UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

November 4, 2016 (October 31, 2016)
Date of Report (Date of earliest event reported)

Arconic Inc.
(Exact name of registrant as specified in its charter)

Pennsylvania	1-3610	25-0317820
(State or other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

390 Park Avenue, New York, New York 10022-4608
(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code:
Office of Investor Relations 212-836-2674
Office of the Secretary 212-836-2732

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On October 31, 2016, in connection with the Separation and the Distribution (each as defined below), Arconic Inc., formerly known as Alcoa Inc. (the "Company"), entered into several agreements with Alcoa Corporation, formerly known as Alcoa Upstream Corporation ("Alcoa Corporation"), that govern the relationship of the parties following the Distribution, including the following:

- Separation and Distribution Agreement;
- Transition Services Agreement;
- Tax Matters Agreement;
- Employee Matters Agreement;
- Alcoa Corporation to Arconic Inc. Patent, Know-How, and Trade Secret License Agreement;
- Arconic Inc. to Alcoa Corporation Patent, Know-How, and Trade Secret License Agreement;
- Alcoa Corporation to Arconic Inc. Trademark License Agreement;
- Toll Processing and Services Agreement;
- Master Agreement for the Supply of Primary Aluminum;
- Massena Lease and Operations Agreement; and
- Stockholder and Registration Rights Agreement.

Summaries of the material terms of these agreements can be found in the Information Statement of Alcoa Corporation, dated October 17, 2016, which is included as Exhibit 99.1 to this Current Report on Form 8-K, under the section entitled "Certain Relationships and Related Party Transactions." These summaries are incorporated herein by reference. The foregoing descriptions of these agreements set forth under this Item 1.01 are not complete and are subject to, and qualified in their entirety by reference to, the full text of the agreements, which are attached hereto as Exhibits 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, 2.7, 2.8, 2.9, 2.10 and 10.1, and are incorporated herein by reference.

Item 2.01. Completion of Acquisition or Disposition of Assets.

On November 1, 2016, the Company completed the previously announced separation of its business into two independent, publicly traded companies (the "Separation"). Following the Separation, Alcoa Corporation holds the Alumina and Primary Metals segments, the rolling mill at the Warrick, Indiana, operations and the 25.1% stake in the Ma'aden Rolling Company in Saudi Arabia previously held by the Company. The Company retained the Global Rolled Products (other than the rolling mill at the Warrick, Indiana, operations and the 25.1% ownership stake in the Ma'aden Rolling Company), Engineered Products and Solutions and Transportation and Construction Solutions segments.

The Separation was effected by the distribution of 80.1% of the outstanding shares of Alcoa Corporation common stock to the Company's shareholders (the "Distribution"). The Company's shareholders of record as of the close of business on October 20, 2016 (the "Record Date") received one share of Alcoa Corporation common stock for every three shares of the Company's common stock held as of the Record Date. The Company did not issue fractional shares of Alcoa Corporation common stock in the Distribution. Instead, each shareholder otherwise entitled to receive a fractional share of Alcoa Corporation common stock will receive cash in lieu of fractional shares.

The Company distributed approximately 146,159,428 shares of common stock of Alcoa Corporation in the Distribution and retained approximately 36,311,767 shares, or approximately 19.9%, of the common stock of Alcoa Corporation immediately following the Distribution. As a result of the Distribution, Alcoa Corporation is now an independent public company trading under the symbol "AA" on the New York Stock Exchange, and the Company trades under the symbol "ARNC" on the New York Stock Exchange.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

In connection with the Separation and the Distribution, as previously reported, Ken Giacobbe became Executive Vice President and Chief Financial Officer of the Company and W. Paul Myron became Vice President and Controller of the Company, in each case effective as of immediately prior to the effective time of the Separation. Effective as of that time, as previously reported, each of Roy C. Harvey, former Executive Vice President of the Company and President of Global Primary Products; William F. Oplinger, former Executive Vice President and Chief Financial Officer of the Company; and Robert S. Collins, former Vice President and Controller of the Company, resigned from their respective positions with the Company. Mr. Harvey became Chief Executive Officer of Alcoa Corporation; Mr. Oplinger became Executive Vice President and Chief Financial Officer of Alcoa Corporation; and Mr. Collins became Executive Vice President and Controller of Alcoa Corporation.

In addition, in connection with the Separation and the Distribution, as previously reported, Messrs. Michael G. Morris, James W. Owens and Ernesto Zedillo, and Mmes. Kathryn S. Fuller and Carol L. Roberts, resigned as directors of the Company to serve on the Board of Directors of Alcoa Corporation, effective as of immediately prior to the Separation.

As previously reported, effective as of the Separation, Amy E. Alving, Julie G. Richardson and Rajiv L. Gupta became directors of the Company. Ms. Alving became a member of the Audit Committee and the Cybersecurity Advisory Subcommittee of the Audit Committee, Ms. Richardson became a member of the Audit Committee and Mr. Gupta became a member of the Compensation and Benefits, Governance and Nominating and Executive Committees.

Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

As previously reported, the Company's Board of Directors previously approved amendments to the Company's By-Laws, which became effective as of the completion of the Separation, pursuant to which all references in the By-Laws to "Alcoa Inc." were replaced with references to "Arconic Inc.", and Article III, Section 1 of the By-Laws was amended to decrease the size of the Board of Directors from 15 to 13 directors. The foregoing description of the amendment to the Company's By-Laws is not complete and is subject to, and qualified in its entirety by reference to, the full text of the amendment, which was filed with the Company's Current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on October 5, 2016, and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following are filed as exhibits to this report:

Exhibit No.	Description
2.1	Separation and Distribution Agreement, dated as of October 31, 2016, by and between Arconic Inc. and Alcoa Corporation.*
2.2	Transition Services Agreement, dated as of October 31, 2016, by and between Arconic Inc. and Alcoa Corporation.*
2.3	Tax Matters Agreement, dated as of October 31, 2016, by and between Arconic Inc. and Alcoa Corporation.*
2.4	Employee Matters Agreement, dated as of October 31, 2016, by and between Arconic Inc. and Alcoa Corporation.
2.5	Alcoa Corporation to Arconic Inc. Patent, Know-How, and Trade Secret License Agreement, dated as of October 31, 2016, by and between Alcoa USA Corp. and Arconic Inc.
2.6	Arconic Inc. to Alcoa Corporation Patent, Know-How, and Trade Secret License Agreement, dated as of October 31, 2016, by and between Arconic Inc. and Alcoa USA Corp.
2.7	Alcoa Corporation to Arconic Inc. Trademark License Agreement, dated as of October 31, 2016, by and between Alcoa USA Corp. and Arconic Inc.
2.8	Toll Processing and Services Agreement, dated as of October 31, 2016, by and between Arconic Inc. and Alcoa Warrick LLC.*
2.9	Master Agreement for the Supply of Primary Aluminum, dated as of October 31, 2016, by and between Alcoa Corporation and its affiliates and Arconic Inc.
2.10	Massena Land Lease Agreement, dated as of October 31, 2016, by and between Arconic Inc. and Alcoa USA Corp.*
10.1	Stockholder and Registration Rights Agreement, dated as of October 31, 2016, by and between Arconic Inc. and Alcoa Corporation.
99.1	Information Statement of Alcoa Corporation (formerly known as Alcoa Upstream Corporation), dated October 17, 2016.

* Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company hereby undertakes to furnish copies of any of the omitted schedules and exhibits upon request by the SEC.

SIGNATURE

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

Arconic Inc.

Date: November 4, 2016

By: /s/ Katherine H. Ramundo

Katherine H. Ramundo
Executive Vice President, Chief
Legal Officer and Secretary

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Exhibit 2.1

EXECUTION VERSION

SEPARATION AND DISTRIBUTION AGREEMENT

BY AND BETWEEN

ALCOA INC.

AND

ALCOA UPSTREAM CORPORATION

DATED AS OF OCTOBER 31, 2016

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EXHIBITS

Exhibit A	Amended and Restated Certificate of Incorporation of Alcoa Corporation
Exhibit B	Amended and Restated Bylaws of Alcoa Corporation

SEPARATION AND DISTRIBUTION AGREEMENT

This SEPARATION AND DISTRIBUTION AGREEMENT, dated as of October 31, 2016 (this "Agreement"), is by and between Alcoa Inc., a Pennsylvania corporation ("Parent"), and Alcoa Upstream Corporation, a Delaware corporation ("UpstreamCo"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I.

R E C I T A L S

WHEREAS, the board of directors of Parent (the "Parent Board") has determined that it is in the best interests of Parent and its shareholders to create a new publicly traded company that will operate the UpstreamCo Business;

WHEREAS, in furtherance of the foregoing, the Parent Board has determined that it is appropriate and desirable to separate the UpstreamCo Business from the Parent Business (the "Separation") and, following the Separation, make a distribution, on a pro rata basis, to holders of Parent Shares on the Record Date of eighty and one tenth of a percent (80.1%) of the outstanding UpstreamCo Shares owned by Parent (the "Distribution");

WHEREAS, Parent plans to dispose of the UpstreamCo Shares that it retains following the Distribution, which may include dispositions through one or more exchanges for debt or equity or a sale of shares for cash;

WHEREAS, UpstreamCo has been incorporated solely for these purposes and has not engaged in activities except in preparation for the Separation and the Distribution;

WHEREAS, for U.S. federal income tax purposes, the contribution by Parent of the UpstreamCo Assets and the UpstreamCo Liabilities to UpstreamCo in exchange for (i) the actual or deemed issuance by UpstreamCo to Parent of UpstreamCo Shares and (ii) the UpstreamCo Cash Payment (the "Contribution") and the Distribution (and the Debt-for-Equity Exchange, if any), taken together, are intended to qualify as a transaction that is generally tax-free under Section 355(a) and 368(a)(1)(D) of the Code;

WHEREAS, for U.S. federal income tax purposes, this Agreement (including the Separation Step Plan attached hereto as Schedule 2.1(a)) is intended to be, and is hereby adopted as, a "plan of reorganization" within the meaning of Section 368 of the Code and Treasury Regulations Section 1.368-1(c);

WHEREAS, UpstreamCo and Parent have prepared, and UpstreamCo has filed with the SEC, the Form 10, which includes the Information Statement, and which sets forth disclosure concerning UpstreamCo, the Separation and the Distribution;

WHEREAS, each of Parent and UpstreamCo has determined that it is appropriate and desirable to set forth the principal corporate transactions required to effect the Separation and the Distribution and certain other agreements that will govern certain matters relating to the Separation and the Distribution and the relationship of Parent, UpstreamCo and the members of their respective Groups following the Distribution; and

WHEREAS, the Parties acknowledge that this Agreement and the Ancillary Agreements represent the integrated agreement of Parent and UpstreamCo relating to the Separation and the Distribution, are being entered into together, and would not have been entered independently.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

For the purpose of this Agreement, the following terms shall have the following meanings:

"Action" shall mean any demand, action, claim, dispute, suit, countersuit, arbitration, inquiry, subpoena, proceeding or investigation of any nature (whether criminal, civil, legislative, administrative, regulatory, prosecutorial or otherwise) by or before any federal, state, local, foreign or international Governmental Authority or any arbitration or mediation tribunal.

"Affiliate" shall mean, when used with respect to a specified Person, a Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with such specified Person. For the purpose of this definition, "control" (including, with correlative meanings, "controlled by" and "under common control with"), when used with respect to any specified Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other interests, by contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment, undertaking or otherwise. It is expressly agreed that, prior to, at and after the Effective Time, for purposes of this Agreement and the Ancillary Agreements, (a) no member of the UpstreamCo Group shall be deemed to be an Affiliate of any member of the Parent Group and (b) no member of the Parent Group shall be deemed to be an Affiliate of any member of the UpstreamCo Group.

"Agent" shall mean the trust company or bank duly appointed by Parent to act as distribution agent, transfer agent and registrar for the UpstreamCo Shares in connection with the Distribution.

"Agreement" shall have the meaning set forth in the Preamble.

"Alcoa Name and Alcoa Marks" shall mean the names, marks, trade dress, logos, monograms, domain names and other source or business identifiers of either Party or any member of its Group using or containing "Alcoa," or any other word or element listed on Schedule 1.1 (in block letters or otherwise), either alone or in combination with other words or elements, and all names, marks, trade dress, logos, monograms, domain names and other source or business identifiers confusingly similar to or embodying any of the foregoing either alone or in combination with other words or elements, together with the goodwill associated with any of the foregoing.

"Annual Amount" shall mean, for each calendar year, the amount calculated pursuant to Schedule 2.6(e) for that year.

"Ancillary Agreements" shall mean all agreements (other than this Agreement) entered into by the Parties or members of their respective Groups (but as to which no Third Party is a party) in connection with the Separation, the Distribution, or the other transactions contemplated by this Agreement, including the Transition Services Agreement, the Tax Matters Agreement, the Employee Matters Agreement, the Intellectual Property Agreements, the Metal Supply Agreement, the Leases, the Registration Rights Agreement, the Tolling Agreement, the Spare Parts Loan Agreement and the Transfer Documents.

"Approvals or Notifications" shall mean any consents, waivers, approvals, permits or authorizations to be obtained from, notices, registrations or reports to be submitted to, or other filings to be made with, any Third Party, including any Governmental Authority.

"Arbitration Request" shall have the meaning set forth in Section 7.3(a).

"Assets" shall mean, with respect to any Person, the assets, properties, claims and rights (including goodwill) of such Person, wherever located (including in the possession of vendors or other Third Parties or elsewhere), of every kind, character and description, whether real, personal or mixed, tangible, intangible or contingent, in each case whether or not recorded or reflected or required to be recorded or reflected on the books and records or financial statements of such Person, including rights and benefits pursuant to any contract, license, permit, indenture, note, bond, mortgage, agreement, concession, franchise, instrument, undertaking, commitment, understanding or other arrangement.

"Bohai" shall have the meaning set forth in Section 5.7(c)(ii).

