Obligations for Operating Activities
The table provides a summary of the type or nature of the company's obligations associated with operating activities that exceed \$5 annually or \$10 in total over the life of the contract. Energy-related purchase obligations consist primarily of electricity and natural gas contracts with expiration dates ranging from less than one year to 40 years. The majority of raw material and other purchase obligations have expiration dates of 24 months or less. Operating leases represent multi-year obligations for rental of facilities and equipment.

Estimated pension funding and postretirement benefit payments are based on actuarial estimates using current assumptions for discount rates, expected return on long-term assets, rate of compensation increases, and health care cost trend rates. Cash outlays for pension funding are estimated to be \$57 for 2005, \$100 for 2006, and \$500 for 2007. The increase in 2007 is a result of the depletion of prior pension-funding credits that are projected to be fully used during 2006, requiring additional funding in 2007. The funding estimate for 2008 and 2009 is \$400. Postretirement benefit payments are expected to approximate \$350 annually. Annual payments will vary based on actuarial estimates. See Note W to the Consolidated Financial Statements for additional information.

Deferred revenue arrangements require Alcoa to deliver aluminum and alumina over the specified contract period. While these obligations are not expected to result in cash payments, they represent contractual obligations for which the company would be obligated if the specified product deliveries could not be made.

Obligations for Financing Activities
Cash outlays for financing activities consist primarily of debt and dividend payments to shareholders. The company has historically paid quarterly dividends to shareholders. Shareholder dividends are subject to quarterly approval by the company's Board of Directors and are currently at a rate of \$524 annually.

Obligations for Investing Activities
Alcoa has made announcements indicating its intention to participate in several significant expansion projects. These projects include the construction of a smelter in Iceland; the expansion of alumina refineries at Pinjarra, Australia; Clarendon, Jamaica; and Suriname, South America; the expansion of a smelter in São Luis, Brazil; the construction of a smelter in Trinidad; a smelter joint venture project in China; and the investment in several hydroelectric power construction projects in Brazil. These projects are in various stages of development and, depending on business and/or regulatory circumstances, may not be completed. The amounts included in the table above for capital projects represent the amounts which have been approved by management for these projects as of December 31, 2004. Funding levels vary in future years based on anticipated construction schedules of the projects.

It is anticipated that significant expansion projects will be funded through various sources, including cash provided from operations. Alcoa anticipates that financing required to execute all of these investments will be readily available over the time frame required.

In January 2005, Alcoa acquired two fabricating facilities in the Russian Federation for \$257 in cash.

In December 2004, Alcoa signed a letter of intent with Fujikura Ltd. of Japan in which Alcoa will obtain complete ownership of the AFL automotive business, and Fujikura will obtain complete ownership of the AFL telecommunications business. This transaction is in the negotiation phase, and any cash requirements have not yet been determined. This transaction is not reflected in the Contractual Obligations and Off-Balance Sheet Arrangements table.