

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. **0000083604-94-000016**

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FILER

REYNOLDS METALS CO

CIK: **83604** | IRS No.: **540355135** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-01430** | Film No.: **94528235**
SIC: **3334** Primary production of aluminum

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended March 31, 1994

OR

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

Commission File Number 1-1430

REYNOLDS METALS COMPANY
A Delaware Corporation

(I.R.S. Employer Identification No. 54-0355135)

6601 West Broad Street, P. O. Box 27003, Richmond, Virginia 23261-7003
Telephone Number (804) 281-2000

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

As of April 29, 1994, the Registrant had 61,964,371 shares of Common Stock, no par value, outstanding and entitled to vote.

PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

Quarter Ended March 31

(In millions, except per share amounts)	1994	1993
Revenues		
Net sales	\$1,253.9	\$1,230.7
Equity, interest and other income	7.2	6.2
	1,261.1	1,236.9
Costs and expenses		
Cost of products sold	1,166.2	1,156.0
Selling, administrative and general expenses	91.4	91.0
Interest - principally on long-term obligations	36.4	41.0
	1,294.0	1,288.0
Loss before income taxes	(32.9)	(51.1)
Tax credit on income	(11.8)	(18.4)
Net loss	\$ (21.1)	\$ (32.7)
Loss per common share		
Average shares outstanding	61.0	59.8
Net loss	\$ (0.46)	\$ (0.55)
Cash dividends per common share	\$0.25	\$0.45

[/TABLE]

<TABLE>

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

Reynolds Metals Company

<CAPTION>

	March 31	December 31
(In millions)	1994	1993
<S>	<C>	<C>
ASSETS		
Current assets		
Cash and short-term investments	\$348.9	\$19.2
Receivables, less allowances of \$16.4 (1993 - \$16.7)	866.6	794.2
Inventories	805.2	731.8
Prepaid expenses	48.1	44.8
Total current assets	2,068.8	1,590.0
Unincorporated joint ventures and associated companies	821.4	832.5
Property, plant and equipment	6,121.7	6,093.1
Less allowances for depreciation and amortization	3,065.1	3,011.9

Deferred taxes and other assets	3,056.6	3,081.2
	1,210.0	1,204.9
Total assets	\$7,156.8	\$6,708.6
=====		
<S>	<C>	<C>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable, accrued and other liabilities	\$1,050.8	\$979.9
Short-term obligations	137.1	158.4
Long-term debt	34.3	42.6
Total current liabilities	1,222.2	1,180.9
Long-term debt	1,933.7	1,989.6
Postretirement benefits	1,210.2	1,260.9
Environmental, deferred taxes and other liabilities	644.1	654.3
Stockholders' equity		
Preferred stock	505.1	-
Common stock	858.8	784.2
Retained earnings	910.6	953.8
Cumulative currency translation adjustments	(62.7)	(49.9)
Pension liability adjustment	(65.2)	(65.2)
Total stockholders' equity	2,146.6	1,622.9
Total liabilities and stockholders' equity	\$7,156.8	\$6,708.6
=====		

</TABLE>

<TABLE>

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

Reynolds Metals Company

<CAPTION>

	Three Months Ended March 31	
(In millions)	1994	1993
<S>	<C>	<C>
Operating activities		
Net loss	\$ (21.1)	\$ (32.7)
Adjustments to reconcile to net cash used in operating activities:		
Depreciation and amortization	71.4	71.1
Changes in operating assets, liabilities and other	(75.7)	(116.2)
Net cash used in operating activities	(25.4)	(77.8)
<S>	<C>	<C>
Investing activities		
Capital investments	(52.3)	(67.8)
Other investing activities - net	(14.9)	13.2
Net cash used in investing activities	(67.2)	(54.6)
<S>	<C>	<C>
Financing activities		
Proceeds from preferred stock issue	505.1	-
Proceeds from long-term obligations	-	226.2
Increase (decrease) in short-term borrowings	(40.2)	102.0
Reduction of long-term debt and other - net	(42.6)	(182.9)
Net cash provided by financing activities	422.3	145.3
<S>	<C>	<C>
Cash and short-term investments		

Net increase	329.7	12.9
At beginning of period	19.2	80.4

<S>	<C>	<C>
At end of period	\$348.9	\$93.3

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REYNOLDS METALS COMPANY AND CONSOLIDATED SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Quarters Ended March 31, 1994 and 1993

Note A - Basis of presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 1994 are not necessarily indicative of the results that may be expected for the year ending December 31, 1994. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1993.

Note B - Earnings per share

Earnings per share is based on the average number of common shares outstanding and, in the first quarter of 1994, is after preferred stock dividend requirements. Common stock equivalents relating to preferred stock are not included since their effect would be anti-dilutive.

Note C - Preferred stock

In the first quarter of 1994, the Company issued 11,000,000 shares of 7% PRIDES(SM), Convertible Preferred Stock for \$47.25 (stated value) per share. The PRIDES mature on December 31, 1997, at which time they mandatorily convert into shares of the Company's common stock on a one for one basis. Dividends are cumulative from the date of issuance and are payable quarterly in arrears. Holders may convert each share of PRIDES into 0.82 shares of common stock (to be adjusted under certain circumstances) at any time prior to December 31, 1997. The Company has the option of redeeming the PRIDES at any time on or after December 31, 1996, for common stock having a fair market value equal to the issue price plus accrued dividends plus a small premium. The redemption price will in no event be less than 0.82 shares of common stock per share of PRIDES. The holders of shares of PRIDES have the right with the holders of common stock to vote in the election of Directors and upon each other matter coming before any meeting of the holders of common stock on the basis of 4/5 of a vote for each share of PRIDES.

Note D - Contingent liabilities

As previously disclosed in the Company's annual report on Form 10-K for the year ended December 31, 1993, the Company is involved in various worldwide environmental improvement activities resulting from past operations, including designation as a potentially responsible party, with others, at various EPA designated Superfund sites. The Company has recorded amounts which, in management's best estimate, will be sufficient to satisfy anticipated costs of known remediation requirements. As a result of factors such as the continuing evolution of environmental laws and regulatory requirements, the availability and application of technology, the identification of presently unknown remediation sites and the allocation of costs among potentially responsible parties, estimated costs for future environmental compliance and remediation are necessarily imprecise. Based upon information presently available, such future costs are not expected to have a material adverse effect on the Company's competitive or financial position or its ongoing results of operations. However, such costs could be material to future quarterly or annual results of operations.

Note E - Canadian Reynolds Metals Company, Limited

Summarized financial information for Canadian Reynolds Metals Company, Limited is as follows:

	Quarter ended March 31	
	1994	1993
Net Sales:		
Customers	\$ 73.1	\$ 69.2
Parent company	115.8	95.7
	188.9	164.9
Cost of products sold and depreciation	180.6	164.2
Net income (loss)	\$5.2	\$(14.0)
	March 31	December 31
	1994	1993
Current assets	\$148.1	\$146.9
Noncurrent assets	1,041.2	1,056.1
Current liabilities	(94.9)	(99.8)
Noncurrent liabilities	(531.6)	(540.7)

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

INTRODUCTION

The following discussion and analysis should be read in conjunction with the consolidated financial statements and notes thereto included in or incorporated by reference in this report.

RESULTS OF OPERATIONS

Shipments and Revenues

Shipments and net sales for the first quarter of 1994 and 1993 were as follows (metric tons in thousands, dollars in millions):

	FIRST QUARTER			
	Net Sales		Shipments	
	1994	1993	1994	1993
Finished products and other sales				
Packaging and containers:				
Aluminum	\$337.2	\$270.7	75.8	55.5
Nonaluminum	121.3	111.4		
Other aluminum	91.6	84.4	33.0	29.0
Other nonaluminum	110.0	93.4		
	660.1	559.9	108.8	84.5
Production and processing				
Primary aluminum	73.9	89.2	55.0	70.6
Flat rolled	216.7	272.3	98.2	112.3
Extruded and drawn	131.3	125.9	51.7	42.9
Other aluminum	74.7	88.6	31.7	41.6
Other nonaluminum	62.6	69.1		
Gold	34.6	25.7		
	593.8	670.8	236.6	267.4
Net sales	\$1,253.9	\$1,230.7	345.4	351.9
Revenues per pound:				
Primary aluminum	\$0.61	\$0.57		
Fabricated aluminum products	\$1.37	\$1.46		

Shipments and Revenues (continued)

First quarter 1994 shipments declined slightly as the result of restructuring activities. Shipments of finished products and other sales were up, especially for aluminum cans, consumer products, and flexible packaging, both in the U.S. and other parts of the world, reflecting strong demand for the Company's value-added products. (For more information on product shipments, see "Segment Analysis".)

Revenues were generated from the following principal markets:

	First Quarter	
	1994	1993
Packaging & Containers	45%	42%
Distributors and Fabricators	13	18
Building and Construction	11	10
Automotive and Transportation	11	12
Electrical	3	3
Other	17	15
Total	100%	100%

The increase in revenues from the packaging and containers market principally reflects higher shipments of cans and ends due primarily to the acquisition of Miller Brewing Company's can plants in the fourth quarter of 1993. The decline in revenues from the distributors and fabricators market primarily reflects the restructuring of our Illinois sheet and plate facility initiated in late 1993.

Low aluminum prices continue to weigh heavily on the Company's results. Prices for most fabricated aluminum products were lower in the first quarter of 1994 compared to the first quarter of 1993, particularly for cans and ends and can sheet. Realized prices for primary aluminum were slightly higher in the first quarter of 1994 due to market price improvements.

Costs and Expenses

Cost of products sold in the first quarter of 1994 was favorably impacted by performance improvement programs, including the effects of restructuring, and lower costs for certain raw materials used in the production of primary aluminum. These benefits were offset by a shift in product mix to higher value-added products and the negative effects of ongoing fixed costs related to the temporary curtailments at primary aluminum and alumina facilities.

The decline in interest expense in the first quarter of 1994 was due primarily to lower interest rates.

On a quarterly basis, the Company evaluates the status of all significant existing or potential environmental issues, develops or revises estimates of costs to satisfy known remediation requirements and adjusts its accruals accordingly. Based upon information presently available, such future costs are not expected to have a material adverse effect on the Company's competitive or financial position or its ongoing results of operations. However, it is not possible to predict the amount or timing of future costs of environmental remediation requirements which may subsequently be determined. Such costs could be material to future quarterly or annual results of operations.