"Change of Control" with respect to a Person shall mean any occurrence resulting in (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities entitled to vote in the election of members of the board of directors or similar governing body of such Person having 50% or more of the then-outstanding voting power of such Person; (ii) such Person becoming a party to a merger, consolidation, share exchange, reorganization, sale of assets or other similar extraordinary transaction, or a proxy contest, in each case as a consequence of which members of the board of directors or similar governing body of such Person in office immediately prior to such transaction or event constitute less than a majority of such board or other body thereafter; or (iii) during any period of two consecutive years, individuals who at the beginning of such period constituted the board of directors or similar governing body of such Person (including for this purpose any new director or similar person whose election or nomination for election was approved by a vote of at least two-thirds of the directors or similar persons then still in office who served in such capacities at the beginning of such period, other than those such directors or similar persons appointed, or nominated for election, in connection with an actual or threatened proxy contest or other non-consensual attempt to influence or modify such board or other body) ceasing for any reason to constitute at least a majority of such board or other body.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Combined Tail D&O Program" shall have the meaning set forth in Section 5.1(a).

"Combined Tail Employment Practices Program" shall have the meaning set forth in Section 5.1(c).

"Combined Tail Fiduciary Program" shall have the meaning set forth in Section 5.1(b).

"Contribution" shall have the meaning set forth in the Recitals.

"CPR" shall have the meaning set forth in Section 7.2.

"Debt-for-Equity Exchange" has the meaning set forth in the Tax Matters Agreement.

"Delayed Parent Asset" shall have the meaning set forth in Section 2.4(h).

"Delayed Parent Liability" shall have the meaning set forth in Section 2.4(h).

"Delayed UpstreamCo Asset" shall have the meaning set forth in Section 2.4(c).

"Delayed UpstreamCo Liability" shall have the meaning set forth in Section 2.4(c).

"Disclosure Document" shall mean any registration statement (including the Form 10) filed with the SEC by or on behalf of any Party or any member of its Group, and also includes any information statement (including the Information Statement), prospectus, offering memorandum, offering circular, periodic report or similar disclosure document, whether or not filed with the SEC or any other Governmental Authority, in each case which describes the Separation or the Distribution or the UpstreamCo Group or primarily relates to the transactions contemplated hereby.

"Dispute" shall have the meaning set forth in Section 7.1.

"Distribution" shall have the meaning set forth in the Recitals.

"Distribution Date" shall mean the date of the consummation of the Distribution, which shall be determined by the Parent Board in its sole and absolute discretion.

"Distribution Ratio" shall have the meaning set forth in Section 3.4(b).

"Effective Time" shall mean 11:59 p.m., New York City time, on the Distribution Date.

"Employee Matters Agreement" shall mean the Employee Matters Agreement to be entered into by and between Parent and UpstreamCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Environmental Law" shall mean any Law relating to pollution, protection or restoration of or prevention of harm to the environment or natural resources, including the use, handling, transportation, treatment, storage, disposal, Release or discharge of Hazardous Materials or the protection of or prevention of harm to human health and safety.

"Environmental Liabilities" shall mean all Liabilities relating to, arising out of or resulting from any Hazardous Materials (except for Third-Party Claims alleging personal injury out of exposure to asbestos and/or asbestos-containing materials), Environmental Law or contract or agreement relating to health and safety matters (but solely with respect to exposure to, or Releases of, Hazardous Materials) or environmental matters (including all removal, remediation or cleanup costs, investigatory costs, response costs, post-closure monitoring, operation and maintenance, regulatory Liabilities, natural resources damages, , personal injury damages, costs of compliance with any product take back requirements or with any settlement, judgment or other determination of Liability and indemnity, contribution or similar obligations) (including the Parent Environmental Liabilities, the Shared Environmental Liabilities and the UpstreamCo Environmental Liabilities) and all costs and expenses, interest, fines, penalties, financial guarantees or other monetary sanctions in connection therewith.

"Environmental Permit" shall mean any Permit relating to Environmental Laws or Hazardous Materials.

"Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Force Majeure" shall mean, with respect to a Party, an event beyond the reasonable control of such Party (or any Person acting on its behalf), which event (a) does not arise or result from the fault or negligence of such Party (or any Person acting on its behalf) and (b) by its nature would not reasonably have been foreseen by such Party (or such Person), or, if it would reasonably have been foreseen, was unavoidable, and includes acts of God, acts of civil or military authority, embargoes, epidemics, war, riots, insurrections, fires, explosions, earthquakes, floods, unusually severe weather conditions, labor problems or unavailability of parts, or, in the case of computer systems, any significant and prolonged failure in electrical or air conditioning equipment. Notwithstanding the foregoing, the receipt by a Party of an unsolicited takeover offer or other acquisition proposal, even if unforeseen or unavoidable, and such Party's response thereto shall not be deemed an event of Force Majeure**.**

"Form 10" shall mean the registration statement on Form 10 filed by UpstreamCo with the SEC to effect the registration of UpstreamCo Shares pursuant to the Exchange Act in connection with the Distribution, as such registration statement may be amended or supplemented from time to time prior to the Distribution.

"Fusina Lease and Operations Agreement" shall mean the Fusina Operations Agreement entered into by and between a subsidiary of Parent and a subsidiary of UpstreamCo in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Governmental Approvals" shall mean any Approvals or Notifications to be made to, or obtained from, any Governmental Authority.

"Governmental Authority" shall mean any nation or government, any state, municipality or other political subdivision thereof, and any entity, body, agency, commission, department, board, bureau, court, tribunal or other instrumentality, whether federal, state, local, domestic, foreign or multinational, exercising executive, legislative, judicial, regulatory, administrative or other similar functions of, or pertaining to, government and any executive official thereof, including the NYSE and any similar self-regulatory body under applicable securities Laws.

"Group" shall mean either the UpstreamCo Group or the Parent Group, as the context requires.

"Hazardous Materials" shall mean any chemical, material, substance, waste, pollutant, emission, discharge, release or contaminant that could result in Liability under, or that is prohibited, limited or regulated by or pursuant to, any Environmental Law, and any natural or artificial substance (whether solid, liquid or gas, noise, ion, vapor or electromagnetic) that could cause harm to human health or the environment, including petroleum, petroleum products and byproducts, asbestos and asbestos-containing materials, urea formaldehyde foam insulation, electronic, polychlorinated biphenyls, radon gas, radioactive substances, chlorofluorocarbons and all other ozone-depleting substances.

"Indemnifying Party" shall have the meaning set forth in Section 4.4(a).

"Indemnitee" shall have the meaning set forth in Section 4.4(a).

"Indemnity Payment" shall have the meaning set forth in Section 4.4(a).

"Information" shall mean information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data; provided that "Information" shall not include Registrable IP.

"Information Statement" shall mean the information statement to be sent to the holders of Parent Shares in connection with the Distribution, as such information statement may be amended or supplemented from time to time prior to the Distribution.

"Initial Notice" shall have the meaning set forth in Section 7.1.

"Insurance Policies" shall mean insurance policies and insurance contracts of any kind, including primary, excess and umbrella policies, comprehensive general liability policies, directors and officers liability, fiduciary liability, automobile, aircraft, property and casualty, workers' compensation, employers' liability, employment practices liability, cyber liability, crime, bonds and self-insurance and captive insurance company arrangements, together with the rights, benefits and privileges thereunder.

"Insurance Proceeds" shall mean those monies:

(a) received by an insured from an insurance carrier; or

(b) paid by an insurance carrier on behalf of the insured;

in any such case net of any applicable premium adjustments (including reserves and retrospectively rated premium adjustments) and net of any costs or expenses incurred in the collection thereof; provided, however, that with respect to a captive insurance arrangement, Insurance Proceeds shall only include amounts received by the captive insurer in respect of any reinsurance arrangement.

"Intellectual Property" shall mean all of the following whether arising under the Laws of the United States or of any foreign or multinational jurisdiction: (a) patents, patent applications (including patents issued thereon), utility models, industrial design registrations and statutory invention registrations, including reissues, divisions, continuations, continuations in part, substitutions, renewals, extensions and reexaminations of any of the foregoing, and all rights in any of the foregoing provided by international treaties or conventions, (b) trademarks, service marks, trade names, service names, trade dress, logos and other source or business identifiers, including all goodwill associated with any of the foregoing, and any and all common law rights in and to any of the foregoing, registrations and applications for registration of any of the foregoing, all rights in and to any of the foregoing provided by international treaties or conventions, and all reissues, extensions and renewals of any of the foregoing, (c) Internet domain names, accounts with Facebook, LinkedIn, Twitter and similar social media platforms, registrations and related rights, (d) copyrightable works, copyrights, moral rights, mask work rights, database rights and design rights, whether or not registered, and all registrations and applications for registration of any of the foregoing, and all rights in and to any of the foregoing provided by international treaties or conventions, (e) confidential and proprietary information, including trade secrets, invention disclosures, processes and know-how, and (f) any other intellectual property rights, in each case other than Software.

"Intellectual Property Agreements" shall mean (a) the UpstreamCo to Parent Patent, Know-How, and Trade Secret License Agreement, (b) the Parent to UpstreamCo Patent, Know-How, and Trade Secret License Agreement, and (c) the UpstreamCo to Parent Trademark License Agreement, in each case to be entered into by and between Parent and UpstreamCo or members of their respective Groups in connection with the Separation, the Distribution, and the other transactions contemplated by this Agreement, as it may be amended from time to time.

“Know-How” shall mean all technology, designs, formulae, algorithms, procedures, methods, discoveries, processes, techniques, ideas, know-how, research and development, technical data, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship in any media, confidential, proprietary or nonpublic information, and other similar materials, and all recordings, graphs, drawings, reports, analyses and other writings, and other tangible embodiments of the foregoing in any form whether or not listed herein, in each case, other than Software.

“Law” shall mean any national, supranational, federal, state, provincial, local or similar law (including common law), statute, code, order, ordinance, rule, regulation, treaty (including any income tax treaty), license, permit, authorization, approval, consent, decree, injunction, binding judicial or administrative interpretation or other requirement, in each case, enacted, promulgated, issued or entered by a Governmental Authority.

“Leases” shall mean the Fusina Lease and Operations Agreement, the Massena Lease and Operations Agreement, and the other leasing or subleasing agreements to be entered into by and between Parent and UpstreamCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, including the agreements in respect of the Pittsburgh offices and Alcoa Technical Center.

“Liabilities” shall mean all debts, guarantees, assurances, commitments, liabilities, responsibilities, Losses, remediation, deficiencies, damages, fines, penalties, settlements, sanctions, costs, expenses, interest and obligations of any nature or kind, whether accrued or fixed, absolute or contingent, matured or unmatured, accrued or not accrued, asserted or unasserted, liquidated or unliquidated, foreseen or unforeseen, known or unknown, reserved or unreserved, or determined or determinable, including those arising under any Law, claim (including any Third-Party Claim), demand, Action, or order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority or arbitration tribunal, and those arising under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking, or any fines, damages or equitable relief that is imposed, in each case, including all costs and expenses relating thereto.

“Linked” shall have the meaning set forth in Section 2.9(a).

“Losses” shall mean actual losses (including any diminution in value), costs, damages, penalties and expenses (including legal and accounting fees and expenses and costs of investigation and litigation), whether or not involving a Third-Party Claim.

“Massena Lease and Operations Agreement” shall mean the Massena Operations Agreement to be entered into by and between Parent and UpstreamCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

“Mediation Request” shall have the meaning set forth in Section 7.2.

“Metal Supply Agreement” shall mean the Master Agreement for the Supply of Primary Aluminum to be entered into by and between Parent and UpstreamCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

“MRC” shall have the meaning set forth in Section 5.7(b)(i).

“Non-Performing Party” shall have the meaning set forth in Section 4.11(a)(i).

“NYSE” shall mean the New York Stock Exchange.

“Other IP” shall mean all Intellectual Property, other than Registrable IP, that is owned by, licensed by or to, or sublicensed by or to either Party or any member of its Group as of the Effective Time.

“Parent” shall have the meaning set forth in the Preamble.

“Parent Accounts” shall have the meaning set forth in Section 2.9(a).

“Parent Assets” shall have the meaning set forth in Section 2.2(b).

“Parent Board” shall have the meaning set forth in the Recitals.

“Parent Business” shall mean (a) the multi-material, multi-process, fabricated aluminum plate, sheet and specialty foil; titanium and super alloy investment casting, aluminum semi-finished and finished castings; fasteners; titanium mill products; advanced manufacturing (additive manufacturing and powdered metals); engineering services, machining and forming; medical products; rings and forgings; hard alloy extrusions; architectural systems for building facades, walls, store fronts and windows; armor; forged and cast aluminum wheels businesses, operations, related processes and activities, and any other businesses not included in the UpstreamCo Business, including the Global Rolled Products (other than Warrick operations, the non-aseptic North American Packaging Business, and the Ma’aden investment), Engineered Products and Solutions and Transportation and Construction Solutions segments of Parent, in each case as conducted at any time prior to the Effective Time by either Party or any current or former member of its Group and (b) any terminated, divested or discontinued businesses, operations and activities that, at the time of termination, divestiture or discontinuation, primarily related to the businesses, operations or activities described in clause (a) as then conducted, including those set forth on Schedule 1.2, excluding, in the case of each of clauses (a) and (b), the business, operations and activities primarily related to the UpstreamCo Assets.

“Parent Environmental Liabilities” shall mean the Liabilities set forth on Schedule 1.3 and all Environmental Liabilities of any member of the Parent Group other than those relating to, arising out of or resulting from the UpstreamCo Business or that are otherwise allocated to a member of the UpstreamCo Group pursuant to this Agreement.

“Parent Group” shall mean Parent and each Person that is a Subsidiary of Parent (other than UpstreamCo and any other member of the UpstreamCo Group).

“Parent Indemnitees” shall have the meaning set forth in Section 4.2.

"Parent Liabilities" shall have the meaning set forth in Section 2.3(b).

"Parent Policies" shall mean those Insurance Policies in effect at any time prior to the Effective Time, where the first or primary named insured is or was a member of the Parent Group. A partial listing of such policies, not intended to be comprehensive and for illustration only, is set forth on Schedule 5(a).

"Parent Shares" shall mean the shares of common stock, par value $1.00 per share, of Parent.

