interests of Alba or the Government for two reasons. First, the terms of the transaction allegedly dramatically undervalued the Government of Bahrain's shares in Alba. Alcoa valued the shares at $600 million, while the true value was allegedly really closer to $1 billion. Second, the transaction would allegedly give Alcoa a substantial equity interest and voting rights in Alba but, in exchange, Alcoa only offered what was termed a "virtual contract" – *i.e.*, an intangible promise from Alcoa to supply alumina in perpetuity. Despite the inequity of Alcoa's offer, an official of Alba who was allegedly a recipient of bribe payments by Alcoa pressured a Bahrainian government official to consummate the transaction. Moreover, defendant Rice, who was co-chairman of the U.S.-Bahrain Free Trade Agreement Coalition, pressured a Bahrainian government official, suggesting that if the proposed transaction was not approved, he might not be able to support the adoption of the free trade agreement. Representatives of both parties met in London at least five times and conducted investigative work in Bahrain and the United States. Alcoa's team traveled from the United States to make site visits to Bahrain from April 14, 2004 through April 16, 2004 and from May 23, 2004 through May 25, 2004. Belda himself traveled from Pittsburgh, Pennsylvania to Bahrain for a site visit in connection with the proposed sale of shares. Representatives of the Government of Bahrain visited New York from June 9, 2004 through June 11,

2004 to examine records. By providing that the shares could ultimately be acquired by either Alcoa or a controlled affiliate of Alcoa, the MOU demonstrated that Alcoa had authority over the AWAC affiliated Enterprise Companies sufficient to commit them to the purchase of the Alba shares.

127. Upon termination of the MOU, Alba allegedly had only approximately three months to secure its alumina supply before the termination of the 1990 Contract on December 31, 2004. On or about September 29, 2004, Dahdaleh associate Debney allegedly submitted a bid on behalf of "AA Alumina and Chemicals." As the negotiation of the 2005 Contract moved forward, officers of Alba, officials of the Government of Bahrain, and another substantial Alba shareholder recommended that Alba reject the proposal offered by "AA Alumina and Chemicals" as not being in the best interests of Alba. Defendant Rice, purportedly speaking for Alcoa, rejected efforts to further negotiate, and instead threatened to redirect Alcoa's alumina supply to other customers.

128. In an October 29, 2004 facsimile from Pittsburgh, Pennsylvania to Alba's CEO Bruce Hall, defendant Rice allegedly stated, "However, should Alba decide not to accept this offer, it is understandable that you will need to find alternatives in order to supply Alba's long term alumina requirements. I hope you can also appreciate this will dictate that we will direct the alumina, which we anticipate continuing to supply Alba, to other long term customers." An official of Alba allegedly directed that the company agree to Alcoa's offer after receiving bribes from Alcoa and did so because he stood to gain personally.

129. Alba signed the 2005 Contract on June 8, 2005, with AAAC-3. The Alcoa Board then consisted of defendants Belda (Chairman), Gorman, Schacht, Gueron, Fuller, Zedillo, Ghosn and Owens, almost all of the current Alcoa Board. The term of the contract runs from January 1, 2005 to December 31, 2014. According to Alba, the price set by the 2005 Contract is excessive and Alba would not have agreed to it but for defendants' unlawful acts. Specifically, as alleged by Alba:

(a) For the years 2005 through 2009, the 2005 Contract sets the price for 1.1 million tons per year at 16.35% of the three-month aluminum price traded at the London Metal Exchange ("LME"). The price of an additional 500,000 tons is 10% of LME. In addition, during the first five-year period an additional premium price of $15.55 per ton was added to all shipments even though the contract was FOB and therefore, did not include shipping costs.

(b) For the years 2010 through 2014, the price for 1.1 millions tons of alumina per year is set at 16.65% of LME, with an additional 500,000 tons set at 9.5% of LME. The weighted average of these prices during each time period is approximately 14.35% of LME, but when the $15.55 premium per ton is added, this figure, depending on LME prices, increases the weighted 10-year average to almost 15% of LME.

(c) According to Alba, the "price that Defendants secured through their acts of bribery and extortion was excessive." Traditionally long-term alumina contracts of a similar volume have traded between 11%-13% of LME. In 2005, the market price for a long-term alumina supply contract of a similar volume was approximately 12.5%-13.5% of LME.

(d) Alba has been paying and is still paying, by its own "conservative estimates, nearly 2% over the LME percentage ratio price of alumina." This allegedly represents an overpayment of approximately 10% over the life of the contract.