Operating Outlook

The Company is beginning to see benefits from improved primary aluminum prices. It will take time for price improvements to spread to fabricated products, particularly in the case of cans and ends and can sheet, where prices for most of the Company's products are already set for the remainder of 1994. Sustained price improvements should follow, however, if the global economy continues to strengthen, excess aluminum inventories are reduced and worldwide demand for aluminum products remains strong. This, combined with our aggressive performance improvement programs, should provide improved financial performance.

SEGMENT ANALYSIS

Finished Products and Other Sales

Shipments of finished products rose strongly in the 1994 quarter, led by increased shipments of cans and ends resulting from the acquisition of Miller's can plants. Shipments of consumer products and flexible packaging were also higher. While net sales increased due to the higher shipping levels of aluminum products and strong sales of non-aluminum products, lower prices for most fabricated aluminum products had an unfavorable effect on the Company's operating results.

Production and Processing

The decline in shipments in the first quarter of 1994 was principally the result of a shift in product mix and restructuring activities. Shipments of primary aluminum declined due to increased internal consumption to support sales of more value-added products. Shipments of flat rolled products were lower due to the restructuring of our Illinois sheet and plate facility and to increased internal consumption of can sheet to support higher sales of cans and ends. Shipments of extruded and drawn products rose due mainly to increased sales of electrical rod. Shipments of other aluminum products were lower due to the divestiture of an aluminum reclamation facility in the second quarter of 1993. The decline in shipments, as well as lower prices for most fabricated aluminum products, had a negative impact on net sales. Realized prices for primary aluminum were slightly higher in the first quarter of 1994 due to market price improvements.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

Working capital totalled \$847 million at March 31, 1994, compared to \$409 million at December 31, 1993. The ratio of current assets to current liabilities was 1.7/1 at March 31, 1994, compared to 1.3/1 at December 31, 1993. The increase in working capital was due primarily to the short term investment of a portion of the proceeds from the issuance of preferred stock in early 1994 (see below).

Operating Activities

Cash generated from operations in the first quarter of 1994 was supplemented with funds from financing activities to increase inventories in anticipation of higher shipping levels in the second quarter.

Investing Activities

Capital investments in the first quarter of 1994 consisted of continuing improvements at our Alabama sheet facility, modernization and expansion at our can manufacturing facilities and various equipment upgrades.

Financing Activities

In the first quarter of 1994 the Company issued 11 million shares of 7% PRIDES, Convertible Preferred Stock for \$47.25 (stated value) per share. The Company received net proceeds of \$505 million. A portion of the proceeds was used to fund capital investments and operating activities in the first quarter of 1994 and to repay obligations incurred in the fourth quarter of 1993 in connection with the acquisition of Miller's can plants. The remainder of the proceeds is being temporarily invested pending its future use for capital expenditures, strategic investments and general corporate purposes.

In the first quarter of 1994 the Company contributed 1.4 million shares of its common stock, valued at approximately \$72 million, to its pension plans.

Financial Outlook

Capital investments in 1994 are expected to be approximately \$425 million to \$450 million. They will consist of strategic acquisitions and investments (including the pending acquisition of Bev-Pak, Inc. and the construction of a can plant in Argentina, as discussed below), continuing improvements at our Alabama sheet facility, modernization and expansion of

our can manufacturing plants, and equipment upgrades at a number of other facilities. These investments will be funded primarily with cash generated from operations, proceeds from the sale of non-core assets, and part of the proceeds from our preferred stock issue.

The Company has reached agreement in principle to acquire Bev-Pak, Inc., a midwestern U.S. manufacturer of aluminum cans and ends, and expects to close the transaction in the second quarter of 1994. The acquisition would increase the Company's U.S. aluminum can- and end-making capacity from 16 billion to more than 18 billion cans and ends annually. This addition would strengthen the Company's can manufacturing position in the Midwest and complement its current capabilities.

Early in the second quarter of 1994 the Company announced plans by an affiliate for an aluminum beverage can plant in Buenos Aires, Argentina. The plant, which is scheduled to begin operations by the end of 1995, will have an annual capacity of 750 million cans and will increase the combined annual capacity of the Company's affiliates and their partners in Latin America to more than 5 billion cans and ends. When the new plant is completed, Reynolds affiliates will serve the Latin American market from four plants in three countries.

The Company believes its available financial resources, together with internally generated funds, are sufficient to meet its business needs at the present time and for the foreseeable future. The Company continues to exceed the financial ratio requirements contained in its financing arrangements and expects to do so for the foreseeable future. At March 31, 1994, \$222 million of the Company's \$1.65 billion shelf registration remained available for the issuance of debt securities.

PART II - OTHER INFORMATION

Item 2. CHANGES IN SECURITIES

(a) The Registrant's Restated Certificate of Incorporation was amended by the filing on January 20, 1994, of a Certificate of Designations, Preferences, Rights and Limitations relating to its 7% PRIDES, Convertible Preferred Stock, 11,000,000 shares of which were issued on January 25, 1994. The effects of such amendment and the related issuance of such shares of Convertible Preferred Stock on the rights of holders of the Registrant's Common Stock, without par value, are described in the description of the Registrant's Common Stock set forth in Item 5 hereof.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of the Company was held on April 20, 1994. The stockholders (i) elected the fourteen nominees named in the Company's proxy statement to serve as Directors, (ii) approved a Restricted Stock Plan for Outside Directors and (iii) ratified the selection of Ernst & Young as independent auditors of the Company for 1994. The number of votes cast for, against or withheld, and the number of abstentions, as applicable, with respect to each of the foregoing matters were as set forth below; there were no broker nonvotes with respect to any of the foregoing matters. No other matters were voted upon at the meeting.

(i) Election of Directors

Name	Number Of Shares Voted "For"	Number of Votes Withheld
------	---------------------------------	-----------------------------

William O. Bourke	58,680,838	480,861
Yale M. Brandt	58,735,615	426,084
Thomas A. Graves, Jr.	58,658,948	502,751
Gerald Greenwald	58,656,201	505,498
John R. Hall	58,755,787	405,912
Robert L. Hintz	58,685,601	476,098
Richard G. Holder	58,763,009	398,690
David P. Reynolds	58,711,715	449,984
Randolph N. Reynolds	58,728,243	433,456
Charles A. Sanders, M.D.	58,767,081	394,618
Henry S. Savedge, Jr.	58,765,178	396,521
Jeremiah J. Sheehan	58,756,290	405,409
Robert J. Vlasic	58,767,178	394,521
Joe B. Wyatt	58,685,058	476,641

(ii) Approval of Restricted Stock Plan for Outside Directors

Number of Votes Cast "For"	49,465,185
Number of Votes Cast "Against"	9,198,340
Number of Abstentions	498,174

(iii) Ratification of Selection of Ernst & Young as Independent Auditors

Number of Votes Cast "For"	58,616,950
Number of Votes Cast "Against"	201,871
Number of Abstentions	342,878

Item 5. OTHER INFORMATION

The following description of the Registrant's Common Stock, without par value, shall be incorporated by reference into the Registrant's registration statements on: (i) Form S-8 No. 2-76789 relating to the Reynolds Metals Company 1982 Nonqualified Stock Option Plan; (ii) Form S-8 No. 33-13822 relating to the Reynolds Metals Company 1987 Nonqualified Stock Option Plan; (iii) Form S-8 No. 33-44400 relating to the Reynolds Metals Company 1992 Nonqualified Stock Option Plan; (iv) Form S-8 No. 33-20498 relating to the Reynolds Metals Company Savings and Investment Plan for Salaried Employees; (v) Form S-8 No. 33-66032 relating to the Reynolds Metals Company Savings Plan for Hourly Employees; and (vi) Form S-3 No. 33-51153 relating to the offer and resale from time to time of shares of Common Stock by the Trustee of the Reynolds Metals Company Pension Plans Master Trust:

DESCRIPTION OF COMMON STOCK

GENERAL

The Registrant is authorized to issue 200,000,000 shares of Common Stock, without par value ("Common Stock"), 20,000,000 shares of Preferred Stock, without par value ("Preferred Stock"), and 1,000,000 shares of Second Preferred Stock, \$100 par value ("Second Preferred Stock"). Shares of Preferred Stock and Second Preferred Stock are issuable in series, with such designations, preferences, rights, qualifications, limitations and restrictions as the Registrant's Board of Directors may determine in resolutions providing for their issuance. The Board of Directors and the 1993 Preferred Stock Committee thereof have adopted resolutions authorizing the issuance of 11,000,000 shares of Preferred Stock of a series designated as "7% PRIDES, Convertible Preferred Stock" ("PRIDES"), each share of PRIDES having a stated value of \$47.25 per share. As of April 29, 1994, there were issued, outstanding and entitled to vote 61,964,371 shares of Common Stock and 11,000,000 shares of PRIDES. No shares of Second Preferred Stock are outstanding.

The Board of Directors has adopted resolutions providing for the issuance of a Series A Junior Participating Preferred Stock, without par value (the "Series A Preferred Stock"), issuable upon the occurrence of certain events, as described below under "Preferred Stock Purchase Rights". A total of 2,000,000 shares of Series A Junior Participating Preferred Stock have been authorized, designated and reserved for issuance.

Each outstanding share of Common Stock has attached one Preferred Stock Purchase Right, which entitles the record holder to purchase from the Registrant upon the occurrence of certain events, as described below under "Preferred Stock Purchase Rights", one one-hundredth of a share of the Series A Preferred Stock, subject to adjustment in certain circumstances.

COMMON STOCK

Dividend Rights and Restrictions on Payment of Dividends

Holders of Common Stock are entitled to receive dividends, when and as declared by the Board of Directors, subject to restrictions which may be imposed by (i) resolutions providing for the issuance of series of Preferred Stock (including the PRIDES) or Second Preferred Stock; and (ii) certain credit agreements of the Registrant, as described below. Dividends on Preferred Stock and Second Preferred Stock may be cumulative, and no payments or distributions (except in Common Stock or other junior stock) may be made on Common Stock, nor may any Common Stock be acquired by the Registrant, unless all past and current dividends on Preferred Stock and Second Preferred Stock have been paid or provided for. Under certain of the Registrant's credit agreements, the Registrant may not declare or pay dividends on, make any payment on account of, or set apart assets for a sinking or other analogous fund for the purchase, redemption, defeasance, retirement or other acquisition of, any shares of capital stock of the Registrant, nor may the Registrant make any other distribution in respect thereof, if specified events of default (including payment defaults and events relating to bankruptcy, insolvency or reorganization) have occurred and are continuing. No such events of default have occurred.