"Parties" shall mean the parties to this Agreement.

"Performing Party" shall have the meaning set forth in Section 4.11(a)(i).

"Permits" shall mean permits, approvals, authorizations, consents, licenses or certificates issued by any Governmental Authority.

"Person" shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

"PRC" shall have the meaning set forth in Section 5.7(c)(ii).

"Prime Rate" shall mean the rate that Bloomberg displays as "Prime Rate by Country United States" at *www.bloomberg.com/markets/rates-bonds/key-rates/* or on a Bloomberg terminal at PRIMBB Index.

"Privileged Information" shall mean any information, in written, oral, electronic or other tangible or intangible forms, including any communications by or to attorneys (including attorney-client privileged communications), memoranda and other materials prepared by attorneys or under their direction (including attorney work product), as to which a Party or any member of its Group would be entitled to assert or have asserted a privilege, including the attorney-client and attorney work product privileges.

"Record Date" shall mean the close of business on the date to be determined by the Parent Board as the record date for determining holders of Parent Shares entitled to receive UpstreamCo Shares in the Distribution.

"Record Holders" shall mean the holders of record of Parent Shares as of the Record Date.

"Registrable IP" shall mean all patents, patent applications, statutory invention registrations, registered trademarks, registered service marks, registered Internet domain names and copyright registrations.

"Registration Rights Agreement" shall mean the Stockholder and Registration Rights Agreement to be entered into by and between Parent and UpstreamCo in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Release" shall mean any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching or migration of Hazardous Materials into the environment (including ambient air, surface water, groundwater and surface or subsurface strata).

"Remediation Work" shall mean all actions required to (i) clean up, remove, treat or remediate Hazardous Materials in the indoor or outdoor environment, (ii) prevent the Release of Hazardous Materials (including by way of vapor intrusion) so that they do not migrate, endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, (iii) perform pre-remedial studies and investigations and post-remedial monitoring and care or (iv) respond to requests of any Governmental Authority for information or documents in any way relating to cleanup, removal, treatment or remediation or potential cleanup, removal, treatment or remediation of Hazardous Materials in the indoor or outdoor environment.

"Representatives" shall mean, with respect to any Person, any of such Person's directors, officers, employees, agents, consultants, advisors, accountants, attorneys or other representatives.

"SEC" shall mean the U.S. Securities and Exchange Commission.

"Security Interest" shall mean any mortgage, security interest, pledge, lien, charge, claim, option, right to acquire, voting or other restriction, right-of-way, covenant, condition, easement, encroachment, restriction on transfer, or other encumbrance of any nature whatsoever.

"Self-Insurance" shall mean deductibles, retrospective premiums, self-insured retentions or other forms of self-insurance, including related fees and expenses.

"Separation" shall have the meaning set forth in the Recitals.

"Separation Step Plan" shall have the meaning set forth in Section 2.1(a).

"Settlement" shall have the meaning set forth in Section 2.13(b).

"Shared Contract" shall have the meaning set forth in Section 2.8(a).

"Shared Environmental Liabilities" shall mean the Liabilities set forth on Schedule 1.5 and any other Environmental Liabilities not known to the Parties prior to the Effective Time and arising out of both UpstreamCo Business operations and Parent Business operations.

"Spare Parts Loan Agreement" shall mean the Spare Parts Loan Agreement to be entered into by and between Parent and UpstreamCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

“Specified Guarantee Coverage” shall mean insurance coverage, or other mutually agreed financial protection (i) from a third-party insurance provider or other Person, (ii) to insure or otherwise provide such mutually agreed financial protection in respect of UpstreamCo’s obligation to indemnify the Parent Group against UpstreamCo Liabilities arising under or in connection with any Specified Guarantees, (iii) for the maximum exposure amount which could be payable under each of the Specified Guarantees during a 12-month period; and (iv) having a coverage period of 15 months or less.

“Specified Guarantees” shall have the meaning set forth in Section 2.6(c)(iii).

“Software” shall mean any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code, object code, human readable form or other form, (b) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (c) descriptions, flow charts and other work products used to design, plan, organize and develop any of the foregoing, (d) screens, user interfaces, report formats, firmware, development tools, templates, menus, buttons and icons and (e) documentation, including user manuals and other training documentation, relating to any of the foregoing.

“Subsidiary” shall mean, with respect to any Person, any corporation, limited liability company, joint venture or partnership of which such Person (a) beneficially owns, either directly or indirectly, more than fifty percent (50%) of (i) the total combined voting power of all classes of voting securities of such Person, (ii) the total combined equity interests or (iii) the capital or profit interests, in the case of a partnership, or (b) otherwise has voting power, either directly or indirectly, to elect a majority of the board of directors or similar governing body.

“Tangible Information” shall mean information that is contained in written, electronic or other tangible forms.

“Tax” shall have the meaning set forth in the Tax Matters Agreement.

“Tax Matters Agreement” shall mean the Tax Matters Agreement to be entered into by and between Parent and UpstreamCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

“Tax Return” shall have the meaning set forth in the Tax Matters Agreement.

“Tennessee” shall have the meaning set forth in Section 5.7(b)(i).

“Third Party” shall mean any Person other than the Parties and any members of their respective Groups.

“Third-Party Claim” shall have the meaning set forth in Section 4.5(a).

“Tolling Agreement” shall mean the Toll Processing and Services Agreement to be entered into by and between Parent and UpstreamCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Transfer Documents" shall have the meaning set forth in Section 2.1(b).

"Transferred Entities" shall mean the entities set forth on Schedule 1.6.

"Transition Committee" shall have the meaning set forth in Section 2.13.

"Transition Period" shall have the meaning set forth in Section 8.2.

"Transition Services Agreement" shall mean the Transition Services Agreement to be entered into by and between Parent and UpstreamCo or members of their respective Groups in connection with the Separation, the Distribution or the other transactions contemplated by this Agreement, as it may be amended from time to time.

"Unreleased Parent Liability" shall have the meaning set forth in Section 2.5(b)(ii).

"Unreleased UpstreamCo Liability" shall have the meaning set forth in Section 2.5(a)(ii).

"UpstreamCo" shall have the meaning set forth in the Preamble.

"UpstreamCo Accounts" shall have the meaning set forth in Section 2.9(a).

"UpstreamCo Assets" shall have the meaning set forth in Section 2.2(a).

"UpstreamCo Balance Sheet" shall mean the pro forma condensed combined balance sheet of UpstreamCo, including any notes and subledgers thereto, as of June 30, 2016, as presented in the Information Statement mailed to the Record Holders.

"UpstreamCo Business" shall mean (a) the bauxite and gold mining; alumina refining; aluminum smelting; aluminum casting; energy; alumina-based ceramic products (including substrates for electronics); alumina-based chemicals; aluminum atomized powder; magnesium; and maritime shipping businesses, operations and activities, including the Global Primary Products segment of Parent, (b) the activities and rolling business of the Ma'aden operations in Saudi Arabia and Warrick operations in the United States (including the non-aseptic North American packaging business, but excluding the automotive and aerospace rolling business), each of (a) and (b) as conducted at any time prior to the Effective Time by either Party or any current or former member of its Group, and (c) any terminated, divested or discontinued businesses, operations and activities that, at the time of termination, divestiture or discontinuation, primarily related to the businesses, operations or activities described in clause (a) as then conducted, including those set forth on Schedule 1.7, excluding, in the case of each of clauses (a), (b) and (c), the business, operations and activities primarily related to the Parent Assets.

"UpstreamCo Bylaws" shall mean the Amended and Restated Bylaws of UpstreamCo, substantially in the form of Exhibit B.

"UpstreamCo Certificate of Incorporation" shall mean the Amended and Restated Certificate of Incorporation of UpstreamCo, substantially in the form of Exhibit A.

"UpstreamCo Contracts" shall mean the following contracts and agreements to which either Party or any member of its Group is a party or by which it or any member of its Group or any of their respective Assets is bound, whether or not in writing; provided that UpstreamCo Contracts shall not include (x) any contract or agreement that is contemplated to be retained by Parent or any member of the Parent Group from and after the Effective Time pursuant to any provision of this Agreement or any Ancillary Agreement or (y) any contract or agreement that would constitute UpstreamCo Software or UpstreamCo Know-How:

(a) any vendor contracts or agreements with a Third Party pursuant to which such Third Party provides information technology, human resources or financial services to either Party or any member of its Group primarily in connection with the UpstreamCo Business as of the Effective Time;

(b) other than any vendor contracts or agreements addressed in clause (a) above to the extent that they shall constitute an UpstreamCo Contract, (i) any customer, distribution, supply or vendor contract or agreement entered into prior to the Effective Time exclusively related to the UpstreamCo Business and (ii) with respect to any customer, distribution, supply or vendor contract or agreement entered into prior to the Effective Time that relates to the UpstreamCo Business but is not exclusively related to the UpstreamCo Business, that portion of any such customer, distribution, supply or vendor contract or agreement that relates to the UpstreamCo Business;

(c) other than any vendor contracts or agreements addressed in clauses (a) and (b) above to the extent that they shall constitute an UpstreamCo Contract, (i) any license agreement entered into prior to the Effective Time exclusively related to the UpstreamCo Business and (ii) with respect to any license agreement entered into prior to the Effective Time that relates to the UpstreamCo Business but is not exclusively related to the UpstreamCo Business, that portion of any such license agreement that relates to the UpstreamCo Business;

(d) any contract that is, or portion of any contract containing, any guarantee, indemnity, representation, covenant, warranty or other Liability of either Party or any member of its Group in respect of any other UpstreamCo Contract, any UpstreamCo Liability or the UpstreamCo Business;

(e) any employment, change of control, retention, consulting, indemnification, termination, severance or other similar agreements with any UpstreamCo Group Employee (as defined in the Employee Matters Agreement) or consultants of the UpstreamCo Group that are in effect as of the Effective Time;

(f) any contract or agreement that is otherwise expressly contemplated pursuant to this Agreement or any of the Ancillary Agreements to be assigned to UpstreamCo or any member of the UpstreamCo Group;

(g) any interest rate, currency, commodity or other swap, collar, cap or other hedging or similar agreements or arrangements related exclusively to the UpstreamCo Business or entered into by or on behalf of any division, business unit or member of the UpstreamCo Group, including those set forth on Schedule 1.8;

(h) any credit or other financing agreement entered into by UpstreamCo and/or any member of the UpstreamCo Group in connection with the Separation;

(i) any other contract or agreement exclusively related to the UpstreamCo Business or UpstreamCo Assets; and

(j) any contracts, agreements or settlements listed on Schedule 1.9, including the right to recover any amounts under such contracts, agreements or settlements.

"UpstreamCo Designees" shall mean any and all entities (including corporations, general or limited partnerships, trusts, joint ventures, unincorporated organizations, limited liability entities or other entities) designated by UpstreamCo that will be members of the UpstreamCo Group as of immediately prior to the Effective Time.

"UpstreamCo Environmental Liabilities" shall mean the Liabilities set forth on Schedule 1.10 and all Environmental Liabilities relating to, arising out of or resulting from the UpstreamCo Business or that are otherwise allocated to a member of the UpstreamCo Group pursuant to this Agreement.

"UpstreamCo Financing Arrangements" shall have the meaning set forth in Section 2.14(a).

"UpstreamCo Group" shall mean (a) prior to the Effective Time, UpstreamCo and each Person that will be a Subsidiary of UpstreamCo as of immediately after the Effective Time, including the Transferred Entities, even if, prior to the Effective Time, such Person is not a Subsidiary of UpstreamCo; and (b) on and after the Effective Time, UpstreamCo and each Person that is a Subsidiary of UpstreamCo.

"UpstreamCo Indemnitees" shall have the meaning set forth in Section 4.3.

"UpstreamCo Intellectual Property" shall mean (a) the Alcoa Name and Alcoa Marks, (b) the Registrable IP set forth on Schedule 1.11, and (c) all Other IP owned by, primarily used or primarily held for use in the UpstreamCo Business, including any Other IP set forth on Schedule 1.11, but excluding Registrable IP and Other IP of Parent.

"UpstreamCo Know-How" shall mean all Know-How owned or licensed by either Party or any member of its Group primarily used or primarily held for use in the UpstreamCo Business as of the Effective Time, except as set forth on Schedule 1.11.

"UpstreamCo Liabilities" shall have the meaning set forth in Section 2.3(a).

"UpstreamCo Cash Payment" means the amounts payable by UpstreamCo to Parent pursuant to the Asset Sale Payment and the UpstreamCo True-up Payment, if any (as appropriately adjusted to take into account any amounts payable by Parent to UpstreamCo pursuant to the Asset Sale Payment and the Parent True-up Payment, if any, and taking into account any other cash payment made by UpstreamCo to Parent in the Contribution prior to the Distribution).

"UpstreamCo Permits" shall mean all Permits owned or licensed by either Party or any member of its Group exclusively used or exclusively held for use in the UpstreamCo Business as of the Effective Time.

"UpstreamCo Policies" shall mean those Insurance Policies in effect at any time prior to the Effective Time, where the first or primary named insured is or was a member of the UpstreamCo Group. A partial listing of such policies, not intended to be comprehensive and for illustration only, is set forth on Schedule 5(b).

"UpstreamCo Shares" shall mean the shares of common stock, par value $0.01 per share, of UpstreamCo.

"UpstreamCo Software" shall mean all Software owned or licensed by either Party or member of its Group primarily used or primarily held for use in the UpstreamCo Business as of the Effective Time, including Software set forth on Schedule 1.12, but excluding Software set forth on Schedule 1.4.

"Warrick" shall have the meaning set forth in Section 5.7(b)(i).