(e) Alcoa's allegedly unlawful overcharges to Alba amount to approximately $65 million per year.

130. According to Alba, the payment terms of the 2005 Contract are unreasonable, and Alba would not have agreed to them but for Alcoa's unlawful acts:

(a) Clause 3.3 of the 2005 Contract requires payment by wire transfer within three days of Alba's receipt of the invoice. All previous contracts have allowed for payment within thirty days after the invoice was issued.

(b) This change to the contract terms has allegedly caused significant harm to Alba amounting to several million dollars and has also caused problems maintaining sufficient working capital to meet its business needs.

(c) Allegedly, pursuant to AAAC-3's invoices under the 2005 Contract, Alba made wire transfers to Deutsche Trust Company America in New York for credit to an account held at Royal Bank of Canada for the benefit of "AA Alumina and Chemicals." Alba has allegedly to date made approximately 80 such payments, most for more than $15 million each.

131. Debney allegedly sought to obscure the nature of the Dahdaleh-controlled entity that was Alba's supplier under the 2005 Contract:

(a) No incorporated or registered company bearing the name "AA Alumina and Chemicals" existed at the time.

(b) Debney's letter indicated that Alcoa of Australia was the entity submitting the bid. The letter contained an Alcoa logo and stated that "AA Alumina & Chemicals is an associate company of Alcoa of Australia Limited." Debney also stated, "as we are your current supplier, we believe that you have full understanding of our product." Debney further reportedly stated "you are our very important customer."

(c) Throughout the contract negotiations, Alcoa of Australia and "AA Alumina and Chemicals" allegedly falsely portrayed "AA Alumina and Chemicals" as an Alcoa affiliate.

(d) During the contract negotiations, Alba allegedly requested assurance that it was dealing with Alcoa of Australia. In response to this request, defendant Rice stated in a fax, dated October 26, 2004 and sent from Pittsburgh, Pennsylvania, that AA Alumina and Chemicals is "an associate company and distributor" of Alcoa of Australia and that it is "fully and solely authorized to negotiate the present alumina supply agreement with Alba." This fax was later referenced in the 2005 Contract and attached as an exhibit to the contract.

132. In sum, by its action Alba seeks to show that over a fifteen-year period, allegedly to induce Alba to cede a controlling interest in that company to Alcoa and to overpay for alumina, Alcoa violated the anti-bribery laws and money-laundering prohibitions. If these violations are proven, Alcoa will be exposed to millions of dollars in fines and penalties, and over a billion dollars in potential civil liability. The DOJ has intervened in Alba's civil suit to facilitate its own criminal investigation. Even if Alba's civil suit is not successful, criminal charges are never made or proven, and Alcoa is not forced to disgorge profits tainted by illegality, the Company will expend millions of dollars investigating and disproving the charges and will suffer immense reputational harm.

DERIVATIVE AND DEMAND EXCUSED ALLEGATIONS

133. Plaintiff brings this action derivatively pursuant to Rule 23.1 of the Federal Rules of Civil Procedure in the right and for the benefit of Alcoa to redress injuries suffered, and to be suffered, by Alcoa as a direct result of the breaches of fiduciary duty, waste of corporate assets and unjust enrichment, as well as the aiding and abetting thereof, by the Individual Defendants. Alcoa is named as a nominal party solely in a derivative capacity.

134. Plaintiff is and was an Alcoa shareholder at the time of the transactions of which plaintiff complains and remains a shareholder of the Company. Plaintiff will adequately and fairly represent the interests of Alcoa in enforcing and prosecuting its rights. This is not a collusive action to confer jurisdiction on this Court that it would not otherwise have.

135. Presuit demand on the Alcoa Board of Directors to bring the derivative claims asserted herein is excused because Alcoa and its shareholders will suffer irreparable injury if demand were required to be made upon the Alcoa Board of Directors and plaintiff is required to sit by idly while the defendants named herein abuse their positions of trust and control at Alcoa to compromise Alcoa's interests in favor of their own. ***First,*** as reported on February 28, 2008 by *The Wall Street Journal*, the "dispute is likely to put Alcoa under the microscope of the Justice Department, which