Voting Rights

The Registrant's By-Laws provide that, except where, and to the extent that, a different percentage of votes and/or a different exercise of voting power is prescribed by law, the Registrant's Certificate of Incorporation or its By-Laws, all elections and other questions shall be decided by the vote of stockholders, present in person or by proxy and entitled to vote, representing a majority of the votes cast. Holders of Common Stock are entitled to one vote for each share held of record and are not entitled to cumulate votes for the election of directors. Holders of Common Stock have voting powers on all matters requiring approval of stockholders, other than certain matters subject to the voting rights of holders of Preferred Stock and Second Preferred Stock to the extent provided in the applicable resolutions authorizing their issuance or otherwise under Delaware law.

Liquidation Rights

In the event of liquidation, dissolution or winding up of the Registrant, holders of Common Stock are entitled to share ratably in the assets of the Registrant remaining after payment or provision for payment of all the Registrant's debts and other liabilities and after the holders of any outstanding series of Preferred Stock (including the PRIDES) and Second Preferred Stock have been paid the full preferential amounts due them. Any preferential rights to be accorded holders of Preferred Stock and Second Preferred Stock will be set forth in resolutions of the Board of Directors authorizing issuance of the applicable series.

Preemptive Rights; Assessability

Holders of Common Stock have no preemptive or conversion rights and there are no redemption or sinking fund provisions applicable thereto. The outstanding shares of Common Stock are fully paid and non-assessable.

Transfer Agent and Registrar

The transfer agent and registrar for the Common Stock is Mellon Securities Trust Company, 85 Challenger Road, Overpeck Centre, Ridgefield Park, New Jersey 07660.

PRIDES

On January 25, 1994, the Registrant issued 11,000,000 shares of PRIDES, which rank prior to the Common Stock as to payment of dividends and distribution of assets upon liquidation. The designation, powers, preferences and relative participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, in addition to those otherwise set forth in the Registrant's Restated Certificate of Incorporation, are set forth in a Certificate of Designations, Preferences, Rights and Limitations dated January 20, 1994 which is included in the Registrant's Restated Certificate of Incorporation.

Holders of shares of PRIDES are entitled to receive annual cumulative dividends at a rate per annum of 7% of the stated value payable quarterly in arrears on each April 1, July 1, October 1 and December 31, commencing April 1, 1994. No payments or distributions (except in Common Stock or other junior stock) may be made on Common Stock, nor may any Common Stock be acquired by the Registrant, unless all past and current dividends on the PRIDES have been paid or provided for.

Unless previously either redeemed or converted, as described below, each outstanding share of PRIDES will mandatorily convert into one share of Common Stock, subject to adjustment in certain events, on December 31, 1997 (the "Mandatory Conversion Date").

At any time on or after December 31, 1996 until immediately before the Mandatory Conversion Date, the Registrant may redeem any or all of the outstanding shares of PRIDES. Upon any such redemption, each holder will receive, in exchange for each share of PRIDES, the number of shares of Common Stock equal to the sum of (i) \$48.077, declining after December 31, 1996 to \$47.25 until the Mandatory Conversion Date, and (ii) all accrued and unpaid dividends thereon (the "Call Price") divided by the current market price of the Common Stock on the applicable date of determination, but in no event less than .82 of a share of Common Stock. The Registrant may be expected to redeem shares of PRIDES if, among other circumstances, the current market price of the Common Stock exceeds the Call Price.

At any time before the Mandatory Conversion Date, unless previously redeemed, each share of PRIDES is convertible at the option of the holder thereof into .82 of a share of Common Stock, equivalent to a conversion price of \$57.622 per share of Common Stock, subject to certain adjustments.

The holders of shares of PRIDES will have the right with the holders of Common Stock to vote in the election of Directors and upon each other matter coming before any meeting of the holders of Common Stock on the basis of 4/5 of a vote for each share of PRIDES. On such matters, the holders of shares of PRIDES and the holders of Common Stock will vote together as one class except as otherwise provided by law or the Registrant's Restated Certificate of Incorporation. In addition, (i) in the event that dividends on the shares of PRIDES or any other series of Preferred Stock with like voting rights are in arrears and unpaid for six quarterly dividend periods, and in certain other circumstances, the holders of shares of PRIDES (voting separately as a class with holders of all other

series of outstanding Preferred Stock upon which like voting rights have been conferred and are exercisable) will be entitled to vote, on the basis of one vote for each share of PRIDES, for the election of two Directors of the Registrant, such Directors to be in addition to the number of Directors constituting the Board of Directors immediately before the accrual of such right, and (ii) the holders of the shares of PRIDES will have voting rights with respect to certain alterations of the Registrant's Restated Certificate of Incorporation and certain other matters, voting on the same basis or separately as a series.

The liquidation preference of each share of PRIDES is an amount equal to the sum of (i) \$47.25 and (ii) all accrued and unpaid dividends thereon.

Preferred Stock Purchase Rights

On November 20, 1987, the Board of Directors of the Registrant declared a dividend distribution of one Preferred Stock Purchase Right (a "Right") for each outstanding share of Common Stock to stockholders of record at the close of business on December 1, 1987, and one Right has been delivered with each share of Common Stock issued since December 1, 1987. The Rights are attached to, and trade with, the Common Stock.

The description and terms of the Rights are set forth in a Rights Agreement, dated as of November 23, 1987 (the "Rights Agreement"), between the Registrant and The Chase Manhattan Bank, N.A. ("Chase"), as amended. Mellon Securities Trust Company succeeded Chase as Rights Agent under the Rights Agreement effective January 1, 1992.

Each Right entitles the record holder to purchase from the Registrant, from and after the Distribution Date (as defined below), one one-hundredth of a share of Series A Preferred Stock, at a price of \$125 (the "Purchase Price"), subject to adjustment in certain circumstances.

The Distribution Date will occur upon the earlier of (i) 15 days following a public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the outstanding shares of Common Stock (the "Stock Acquisition Date"), or (ii) 10 business days following the commencement of a tender offer or exchange offer if, upon consummation thereof, the person or group making such offer would be the beneficial owner of 30% or more of the outstanding shares of Common Stock. Until the Distribution Date, (i) the Rights will be evidenced by Common Stock certificates and will be transferred only with such Common Stock certificates, (ii) new Common Stock certificates issued after December 1, 1987 will contain a notation incorporating the Rights Agreement by reference and (iii) the surrender for transfer of any Common Stock certificate will also constitute the transfer of the Rights associated with the Common Stock represented by such certificate.

The Rights are not exercisable until the Distribution Date and will expire at the close of business on December 1, 1997, unless earlier exercised or redeemed.

If, at any time following the Distribution Date, (i) the Registrant is the surviving corporation in a merger with an Acquiring Person and the Common Stock is not changed or exchanged, (ii) an Acquiring Person becomes the beneficial owner of 30% or more of the outstanding shares of Common Stock (other than by an offer for all outstanding shares of Common Stock at a price and on terms which the majority of the independent directors of the Registrant determine to be fair to, and otherwise in the best interests of, stockholders), or (iii) an Acquiring Person receives equity securities (other than by a pro rata distribution) from the Registrant, acquires from or transfers to the Registrant assets with a fair market value exceeding \$10,000,000 or engages in certain other "self-dealing" transactions

specified in the Rights Agreement, each holder of a Right will have the right to receive, upon the exercise thereof, Common Stock (or, in certain circumstances, cash, property or other securities of the Registrant) having a value equal to two times the exercise price of the Right. However, Rights are not so exercisable following the occurrence of such events until they are no longer redeemable. In any such event, any Rights that are, or (under certain circumstances specified in the Rights Agreement) were, beneficially owned by an Acquiring Person will be null and void.

At any time following the Stock Acquisition Date, if (i) the Registrant engages in a merger or consolidation in which it is not the surviving corporation or in which it is the surviving corporation, but all or part of the Common Stock is changed or exchanged, or (ii) 50% or more of the Registrant's assets or earning power is transferred, each holder of a Right will have the right to receive, upon the exercise thereof, common stock of the acquiring company having a value equal to two times the exercise price of the Right. The Rights may not be so exercised in the case of a merger or consolidation (a) which follows an offer described in clause (ii) of the preceding paragraph and (b) in which the form of consideration is the same as was paid in such offer.

At any time until fifteen days following the Stock Acquisition Date, the Board of Directors of the Registrant may redeem the Rights in whole, but not in part, at a price of \$.05 per Right, payable in cash or securities or both. Thereafter, this right of redemption may be reinstated if an Acquiring Person reduces his beneficial ownership to 10% or less of the outstanding shares of Common Stock in a transaction or series of transactions not involving the Company and there are no other Acquiring Persons.

Until a Right is exercised, the holder thereof will have no rights as a stockholder of the Registrant, including, without limitation, the right to vote or to receive dividends.

Shares of Series A Preferred Stock purchasable upon exercise of the Rights will not be redeemable. Each one one-hundredth of a share of Series A Preferred Stock will be entitled to (i) an aggregate quarterly dividend equal to the greater of (a) the quarterly dividend declared per share of Common Stock or (b) \$.10, (ii) upon liquidation, a minimum preferential liquidation payment of \$1.00 and an aggregate liquidation payment equal to the liquidation payment made per share of Common Stock, (iii) one vote, voting together with the shares of Common Stock and (iv) in the event of any merger, consolidation or other transaction in which shares of Common Stock are exchanged, the same amount received per share of Common Stock. These rights are protected by customary anti-dilution provisions. Because of the nature of the Series A Preferred Stock's dividend, liquidation and voting rights, the value of each one one-hundredth of a share of Series A Preferred Stock purchasable upon exercise of a Right should approximate the value of one share of Common Stock.