ARTICLE II
THE SEPARATION

2.1 Transfer of Assets and Assumption of Liabilities.

(a) On or prior to the Effective Time, in accordance with the plan set forth on Schedule 2.1(a) (the "Separation Step Plan"), but subject to Section 2.4:

(i) *Transfer and Assignment of UpstreamCo Assets*. Parent shall, and shall cause the applicable members of its Group to, contribute, assign, transfer, convey or deliver to UpstreamCo, or the applicable UpstreamCo Designees, or take such steps as may be necessary for UpstreamCo or such UpstreamCo Designees to succeed to, and UpstreamCo or such UpstreamCo Designees shall accept from Parent and the applicable members of the Parent Group, all of Parent's and such Parent Group member's respective direct or indirect right, title and interest in and to all of the UpstreamCo Assets (it being understood that if any UpstreamCo Asset shall be held by a Transferred Entity or a wholly owned Subsidiary of a Transferred Entity, such UpstreamCo Asset may be assigned, transferred, conveyed and delivered to UpstreamCo as a result of the transfer of all of the equity interests in such Transferred Entity from Parent or the applicable members of the Parent Group to UpstreamCo or the applicable UpstreamCo Designee);

(ii) *Acceptance and Assumption of UpstreamCo Liabilities*. UpstreamCo and the applicable UpstreamCo Designees shall accept, assume, agree faithfully to perform, discharge and fulfill, or succeed to, all the UpstreamCo Liabilities in accordance with their respective terms. UpstreamCo and such UpstreamCo Designees shall be responsible for all UpstreamCo Liabilities, regardless of when or where such UpstreamCo Liabilities arose or arise, or whether the facts on which they are based occurred prior to or subsequent to the Effective Time, regardless of where or against whom such UpstreamCo Liabilities are asserted or determined (including any UpstreamCo Liabilities arising out of claims made by Parent's or UpstreamCo's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the UpstreamCo Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Parent Group or the UpstreamCo Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates;

(iii) *Transfer and Assignment of Parent Assets*. Parent and UpstreamCo shall cause UpstreamCo and the UpstreamCo Designees to contribute, assign, transfer, convey or deliver to Parent or certain members of the Parent Group designated by Parent, or take such steps as may be necessary for Parent or such members of the Parent Group to succeed to, and Parent or such other members of the Parent Group shall accept from UpstreamCo and the UpstreamCo Designees, all of UpstreamCo's and such UpstreamCo Designees' respective direct or indirect right, title and interest in and to all Parent Assets held by UpstreamCo or an UpstreamCo Designee; and

(iv) *Acceptance and Assumption of Parent Liabilities*. Parent and certain of members of the Parent Group designated by Parent shall accept and assume, agree faithfully to perform, discharge and fulfill, or succeed to, all of the Parent Liabilities held by UpstreamCo or any UpstreamCo Designee and Parent and the applicable members of the Parent Group shall be responsible for all Parent Liabilities in accordance with their respective terms, regardless of when or where such Parent Liabilities arose or arise, whether the facts on which they are based occurred prior to or subsequent to the Effective Time, where or against whom such Parent Liabilities are asserted or determined (including any such Parent Liabilities arising out of claims made by Parent's or UpstreamCo's respective directors, officers, employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the UpstreamCo Group) or whether asserted or determined prior to the date hereof, and regardless of whether arising from or alleged to arise from negligence, recklessness, violation of Law, fraud or misrepresentation by any member of the Parent Group or the UpstreamCo Group, or any of their respective directors, officers, employees, agents, Subsidiaries or Affiliates.

(b) *Transfer Documents*. In furtherance of the contribution, assignment, transfer, conveyance and delivery of and succession to the Assets and the acceptance and assumption of, performance, discharge and fulfillment of and succession to the Liabilities in accordance with Section 2.1(a), each Party shall execute and deliver, and shall cause the applicable members of its Group to execute and deliver, to the other

Party, (i) such bills of sale, quitclaim deeds, stock powers, certificates of title, assignments of contracts and other instruments of contribution, transfer, conveyance, assignment, delivery and succession as and to the extent necessary to evidence the contribution, transfer, conveyance, assignment, delivery and succession of all of such Party's and the applicable members of its Group's right, title and interest in and to such Assets to the other Party and the applicable members of its Group in accordance with Section 2.1(a) and (ii) such assumptions of contracts and other instruments of acceptance and assumption, performance, discharge and fulfillment and succession as and to the extent necessary to evidence the valid and effective assumption of the Liabilities by such Party and the applicable members of its Group in accordance with Section 2.1(a). All of the foregoing documents contemplated by this Section 2.1(b) shall be referred to collectively herein as the "Transfer Documents."

(c) *Misallocations*. In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party (or any member of such Party's Group) shall receive or otherwise possess any Asset that is allocated to the other Party (or any member of such other Party's Group) pursuant to this Agreement or any Ancillary Agreement, such Party shall promptly transfer, or cause to be transferred, such Asset to the Party (or to any member of such Party's Group) so entitled thereto, and such Party (or member of such Party's Group) shall accept such Asset. Prior to any such transfer, the Person receiving or possessing such Asset shall hold such Asset in trust for such other Person. In the event that at any time or from time to time (whether prior to, at or after the Effective Time), one Party hereto (or any member of such Party's Group) shall receive or otherwise assume any Liability that is allocated to the other Party (or any member of such Party's Group) pursuant to this Agreement or any Ancillary Agreement, such Party shall promptly transfer, or cause to be transferred, such Liability to the Party responsible therefor (or to any member of such Party's Group), and such Party (or member of such Party's Group) shall accept, assume and agree to faithfully perform such Liability.

(d) *Waiver of Bulk-Sale and Bulk-Transfer Laws*. UpstreamCo hereby waives compliance by each and every member of the Parent Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the UpstreamCo Assets to any member of the UpstreamCo Group. Parent hereby waives compliance by each and every member of the UpstreamCo Group with the requirements and provisions of any "bulk-sale" or "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the transfer or sale of any or all of the Parent Assets to any member of the Parent Group.

2.2 UpstreamCo Assets; Parent Assets.

(a) *UpstreamCo Assets*. For purposes of this Agreement, "UpstreamCo Assets" shall mean:

(i) all issued and outstanding capital stock or other equity interests of the Transferred Entities that are owned by either Party or any members of its Group as of the Effective Time;

(ii) all Assets of either Party or any members of its Group included or reflected as assets of the UpstreamCo Group on the UpstreamCo Balance Sheet, subject to any dispositions of such Assets subsequent to the date of the UpstreamCo Balance Sheet; provided that the amounts set forth on the UpstreamCo Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of UpstreamCo Assets pursuant to this clause (ii);

(iii) all Assets of either Party or any of the members of its Group as of the Effective Time that are of a nature or type that would have resulted in such Assets being included as Assets of UpstreamCo or members of the UpstreamCo Group on a pro forma combined balance sheet of the UpstreamCo Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Assets included on the UpstreamCo Balance Sheet), it being understood that (A) the UpstreamCo Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Assets that are included in the definition of UpstreamCo Assets pursuant to this clause (iii); and (B) the amounts set forth on the UpstreamCo Balance Sheet with respect to any Assets shall not be treated as minimum amounts or limitations on the amount of such Assets that are included in the definition of UpstreamCo Assets pursuant to this clause (iii);

(iv) all Assets of either Party or any of the members of its Group as of the Effective Time that are expressly provided by this Agreement or any Ancillary Agreement as Assets to be transferred to UpstreamCo or any other member of the UpstreamCo Group;

(v) all UpstreamCo Contracts as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time;

(vi) all UpstreamCo Intellectual Property, UpstreamCo Software and UpstreamCo Know-How as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time, and any license of Intellectual Property of Parent or any member of the Parent Group to UpstreamCo or any member of the UpstreamCo Group pursuant to the terms of the Intellectual Property Agreements;

(vii) all UpstreamCo Permits as of the Effective Time and all rights, interests or claims of either Party or any of the members of its Group thereunder as of the Effective Time;

(viii) all Assets of either Party or any of the members of its Group as of the Effective Time that are exclusively related to, or otherwise necessary for the operation of, the UpstreamCo Business;

(ix) all rights, interests and claims of either Party or any of the members of its Group as of the Effective Time with respect to Information that is exclusively related to the UpstreamCo Assets, the UpstreamCo Liabilities, the UpstreamCo Business or the Transferred Entities and, subject to the provisions of the applicable Ancillary Agreements, a non-exclusive right to all Information that is related to, but not exclusively related to, the UpstreamCo Assets, the UpstreamCo Liabilities, the UpstreamCo Business or the Transferred Entities; and

(x) any and all Assets set forth on Schedule 2.2(a)(x).

Notwithstanding the foregoing, the UpstreamCo Assets shall not in any event include any Asset referred to in clauses (i) through (v) of Section 2.2(b).

(b) *Parent Assets*. For the purposes of this Agreement, "Parent Assets" shall mean all Assets of either Party or the members of its Group as of the Effective Time, other than the UpstreamCo Assets, it being understood that the Parent Assets shall include:

(i) all Assets that are expressly contemplated by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Assets to be retained by Parent or any other member of the Parent Group;

(ii) all contracts and agreements of either Party or any of the members of its Group as of the Effective Time, other than the UpstreamCo Contracts;

(iii) all Intellectual Property, Software and Know-How of either Party or any of the members of its Group as of the Effective Time, other than the UpstreamCo Intellectual Property and other than any license of Intellectual Property of Parent or any member of the Parent Group to UpstreamCo or any member of the UpstreamCo Group pursuant to the terms of the Intellectual Property Agreements, including the Parent Intellectual Property set forth on Schedule 2.2(b)(iii);

(iv) all Permits of either Party or any of the members of its Group as of the Effective Time, other than the UpstreamCo Permits; and

(v) any and all Assets set forth on Schedule 2.2(b)(v).

2.3 UpstreamCo Liabilities; Parent Liabilities.

(a) *UpstreamCo Liabilities*. For the purposes of this Agreement, "UpstreamCo Liabilities" shall mean the following Liabilities of either Party or any of the members of its Group:

(i) all Liabilities included or reflected as liabilities or obligations of UpstreamCo or the members of the UpstreamCo Group on the UpstreamCo Balance Sheet, subject to any discharge of such Liabilities subsequent to the date of the UpstreamCo Balance Sheet; provided that the amounts set forth on the UpstreamCo Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of UpstreamCo Liabilities pursuant to this clause (i);

(ii) all Liabilities as of the Effective Time that are of a nature or type that would have resulted in such Liabilities being included or reflected as liabilities or obligations of UpstreamCo or the members of the UpstreamCo Group on a pro forma combined balance sheet of the UpstreamCo Group or any notes or subledgers thereto as of the Effective Time (were such balance sheet, notes and subledgers to be prepared on a basis consistent with the determination of the Liabilities included on the UpstreamCo Balance Sheet), it being understood that (A) the UpstreamCo Balance Sheet shall be used to determine the types of, and methodologies used to determine, those Liabilities that are included in the definition of UpstreamCo Liabilities pursuant to this clause (ii); and (B) the amounts set forth on the UpstreamCo Balance Sheet with respect to any Liabilities shall not be treated as minimum amounts or limitations on the amount of such Liabilities that are included in the definition of UpstreamCo Liabilities pursuant to this clause (ii);

(iii) all Liabilities relating to, arising out of or resulting from the actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent that such Liabilities relate to, arise out of or result from the UpstreamCo Business or an UpstreamCo Asset;

(iv) any and all Liabilities that are expressly provided by this Agreement or any Ancillary Agreement (or the Schedules hereto or thereto) as Liabilities to be assumed by UpstreamCo or any other member of the UpstreamCo Group, and all agreements, obligations and Liabilities of any member of the UpstreamCo Group under this Agreement or any of the Ancillary Agreements;

(v) all Liabilities to the extent relating to, arising out of or resulting from the UpstreamCo Contracts, the UpstreamCo Intellectual Property, the UpstreamCo Software, the UpstreamCo Know-How or the UpstreamCo Permits;

(vi) notwithstanding anything to the contrary in Section 2.3(b), the applicable portion of any and all Liabilities set forth on Schedule 2.3(a)(vi);

(vii) notwithstanding anything to the contrary in Section 2.3(b), (A) all UpstreamCo Environmental Liabilities, (B) the applicable portion of all Shared Environmental Liabilities set forth on Schedule 1.5, and (C) with respect to all Environmental Liabilities other than the Environmental Liabilities addressed in the foregoing clauses (A) or (B), Section 2.3(a)(vi), Section 2.3(b)(ii) or Section 2.3(b)(iii), the applicable portion of such Environmental Liabilities which shall be allocated equitably to UpstreamCo based on consideration of the following factors:

(A) whether, but for the Environmental Liability for which one of the Parties is solely responsible, an Environmental Liability or Remediation Work obligation would have arisen for the other Party;

(B) the relative quantity, toxicity and area affected by the Hazardous Materials for which the respective Parties are responsible;

(C) the degree to which the regulated substance for which a Party is responsible affects the selection of the Remediation Work, the cost of the Remediation Work, and the period of time over which the Remediation Work must be implemented; and

(D) other relevant considerations relating to each Party's role or obligations with respect to the applicable Environmental Liability;

(viii) notwithstanding anything to the contrary in Section 2.3(b), any and all Liabilities set forth on Schedule 2.3(a)(viii); and

(ix) all Liabilities arising out of claims made by Parent's or UpstreamCo's respective directors, officers, shareholders, employees, agents, Subsidiaries or Affiliates against any member of the Parent Group or the UpstreamCo Group to the extent relating to, arising out of or resulting from the UpstreamCo Business or the other business, operations, activities or Liabilities referred to in clauses (i) through (viii) of this Section 2.3(a);

provided that, notwithstanding the foregoing, the Parties agree that the Liabilities set forth on Schedule 2.3(b)(i) or Schedule 1.3, the applicable portion of all Liabilities set forth on Schedule 2.3(a)(vi) or Schedule 1.5 and any Liabilities of any member of the Parent Group pursuant to the Ancillary Agreements shall not be UpstreamCo Liabilities but instead shall be Parent Liabilities.

