

AMENDMENT TWO TO
RESTATED AND AMENDED
INDUSTRIAL POWER SALES CONTRACT

THIS AMENDMENT TWO made effective the date signed by the Parties, by and between PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON, a municipal corporation (the "District") and ALCOA INC., a Pennsylvania corporation ("Alcoa") and ALCOA POWER GENERATING INC., a Tennessee corporation ("Colockum") (Alcoa and Colockum being sometimes collectively referred to as "Purchaser" and the District, Alcoa and Colockum, collectively referred to as the "Parties" and each being sometimes referred to as a "Party").

WITNESSETH:

WHEREAS, the District, Alcoa and Colockum have heretofore entered into a Restated and Amended Power Sales Agreement dated as of October 1, 2004, as amended by Amendment One to Amended and Restated Industrial Power Sales Contract, dated as of October 24, 2005 (collectively, the "Amended Agreement," all terms used herein in capitalized form and not otherwise herein defined having the meanings ascribed to such terms in the Amended Agreement); and

WHEREAS, the parties have negotiated a new Power Sales Agreement (the "New Power Sales Agreement"), to become effective from and as of the date of termination of the Amended Agreement; and

WHEREAS, part of the consideration of the District's agreement to enter into the New Power Sales Agreement, Alcoa and Colockum have agreed to amend the Amended Agreement with respect to the pricing of 1995 Energy and 2000 Power as set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein provided, the Parties modify the Amended Agreement and agree as follows:

1. Price Adjustment to 1995 Energy and 2000 Power Charges. Effective as of the execution of the New Power Sales Agreement (the "Price Adjustment Effective Date"), Incremental Third Potline Power Purchases shall be charged at a rate equal to the daily Mid-Columbia Electricity Price On Peak and Off Peak Indices for the respective hours. Section 9(c) of the Amended Agreement is amended accordingly.

2. Incremental Third Potline Purchases Defined. For purposes of Section 1, "Incremental Third Potline Power Purchases" shall mean the incremental amount of 1995 Energy and 2000 Power purchased by Alcoa and Colockum for use at Wenatchee Works when the average monthly load is in excess of 189.15 aMWhs, which is the highest monthly usage of power at Wenatchee Works to operate two (2) full pot lines.

3. Effect of Surcharges. The parties recognize that the District may impose surcharges to its Industrial Customers from time to time and that any such surcharges will increase the District’s base average revenue per kilowatt hour and thus increase the base rate per MWh charged for the 1995 Energy and 2000 Power sales made to Alcoa and Colockum pursuant to Section 9 for a two pot line operation.

4. Adjustment of Shutdown Settlement Amount. The Parties have agreed in the New Power Sales Agreement that Alcoa under certain circumstances will be required to pay a Shutdown Settlement Amount as calculated in Appendix E of the New Power Sales Agreement (the “Shutdown Settlement Amount”). In consideration of this Amendment Two and Purchaser’s agreement to the Price Adjustment in Section 1 of this Amendment for such Incremental Third Potline Power Purchases, the Parties agree that if Alcoa accesses any of the Incremental Third Potline Power Purchases and pays the stated market price for such power commencing in any of the respective fiscal years set forth below, the Shutdown Settlement Amount as shown in Column B of Appendix E will be reduced in 2012 (and each subsequent year thereafter) by the same amount as set forth in the table below.

Year Incremental Third Potline Purchases Commence	Reduction to Shutdown Settlement Amount in Appendix E
2008	\$4,000,000
2009	\$3,000,000
2010	\$2,000,000
2011	\$1,000,000

5. Preservation of Amended Agreement; Reaffirmation. Except as provided herein, the terms and provisions of the Amended Agreement are hereby reaffirmed and shall remain in full force and effect. The parties acknowledge that no other amendment or modification to the Amended Agreement, whether oral or in writing, has been made from the date of its execution.

6. Execution. This Amendment Two may be executed in any number of counterparts and by the Parties on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties have executed this Amendment Two as of the date signed by the Parties.

PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY

By _____
Name: Richard Riazzi
Title: General Manager
Date signed: _____

ALCOA INC.

ALCOA POWER GENERATING INC.

By _____
Name: _____
Title: _____
Date signed: _____

By _____
Name: _____
Title: _____
Date signed: _____