has been cracking down on questionable dealings between U.S. companies and foreign officials," including violations of the FCPA, and on March 20, 2008, the DOJ intervened. While the suit by Alba did not disclose the names of the Bahraini officials who received the payments, or cite direct evidence of the payments, bank records and invoices reportedly show that more than $2 billion worth of payments for alumina passed from Bahrain to companies in Singapore, Switzerland and the Isle of Guernsey, and that some of the money then found its way back to the Bahraini officials involved in granting the contracts to Alcoa. ***Second,*** Alba did not draw its allegations from thin air and the DOJ has taken the charges so seriously it moved to intervene to facilitate its own criminal investigation and potential prosecution. Alba engaged Kroll Associates, the country's foremost global private corporate fraud investigatory firm, to undertake an extensive multi-month investigation of the bribery and fraud charges before they were launched, leading *The Wall Street Journal* to report on February 28, 2008 that "[u]nder a contract signed late last year with Kroll Associates, a U.S. investigative firm, Bahrain has uncovered cases of corruption in its state-owned enterprises, and numerous individuals have been arrested." With offices in more than 65 cities in the U.S. and abroad, Kroll is renown for scrutinizing accounting practices and financial documents and gathering evidence on a global basis. Kroll would not allow the fact that it conducted Bahrain's and Alba's investigation to become a matter of public record if it did not stand behind its results. The DOJ would not have intervened if it did not recognize significant indicia of illegal misconduct. ***Third*****,** the members of the Alcoa Board, each of whom is charged herein with breaching their fiduciary duties, wasting Alcoa's assets, abusing their control and mismanaging Alcoa by: (i) causing or permitting Alcoa to make the illegal bribe payments – either through direct acquiescence or by failing to adopt and implement adequate internal controls or monitoring compliance with Alcoa's Business Conduct Policies and Ethics Code; and (ii) failing to cause Alcoa to initiate suit against the Individual Defendants named herein for causing and/or allowing Alcoa to engage in the

payment of illegal bribes to foreign officials and refusing to implement sufficient internal controls, ***without judicial intervention, will be the same persons charged with:*** (a) ***overseeing*** Alcoa's response to the DOJ investigation; (b) ***determining*** whether to fund the defense of any executives suspected of misconduct; (c) ***deciding*** whether to offer any indemnification to any executives suspected of misconduct; and (d) ***controlling*** whether and under what conditions Alcoa would plead guilty to any violations of the FCPA, potentially subjecting Alcoa to criminal liability, corporate probation, millions of dollars in fines and penalties and possible disgorgement of profits achieved by violating the FCPA – ***including causing Alcoa to plead guilty to criminal charges while permitting Alcoa's executives – including defendants named in this action – to avoid criminal liability.*** Essentially, without this Court's intervention – the fox will be left in charge of the henhouse. ***Fourth***, plaintiff's ability to seek injunctive relief on Alcoa's behalf to recover and/or enjoin the dissipation of illegal profits and unjust enrichment would be unduly stymied if plaintiff were required to await the Alcoa Board's reconsideration of the public position it has already taken in defending itself and denying any misconduct occurred. As evidenced by Lowery's March 22, 2008 comments to *Bloomberg*, Alcoa's executives now view the DOJ's intervention "as an opportunity to bring a ***speedy conclusion*** to the entire matter."

136. Moreover, based upon the facts set forth throughout this Complaint, the Director Defendants are unable to comply with their fiduciary duties in deciding whether to institute this action against their fellow Director and Officer Defendants because:

(a) The factual allegations contained herein detail a widespread, continuous, global pattern and practice of misconduct that spans more than 15 years. Each of the Individual Defendants had the ability to cause Alcoa to disclose the existence of the bribery scheme during that 15-year period and failed to do so.

(b) The misconduct alleged herein is so egregious that it has created a substantial fear of criminal or civil liability in the Alcoa Board in light of the potential SEC and DOJ investigations. As a result, the entire Alcoa Board is incapable of exercising valid business judgment, as of the filing of this suit, as to investigate and/or prosecute these claims would expose (or increase the exposure of) each Board member to criminal and/or civil liability for the misconduct alleged herein.

(c) In addition, the misconduct is so widespread and persisted over so many years that it cannot be the result of an isolated incident or periodic failure of oversight of procedure – it had to be the result of a deliberate policy of the Board or willful or reckless disregard for what has been going on with said illegal or improper payments.