(b) *Parent Liabilities*. For the purposes of this Agreement, "Parent Liabilities" shall mean (i) all Liabilities relating to, arising out of or resulting from actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time) of any member of the Parent Group and, prior to the Effective Time, any member of the UpstreamCo Group, in each case that are not UpstreamCo Liabilities, including:

(i) any and all Liabilities set forth on Schedule 2.3(b)(i);

(ii) notwithstanding anything to the contrary in Section 2.3(a), the applicable portion of any and all Liabilities set forth on Schedule 2.3(a)(vi);

(iii) notwithstanding anything to the contrary in Section 2.3(a), (A) all Parent Environmental Liabilities, (B) the applicable portion of all Shared Environmental Liabilities set forth on Schedule 1.5, and (C) with respect to all Environmental Liabilities other than the Environmental Liabilities addressed in the foregoing clauses (A) or (B), Section 2.3(a)(vi), Section 2.3(a)(vii) or Section 2.3(b)(ii), the applicable portion of such Environmental Liabilities which shall be allocated equitably to Parent based on consideration of the factors specified in Section 2.3(a)(vii); and

(iv) all Liabilities arising out of claims made against any member of the Parent Group or the UpstreamCo Group to the extent relating to, arising out of or resulting from the Parent Business or the Parent Assets.

2.4 Approvals and Notifications.

(a) *Approvals and Notifications for UpstreamCo Assets*. To the extent that the contribution, assignment, transfer, conveyance or delivery of or succession to any UpstreamCo Asset, or the acceptance or assumption of, performance, discharge and fulfillment of, or succession to any UpstreamCo Liability, in each case under Section 2.1, is determined to be a transfer or assignment that requires any Approvals or Notifications, or to the extent that the Separation, or the Distribution requires any Approvals or Notifications, the Parties shall use commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Parent and UpstreamCo, neither Parent nor UpstreamCo shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(b) *Delayed UpstreamCo Transfers*. If and to the extent that the valid, complete and perfected contribution, assignment, transfer, conveyance or delivery to or succession of the UpstreamCo Group of any UpstreamCo Asset or acceptance or assumption by, performance, discharge and fulfillment by, or succession by the UpstreamCo Group of any UpstreamCo Liability would be a violation of applicable Law or is determined to be a transfer or assignment that requires any Approvals or Notifications in connection with the Separation or the Distribution that have not been obtained or made by the Effective Time then, unless the Parties mutually determine otherwise, the contribution, assignment, transfer, conveyance or delivery to or succession of the UpstreamCo Group of such UpstreamCo Assets or the acceptance or assumption by, performance, discharge and fulfillment of, or succession by the UpstreamCo Group of such UpstreamCo Liabilities, as the case may be, shall be automatically deemed deferred and any of the foregoing shall be null and void until such time as all legal impediments are removed or such Approvals or Notifications have been obtained or made. Notwithstanding the foregoing, any such UpstreamCo Assets or UpstreamCo Liabilities shall continue to constitute UpstreamCo Assets and UpstreamCo Liabilities for all other purposes of this Agreement.

(c) *Treatment of Delayed UpstreamCo Assets and Delayed UpstreamCo Liabilities*. (i) If any contribution, assignment, transfer, conveyance or delivery of or succession to any UpstreamCo Asset or any acceptance or assumption of, performance, discharge and fulfillment of, or succession to any UpstreamCo Liability intended to be contributed, assigned, transferred, conveyed, delivered, succeeded to, accepted, assumed, or performed, discharged or fulfilled hereunder, as the case may be, is not consummated on or prior to the Effective Time, whether as a result of the provisions of Section 2.4(b) or for any other reason, and (ii) with respect to the agreements set forth on Schedule 2.4(c), which such agreements shall not be contributed, assigned, transferred,

conveyed, delivered, succeeded to, accepted, assumed, or performed, discharged or fulfilled pursuant to Section 2.1(a) (notwithstanding anything therein to the contrary) (any such UpstreamCo Asset, a "Delayed UpstreamCo Asset" and any such UpstreamCo Liability, a "Delayed UpstreamCo Liability"), then, insofar as reasonably possible and subject to applicable Law, the member of the Parent Group retaining such Delayed UpstreamCo Asset or such Delayed UpstreamCo Liability, as the case may be, shall thereafter hold such Delayed UpstreamCo Asset or Delayed UpstreamCo Liability, as the case may be, for the use and benefit of the member of the UpstreamCo Group entitled thereto (at the expense of the member of the UpstreamCo Group entitled thereto) and such member of the UpstreamCo Group shall be afforded all the benefits and burdens of such Delayed UpstreamCo Asset or Delayed UpstreamCo Liability, as applicable. In addition, the member of the Parent Group retaining such Delayed UpstreamCo Asset or such Delayed UpstreamCo Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Delayed UpstreamCo Asset or Delayed UpstreamCo Liability in the ordinary course of business in accordance with past practice and take such other actions as may be reasonably requested by the member of the UpstreamCo Group to whom such Delayed UpstreamCo Asset is to be contributed, assigned, transferred, conveyed or succeeded to, or which is to accept or assume, perform, discharge and fulfill or succeed to, such Delayed UpstreamCo Liability, as the case may be, in order to place such member of the UpstreamCo Group in a substantially similar position as if such Delayed UpstreamCo Asset or Delayed UpstreamCo Liability had been contributed, assigned, transferred, conveyed, succeeded to, accepted, assumed or performed, discharged or fulfilled as contemplated hereby and so that all the benefits and burdens relating to such Delayed UpstreamCo Asset or Delayed UpstreamCo Liability, as the case may be, including use, risk of loss, potential for gain, and dominion, control and command over such Delayed UpstreamCo Asset or Delayed UpstreamCo Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Effective Time to the UpstreamCo Group.

(d) *Transfer of Delayed UpstreamCo Assets and Delayed UpstreamCo Liabilities*. Other than with respect to the agreements set forth on Schedule 2.4(c), if and when the Approvals or Notifications, the absence of which caused the deferral of contribution, assignment, transfer, conveyance or delivery of or succession to any Delayed UpstreamCo Asset or the deferral of acceptance or assumption of, performance, discharge and fulfillment of or succession to any Delayed UpstreamCo Liability pursuant to Section 2.4(b), are obtained or made, and, if and when any other legal impediments for the transfer or assignment of any Delayed UpstreamCo Asset or the assumption of any Delayed UpstreamCo Liability have been removed, the contribution, assignment, transfer, conveyance or delivery of or succession to the applicable Delayed UpstreamCo Asset or the acceptance and assumption of, performance, discharge and fulfillment of or succession to the applicable Delayed UpstreamCo Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(e) *Costs for Delayed UpstreamCo Assets and Delayed UpstreamCo Liabilities*. Any member of the Parent Group retaining a Delayed UpstreamCo Asset or Delayed UpstreamCo Liability due to the deferral of the contribution, assignment, transfer, conveyance or delivery of or succession to such Delayed UpstreamCo Asset or

the deferral of the acceptance or assumption of, performance, discharge and fulfillment of or succession to such Delayed UpstreamCo Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise made available) by UpstreamCo or the member of the UpstreamCo Group entitled to the Delayed UpstreamCo Asset or Delayed UpstreamCo Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by UpstreamCo or the member of the UpstreamCo Group entitled to such Delayed UpstreamCo Asset or Delayed UpstreamCo Liability.

(f) *Approvals and Notifications for Parent Assets*. To the extent that the contribution, assignment, transfer, conveyance or delivery of or succession to any Parent Asset or the acceptance or assumption of, performance, discharge and fulfillment, or succession to any Parent Liability, in each case under Section 2.1, is determined to be a transfer or assignment that requires any Approvals or Notifications, the Parties shall use commercially reasonable efforts to obtain or make such Approvals or Notifications as soon as reasonably practicable; provided, however, that, except to the extent expressly provided in this Agreement or any of the Ancillary Agreements or as otherwise agreed between Parent and UpstreamCo, neither Parent nor UpstreamCo shall be obligated to contribute capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Person in order to obtain or make such Approvals or Notifications.

(g) *Delayed Parent Transfers*. If and to the extent that the valid, complete and perfected contribution, assignment, transfer, conveyance or delivery to or succession of the Parent Group of any Parent Asset or acceptance or assumption by, performance, discharge and fulfillment by, or succession by the Parent Group of any Parent Liability would be a violation of applicable Law or is determined to be a transfer or assignment that requires any Approval or Notification that has not been obtained or made by the Effective Time then, unless the Parties mutually determine otherwise, the contribution, assignment, transfer, conveyance or delivery to or succession of the Parent Group of such Parent Assets or the acceptance or assumption by, performance, discharge and fulfillment of or, or succession by the Parent Group of such Parent Liability, as the case may be, shall be automatically deemed deferred and any of the foregoing shall be null and void until such time as all legal impediments are removed or such Approval or Notification has been obtained or made. Notwithstanding the foregoing, any such Parent Assets or Parent Liabilities shall continue to constitute Parent Assets and Parent Liabilities for all other purposes of this Agreement.

(h) *Treatment of Delayed Parent Assets and Delayed Parent Liabilities*. (i) If any contribution, assignment, transfer, conveyance or delivery of or succession to any Parent Asset or any acceptance or assumption of, performance, discharge and fulfillment of, or succession to any Parent Liability intended to be contributed, assigned, transferred, conveyed, delivered, succeeded to, accepted, assumed, or performed, discharged or fulfilled hereunder, as the case may be, is not consummated on or prior to the Effective Time whether as a result of the provisions of Section 2.4(g) or for any other reason, and (ii) with respect to the agreements set forth on Schedule 2.4(h), which such

agreements shall not be contributed, assigned, transferred, conveyed, delivered, succeeded to, accepted, assumed, or performed, discharged or fulfilled pursuant to Section 2.1(a) (notwithstanding anything therein to the contrary) (any such Parent Asset, a "Delayed Parent Asset" and any such Parent Liability, a "Delayed Parent Liability"), then, subject to applicable Law, the member of the UpstreamCo Group retaining such Delayed Parent Asset or such Delayed Parent Liability, as the case may be, shall thereafter hold such Delayed Parent Asset or Delayed Parent Liability, as the case may be, for the use and benefit of the member of the Parent Group entitled thereto (with associated costs being for the account of the member of the Parent Group entitled thereto) and such member of the Parent Group shall be afforded all the benefits and burdens of such Delayed Parent Asset or Delayed Parent Liability, as applicable. In addition, the member of the UpstreamCo Group retaining such Delayed Parent Asset or such Delayed Parent Liability shall, insofar as reasonably possible and to the extent permitted by applicable Law, treat such Delayed Parent Asset or Delayed Parent Liability in the ordinary course of business in accordance with past practice. Such member of the UpstreamCo Group shall also take such other actions as may be reasonably requested by the member of the Parent Group to which such Delayed Parent Asset is to be contributed, assigned, transferred, conveyed or succeeded to, or which is to accept or assume, perform, discharge and fulfill or succeed to, such Delayed Parent Liability, as the case may be, in order to place such member of the Parent Group in a substantially similar position as if such Delayed Parent Asset or Delayed Parent Liability had been contributed, assigned, transferred, conveyed, succeeded to, accepted, assumed or performed, discharged or fulfilled and so that all the benefits and burdens relating to such Delayed Parent Asset or Delayed Parent Liability, as the case may be, and all costs and expenses related thereto, shall inure from and after the Effective Time to the Parent Group.

(i) *Transfer of Delayed Parent Assets and Delayed Parent Liabilities*. Other than with respect to the agreements set forth on Schedule 2.4(h), if and when the Approvals or Notifications, the absence of which caused the deferral of contribution, assignment, transfer, conveyance or delivery of or succession to any Delayed Parent Asset or the deferral of acceptance or assumption of, performance, discharge and fulfillment of or succession to any Delayed Parent Liability, are obtained or made, and, if and when any other legal impediments for the contribution, assignment, transfer, conveyance or delivery of or succession to any Delayed Parent Asset or the acceptance and assumption of, performance, discharge and fulfillment of or succession to any Delayed Parent Liability have been removed, the transfer or assignment of the applicable Delayed Parent Asset or the assumption of the applicable Delayed Parent Liability, as the case may be, shall be effected in accordance with the terms of this Agreement and/or the applicable Ancillary Agreement.

(j) *Costs for Delayed Parent Assets and Delayed Parent Liabilities*. Any member of the UpstreamCo Group retaining a Delayed Parent Asset or Delayed Parent Liability due to the deferral of the contribution, assignment, transfer, conveyance or delivery of or succession to such Delayed Parent Asset or the deferral of the acceptance or assumption of, performance, discharge and fulfillment of or succession to such Delayed Parent Liability, as the case may be, shall not be obligated, in connection with the foregoing, to expend any money unless the necessary funds are advanced (or otherwise

made available) by Parent or the member of the Parent Group entitled to the Delayed Parent Asset or Delayed Parent Liability, other than reasonable out-of-pocket expenses, attorneys' fees and recording or similar fees, all of which shall be promptly reimbursed by Parent or the member of the Parent Group entitled to such Delayed Parent Asset or Delayed Parent Liability.

2.5 Novation of Liabilities.

(a) *Novation of UpstreamCo Liabilities.*

(i) Except as set forth in Schedule 2.5(a), each of Parent and UpstreamCo, at the request of the other, shall use commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to novate or assign all UpstreamCo Liabilities and obtain in writing the unconditional release of each member of the Parent Group that is a party to any such arrangements, so that, in any such case, the members of the UpstreamCo Group shall be solely responsible for such UpstreamCo Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement (including Section 2.6), any of the Ancillary Agreements or on Schedule 2.6(b)(i), neither Parent nor UpstreamCo shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Third Party from whom any such consent, substitution, approval, amendment or release is requested.

(ii) If Parent or UpstreamCo is unable to obtain, or to cause to be obtained, any consent, substitution, approval, amendment or release referred to in clause (i) of this Section 2.5(a) and the applicable member of the Parent Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased UpstreamCo Liability"), UpstreamCo shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the Parent Group, as the case may be, (A) pay, perform and discharge fully all the obligations or other Liabilities of such member of the Parent Group that constitute Unreleased UpstreamCo Liabilities from and after the Effective Time and (B) use commercially reasonable efforts to effect such payment, performance or discharge prior to any demand for such payment, performance or discharge is permitted to be made by the obligee thereunder on any member of the Parent Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased UpstreamCo Liabilities shall otherwise become assignable or able to be novated, Parent shall promptly assign, or cause to be assigned, and UpstreamCo or the applicable UpstreamCo Group member shall assume, such Unreleased UpstreamCo Liabilities without exchange of further consideration.