DELAWARE GENERAL CORPORATION LAW SECTION 203

The Registrant is subject to the provisions of Section 203 of the General Corporation Law of the State of Delaware ("DGCL Section 203"), the "business combination" statute. In general, the statute prohibits a public Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless (i) prior to such date, the board of directors of the corporation approved either the business combination or the transaction that resulted in the stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced

(excluding certain shares described in DGCL Section 203), or (iii) on or after such date, the business combination is approved by the board of directors of the corporation and authorized at an annual or special meeting of stockholders and by the affirmative vote of at least two-thirds of the outstanding voting stock that is not owned by the "interested stockholder". "Business combination" is defined to include mergers, asset sales and certain other transactions resulting in a financial benefit to a stockholder. An "interested stockholder" is defined generally as a person who, together with affiliates and associates, owns (or, within the prior three years, did own) 15% or more of a corporation's voting stock. The Registrant's Restated Certificate of Incorporation does not exclude the Registrant from the restrictions imposed under DGCL Section 203. Thus, such statute could prohibit or delay the accomplishment of mergers or other takeover or change in control attempts with respect to the Registrant and, accordingly, may discourage attempts to acquire the Registrant.

ADVANCE NOTICE REQUIREMENTS

The Registrant's By-Laws require advance written notice of any business to be conducted at an annual or special meeting of the stockholders (other than business included in the proxy materials or brought before the meeting by or at the direction of the Board of Directors or of the officer presiding over the meeting). For such business to be properly before the meeting, the notice must contain certain information concerning the item of business and the proposing stockholder. The notice must be received by the Secretary of the Registrant (i) in the case of a special meeting, not more than 10 days after the date of the Registrant's written notice of the meeting and (ii) in the case of an annual meeting, not less than 30 days before the anniversary date of the Registrant's written notice of the previous year's annual meeting. These requirements could have the effect of preventing a stockholder who had not furnished the necessary notice from attempting to nominate directors or conduct business from the floor during the course of the meeting and could therefore impair such stockholder's ability to use such methods in connection with a proposed takeover of the Registrant.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

See Index to Exhibits.

(b) Reports on Form 8-K

During the first quarter of 1994, the Registrant filed with the Commission a Current Report on Form 8-K dated January 18, 1994 reporting under Item 5 the sale of 11,000,000 shares of its 7% PRIDES, Convertible Preferred Stock.

SIGNATURES

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

REYNOLDS METALS COMPANY

By Allen M. Earehart

Allen M. Earehart
Vice President, Controller
(Principal Accounting Officer)

DATE: May 13, 1994

INDEX TO EXHIBITS

EXHIBIT NO.	DESCRIPTION OF EXHIBIT	SEQUENTIAL PAGE NO.
2	None	
*4.1	Restated Certificate of Incorporation of Reynolds Metals Company, as amended to the date hereof. (File No. 1-1430, Registration Statement on Form 8-A dated February 23, 1994, pertaining to Common Stock and Preferred Stock Purchase Rights, EXHIBIT 1)	
4.2	By-Laws of Reynolds Metals Company, as amended to the date hereof	
*4.3	Indenture dated as of April 1, 1989 (the "Indenture") between Reynolds Metals Company and The Bank of New York, as Trustee, relating to Debt Securities. (File No. 1-1430, Form 10-Q Report for the Quarter Ended March 31, 1989, EXHIBIT 4(c))	
*4.4	Amendment No. 1 dated as of November 1, 1991 to the Indenture. (File No. 1-1430, 1991 Form 10-K Report, EXHIBIT 4.4)	
*4.5	\$1,100,000,000 Credit Agreement (the "Credit Agreement") dated as of November 24, 1987 among Reynolds Metals Company, Canadian Reynolds Metals Company, Limited - Societe Canadienne de Metaux Reynolds, Limitee, the several banks parties thereto, Manufacturers Hanover Bank (Delaware), The Bank of Nova Scotia, Manufacturers Hanover Trust Company, and Manufacturers Hanover Agent Bank Services Corporation. (Registration Statement No. 33-20498 on Form S-8, dated March 7, 1988, EXHIBIT 4.4)	
*4.6	Amendment No. 1 dated as of July 1, 1988 to the Credit Agreement. (File No. 1-1430, Form 10-Q Report for the Quarter Ended June 30, 1988, EXHIBIT 4(e))	
*4.7	Amendment No. 2 dated as of February 8, 1989 to the Credit Agreement. (File No. 1-1430, 1988 Form 10-K Report, EXHIBIT 4.6)	
*4.8	Amendment No. 3 dated as of August 4, 1989 to the Credit Agreement. (File No. 1-1430, Form 10-Q Report for the Quarter Ended June 30, 1989, EXHIBIT 4(g))	
*4.9	Amendment No. 4 dated as of November 1, 1990 to the Credit Agreement. (Registration Statement No. 33-38020 on Form S-3, dated November 30, 1990, EXHIBIT 4.12)	

- *4.10 Rights Agreement dated as of November 23, 1987 (the "Rights Agreement") between Reynolds Metals Company and The Chase Manhattan Bank, N.A. (File No. 1-1430, Registration Statement on Form 8-A dated November 23, 1987, pertaining to Preferred Stock Purchase Rights, EXHIBIT 1)
- *4.11 Amendment No. 1 dated as of December 19, 1991 to the Rights Agreement. (File No. 1-1430, 1991 Form 10-K Report, EXHIBIT 4.11)
- *4.12 Form of 9-3/8% Debenture due June 15, 1999. (File No. 1-1430, Form 8-K Report dated June 6, 1989, EXHIBIT 4)
- *4.13 Form of Fixed Rate Medium-Term Note. (Registration Statement No. 33-30882 on Form S-3, dated August 31, 1989, EXHIBIT 4.3)
- *4.14 Form of Floating Rate Medium-Term Note. (Registration Statement No. 33-30882 on Form S-3, dated August 31, 1989, EXHIBIT 4.4)
- *4.15 Form of Book-Entry Fixed Rate Medium-Term Note. (File No. 1-1430, 1991 Form 10-K Report, EXHIBIT 4.15)
- *4.16 Form of Book-Entry Floating Rate Medium-Term Note. (File No. 1-1430, 1991 Form 10-K Report, EXHIBIT 4.16)
- *4.17 Form of 9% Debenture due August 15, 2003. (File No. 1-1430, Form 8-K Report dated August 16, 1991, EXHIBIT 4(a))
- *4.18 Articles of Continuance of Canadian Reynolds Metals Company, Limited -- Societe Canadienne de Metaux Reynolds, Limitee ("CRM"), as amended to the date hereof. (Registration Statement No. 33-59168 on Form S-3, dated March 5, 1993, EXHIBIT 4.1)
- *4.19 By-Laws of CRM, as amended to the date hereof. (File No. 1-1430, Form 10-Q Report for the Quarter Ended September 30, 1993, EXHIBIT 4.19)
- *4.20 Indenture dated as of April 1, 1993 among CRM, Reynolds Metals Company and The Bank of New York, as Trustee. (File No. 1-1430, Form 8-K Report dated July 14, 1993, EXHIBIT 4(a))
- *4.21 Form of 6-5/8% Guaranteed Amortizing Note due July 15, 2002. (File No. 1-1430, Form 8-K Report dated July 14, 1993, EXHIBIT 4(d))
- *10.1 Reynolds Metals Company 1982 Nonqualified Stock Option Plan, as amended through May 17, 1985. (File No. 1-1430, 1985 Form 10-K Report, EXHIBIT 10.2)
- *10.2 Reynolds Metals Company 1987 Nonqualified Stock Option Plan. (Registration Statement No. 33-13822 on Form S-8, dated April 28, 1987, EXHIBIT 28.1)
- *10.3 Reynolds Metals Company 1992 Nonqualified Stock Option Plan. (Registration Statement No. 33-44400 on Form S-8, dated December 9, 1991, EXHIBIT 28.1)

- *10.4 Reynolds Metals Company Performance Incentive Plan, as amended and restated effective January 1, 1985. (File No. 1-1430, 1985 Form 10-K Report, EXHIBIT 10.3)
- *10.5 Consulting Agreement dated April 16, 1986 between Reynolds Metals Company and David P. Reynolds. (File No. 1-1430, Form 10-Q Report for the Quarter Ended March 31, 1986, EXHIBIT 19)
- 10.6 Form of Deferred Compensation Agreement dated February 17, 1984 between Reynolds Metals Company and David P. Reynolds
- *10.7 Deferred Compensation Agreement dated May 16, 1986 between Reynolds Metals Company and David P. Reynolds. (File No. 1-1430, Form 10-Q Report for the Quarter Ended June 30, 1986, EXHIBIT 19)
- *10.8 Agreement dated December 9, 1987 between Reynolds Metals Company and Jeremiah J. Sheehan. (File No. 1-1430, 1987 Form 10-K Report, EXHIBIT 10.9)
- *10.9 Supplemental Death Benefit Plan for Officers. (File No. 1-1430, 1986 Form 10-K Report, EXHIBIT 10.8)
- *10.10 Financial Counseling Assistance Plan for Officers. (File No. 1-1430, 1987 Form 10-K Report, EXHIBIT 10.11)
- *10.11 Management Incentive Deferral Plan. (File No. 1-1430, 1987 Form 10-K Report, EXHIBIT 10.12)
- *10.12 Deferred Compensation Plan for Outside Directors as Amended and Restated Effective December 1, 1993. (File No. 1-1430, 1993 Form 10-K Report, EXHIBIT 10.12)
- *10.13 Retirement Plan for Outside Directors. (File No. 1-1430, 1986 Form 10-K Report, EXHIBIT 10.10)
- *10.14 Death Benefit Plan for Outside Directors. (File No. 1-1430, 1986 Form 10-K Report, EXHIBIT 10.11)
- *10.15 Form of Indemnification Agreement for Directors and Officers. (File No. 1-1430, Form 8-K Report dated April 29, 1987, EXHIBIT 28.3)
- *10.16 Form of Executive Severance Agreement between Reynolds Metals Company and key executive personnel, including each of the individuals listed in Item 4A of the Reynolds Metals Company 1993 Form 10-K Report (other than Messrs. Christino, Earehart, Jones and Leahey). (File No. 1-1430, 1987 Form 10-K Report, EXHIBIT 10.18)
- *10.17 Renewal dated February 21, 1992 of Consulting Agreement dated April 16, 1986 between Reynolds Metals Company and David P. Reynolds. (File No. 1-1430, 1991 Form 10-K Report, EXHIBIT 10.19)
- *10.18 Amendment to Reynolds Metals Company 1987 Nonqualified Stock Option Plan effective May 20, 1988. (File No. 1-1430, Form 10-Q Report for the Quarter Ended June 30, 1988, EXHIBIT 19(a))