(d) The Alcoa Board has repeatedly denied allegations of wrongdoing alleged herein. For instance, on February 28, 2008, Alcoa spokesman Lowery, speaking for Alcoa a day after the Alba suit was filed, stated "***we are completely unaware of any wrongdoing*** by any Alcoa employees or representatives." According to Lowery: "They [Alba] ***gave us two weeks to investigate the claims*** and to settle. That's not enough time to do any serious work. In that time frame, ***we did a fast review and haven't found anything that deviates from our normal practices***. We offered (Aluminum Bahrain) an opportunity to do a full review of the last 20 years, but obviously they chose to immediately file a lawsuit instead." According to Lowery, ***Alcoa "will vigorously defend [itself] in the matter."*** When questioned about the DOJ intervention on March 22, 2008, Lowery said he and the other Alcoa executives welcomed "an opportunity to bring a speedy conclusion to the entire matter."

(e) Vigorously investigating the allegations contained herein would require the Alcoa Board to denounce entrenched positions. Defendants could also have to reveal evidence of their culpability and criminality. Prosecution of the allegations contained herein in light of the Alcoa

Board's prior claims of "innocence" would undermine each Board member's defense and exponentially increase each Board member's exposure to potential civil and/or criminal liability.

(f) The members of Alcoa's Board have demonstrated their unwillingness and/or inability to act in compliance with their fiduciary obligations and/or to sue themselves and/or their fellow directors and allies in the top ranks of the corporation for the violations of law complained of herein. These are people they have developed professional relationships with, who are their friends and with whom they have entangling financial alliances, interests and dependencies, and therefore, they are not able to and will not vigorously prosecute any such action.

(g) The Individual Defendants knew, consciously disregarded and/or were reckless in (i) not knowing Alcoa's severe internal control deficiencies; (ii) failing to deter Alcoa's widespread law violations; and/or (iii) refusing to take action against the wrongdoers. Alcoa's Board members have demonstrated their unwillingness and/or inability to act in compliance with their fiduciary obligations and/or to sue themselves and/or their fellow directors and allies in the top ranks of the corporation for the violations of law complained of herein. These are people they have developed professional relationships with, who are their friends and with whom they have entangling financial alliances, interests and dependencies, and therefore, they are not able to and will not vigorously prosecute any such action.

(h) Alcoa's Business Conduct Policies and Ethics Code allegedly failed to stem the defendants' use of illegal bribe schemes to increase the Company's short-term reported profits and their own profits. Indeed, it is alleged that since 1993, the Alcoa Board has overseen the illegal payment of tens of millions of dollars by Alcoa to foreign agents while knowing that some or all of the money was intended to bribe government officials. Alcoa lacked sufficient internal controls to prevent or detect such improper payments and improperly recorded the payments in its books and

records. The defendants' failure to implement sufficient internal controls was not the product of valid business judgment.

(i) The Director Defendants who sat on the Company's Audit Committee face the threat of additional personal criminal and/or civil liability. As described herein, the Board delegated to the Audit Committee the responsibility of reviewing the effectiveness of Alcoa's internal controls and compliance with laws and regulations. The Audit Committee knew, consciously disregarded and/or was reckless in monitoring the Company's compliance with the FCPA and the national and international laws prohibiting the payment of bribes and money laundering. Accordingly, defendants Gorman, Gueron, O'Neal, Owens, Schacht, Zedillo and Kleinfeld breached their fiduciary duties of care, loyalty and good faith because the Audit Committee failed to implement adequate internal controls. As a result, Alcoa has been sued in a civil suit seeking in excess of $1 billion in damages, faces potential criminal sanctions and has suffered and will continue to suffer damage to its goodwill.

(j) The Alcoa Board and senior management participated in, approved and/or permitted the wrongs alleged herein to have occurred and participated in efforts to conceal or disguise those wrongs from Alcoa's stockholders or recklessly disregarded the wrongs complained of herein, and are therefore not disinterested parties. As a result of their access to and review of internal corporate documents, conversations and connections with other corporate officers, employees and directors, and attendance at management and/or Board meetings, each of the defendants knew the adverse non-public information regarding the payment of illegal bribes to foreign officials. Pursuant to their specific duties as Board members, the Director Defendants are charged with the management of the Company and to conduct its business affairs. Defendants breached the fiduciary duties that they owed to Alcoa in that they failed to prevent and correct the payment of illegal bribes to foreign officials.

(k) The acts complained of constitute violations of the fiduciary duties owed by Alcoa's officers and directors and these acts are incapable of ratification.

(l) The members of Alcoa's Board have benefited, and will continue to benefit, from the wrongdoing herein alleged and have engaged in such conduct to preserve their positions of control and the perquisites derived thereof, and are incapable of exercising independent objective judgment in deciding whether to bring this action.