(b) *Novation of Parent Liabilities.*

(i) Each of Parent and UpstreamCo, at the request of the other, shall use commercially reasonable efforts to obtain, or to cause to be obtained, as soon as reasonably practicable, any consent, substitution, approval or amendment required to

novate or assign all Parent Liabilities and obtain in writing the unconditional release of each member of the UpstreamCo Group that is a party to any such arrangements, so that, in any such case, the members of the Parent Group shall be solely responsible for such Parent Liabilities; provided, however, that, except as otherwise expressly provided in this Agreement (including Section 2.6) or any of the Ancillary Agreements, neither Parent nor UpstreamCo shall be obligated to contribute any capital or pay any consideration in any form (including providing any letter of credit, guaranty or other financial accommodation) to any Third Party from whom any such consent, substitution, approval, amendment or release is requested.

(ii) If Parent or UpstreamCo is unable to obtain, or to cause to be obtained, any consent, substitution, approval, amendment or release referred to in clause (i) of this Section 2.5(b) and the applicable member of the UpstreamCo Group continues to be bound by such agreement, lease, license or other obligation or Liability (each, an "Unreleased Parent Liability"), Parent shall, to the extent not prohibited by Law, as indemnitor, guarantor, agent or subcontractor for such member of the UpstreamCo Group, as the case may be, (A) pay, perform and discharge fully all the obligations or other Liabilities of such member of the UpstreamCo Group that constitute Unreleased Parent Liabilities from and after the Effective Time and (B) use commercially reasonable efforts to effect such payment, performance or discharge prior to any demand for such payment, performance or discharge is permitted to be made by the obligee thereunder on any member of the UpstreamCo Group. If and when any such consent, substitution, approval, amendment or release shall be obtained or the Unreleased Parent Liabilities shall otherwise become assignable or able to be novated, UpstreamCo shall promptly assign, or cause to be assigned, and Parent or the applicable Parent Group member shall assume, such Unreleased Parent Liabilities without exchange of further consideration.

2.6 Release of Guarantees. In furtherance of, and not in limitation of, the obligations set forth in Section 2.5:

(a) On or prior to the Effective Time or as soon as practicable thereafter, each of Parent and UpstreamCo shall, at the request of the other Party and with the reasonable cooperation of such other Party and the applicable member(s) of such other Party's Group, use commercially reasonable efforts to (i) have any member(s) of the Parent Group removed as guarantor of or obligor for any UpstreamCo Liability to the extent that it relates to UpstreamCo Liabilities, including the removal of any Security Interest on or in any Parent Asset that may serve as collateral or security for any such UpstreamCo Liability; and (ii) have any member(s) of the UpstreamCo Group removed as guarantor of or obligor for any Parent Liability to the extent that it relates to Parent Liabilities, including the removal of any Security Interest on or in any UpstreamCo Asset that may serve as collateral or security for any such Parent Liability.

(b) Subject to Schedule 2.6(b)(i), to the extent required to obtain a release from a guarantee or other credit support provided by or on behalf of:

(i) any member of the Parent Group, UpstreamCo shall promptly (A) other than in the case of a guarantee by a member of the Parent Group, provide or cause

to be provided a replacement letter of credit, bank guarantee or other credit support of the type provided by or on behalf of the Parent Group on substantially the same terms as that provided by or on behalf of any member of the Parent Group, to the extent (x) in the case of a letter of credit, UpstreamCo has reasonably available capacity under its revolving credit facility to obtain such letter of credit and (y) such arrangement would not violate or breach the terms of any contract or other agreement to which UpstreamCo or any of its subsidiaries is a party, or (B) in the case of a guarantee by a member of the Parent Group, execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which such agreement shall include the removal of any Security Interest on or in any Parent Asset that may serve as collateral or security for any such Parent Liability, except to the extent that such existing guarantee contains representations, covenants or other terms or provisions either (A) with which UpstreamCo would be reasonably unable to comply or (B) which UpstreamCo would not reasonably be able to avoid breaching; and

(ii) any member of the UpstreamCo Group, Parent shall promptly (A) other than in the case of a guarantee by a member of the UpstreamCo Group, provide or cause to be provided a replacement letter of credit, bank guarantee or other credit support of the type provided by or on behalf of the UpstreamCo Group on substantially the same terms as that provided by or on behalf of any member of the UpstreamCo Group, to the extent (x) in the case of a letter of credit, Parent has reasonably available capacity under its revolving credit facility to obtain such letter of credit and (y) such arrangement would not violate or breach the terms of any contract or other agreement to which Parent or any of its subsidiaries is a party, or (B) in the case of a guarantee by a member of the UpstreamCo Group, execute a guarantee agreement in the form of the existing guarantee or such other form as is agreed to by the relevant parties to such guarantee agreement, which such agreement shall include the removal of any Security Interest on or in any UpstreamCo Asset that may serve as collateral or security for any such UpstreamCo Liability, except to the extent that such existing guarantee contains representations, covenants or other terms or provisions either (A) with which Parent would be reasonably unable to comply or (B) which Parent would not reasonably be able to avoid breaching.

(c) If Parent or UpstreamCo is unable to obtain, or to cause to be obtained, any such removal or release referred to in Section 2.6(a) or (b) (including, for the avoidance of doubt, any removal or release of the guarantees set forth on Schedule 2.6(c)), (i) the Party or the relevant member of its Group that has assumed the Liability with respect to such guarantee shall indemnify, defend and hold harmless the guarantor or obligor against or from any Liability arising from or relating thereto in accordance with the provisions of Article IV and shall, as agent or subcontractor for such guarantor or obligor, pay, perform and discharge fully all the obligations or other Liabilities of such guarantor or obligor thereunder; and (ii) each of Parent and UpstreamCo, on behalf of itself and the other members of their respective Group, agrees not to renew or extend the term of, increase any obligations under, or transfer to a Third Party, any loan, guarantee, lease, contract or other obligation for which the other Party or a member of such other Party's Group is or may be liable unless all obligations of such other Party and the members of such other Party's Group with respect thereto are thereupon terminated by documentation satisfactory in form and substance to such other Party.

(d) Each of Parent and UpstreamCo shall keep the other Party reasonably informed regarding the matters that are the subject of this Section 2.6, including with respect to any material discussions and negotiations relating to the novation of Liabilities and releases of guarantees and other credit support obligations and the status and terms thereof, as well as any proposed or contemplated amendments, terminations, waivers or modifications that would be reasonably likely to adversely affect such other Party.

(e) Until the later of (i) such time as all obligations of Parent and the other members of the Parent Group with respect to the guarantees and contracts set forth on Schedule 2.6(c)(iii) (the "Specified Guarantees") have terminated and each of them has ceased to be guarantor or obligor of any UpstreamCo Liabilities thereunder and (ii) such time as the Spillover Amount (as used herein, such term shall have the meaning given in Schedule 2.6(e)) is zero, UpstreamCo shall promptly (and in any event within 30 calendar days following UpstreamCo's receipt of a written request from Parent) reimburse the Parent Group in respect of any amounts actually paid by the Parent Group to purchase Specified Guarantee Coverage (it being understood, for the avoidance of doubt, that if there is any Spillover Amount for any given calendar year, Parent may submit a written request to UpstreamCo for reimbursement of such Spillover Amount in the following calendar year, subject to the following proviso); provided, however, that the aggregate amount payable by UpstreamCo pursuant to the foregoing for payments made by the Parent Group in any calendar year shall not exceed the Annual Amount.

2.7 Termination of Agreements.

(a) Except as set forth in Section 2.7(b), in furtherance of the releases and other provisions of Section 4.1, UpstreamCo and each member of the UpstreamCo Group, on the one hand, and Parent and each member of the Parent Group, on the other hand, hereby terminate any and all agreements, arrangements, commitments or understandings, whether or not in writing, between or among UpstreamCo and/or any member of the UpstreamCo Group, on the one hand, and Parent and/or any member of the Parent Group, on the other hand, effective as of the Effective Time. No such terminated agreement, arrangement, commitment or understanding (including any provision thereof which purports to survive termination) shall be of any further force or effect after the Effective Time. Each Party shall, at the reasonable request of the other Party, take, or cause to be taken, such other actions as may be necessary to effect the foregoing.

(b) The provisions of Section 2.7(a) shall not apply to any of the following agreements, arrangements, commitments or understandings (or to any of the provisions thereof): (i) this Agreement and the Ancillary Agreements (and each other agreement or instrument expressly contemplated by this Agreement or any Ancillary Agreement to be entered into by any of the Parties or any of the members of their respective Groups or to be continued from and after the Effective Time); (ii) any agreements, arrangements, commitments or understandings listed or described on Schedule 2.7(b)(ii); (iii) any agreements, arrangements, commitments or understandings to which any Third Party is a party; (iv) any intercompany accounts payable or accounts receivable accrued as of the Effective Time that are reflected in the books and records of

the Parties or otherwise documented in writing in accordance with past practices, which shall be settled in the manner contemplated by Section 2.7(c); (v) any agreements, arrangements, commitments or understandings to which any non-wholly owned Subsidiary of Parent or UpstreamCo, as the case may be, is a party (it being understood that directors' qualifying shares or similar interests shall be disregarded for purposes of determining whether a Subsidiary is wholly owned); and (vi) any Shared Contracts.

(c) All of the intercompany accounts receivable and accounts payable between any member of the Parent Group, on the one hand, and any member of the UpstreamCo Group, on the other hand, outstanding as of the Effective Time shall, as promptly as practicable after the Effective Time, be repaid, settled or otherwise eliminated by means of cash payments, a dividend, capital contribution, a combination of the foregoing, or otherwise as determined by Parent in its sole and absolute discretion.

2.8 Treatment of Shared Contracts.

(a) Subject to applicable Law and without limiting the generality of the obligations set forth in Section 2.1, unless the Parties otherwise agree or the benefits of any contract, agreement, arrangement, commitment or understanding described in this Section 2.8 are expressly conveyed to the applicable Party pursuant to this Agreement or an Ancillary Agreement, any contract or agreement, a portion of which is an UpstreamCo Contract, but the remainder of which is a Parent Asset (any such contract or agreement, a "Shared Contract"), shall be assigned in relevant part to the applicable member(s) of the applicable Group, if so assignable, or appropriately amended prior to, on or after the Effective Time, so that each Party or the member of its Group shall, as of the Effective Time, be entitled to the rights and benefits, and shall assume the related portion of any Liabilities, inuring to its respective businesses; provided, however, that (i) in no event shall any member of any Group be required to assign (or amend) any Shared Contract in its entirety or to assign a portion of any Shared Contract which is not assignable (or cannot be amended) by its terms (including any terms imposing consents or conditions on an assignment where such consents or conditions have not been obtained or fulfilled) and (ii) if any Shared Contract cannot be so partially assigned by its terms or otherwise, or cannot be amended or if such assignment or amendment would impair the benefit the parties thereto derive from such Shared Contract, then the Parties shall, and shall cause each of the members of their respective Groups to, take such other reasonable and permissible actions (including by providing prompt notice to the other Party with respect to any relevant claim of Liability or other relevant matters arising in connection with a Shared Contract so as to allow such other Party the ability to exercise any applicable rights under such Shared Contract) to cause a member of the UpstreamCo Group or the Parent Group, as the case may be, to receive the rights and benefits of that portion of each Shared Contract that relates to the UpstreamCo Business or the Parent Business, as the case may be (in each case, to the extent so related), as if such Shared Contract had been assigned to a member of the applicable Group pursuant to this Section 2.8 (or appropriately amended), and to bear the burden of the corresponding Liabilities (including any Liabilities that may arise by reason of such arrangement), as if such Liabilities had been assumed by a member of the applicable Group pursuant to this Section 2.8 (or appropriately amended).

(b) Each of Parent and UpstreamCo shall, and shall cause the members of its Group to, (i) treat for all Tax purposes the portion of each Shared Contract inuring to its respective businesses as Assets owned by, and/or Liabilities of, as applicable, such Party, or the members of its Group, as applicable, not later than the Effective Time, and (ii) neither report nor take any Tax position (on a Tax Return or otherwise) inconsistent with such treatment (unless required by applicable Law).

(c) Nothing in this Section 2.8 shall require any member of either Group to make any non-*de minimis* payment (except to the extent advanced, assumed or agreed in advance to be reimbursed by any member of the other Group), incur any non-*de minimis* obligation or grant any non-*de minimis* concession for the benefit of any member of the other Group in order to effect any transaction contemplated by this Section 2.8.

2.9 Bank Accounts; Cash Balances.

(a) Each Party agrees to take, or cause the members of its Group to take, at the Effective Time (or such earlier time as the Parties may agree), all actions necessary to amend all contracts or agreements governing each bank and brokerage account owned by UpstreamCo or any other member of the UpstreamCo Group (collectively, the "UpstreamCo Accounts") and all contracts or agreements governing each bank or brokerage account owned by Parent or any other member of the Parent Group (collectively, the "Parent Accounts") so that each such UpstreamCo Account and Parent Account, if currently linked (whether by automatic withdrawal, automatic deposit or any other authorization to transfer funds from or to, hereinafter "Linked") to any Parent Account or UpstreamCo Account, respectively, is no longer Linked to such Parent Account or UpstreamCo Account, respectively.

(b) With respect to any outstanding checks issued or payments initiated by Parent, UpstreamCo or any of the members of their respective Groups prior to the Effective Time, such outstanding checks and payments shall be honored following the Effective Time by the Person or Group owning the account on which the check is drawn or from which the payment was initiated, respectively.

(c) As between Parent and UpstreamCo (and the members of their respective Groups), all payments made and reimbursements received after the Effective Time by either Party (or member of its Group) that relate to a business, Asset or Liability of the other Party (or member of its Group), shall be held by such Party in trust for the use and benefit of the Party entitled thereto and, promptly following receipt by such Party of any such payment or reimbursement, such Party shall, or shall cause the applicable member of its Group to pay over to the other Party the amount of such payment or reimbursement without right of set-off.