- *10.19 Amendment to Reynolds Metals Company 1987 Nonqualified Stock Option Plan effective October 21, 1988. (File No. 1-1430, Form 10-Q Report for the Quarter Ended September 30, 1988, EXHIBIT 19(a))
- *10.20 Amendment to Reynolds Metals Company 1987 Nonqualified Stock Option Plan effective January 1, 1987. (File No. 1-1430, 1988 Form 10-K Report, EXHIBIT 10.22)
- *10.21 Amendment to Reynolds Metals Company Performance Incentive Plan effective January 1, 1989. (File No. 1-1430, Form 10-Q Report for the Quarter Ended June 30, 1989, EXHIBIT 19)
- *10.22 Form of Stock Option and Stock Appreciation Right Agreement, as approved February 16, 1990 by the Compensation Committee of the Company's Board of Directors. (File No. 1-1430, 1989 Form 10-K Report, EXHIBIT 10.24)
- *10.23 Amendment to Reynolds Metals Company 1982 Nonqualified Stock Option Plan effective January 18, 1991. (File No. 1-1430, 1990 Form 10-K Report, EXHIBIT 10.25)
- *10.24 Amendment to Reynolds Metals Company 1987 Nonqualified Stock Option Plan effective January 18, 1991. (File No. 1-1430, 1990 Form 10-K Report, EXHIBIT 10.26)
- *10.25 Letter Agreement dated January 18, 1991 between Reynolds Metals Company and William O. Bourke. (File No. 1-1430, 1990 Form 10-K Report, EXHIBIT 10.29)
- *10.26 Form of Stock Option Agreement, as approved April 22, 1992 by the Compensation Committee of the Company's Board of Directors. (File No. 1-1430, Form 10-Q Report for the Quarter Ended March 31, 1992, EXHIBIT 28(a))
- *10.27 Consulting Agreement dated May 1, 1992 between Reynolds Metals Company and William O. Bourke. (File No. 1-1430, Form 10-Q Report for the Quarter Ended March 31, 1992, EXHIBIT 28(b))
- *10.28 Renewal dated February 18, 1994 of Consulting Agreement dated May 1, 1992 between Reynolds Metals Company and William O. Bourke. (File No. 1-1430, 1993 Form 10-K Report, EXHIBIT 10.28)
- 10.29 Form of Reynolds Metals Company Restricted Stock Plan for Outside Directors
- 11 Computation of Earnings Per Share
- 15 None
- 18 None
- 19 None
- 22 Not applicable
- 23 None

24 None

27 Not applicable

*Incorporated by reference.

Pursuant to Item 601 of Regulation S-K, certain instruments with respect to long-term debt of Reynolds Metals Company (the "Registrant") and its consolidated subsidiaries are omitted because such debt does not exceed 10 percent of the total assets of the Registrant and its subsidiaries on a consolidated basis. The Registrant agrees to furnish a copy of any such instrument to the Commission upon request.

By-Laws

of

REYNOLDS METALS COMPANY

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By-Laws

of

REYNOLDS METALS COMPANY

(Incorporated under the Laws of Delaware)

ARTICLE I - Stock

1. Certificates for Stock. Certificates of Stock shall be issued in numerical order, be signed by the Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, the President or a Vice President, and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer, and sealed with the corporate seal; provided, that where any Certificate of Stock is signed by a duly appointed and authorized Transfer Agent or Registrar the signatures of the Chairman of the Board of Directors, Vice Chairman of the Board of Directors, the President, Vice President, Secretary, Assistant Secretary, Treasurer or Assistant Treasurer may be facsimile, engraved or printed, and the seal of the corporation on any such Certificate of Stock may be facsimile, engraved or printed. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

2. Transfers of Stock. Transfers of stock shall be made only upon the books of the corporation, and only by the person named in the certificate or by attorney, lawfully constituted in writing, and only upon surrender of the certificate therefor. The directors may by resolution make reasonable regulations for the transfers of stock.

3. Holders of Record. Registered stockholders only shall be entitled to be treated by the corporation as the holders in fact of the stock standing in their respective names and the corporation shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any other person, whether or not it shall have express or other notice thereof, except as expressly provided by the laws of Delaware.

4. Lost or Destroyed Certificates. In case of loss or destruction of any certificate of stock another may be issued in its place upon satisfactory proof of such loss or destruction and upon the giving of a satisfactory bond of indemnity to the corporation, all as determined either expressly by the directors or pursuant to general authority granted by them.

ARTICLE II - Stockholders' Meetings

1. Place of Meetings. Meetings of the stockholders shall be held at such place, within or outside the State of Delaware, as the Board of Directors may determine.

2. Annual Meeting. The annual meeting of the stockholders of the corporation, for the election of directors to succeed those whose terms expire, and for the transaction of such other business as may come before the meeting, shall be held on the first Wednesday after April 15th of each year, if not a legal holiday, and if a legal holiday, then on the first business day following, at eleven o'clock in the forenoon, or on such other date and at such other time as may be fixed by the Board of Directors. If the annual meeting of the stockholders be not held as herein prescribed, the election of directors may be held at any meeting thereafter called pursuant to these By-Laws.

3. Special Meetings. Special meetings of the stockholders may be called by the Chairman of the Board of Directors, or a Vice Chairman of the Board of Directors, or the President or by the Board of Directors, and shall be called at any time by the Board of Directors upon the request in writing of stockholders entitled to cast a majority of the votes which all stockholders are entitled to cast. Such request must state the purpose of the meeting.

4. Matters to be Brought Before Stockholders Meetings. Except as otherwise provided by law, at any annual or special meeting of stockholders only such business shall be conducted as shall have been properly brought before the meeting in accordance with this Section.

In order to be properly brought before the meeting, such business must have either been (i) specified in the written notice of the meeting (or any supplement thereto) given to stockholders of record on the record date for such meeting by or at the direction of the Board of Directors, (ii) brought before the meeting at the direction of the Board of Directors or the officer presiding over the meeting, or (iii) specified in a written notice given by or on behalf of a stockholder of record on the record date for such meeting entitled to vote thereat or a duly authorized proxy for such stockholder, in accordance with all of the following requirements.

A notice referred to in clause (iii) hereof must be delivered personally to, or mailed to and received at, the principal executive office of the corporation, addressed to the attention of the Secretary, not more than ten (10) days after the date of the initial notice referred to in clause (i) hereof, in the case of business to be brought before a special meeting of stockholders, and not less than thirty (30) days prior to the first anniversary date of the initial notice referred to in clause (i) hereof of the previous year's annual meeting, in the case of business to be

brought before an annual meeting of stockholders, provided, however, that such notice shall not be required to be given more than ninety (90) days prior to an annual meeting of stockholders. Such notice referred to in clause (iii) hereof shall set forth:

(a) a full description of each such item of business proposed to be brought before the meeting;

(b) the name and address of the person proposing to bring such business before the meeting;

(c) the class and number of shares held of record, held beneficially and represented by proxy by such person as of the record date for the meeting (if such date has then been made publicly available) and as of the date of such notice;

(d) if any item of such business involves a nomination for director, all information regarding each such nominee that would be required to be set forth in a definitive proxy statement filed with the Securities and Exchange Commission pursuant to Section 14 of the Securities Exchange Act of 1934, as amended, or any successor thereto and the written consent of each such nominee to serve if elected; and

(e) all other information that would be required to be filed with the Securities and Exchange Commission if, with respect to the business proposed to be brought before the meeting, the person proposing such business was a participant in a solicitation subject to Section 14 of the Securities Exchange Act of 1934, as amended, or any successor thereto.

No business shall be brought before any meeting of stockholders of the corporation otherwise than as provided in this Section.

5. Notice of Meetings. Written notice of the place, date and hour of the annual and of all special meetings of the stockholders and, in the case of special meetings, of the purpose or purposes for which such special meeting is called, shall be given in the manner specified in Section 1 of Article VII of these By-Laws not less than ten (10) nor more than sixty (60) days prior to the meeting, to each stockholder of record of the corporation entitled to vote thereat. Business transacted at all special meetings shall be confined to the purposes stated in the notice.

6. Quorum. A quorum at any annual or special meeting of the stockholders shall consist of the presence, in person or by proxy, of stockholders entitled to cast a majority of the votes which all stockholders are entitled to cast, except as otherwise specifically provided by law or in the Certificate of Incorporation.

7. Adjourned Meetings. If a quorum be not present at a properly called stockholders' meeting, the meeting may be adjourned from time to time by a majority in interest of those present in person or by proxy and entitled to vote thereat. At any such adjourned meeting at which a quorum

shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting; otherwise, no notice of such adjourned meeting need be given if the time and place thereof are announced at the meeting at which the adjournment is taken. The absence from any meeting of stockholders holding the number of shares of stock of the corporation required by law, the Certificate of Incorporation or these By-Laws for action upon any given matter shall not prevent action at such meeting upon any other matter or matters which may properly come before the meeting, if there shall be present thereat in person or by proxy stockholders holding the number of shares of stock of the corporation required in respect of such other matter or matters.

8. **Inspectors of Election.** In advance of any meeting of stockholders or any corporate action to be taken by the stockholders in writing without a meeting, the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or Secretary of the corporation shall appoint one or more inspectors of election to serve at such meeting or to examine such written consents and to make a written report with respect thereto. In addition, any such officer may, but shall not be required to, designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the presiding officer at such meeting shall appoint one or more inspectors to act at the meeting. Each inspector shall discharge his or her duties in accordance with applicable law and shall, before entering upon the discharge of his or her duties, take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability.

9. **List of Stockholders.** A complete list of the stockholders entitled to vote at each annual or special meeting of the stockholders of the corporation, arranged in alphabetical order, showing the address of record of each and the number of voting shares held by each, shall be prepared by the Secretary, who shall have charge of the stock ledger, and filed in the City (or, if such meeting is to be held at a place not within any city, then in the county) where the meeting is to be held, at a location specified in the Notice of Meeting, or if no such location is specified in such notice, at the place where the meeting is to be held, at least ten (10) days before every such meeting, and shall, during the usual hours for business, be open to the examination of any stockholder for any purpose germane to the meeting, and during the whole time of said meeting be open to the examination of any stockholder.