(m) Alcoa has been and will continue to be exposed to significant losses due to the wrongdoing complained of herein, yet Alcoa's Board has not filed any lawsuits against defendants or others who were responsible for that wrongful conduct to attempt to recover for Alcoa any part of the damages Alcoa suffered and will suffer thereby.

(n) Based on the particularized facts above, to properly prosecute this lawsuit, Alcoa's directors would have to sue themselves and the other defendants, requiring them to expose themselves and their comrades to millions of dollars in civil liability and/or sanctions. This they will not do.

(o) Alcoa's current and past officers and directors are protected against personal liability for their acts of mismanagement, waste and breach of fiduciary duty alleged in this Complaint by directors' and officers' liability insurance which they caused the Company to purchase for their protection with corporate funds, *i.e.*, monies belonging to the stockholders of Alcoa. However, due to certain changes in the language of directors' and officers' liability insurance policies in the past few years, the directors' and officers' liability insurance policies covering the defendants in this case contain provisions which eliminate coverage for any action brought directly by Alcoa against these defendants, known as, *inter alia*, the "insured versus insured exclusion." As a result, if these directors were to sue themselves or certain of the officers of Alcoa, there would be no directors' and officers' insurance protection and thus, this is a further reason why they will not

bring such a suit. On the other hand, if the suit is brought derivatively, as this action is brought, such insurance coverage exists and will provide a basis for the Company to effectuate a recovery.

(p) To bring this action for breaching their fiduciary duties, the members of the Alcoa Board would have been required to sue themselves and/or their fellow directors and allies in the top ranks of the Company, who are their personal friends and with whom they have entangling financial alliances, interests and dependencies, which they would not do.

137. Plaintiff has not made any demand on shareholders of Alcoa to institute this action since such demand would be a futile and useless act for the following reasons:

(a) Alcoa is a publicly traded company with approximately 814 million shares outstanding, and thousands of shareholders;

(b) Making demand on such a number of shareholders would be impossible for plaintiff who has no way of finding out the names, addresses or phone numbers of shareholders; and

(c) Making demand on all shareholders would force plaintiff to incur huge expenses, assuming all shareholders could be individually identified.

COUNT I

For Breach of Fiduciary Duty
Against All Defendants

138. Plaintiff incorporates by reference and realleges each and every allegation contained above, as though fully set forth herein.

139. The Director and Officer Defendants owed and owe Alcoa fiduciary obligations. By reason of their fiduciary relationships, the Director and Officer Defendants owed and owe Alcoa the highest obligation of good faith, fair dealing, loyalty and due care.

140. The Director and Officer Defendants, and each of them, violated and breached their fiduciary duties of care, loyalty, reasonable inquiry, oversight, good faith and supervision.

141. Each of the Director and Officer Defendants had actual or constructive knowledge that they had caused or allowed the Company to engage in the illegal bribing of foreign officials in violation of national law, international law and the FCPA. These actions could not have been a good faith exercise of prudent business judgment to protect and promote the Company's corporate interests.

142. As a direct and proximate result of the Director and Officer Defendants' failure to perform their fiduciary obligations, Alcoa has sustained significant damages. As a result of the misconduct alleged herein, all defendants, either directly or through aiding and abetting, are liable to the Company.

143. Plaintiff on behalf of Alcoa, faces irreparable injury and has no adequate remedy at law.

COUNT II

For Abuse of Control
Against All Defendants

144. Plaintiff incorporates by reference and realleges each and every allegation contained above, as though fully set forth herein.

145. The Director and Officer Defendants' misconduct alleged herein constituted an abuse of their ability to control and influence Alcoa, for which they are legally responsible.

146. As a direct and proximate result of the Director and Officer Defendants' abuse of control, Alcoa has sustained significant damage, is exposed to the risk of being found liable for over a billion dollars in civil damages claimed by Alba and the risk of criminal prosecution and liability. As a result of the misconduct alleged herein, the Individual Defendants, either directly or through aiding and abetting, are liable to the Company.

147. Alcoa's directors who will be charged with overseeing its response to the criminal investigation, deciding whether to pay the legal fees and indemnify their comrades and control the

decision to cause Alcoa to enter a plea agreement – potentially subjecting it to severe criminal sanctions – are self-interested as they themselves face immense civil and criminal liability that they can shield themselves from by compromising Alcoa's interests in favor of their own.

148. As such, plaintiff on behalf of Alcoa faces irreparable injury and has no adequate remedy at law and faces irreparable harm.