(d) Notwithstanding anything to the contrary in this Agreement, UpstreamCo shall promptly pay over to Parent all after-tax proceeds (the amount of which shall be determined as set forth in Schedule 2.9(d)) received by UpstreamCo or any member of its Group (whether prior to or after the Effective Time) in consideration for the asset sales pursuant to the sale agreements set forth on Schedule 2.9(d), without right of

set-off, and in all respects as set forth in, and subject to the adjustments set forth in, Schedule 2.9(d) (such amount, as it may be adjusted, the "Asset Sale Payment") (and, for the avoidance of doubt, UpstreamCo and Parent, as applicable, shall make such subsequent adjustment payments as may be required pursuant to Schedule 2.9(d)). For U.S. federal (and applicable state and local) income tax purposes, the Asset Sale Payment (as adjusted pursuant to Schedule 2.9(d)) shall be treated as being made pursuant to the Contribution, except to the extent required by applicable Law.

(e) Notwithstanding anything to the contrary in this Agreement, UpstreamCo shall promptly pay over to Parent any UpstreamCo True-up Payment (as used herein, such term shall have the meaning given in Schedule 2.14) as may be required in accordance with Schedule 2.14, or Parent shall promptly pay over to UpstreamCo any Parent True-up Payment (as used herein, such term shall have the meaning given in Schedule 2.14) as may be required in accordance with Schedule 2.14. For U.S. federal (and applicable state and local) income tax purposes, any UpstreamCo True-up Payment or Parent True-up Payment shall be treated as being made pursuant to the Contribution, except to the extent required by applicable Law.

2.10 Ancillary Agreements. Effective on or prior to the Effective Time, each of Parent and UpstreamCo shall, or shall cause the applicable members of their Groups to, execute and deliver all Ancillary Agreements to which it or such member, as applicable, is a party.

2.11 Disclaimer of Representations and Warranties. EACH OF PARENT (ON BEHALF OF ITSELF AND EACH MEMBER OF THE PARENT GROUP) AND UPSTREAMCO (ON BEHALF OF ITSELF AND EACH MEMBER OF THE UPSTREAMCO GROUP) UNDERSTANDS AND AGREES THAT, EXCEPT AS EXPRESSLY SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, NO PARTY TO THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR ANY OTHER AGREEMENT OR DOCUMENT CONTEMPLATED BY THIS AGREEMENT, ANY ANCILLARY AGREEMENT OR OTHERWISE, IS REPRESENTING OR WARRANTING IN ANY WAY AS TO THE ASSETS, BUSINESSES OR LIABILITIES TRANSFERRED OR ASSUMED AS CONTEMPLATED HEREBY OR THEREBY, AS TO ANY CONSENTS OR APPROVALS REQUIRED IN CONNECTION HEREWITH OR THEREWITH, AS TO THE VALUE OR FREEDOM FROM ANY SECURITY INTERESTS OF, OR ANY OTHER MATTER CONCERNING, ANY ASSETS OF SUCH PARTY, OR AS TO THE ABSENCE OF ANY DEFENSES OR RIGHT OF SETOFF OR FREEDOM FROM COUNTERCLAIM WITH RESPECT TO ANY CLAIM OR OTHER ASSET, INCLUDING ANY ACCOUNTS RECEIVABLE, OF ANY PARTY, OR AS TO THE LEGAL SUFFICIENCY OF ANY ASSIGNMENT, DOCUMENT OR INSTRUMENT DELIVERED HEREUNDER OR THEREUNDER TO CONVEY TITLE TO ANY ASSET OR THING OF VALUE UPON THE EXECUTION, DELIVERY AND FILING HEREOF OR THEREOF. EXCEPT AS MAY EXPRESSLY BE SET FORTH HEREIN OR IN ANY ANCILLARY AGREEMENT, ALL SUCH ASSETS ARE BEING TRANSFERRED ON AN "AS IS," "WHERE IS" BASIS (AND, IN THE CASE OF ANY REAL PROPERTY, BY MEANS OF A QUITCLAIM OR SIMILAR FORM OF DEED OR CONVEYANCE) AND THE RESPECTIVE TRANSFEREES SHALL BEAR THE ECONOMIC AND LEGAL RISKS THAT (A) ANY CONVEYANCE WILL PROVE TO BE INSUFFICIENT TO VEST IN THE TRANSFEREE GOOD AND

MARKETABLE TITLE, FREE AND CLEAR OF ANY SECURITY INTEREST, AND (B) ANY NECESSARY APPROVALS OR NOTIFICATIONS ARE NOT OBTAINED OR MADE OR THAT ANY REQUIREMENTS OF LAWS OR JUDGMENTS ARE NOT COMPLIED WITH.

2.12 Financial Information Certifications. Parent's disclosure controls and procedures and internal control over financial reporting (as each is contemplated by the Exchange Act) are currently applicable to UpstreamCo as its Subsidiary. In order to enable the principal executive officer and principal financial officer of UpstreamCo to make the certifications required of them under Section 302 of the Sarbanes-Oxley Act of 2002, Parent, within thirty-five (35) days of the end of any fiscal quarter during which UpstreamCo remains Parent's Subsidiary, shall provide UpstreamCo with one or more certifications with respect to such disclosure controls and procedures, its internal control over financial reporting and the effectiveness thereof. Such certification(s) shall be provided by Parent (and not by any officer or employee in their individual capacity).

2.13 Transition Committee and Other Matters.

(a) Prior to the Effective Time, the Parties shall establish a transition committee (the "Transition Committee") that shall consist of an equal number of members from Parent and UpstreamCo. The Transition Committee shall be responsible for monitoring and managing all matters related to any of the transactions contemplated by this Agreement or any Ancillary Agreements. The Transition Committee shall have the authority to (a) establish one or more subcommittees from time to time as it deems appropriate or as may be described in any Ancillary Agreements, with each such subcommittee comprised of one or more members of the Transition Committee or one or more employees of either Party or any member of its respective Group, and each such subcommittee having such scope of responsibility as may be determined by the Transition Committee from time to time; (b) delegate to any such committee any of the powers of the Transition Committee; (c) combine, modify the scope of responsibility of, and disband any such subcommittees; and (d) modify or reverse any such delegations. The Transition Committee shall establish general procedures for managing the responsibilities delegated to it under this Section 2.13, and may modify such procedures from time to time. All decisions by the Transition Committee or any subcommittee thereof shall be effective only if mutually agreed by both Parties. The Parties shall utilize the procedures set forth in Article VII to resolve any matters as to which the Transition Committee is not able to reach a decision.

(b) Parent and UpstreamCo acknowledge that (i) the remaining amounts due under the Plea Agreement, dated January 8, 2014, between the United States of America and Alcoa World Alumina LLC (and the guarantee of such amounts), and the Cease-and-Desist Order, dated January 9, 2014, In the Matter of Alcoa Inc. (collectively, the "Settlement"), shall be UpstreamCo Liabilities under this Agreement, and (ii) prior to the Effective Time, each of the Parent Board and the board of directors of UpstreamCo shall approve resolutions undertaking the enhanced compliance procedures contemplated by the Settlement.

2.14 UpstreamCo Financing Arrangements.

(a) Prior to the Effective Time and pursuant to the Separation Step Plan, (i) UpstreamCo or other member(s) of the UpstreamCo Group shall enter into one or more financing arrangements and agreements pursuant to which it or they shall borrow a principal amount of $1,250,000,000 (the "UpstreamCo Financing Arrangements"), and (ii) UpstreamCo or such other member(s) of the UpstreamCo Group that entered into the UpstreamCo Financing Arrangements shall transfer all or a portion of the proceeds from the UpstreamCo Financing Arrangements to Parent or other member(s) of the Parent Group in accordance with Schedule 2.14.

(b) Parent and UpstreamCo agree to take all necessary actions to assure the full release and discharge of Parent and the other members of the Parent Group from all obligations pursuant to the UpstreamCo Financing Arrangements as of no later than the Effective Time. The parties agree that UpstreamCo or another member of the UpstreamCo Group, as the case may be, and not Parent or any member of the Parent Group, are and shall be responsible for all costs and expenses incurred in connection with the UpstreamCo Financing Arrangements.

(c) Prior to the Effective Time, Parent and UpstreamCo shall cooperate in the preparation of all materials as may be necessary or advisable to execute the UpstreamCo Financing Arrangements.

ARTICLE III
THE DISTRIBUTION

3.1 Sole and Absolute Discretion; Cooperation.

(a) Parent shall, in its sole and absolute discretion, determine the terms of the Distribution, including the form, structure and terms of any transaction(s) and/or offering(s) to effect the Distribution and the timing and conditions to the consummation of the Distribution. In addition, Parent may, at any time and from time to time until the consummation of the Distribution, modify or change the terms of the Distribution, including by accelerating or delaying the timing of the consummation of all or part of the Distribution. Nothing herein shall in any way limit Parent's right to terminate this Agreement or the Distribution as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX.

(b) UpstreamCo shall cooperate with Parent to accomplish the Distribution and shall, at Parent's direction, promptly take any and all actions necessary or desirable to effect the Distribution, including in respect of the registration under the Exchange Act of UpstreamCo Shares on the Form 10. Parent shall select any investment bank or manager in connection with the Distribution, as well as any financial printer, solicitation and/or exchange agent and financial, legal, accounting and other advisors for Parent. UpstreamCo and Parent, as the case may be, will provide to the Agent any information required in order to complete the Distribution.

3.2 Actions Prior to the Distribution. Prior to the Effective Time and subject to the terms and conditions set forth herein, the Parties shall take, or cause to be taken, the following actions in connection with the Distribution:

(a) *Notice to NYSE*. Parent shall, to the extent possible, give the NYSE not less than ten (10) days' advance notice of the Record Date in compliance with Rule 10b-17 under the Exchange Act.

(b) *UpstreamCo Certificate of Incorporation and UpstreamCo Bylaws*. On or prior to the Distribution Date, Parent and UpstreamCo shall take all necessary actions so that, as of the Effective Time, the UpstreamCo Certificate of Incorporation and the UpstreamCo Bylaws shall become the certificate of incorporation and bylaws of UpstreamCo, respectively.

(c) *UpstreamCo Directors and Officers*. On or prior to the Distribution Date, Parent and UpstreamCo shall take all necessary actions so that as of the Effective Time: (i) the directors and executive officers of UpstreamCo shall be those set forth in the Information Statement mailed to the Record Holders prior to the Distribution Date, unless otherwise agreed by the Parties; (ii) each individual referred to in clause (i) shall have resigned from his or her position, if any, as a member of the Parent Board and/or as an executive officer of Parent; and (iii) UpstreamCo shall have such other officers as UpstreamCo shall appoint.

(d) *NYSE Listing*. UpstreamCo shall prepare and file, and shall use its reasonable best efforts to have approved, an application for the listing of the UpstreamCo Shares to be distributed in the Distribution on the NYSE, subject to official notice of distribution.

(e) *Securities Law Matters*. UpstreamCo shall file any amendments or supplements to the Form 10 as may be necessary or advisable in order to cause the Form 10 to become and remain effective as required by the SEC or federal, state or other applicable securities Laws. Parent and UpstreamCo shall cooperate in preparing, filing with the SEC and causing to become effective registration statements or amendments thereof which are required to reflect the establishment of, or amendments to, any employee benefit and other plans necessary or advisable in connection with the transactions contemplated by this Agreement and the Ancillary Agreements. Parent and UpstreamCo shall prepare, and UpstreamCo shall, to the extent required under applicable Law, file with the SEC any such documentation and any requisite no-action letters that Parent determines are necessary or desirable to effectuate the Distribution, and Parent and UpstreamCo shall use reasonable best efforts to obtain all necessary approvals from the SEC with respect thereto as soon as practicable. Parent and UpstreamCo shall take all such action as may be necessary or appropriate under the securities or blue sky laws of the United States (and any comparable Laws under any foreign jurisdiction) in connection with the Distribution.

(f) *Mailing of Information Statement*. Parent shall, as soon as is reasonably practicable after the Form 10 is declared effective under the Exchange Act and the Parent Board has approved the Distribution, cause the Information Statement to be mailed to the Record Holders.

(g) *The Distribution Agent*. Parent shall enter into a distribution agent agreement with the Agent or otherwise provide instructions to the Agent regarding the Distribution.

(h) *Stock-Based Employee Benefit Plans*. Parent and UpstreamCo shall take all actions as may be necessary to approve the grants of adjusted equity awards by Parent (in respect of Parent shares) and UpstreamCo (in respect of UpstreamCo shares) in connection with the Distribution in order to satisfy the requirements of Rule 16b-3 under the Exchange Act.

(i) *Name Changes*. (i) Parent and UpstreamCo shall take all actions necessary such that coincident with the Distribution, (A) UpstreamCo will change its name to Alcoa Corporation and (B) Parent will change its name to Arconic Inc., and (ii) Parent shall prepare and file, and shall use its reasonable best efforts to have approved, a supplemental listing application with the NYSE to facilitate its name change.

3.3 Conditions to the Distribution.

(a) The consummation of the Distribution shall be subject to the satisfaction, or waiver by Parent in its sole and absolute discretion, of the following conditions:

(i) The SEC shall have declared effective the Form 10; no order suspending the effectiveness of the Form 10 shall be in effect; and no proceedings for such purposes shall have been instituted or threatened by the SEC.

(ii) The Information Statement shall have been mailed to the Record Holders.

(iii) Parent shall have received (A) a private letter ruling from the U.S. Internal Revenue Service, satisfactory to the Parent Board, regarding certain U.S. federal income tax matters relating to the Separation and the Distribution and (B) an opinion from Wachtell, Lipton, Rosen & Katz, satisfactory to the Parent Board, regarding the qualification of the Contribution and the Distribution, taken together, as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355(a) and 368(a)(1)(D) of the Code.