10. **Voting.** Subject to the provisions of Article VI, Section 2 of these By-Laws, and except where a different vote per share is prescribed by the Certificate of Incorporation for a class of stock, each holder of stock of a class which is entitled to vote in any election or on any other

questions at any annual or special meeting of the stockholders shall be entitled to one vote, in person or by written proxy, for each share of such class held of record. Except where, and to the extent that, a different percentage of votes and/or a different exercise of voting power is prescribed by law, the Certificate of Incorporation or these By-Laws, all elections and other questions shall be decided by the vote of stockholders, present in person or by proxy and entitled to vote, representing a majority of the votes cast. Abstentions shall be counted in the tabulation of the votes cast. The votes for directors, and, upon demand of any stockholder, or where required by law, the votes upon any question before the meeting, shall be by ballot; otherwise, the election shall be held as the presiding officer prescribes.

11. Consents in Writing. Any action which might have been taken under these By-Laws by a vote of the stockholders at a meeting thereof may be taken by them without a meeting, without prior notice and without a vote, if a consent in writing setting forth the action so taken shall be signed by the holders of outstanding shares of stock of the corporation having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted; provided, that prompt notice of the taking of such corporate action shall be given to those stockholders who have not consented thereto if less than unanimous written consent is obtained.

ARTICLE III - Board of Directors

1. Number; Term of Office; Powers. The business and affairs of the corporation shall be under the direction of a Board of Directors, consisting of fourteen (14) persons. Directors shall be elected for one year, and shall hold office until their successors are elected and qualified. Directors need not be stockholders. In addition to the power and authority expressly conferred upon them by the By-Laws and the Certificate of Incorporation, the Board of Directors may exercise all such powers of the corporation and do all such lawful acts and things as are not by law or by the Certificate of Incorporation or by these By-Laws directed or required to be exercised or done by the stockholders.

2. Resignations. Any director may resign at any time by giving written notice of resignation to the Board of Directors, to the Chief Executive Officer or to the Secretary of the corporation. Any such resignation shall take effect at the time specified therein, or if the time be not specified therein, then upon receipt thereof. The acceptance of such resignation shall not be necessary to make it effective.

3. Vacancies. Except as otherwise specifically provided by law, the Certificate of Incorporation or these By-Laws, all vacancies in the Board of Directors, whether caused by resignation, death, increase in the number of authorized directors or otherwise, may be filled by a majority of the

Board of Directors then in office, even though less than a quorum, or by the stockholders at a special meeting. A director thus elected to fill any vacancy shall hold office until the next annual meeting of stockholders and until a successor is elected and qualified.

4. Annual Meeting. The annual meeting of the Board of Directors, for the election of officers and the transaction of other business, shall be held on the same day and at the same place as, and as soon as practicable following, the annual meeting of stockholders, or at such other date, time or place as the directors may by resolution designate.

5. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times, and at such place within or outside the State of Delaware, as the Board of Directors may from time to time by resolution designate.

6. Special Meetings. Special meetings of the directors may be called at any time by the Chairman of the Board of Directors, a Vice Chairman of the Board of Directors, the President or an Executive Vice President, or by the Secretary upon written request of one-third of the directors, such request stating the purpose for which the meeting is to be called. Special meetings shall be held at the principal office of the corporation or at such office within or outside the State of Delaware as the directors may from time to time designate.

7. Notice of Meetings. Except as otherwise required by law, notice of special meetings of the Board of Directors or of any committee of the Board of Directors shall be given to each director or to each committee member, as the case may be, by mail at least two days before the day on which the meeting is to be held or by personal delivery, word-of-mouth, telephone, telegraph, radio, cable or other comparable means at least six hours before the time at which the meeting is to be held. Such notice shall state the time and place of such meeting, but need not state the purposes thereof unless otherwise required by law. No notice need be given of the annual meeting of directors or of regular meetings of directors or of committees of the Board of Directors, provided that, whenever the time or place of such meetings shall be fixed or changed, notice of such action shall be given promptly to each director or to each committee member, as the case may be, who shall not have been present at the meeting at which such action was taken.

8. Quorum; Adjourned Meetings; Required Vote. A majority of the Board of Directors as constituted from time to time shall be necessary and sufficient at all meetings to constitute a quorum for the transaction of business. In the absence of a quorum, a majority of those present may adjourn the meeting from time to time and the meeting may be held as adjourned without further notice provided a quorum be present at such adjourned meeting. Unless otherwise specifically provided by the Certificate of Incorporation or statute, the act of a majority of the directors present at any properly convened meeting at which there is a quorum, but in no case less than one-third of all of the directors then in

office, shall be the act of the Board of Directors.

9. Committees. Standing or Temporary Committees may be appointed from their own number by the Board of Directors from time to time, and the directors may from time to time vest such committees with such powers as the directors may see fit, subject to such conditions as the directors may prescribe or as may be prescribed by law. All committees shall consist of two or more directors. The term of office of the members of each committee shall be as fixed from time to time by the Board of Directors; provided, however, that any committee member who ceases to be a director shall ipso facto cease to be a committee member. Any member of any committee may be removed at any time with or without cause by the Board of Directors, and any vacancy in any committee may be filled by the Board of Directors. All committees shall keep regular minutes of their transactions and shall cause them to be recorded in books kept for that purpose in the office of the corporation, and shall report the same to the Board of Directors at their regular meetings. Subject to this Section 9 and except as otherwise determined by the Board of Directors, each committee may make rules for the conduct of its business.

10. Compensation. Directors, as such, may receive, pursuant to resolution of the Board of Directors, fixed fees, other compensation and expenses for their services as directors, including, without limitation, services as chairmen or as members of committees of the directors; provided, however, that nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

11. Consents in Writing. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board of Directors or committee.

12. Participation by Conference Telephone. Members of the Board of Directors or of any committee may participate in a meeting of such Board of Directors or committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at the meeting.

ARTICLE IV - Officers

1. Officers. The corporation may have a Chairman of the Board of Directors, one or more Vice Chairmen of the Board of Directors, a President, one or more Vice Presidents, which may include Executive and Senior Vice Presidents, a General Counsel, a Secretary, a Treasurer, a

Controller and such other officers and assistant officers as the Board of Directors shall deem appropriate; provided, that the corporation shall have such officers as are required by applicable law. Officers shall be elected annually by the Board of Directors. One person may hold more than one office.

The Board of Directors shall designate a Chief Executive Officer, and may designate a Chief Operating Officer and a Chief Financial Officer from among the officers of the corporation.

The Chief Executive Officer shall have general supervision and management of the business and affairs of the corporation, subject to the control of the Board of Directors, and may prescribe the duties to be performed by the officers of the corporation in addition to the duties prescribed by these By-Laws or by the Board of Directors. In the absence or disability of the Chairman of the Board of Directors, the Chief Executive Officer shall preside at all meetings of stockholders and directors. In the absence or disability of the Chief Executive Officer, such officer of the corporation as the Chief Executive Officer shall have designated in writing to the Board of Directors or to the Secretary of the corporation shall, subject to further action by the Board of Directors, have the powers and perform the duties of the Chief Executive Officer.

2. Chairman of the Board. The Chairman of the Board of Directors shall preside at all meetings of stockholders and directors.

3. Vice Chairmen of the Board. A Vice Chairman shall perform such duties as are properly required by the Board of Directors or the Chief Executive Officer.

4. President. The President shall perform such duties as are properly required by the Board of Directors or the Chief Executive Officer.

5. Vice Presidents. Each of the Executive Vice presidents, Senior Vice Presidents and other Vice Presidents shall perform such duties as are properly required by the Board of Directors or the Chief Executive Officer.

6. General Counsel. The General Counsel shall advise the corporation on legal matters affecting the corporation and its activities, shall supervise and direct the handling of all such legal matters and shall perform all such other duties as are incident to the office of General Counsel.

7. Secretary. The Secretary shall keep the minutes of the meetings of the stockholders and of the Board of Directors, and, when required, the minutes of the meetings of the committees, and shall be responsible for the custody of all such minutes. The Secretary shall be responsible for the custody of the stock ledger and documents of the corporation. The Secretary shall have custody of the corporate seal and may affix and attest such seal to any instrument whose execution shall have been duly authorized

and shall perform all other duties incident to the office of Secretary.

8. Treasurer. The Treasurer shall have the custody of all moneys and securities of the corporation and shall keep or cause to be kept accurate accounts of all money received or payments made in books kept for that purpose. The Treasurer shall deposit or cause to be deposited funds of the corporation in accordance with Article V, Section 2 of these By-Laws and shall disburse the funds of the corporation by checks or vouchers as authorized by the Board of Directors. The Treasurer shall also perform all other duties incident to the office of Treasurer.

9. Controller. The Controller shall be the chief accounting officer of the corporation. The Controller shall keep or cause to be kept all books of accounts and accounting records of the corporation and shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the corporation. The Controller shall prepare or cause to be prepared appropriate financial statements for the corporation and shall perform such other duties as may be incident to the office of Controller.

10. Other Officers and Assistant Officers. All other officers and assistant officers shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors or the Chief Executive Officer.

11. Term of Office; Vacancies. Each officer shall hold office until the annual meeting of the Board of Directors following the end of the term of the Board by which such officer is elected, except in the case of earlier death, resignation or removal. Vacancies in any office arising from any cause may be filled by the directors at any regular or special meeting.

12. Removal. Any officer elected or appointed by the Board of Directors may be removed at any time, with or without cause, by the Board of Directors.

ARTICLE V - Dividends and Finance

1. Dividends. Dividends may be declared to the full extent permitted by law at such times as the Board of Directors shall direct.

2. Deposits; Withdrawals; Notes and Other Instruments. The moneys of the corporation shall be deposited in the name of the corporation in such banks or trust companies as shall be designated by the Board of Directors, and shall be drawn out only by check signed by persons designated, from time to time, by the Board of Directors or by an officer of this corporation to whom the Board of Directors has delegated such authority. All notes and other instruments for the payment of money shall be signed or endorsed by officers or other persons authorized from time to

time by the Board of Directors or by an officer of this corporation to whom the Board of Directors has delegated such authority.