COUNT III

For Gross Mismanagement
Against All Defendants

149. Plaintiff incorporates by reference and realleges each and every allegation contained above, as though fully set forth herein.

150. By their actions alleged herein, the Individual Defendants, either directly or through aiding and abetting, abandoned and abdicated their responsibilities and fiduciary duties with regard to prudently managing the assets and business of Alcoa in a manner consistent with the operations of a publicly held corporation.

151. As a direct and proximate result of the Individual Defendants' gross mismanagement and breaches of duty alleged herein, Alcoa has sustained significant damages in excess of a billion dollars. As a result of the misconduct and breaches of duty alleged herein, the Individual Defendants are liable to the Company.

152. Plaintiff on behalf of Alcoa has no adequate remedy at law and faces irreparable harm.

COUNT IV

For Waste of Corporate Assets
Against All Defendants

153. Plaintiff incorporates by reference and realleges each and every allegation contained above, as though fully set forth herein.

154. As a result of the improper accounting, and by failing to properly consider the interests of the Company and its public shareholders by failing to conduct proper supervision, defendants have caused Alcoa to waste valuable corporate assets by paying incentive-based bonuses to certain of its executive officers and incur millions of dollars of legal liability and/or legal costs to defend defendants' unlawful actions. As a result of the waste of corporate assets, the Individual Defendants, either directly or through aiding and abetting, are liable to the Company.

155. Plaintiff on behalf of Alcoa has no adequate remedy at law.

COUNT V

For Unjust Enrichment
Against All Defendants

156. Plaintiff incorporates by reference and realleges each and every allegation set forth above, as though fully set forth herein.

157. By their wrongful acts and omissions, the Individual Defendants were unjustly enriched at the expense of and to the detriment of Alcoa.

158. Plaintiff, as a shareholder and representative of Alcoa, seeks restitution from these defendants, and each of them, and seeks an order of this Court disgorging all profits, benefits and other compensation obtained by these defendants, and each of them, from their wrongful conduct and fiduciary breaches.

PRAYER FOR RELIEF

WHEREFORE, plaintiff demands judgment in the Company's favor against all defendants as follows:

A. Awarding money damages against all defendants, jointly and severally, for all losses and damages suffered as a result of the acts and transactions complained of herein, together with pre-judgment interest, molded in a fashion to ensure defendants do not participate therein or benefit thereby;

B. Directing all defendants to account for all damages caused by them and all profits and special benefits and unjust enrichment they have obtained as a result of their unlawful conduct, including all illegal profits, salaries, bonuses, fees, stock awards, options and common stock sale proceeds and imposing a constructive trust thereon;

C. Directing Alcoa to take all necessary actions to reform and improve its corporate governance and internal control procedures to comply with the Sarbanes-Oxley Act, including, but not limited to, putting forward for a shareholder vote resolutions for amendments to the Company's Bylaws and taking such other action as may be necessary to place before shareholders for a vote the following Corporate Governance Policies:

(i) an amendment to the Company's Bylaws limiting the number of executive directors on the Alcoa Board to two;

(ii) a proposal to strengthen the Alcoa Board's supervision of operations and develop and implement procedures for greater shareholder input into the policies and guidelines of the Board;

(iii) establishing an effective anti-corruption and bribery exposure oversight committee, staffed fully with independent directors and provided a budget to retain independent counsel and advisors;

(iv) a provision to permit the shareholders of Alcoa to nominate at least three candidates for election to the Alcoa Board;

(v) appropriately test and then strengthen the internal audit and control functions;

(vi) reform executive compensation;

(vii) require full compliance with the Sarbanes-Oxley Act; and

(viii) permit shareholders to question all executive directors of Alcoa at the Annual General Meeting and establish a more transparent process for receiving and evaluating shareholder proposals.

D. An order prohibiting any Alcoa Board member identified as a "target" or "subject" by the DOJ in its investigation from: (i) participating in any way in the decision as to whether or not Alcoa shall enter a plea of guilty to any criminal charges or making any other disposition of any criminal charges against Alcoa, including entering into any deferred prosecution, plea, consent or other agreement, or waiving or compromising any procedural of substantive defenses; or (ii) playing any role with respect to the disposition of any potential criminal charges against any Alcoa executive, board member, director, officer, employee, agent or representative.

E. Awarding punitive damages;

F. Awarding costs and disbursements of this action, including reasonable attorneys', accountants', and experts' fees; and

G. Granting such other and further relief as this Court may deem just and proper.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED: May 6, 2008

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/s/ Alfred G. Yates, Jr.

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