3. Fiscal Year. The fiscal year of the corporation shall date from the first day of January in each year.

ARTICLE VI - Books and Records; Record Date

1. Books and Records. The books, accounts and records of the corporation, except as may be otherwise required by the laws of the State of Delaware, may be kept within or outside of the said State at such places as the Board of Directors may from time to time appoint.

2. Record Date.

(a) The Board of Directors is authorized to fix in advance a date, not exceeding sixty (60) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or other distribution or allotment of any rights, or the date when any change, conversion or exchange of capital stock shall go into effect, as a record date for the determination of the stockholders entitled to notice of, and to vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend or other distribution or allotment of rights, or to exercise any rights in respect of any such change, conversion or exchange of capital stock. Such stockholders and only such stockholders as shall be stockholders of record on the record date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, or to receive payment of such dividend or other distribution or allotment of rights, or to exercise such rights, as the case may be, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid. Any such record date fixed in connection with a meeting of stockholders shall not be less than ten (10) days before the date of such meeting.

(b) In order that the corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors is authorized to fix in advance a record date, which record date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary, request the Board of Directors to fix a record date. If no record date has been fixed by the Board of Directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is

delivered to the corporation by delivery to its registered office in the State of Delaware, its principal place of business, or the Secretary. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action. Such stockholders and only such stockholders as shall be stockholders of record on the record date so fixed shall be entitled to give such consent, notwithstanding any transfer of any stock on the books of the corporation after any such record date fixed as aforesaid.

ARTICLE VII - Notices

1. Notices. Whenever any provision of law or these By-Laws requires notice to be given to any director, officer or stockholder, such notice may be given in writing by mailing the same to such director, officer or stockholder at his or her address as the same appears in the books of the corporation, unless such stockholder shall have filed with the Secretary a written request that notices intended for him or her be mailed to some other address, in which case it shall be mailed to the address designated in such request. The time when the same shall be mailed shall be deemed to be the time of the giving of such notice. This section shall not be deemed to preclude the giving of notice by other means if permitted by the applicable provision of law or these By-Laws.

2. Waivers of Notice. A waiver of any notice in writing, signed by a stockholder, director or officer, whether before or after the time stated in said waiver for holding a meeting, shall be deemed equivalent to a notice required to be given to any stockholder, director or officer.

ARTICLE VIII - Contracts

1. Interested Directors or Officers. No contract or transaction between the corporation and one or more of its directors or officers, or between the corporation and any other corporation, partnership, association or other organization in which one or more of the directors or officers of the corporation are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer of the corporation is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his, her or their votes are counted for such purpose, if:

- (i) The material facts as to the relationship or interest of

such person and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee thereof, and the Board of Directors or committee in good faith authorizes the contract or transaction by a vote sufficient for such purpose without counting the vote of the interested director or directors of the corporation; provided, however, that common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or committee; or

(ii) The material facts as to the relationship or interest of such person and as to the contract or transaction are disclosed or are known to the stockholders of the corporation entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders of the corporation; or

(iii) The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders of the corporation.

ARTICLE IX - Seal

1. Seal. The corporate seal of the corporation shall consist of two concentric circles, between which is the name of the corporation, and in the center shall be inscribed the year of its incorporation and the words, "Corporate Seal, Delaware."

ARTICLE X - Indemnification

1. Indemnification in Third Party Actions. The corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against all expense, liability and loss (including attorneys fees, judgments, fines, ERISA excise taxes or penalties, and amounts paid or to be paid in settlement) actually and reasonably incurred by such person in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful, except that no indemnification

shall be made in respect of any proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the corporation, and with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

2. Indemnification in an Action by or in the Right of the Corporation. The corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of (a) any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such Court of Chancery or such other court shall deem proper, or (b) any proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized by the Board of Directors of the corporation.

3. Indemnification as of Right. To the extent that a director, officer, employee or agent of the corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 1 and 2 of this Article X, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys fees) actually and reasonably incurred by such person in connection therewith.

4. Determination of Indemnification. Any indemnification under Sections 1 and 2 of this Article X (unless ordered by a court) shall be made by the corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in such Sections 1 and 2. Such determination shall be made (a) by the Board of Directors (the Board) by a

majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion or (c) by the stockholders.

5. Advance for Expenses. Expenses (including attorneys' fees) incurred in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the corporation as authorized in this Article X.

6. General Provisions.

(a) All expenses (including attorneys' fees) incurred in defending any civil, criminal, administrative or investigative action, suit or proceeding which are advanced by the corporation under Section 5 of this Article X shall be repaid (i) in case the person receiving such advance is ultimately found, under the procedure set forth in this Article X, not to be entitled to indemnification, or (ii) where indemnification is granted, to the extent that the expenses so advanced by the corporation exceed the indemnification to which such person is entitled.

(b) The corporation may indemnify each person, though he or she is not or was not a director, officer, employee or agent of the corporation, who served at the request of the corporation on a committee created by the Board to consider and report to it in respect of any matter. Any such indemnification may be made under the preceding provisions of this Article X and shall be subject to the limitations thereof except that (as indicated) any such committee member need not be nor have been a director, officer, employee or agent of the corporation.

(c) The provisions of this Article X shall be applicable to appeals. References to "serving at the request of the corporation" shall include without limitation any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries. A person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the corporation."

(d) If any section, subsection, paragraph, sentence, clause, phrase or word in this Article X shall be adjudicated invalid or unenforceable, such adjudication shall not be deemed to invalidate or otherwise affect any other section, subsection, paragraph, sentence, clause, phrase or word of this Article.

(e) The indemnification and advancement of expenses provided by, or granted pursuant to, this Article X shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any By-Law, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in their official capacities and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE XI - Amendments

1. Amendments. Alterations or amendments of these By-Laws may be made by the stockholders at any annual or special meeting if the notice of such meeting contains a statement of the proposed alteration or amendment, or by the Board of Directors at any annual, regular or special meeting, provided notice of such alteration or amendment has been given to each director in writing at least five (5) days prior to said meeting or has been waived by all the directors.

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AGREEMENT

This Agreement entered into this 17th day of February, 1984, between REYNOLDS METALS COMPANY (the "Company") and D. P. Reynolds (the "Executive"):

In consideration for the services rendered by the Executive to the Company during 1983 and such future services as the Executive may provide at the Company's request, the Company agrees to pay the Executive deferred compensation in the amount of \$60,000 (the "Award") subject to the following terms and conditions:

1. Subject to the conditions set out below, payment of the Award shall be made in cash to the Executive in ten equal annual installments beginning March 1 (or as soon thereafter as administratively feasible) of the calendar year following the year in which employment ceases by reason of retirement, disability, or death. The Company will withhold from any installment an amount sufficient to pay any applicable federal, state, or local tax required to be withheld by the Company.
2. Notwithstanding Paragraph 1 above, the Compensation Committee of the Board of Directors of the Company (the "Committee") in its sole discretion may determine that the payment of installments to the Executive will be made over a period or at intervals other than as set forth in Paragraph 1, or that payments will be made in a lump sum rather than in installments. In no case, however, shall any payment be made before January 1 of the calendar year following the termination of employment of the Executive except as provided in Paragraph 3.
3. The Committee in its sole discretion may accelerate the time of payment of any installment payable under Paragraph 1 or 2 to the extent that it deems equitable or desirable under the circumstances.
4. Any Award or remaining unpaid portions thereof which may become payable after the death of the Executive shall be paid in installments to his spouse or his legal representatives, or a portion to each, as the Committee shall determine. If such death occurs after the termination of employment, the number of such installments shall be the remaining number which otherwise would have been paid to the Executive, and if termination of employment is attributable to death, the number of such installments shall be ten. However, the Committee shall possess absolute discretion in either event to accelerate the time of payment of any such installments to the extent that it deems equitable or desirable under the circumstances.

5. Payment of the Award shall be subject to the following conditions:

(a) If the Executive's service with the Company terminates within a period of one year following the date of this Agreement, such Award shall not become payable. However, the preceding sentence shall not be applicable in the case of termination of employment attributable to death, disability, retirement, or severance from service under circumstances not deemed by the Committee to be contrary to the interests of the Company.

(b) If, without the written consent of the Committee, the Executive at any time during the period in which he would otherwise be entitled under Paragraph 1 to receive payment of installments engages in the operation or management of a business (whether as owner, partner, director, officer, employee, or otherwise) that is in substantial competition with the Company or that renders advice to a business which is in substantial competition with the Company, then no installments shall thereafter be payable.

(c) If the Committee determines that payment be made to the Executive either in a lump sum or over a period shorter than ten years, the Executive shall be required to enter into an agreement with the Company. Such agreement shall commence on the date of the Executive's termination of employment and shall remain in effect for the ten-year period. Such agreement shall provide that:

(i) The Executive shall not engage in the operation or management of a business (whether as owner, partner, director, officer, employee or otherwise) that is in substantial competition with the Company or that renders advice to a business which is in substantial competition with the Company;

(ii) If the Committee determines that the Executive has engaged in said activities without the written consent of the Committee, no subsequent payments shall be made;

(iii) If the Committee determines that the Executive has engaged in said activities without the written consent of the Committee, the Executive shall pay to the Company as liquidated damages an amount equal in value to the excess of the aggregate Award payments (lump sum or installment) already received by the Executive, over the aggregate Award installments to which the Executive would have been entitled pursuant to Paragraph 1 as of the date such activities commenced.

6. The determination whether an Executive has engaged in the operation or management of a business that is in substantial competition or that renders advice to a business in substantial competition with the Company shall be made by the Committee in its absolute discretion, and its decision, including its determination of the time at which participation in

such competitive business commenced, shall be conclusive.

7. There shall be added to all payments of Awards an amount equal to interest at the prime rate compounded semi-annually on June 30 and December 31 from the date the Award was granted to the day of payment. For the purpose of the foregoing, the prime rate for each semi-annual period will be equal to the average of the prime interest rates in effect on the last day of each month during such period at The Chase Manhattan Bank, N.A. Each installment or other payment of an Award paid to the Executive shall include the amount accrued under this Paragraph to the date of payment on the amount of the installment or other payment.

8. Nothing herein shall affect the rights of the Executive to participate in any benefit plan of the Company.

9. Nothing herein shall be construed as conferring upon the Executive any rights to continued employment by the Company.

IN WITNESS WHEREOF the parties hereto have entered into this Agreement as of the 17th day of February, 1984.

REYNOLDS METALS COMPANY

John R. McGill
(Company)

David P. Reynolds
(Executive)

REYNOLDS METALS COMPANY

RESTRICTED STOCK PLAN FOR OUTSIDE DIRECTORS

Effective April 20, 1994

ARTICLE I

PURPOSE OF THE PLAN

The purposes of the Plan are to promote a greater identity of interests between the Company's Directors and its stockholders through increasing ownership of Company Stock by the Directors and to assist the Company in attracting and retaining qualified individuals to serve as Directors by affording them an opportunity to share in the future successes of the Company.

ARTICLE II
DEFINITIONS

2.01 "Beneficiary" shall mean the individual or entity designated by the Director to receive, upon the death of the Director, undelivered shares of Restricted Stock as to which the applicable restrictions have expired. If no such designation is made, or if the designated individual predeceases the Director or the entity no longer exists, then the Beneficiary shall be the Director's estate.

2.02 "Board" shall mean the Board of Directors of the Company.

2.03 "Company" shall mean Reynolds Metals Company, a Delaware corporation.

2.04 "Company Stock" shall mean the Common Stock of the Company, without par value, and such other stock and securities as may be substituted therefor in accordance with Section 5.02.

2.05 "Director" shall mean a member of the Board who is not an employee of the Company or of one of its subsidiaries.

2.06 "Effective Date" shall mean April 20, 1994.

2.07 "Plan" shall mean this Reynolds Metals Company Restricted Stock Plan for Outside Directors, as amended from time to time.

2.08 "Restricted Stock" shall mean Company Stock granted to a Director in accordance with Article III and subject to the restrictions set forth in Section 4.03.

ARTICLE III
GRANTS OF RESTRICTED STOCK

3.01 On June 1, 1994, each Director elected to office by the stockholders of the Company on April 20, 1994, shall receive a grant of 1,000 shares of Restricted Stock. Except as otherwise provided in Section 3.02, each individual who becomes a Director after April 20, 1994, shall receive a grant of 1,000 shares of Restricted Stock 60 days after the date the individual is first elected to the Board, whether by the Board or by stockholders.

3.02 If an employee of the Company or of one of its subsidiaries retires from employment with the Company or its subsidiary, as applicable, and if such former employee is elected to serve as a Director following retirement, then such former employee shall become eligible to participate in the Plan and shall receive a grant of 1,000 shares of Restricted Stock 60 days after the date on which he or she is first elected or reelected to the Board following his or her retirement.

3.03 So long as he or she remains a Director, an additional grant of 1,000 shares of Restricted Stock shall be made to each Director on June 1 (or on the next business day, if June 1 is not a business day) of the year in which the restrictions expire as to all the shares covered by such Director's previous grant under the Plan.

ARTICLE IV
TERMS AND CONDITIONS OF GRANTS

4.01 The terms and conditions set forth in this Article IV shall apply to each grant of shares of Restricted Stock. If required by the Company, each such grant shall be evidenced by a written agreement that sets forth the specific terms of the grant in accordance with the Plan and that is duly executed by or on behalf of the Company and the Director.

4.02 At the time of each grant, a share certificate or certificates representing the number of shares of Restricted Stock granted to a Director shall be registered in the Director's name but shall be held by or on behalf of the Company for the Director's account. The Director shall execute and deliver to the Company a stock power duly endorsed in blank relating to such shares of Restricted Stock. The Director shall have all the rights and privileges of a stockholder as to such shares of Restricted Stock, including the right to receive dividends and the right to vote such shares, subject to the restrictions set forth in Section 4.03.

4.03 The shares of Restricted Stock granted to any Director under Article III shall be subject to the following restrictions:

(a) Such shares may not be sold, transferred, assigned, pledged or otherwise encumbered or disposed of until such time as such restrictions have expired as to such shares as

provided in Section 4.04.

(b) A Director shall not be entitled to delivery of a share certificate representing any shares of Restricted Stock until the expiration of such restrictions as to such shares.

4.04 (a) Except as otherwise provided in Section 4.04(b), the restrictions applicable to shares of Restricted Stock covered by any grant to any Director shall expire in accordance with the terms of this Section 4.04(a). Restrictions shall expire as to 200 shares of Restricted Stock on the later of (i) the April 1 immediately following the date of grant or (ii) the date that is the six-month anniversary of the date of grant, and restrictions shall expire as to an additional 200 shares on each successive April 1, so that by the fifth April 1 following the date of grant, restrictions on all 1,000 shares shall have expired; provided, however, that restrictions shall expire as to shares of Restricted Stock only if the Director shall have remained a member of the Board continuously from the date of grant of such shares to the scheduled expiration date.

(b) If a Director ceases to be a member of the Board because of death, Disability, or a Change in Control of the Company, the restrictions on 200 shares of Restricted Stock shall expire as of the later of (i) the date the Director ceases to be a member of the Board or (ii) the date that is the six-month anniversary of the date of grant. Such 200 shares shall be in addition to any shares as to which the restrictions have expired in accordance with the second sentence of Section 4.04(a).

For purposes of this Section 4.04(b), the term "Disability" shall have the same meaning as a "total disability" as determined under the rules and procedures that apply under the Company's Long Term Disability Plan for Salaried Employees, and the term "Change in Control" shall mean the occurrence of any of the following dates or events:

(i) a Stock Acquisition Date;

(ii) a Distribution Date; or

(iii) Continuing Directors ceasing to be a majority of the Board,

with the terms "Stock Acquisition Date," "Distribution Date" and "Continuing Directors" having the meanings given to them in the Rights Agreement dated November 23, 1987 between the Company and The Chase Manhattan Bank, N.A., as initially executed.

4.05 All of the shares of Restricted Stock granted to any Director as to which the restrictions have not previously expired shall be forfeited immediately, and all rights of such Director to such shares shall terminate without further obligation on the part of the Company, if the Director shall cease to be a member of the Board for any reason other than as set forth in Section 4.04(b).

4.06 As soon as practicable after the expiration of the restrictions on any shares of Restricted Stock as herein provided, a share certificate for such shares shall be delivered, free of all such restrictions, to the Director (or to the Director's Beneficiary, if applicable) subject to the withholding requirements of Section 7.04 (if applicable).

ARTICLE V COMPANY STOCK

5.01 Shares of Company Stock granted or delivered under the Plan may be authorized but unissued shares, shares reacquired by the Company, or a combination of both, as the Board may from time to time determine. Shares of Company Stock granted under the Plan but subsequently forfeited shall continue to be otherwise available for the purposes of the Plan.

5.02 If any stock dividend is declared upon Company Stock, or if there is any stock split, stock distribution, or other recapitalization of the Company with respect to Company Stock, resulting in a split-up or combination or exchange of shares, the number and kind of shares which may thereafter be granted under the Plan shall be proportionately and appropriately adjusted and the number and kind of shares then being held by the Company as Restricted Stock shall be proportionately and appropriately adjusted. Any new or additional shares of Restricted Stock, or stock or other securities substituted therefor, to which a Director may be entitled under this Section 5.02 shall be subject to all of the terms and conditions of Article IV.

ARTICLE VI AMENDMENT, SUSPENSION AND TERMINATION OF THE PLAN

The Board may from time to time amend, suspend or terminate the Plan, in whole or in part; provided, however, that (a) without the Director's consent, no such amendment, suspension or termination shall materially adversely affect the rights of any Director in respect of Restricted Stock previously granted to such Director and (b) the provisions of the Plan with respect to individuals eligible to participate and the amount, price and timing of grants hereunder shall not be amended more than once every six months other than to comport with changes in the Internal Revenue Code, the Employee Retirement Income Security Act, or the rules thereunder. Notwithstanding the foregoing, the Board may, in any circumstance where it deems such approval necessary or desirable, require stockholder approval as a condition to the effectiveness of any amendment or modification of the Plan.

ARTICLE VII GENERAL PROVISIONS

7.01 Neither the establishment of the Plan nor the payment of any benefits hereunder nor any action of the Company, including the Board, in connection therewith shall be held or construed to confer upon any individual any legal right to remain on the Board.

7.02 No rights or benefits under the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge, except by will or the laws of descent and distribution, and any attempt thereat shall be void. No such right or benefit shall, before receipt thereof, be in any manner liable for or subject to the recipient's debts, contracts, liabilities, engagements, or torts.

7.03 This Plan shall inure to the benefit of, and be binding upon, the Company and each Director, and upon the successors and assigns of the Company and of each Director.

7.04 The Company shall not be required to deliver any fractional share of Common Stock but shall pay, in lieu thereof, the fair market value (measured as of the date restrictions lapse) of such fractional share to the Director (or the Director's Beneficiary, if applicable).

7.05 Before the issuance or delivery of any shares of Restricted Stock on which the restrictions have expired, the Company shall require payment in cash by the Director of any withholding taxes that the Company may be required by law to pay with respect to the issuance or delivery of such shares.

7.06 Except as otherwise required by applicable federal laws, this Plan shall be governed by, and construed in accordance with, the laws of the Commonwealth of Virginia.

Executed and adopted this ____ day of April, 1994, pursuant to action taken by the Executive Committee of the Board of Directors of Reynolds Metals Company at its meeting on _____, 1994, by the Board of Directors of Reynolds Metals Company at its meeting on February 18, 1994, and by stockholders at the Annual Meeting on April 20, 1994.

REYNOLDS METALS COMPANY

By _____

Title _____

Computation of Earnings Per Share
REYNOLDS METALS COMPANY AND CONSOLIDATED SUBSIDIARIES

(In millions, except share data)

	Quarter Ended March 31	
	1994	1993
Average shares outstanding	60,961,321	59,776,521
	=====	
Net loss	\$(21.1)	\$(32.7)
Less preferred stock dividends	6.8	-

Net loss applicable to common stock	\$(27.9)	\$(32.7)
	=====	
Net loss per share	\$(0.46)	\$(0.55)
	=====	