(iv) The transfer of the UpstreamCo Assets (other than any Delayed UpstreamCo Asset) and UpstreamCo Liabilities (other than any Delayed UpstreamCo Liability) contemplated to be transferred from Parent to UpstreamCo on or prior to the Distribution shall have occurred as contemplated by Section 2.1, and the transfer of the Parent Assets (other than any Delayed Parent Asset) and Parent Liabilities (other than any Delayed Parent Liability) contemplated to be transferred from UpstreamCo to Parent on or prior to the Distribution Date shall have occurred as contemplated by Section 2.1, in each case pursuant to the Separation Step Plan.

(v) An independent appraisal firm acceptable to Parent shall have delivered one or more opinions to the Parent Board confirming the solvency and financial viability of Parent and UpstreamCo after consummation of the Distribution, and such opinions shall be acceptable to Parent in form and substance in Parent's sole discretion and such opinions shall not have been withdrawn or rescinded.

(vi) The actions and filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities Laws or blue sky Laws and the rules and regulations thereunder shall have been taken or made, and, where applicable, have become effective or been accepted.

(vii) Each of the Ancillary Agreements shall have been duly executed and delivered by the applicable parties thereto.

(viii) No order, injunction or decree issued by any Governmental Authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Separation, the Distribution or any of the transactions related thereto shall be in effect.

(ix) The UpstreamCo Shares to be distributed to the Parent shareholders in the Distribution shall have been accepted for listing on the NYSE, subject to official notice of distribution.

(x) Parent shall have received the proceeds from the UpstreamCo Financing Arrangements contemplated by Section 2.14 and shall be satisfied in its sole and absolute discretion that, as of the Effective Time, it shall have no further Liability under the UpstreamCo Financing Arrangements.

(xi) No other events or developments shall exist or shall have occurred that, in the judgment of the Parent Board, in its sole and absolute discretion, makes it inadvisable to effect the Separation, the Distribution or the transactions contemplated by this Agreement or any Ancillary Agreement.

(b) The foregoing conditions are for the sole benefit of Parent and shall not give rise to or create any duty on the part of Parent or the Parent Board to waive or not waive any such condition or in any way limit Parent's right to terminate this Agreement as set forth in Article IX or alter the consequences of any such termination from those specified in Article IX. Any determination made by the Parent Board prior to the Distribution concerning the satisfaction or waiver of any or all of the conditions set forth in Section 3.3(a) shall be conclusive and binding on the Parties. If Parent waives any material condition, it shall promptly issue a press release disclosing such fact and file a Current Report on Form 8-K with the SEC describing such waiver.

3.4 The Distribution.

(a) Subject to Section 3.3, on or prior to the Effective Time, UpstreamCo shall deliver to the Agent, for the benefit of the Record Holders, book-entry transfer authorizations for such number of the outstanding UpstreamCo Shares as is

necessary to effect the Distribution, and shall cause the transfer agent for the Parent Shares to instruct the Agent to distribute at the Effective Time the appropriate number of UpstreamCo Shares to each such Record Holder or designated transferee or transferees of thereof by way of direct registration in book-entry form. UpstreamCo shall not issue paper stock certificates in respect of the UpstreamCo Shares. The Distribution shall be effective at the Effective Time.

(b) Subject to Sections 3.3 and 3.4(c), each Record Holder will be entitled to receive in the Distribution one whole UpstreamCo Share for every three Parent Shares held by such Record Holder on the Record Date (the "Distribution Ratio"), rounded down to the nearest whole number.

(c) No fractional shares shall be distributed or credited to book-entry accounts in connection with the Distribution, and any such fractional share interests to which a Record Holder would otherwise be entitled shall not entitle such Record Holder to vote or to any other rights as a stockholder of UpstreamCo. In lieu of any such fractional shares, each Record Holder who, but for the provisions of this Section 3.4(c), would be entitled to receive a fractional share interest of an UpstreamCo Share pursuant to the Distribution, shall be paid cash, without any interest thereon, as hereinafter provided. As soon as practicable after the Effective Time, Parent shall direct the Agent to determine the number of whole and fractional UpstreamCo Shares allocable to each Record Holder, to aggregate all such fractional shares into whole shares, and to sell the whole shares obtained thereby in the open market at the then-prevailing prices on behalf of each Record Holder who otherwise would be entitled to receive fractional share interests (with the Agent, in its sole and absolute discretion, determining when, how and through which broker-dealer and at what price to make such sales), and to cause to be distributed to each such Record Holder, in lieu of any fractional share, such Record Holder's or owner's ratable share of the total proceeds of such sale, after deducting any Taxes required to be withheld and applicable transfer Taxes, and after deducting the costs and expenses of such sale and distribution, including brokers fees and commissions. None of Parent, UpstreamCo or the Agent shall be required to guarantee any minimum sale price for the fractional UpstreamCo Shares sold in accordance with this Section 3.4(c). Neither Parent nor UpstreamCo shall be required to pay any interest on the proceeds from the sale of fractional shares. Neither the Agent nor the broker-dealers through which the aggregated fractional shares are sold shall be Affiliates of Parent or UpstreamCo. Solely for purposes of computing fractional share interests pursuant to this Section 3.4(c) and Section 3.4(d), the beneficial owner of Parent Shares held of record in the name of a nominee in any nominee account shall be treated as the Record Holder with respect to such shares.

(d) Any UpstreamCo Shares or cash in lieu of fractional shares with respect to UpstreamCo Shares that remain unclaimed by any Record Holder one hundred and eighty (180) days after the Distribution Date shall be delivered to UpstreamCo, and UpstreamCo or its transfer agent shall hold such UpstreamCo Shares for the account of such Record Holder, and the Parties agree that all obligations to provide such UpstreamCo Shares and cash, if any, in lieu of fractional share interests shall be obligations of UpstreamCo, subject in each case to applicable escheat or other abandoned property Laws, and Parent shall have no Liability with respect thereto.

(e) Until the UpstreamCo Shares are duly transferred in accordance with this Section 3.4 and applicable Law, from and after the Effective Time, UpstreamCo shall regard the Persons entitled to receive such UpstreamCo Shares as record holders of UpstreamCo Shares in accordance with the terms of the Distribution without requiring any action on the part of such Persons. UpstreamCo agrees that, subject to any transfers of such shares, from and after the Effective Time, (i) each such holder shall be entitled to receive all dividends payable on, and exercise voting rights and all other rights and privileges with respect to, the UpstreamCo Shares then held by such holder, and (ii) each such holder will be entitled, without any action on the part of such holder, to receive evidence of ownership of the UpstreamCo Shares then held by such holder.

ARTICLE IV
MUTUAL RELEASES; INDEMNIFICATION

4.1 Release of Pre-Distribution Claims.

(a) *UpstreamCo Release of Parent.* Except as provided in Sections 4.1(c) and (d), effective as of the Effective Time, UpstreamCo does hereby, for itself and each other member of the UpstreamCo Group, and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the UpstreamCo Group (in each case, in their respective capacities as such), remise, release and forever discharge (i) Parent and the members of the Parent Group, and their respective successors and assigns, (ii) all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Parent Group (in each case, in their respective capacities as such), and their respective heirs, executors, administrators, successors and assigns, and (iii) all Persons who at any time prior to the Effective Time are or have been shareholders, directors, officers, agents or employees of a Transferred Entity and who are not, as of immediately following the Effective Time, directors, officers or employees of UpstreamCo or a member of the UpstreamCo Group, in each case from: (A) all UpstreamCo Liabilities, (B) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution and (C) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the UpstreamCo Business, the UpstreamCo Assets or the UpstreamCo Liabilities.

(b) *Parent Release of UpstreamCo.* Except as provided in Sections 4.1(c) and (d), effective as of the Effective Time, Parent does hereby, for itself and each other member of the Parent Group and their respective successors and assigns, and, to the extent permitted by Law, all Persons who at any time prior to the Effective Time have been shareholders, directors, officers, agents or employees of any member of the Parent Group (in each case, in their respective capacities as such), remise, release and forever discharge UpstreamCo and the members of the UpstreamCo Group and their respective

successors and assigns, from (i) all Parent Liabilities, (ii) all Liabilities arising from or in connection with the transactions and all other activities to implement the Separation and the Distribution and (iii) all Liabilities arising from or in connection with actions, inactions, events, omissions, conditions, facts or circumstances occurring or existing prior to the Effective Time (whether or not such Liabilities cease being contingent, mature, become known, are asserted or foreseen, or accrue, in each case before, at or after the Effective Time), in each case to the extent relating to, arising out of or resulting from the Parent Business, the Parent Assets or the Parent Liabilities.

(c) *Obligations Not Affected.* Nothing contained in Section 4.1(a) or (b) shall impair any right of any Person to enforce this Agreement or any Ancillary Agreement, or any agreements, arrangements, commitments or understandings which Section 2.7(b) or the applicable Schedules thereto provide shall not terminate as of the Effective Time, in each case in accordance with their respective terms. Nothing contained in Section 4.1(a) or (b) shall release any Person from:

(i) any Liability provided in or resulting from any agreement among any members of the Parent Group or the UpstreamCo Group which Section 2.7(b) or the applicable Schedules thereto provide shall not terminate as of the Effective Time, or any other Liability which Section 2.7(b) provides shall not terminate as of the Effective Time;

(ii) any Liability, contingent or otherwise, assumed, transferred, assigned or allocated to the Group of which such Person is a member in accordance with, or any other Liability of any member of any Group under, this Agreement or any Ancillary Agreement;

(iii) any Liability for the sale, lease, construction or receipt of goods, property or services purchased, obtained or used in the ordinary course of business by a member of one Group from a member of the other Group prior to the Effective Time;

(iv) any Liability that the Parties may have with respect to indemnification or contribution pursuant to this Agreement, any Ancillary Agreement or otherwise for claims brought against the Parties by Third Parties, which Liability shall be governed by the provisions of this Article IV and Article V and, if applicable, the appropriate provisions of the Ancillary Agreements; or

(v) any Liability the release of which would result in the release of any Person other than a Person released pursuant to this Section 4.1.

In addition, nothing contained in Section 4.1(a) shall release any member of the Parent Group from honoring its existing obligations to indemnify any director, officer or employee of a member of the UpstreamCo Group who was a director, officer or employee of any member of the Parent Group on or prior to the Effective Time, to the extent such director, officer or employee becomes a named defendant in any Action with respect to which such director, officer or employee was entitled to such indemnification pursuant to such existing obligations; it being understood that, if the underlying obligation giving rise to such Action is an UpstreamCo Liability, UpstreamCo shall indemnify Parent for such Liability (including Parent’s costs to indemnify the director, officer or employee) in accordance with the provisions set forth in this Article IV.

(d) *No Claims.* UpstreamCo shall not make, and shall not permit any other member of the UpstreamCo Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification, against Parent or any other member of the Parent Group, or any other Person released pursuant to Section 4.1(a), with respect to any Liabilities released pursuant to Section 4.1(a). Parent shall not make, and shall not permit any other member of the Parent Group to make, any claim or demand, or commence any Action asserting any claim or demand, including any claim of contribution or any indemnification against UpstreamCo or any other member of the UpstreamCo Group, or any other Person released pursuant to Section 4.1(b), with respect to any Liabilities released pursuant to Section 4.1(b).

(e) *Execution of Further Releases.* At any time at or after the Effective Time, at the request of either Party, the other Party shall cause each member of its Group to execute and deliver releases reflecting the provisions of this Section 4.1.

4.2 Indemnification by UpstreamCo. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, UpstreamCo shall, and shall cause the other members of the UpstreamCo Group to, indemnify, defend and hold harmless Parent, each member of the Parent Group and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "Parent Indemnitees"), from and against any and all Liabilities of the Parent Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any UpstreamCo Liability;

(b) any failure of UpstreamCo, any other member of the UpstreamCo Group or any other Person to pay, perform or otherwise promptly discharge any UpstreamCo Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by UpstreamCo or any other member of the UpstreamCo Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to a Parent Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the UpstreamCo Group by any member of the Parent Group that survives following the Distribution; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to all information contained in the Form 10, the Information Statement (as amended or supplemented if UpstreamCo shall have furnished any amendments or supplements thereto) or any other Disclosure Document, other than the matters described in clause (e) of Section 4.3.

4.3 Indemnification by Parent. Except as otherwise specifically set forth in this Agreement or in any Ancillary Agreement, to the fullest extent permitted by Law, Parent shall, and shall cause the other members of the Parent Group to, indemnify, defend and hold harmless UpstreamCo, each member of the UpstreamCo Group and each of their respective past, present and future directors, officers, employees or agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "UpstreamCo Indemnitees"), from and against any and all Liabilities of the UpstreamCo Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

(a) any Parent Liability;

(b) any failure of Parent, any other member of the Parent Group or any other Person to pay, perform or otherwise promptly discharge any Parent Liabilities in accordance with their terms, whether prior to, on or after the Effective Time;

(c) any breach by Parent or any other member of the Parent Group of this Agreement or any of the Ancillary Agreements;

(d) except to the extent it relates to an UpstreamCo Liability, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Parent Group by any member of the UpstreamCo Group that survives following the Distribution; and

(e) any untrue statement or alleged untrue statement of a material fact or omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, with respect to statements made explicitly in Parent's name in the Form 10, the Information Statement (as amended or supplemented if UpstreamCo shall have furnished any amendments or supplements thereto) or any other Disclosure Document; it being agreed that the statements set forth on Schedule 4.3(e) shall be the only statements made explicitly in Parent's name in the Form 10, the Information Statement or any other Disclosure Document, and all other information contained in the Form 10, the Information Statement or any other Disclosure Document shall be deemed to be information supplied by UpstreamCo.

4.4 Indemnification Obligations Net of Insurance Proceeds and Other Amounts.

(a) The Parties intend that any Liability subject to indemnification, contribution or reimbursement pursuant to this Article IV or Article V will be net of Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of any indemnifiable Liability. Accordingly, the amount that either Party (an "Indemnifying Party") is required to pay to any Person entitled to indemnification or contribution hereunder (an "Indemnitee") shall be reduced by any

Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of the related Liability. If an Indemnitee receives a payment (an "Indemnity Payment") required by this Agreement from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds or any other amounts in respect of such Liability, then, within ten (10) calendar days of receipt of such Insurance Proceeds, the Indemnitee shall pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or such other amounts (net of any out-of-pocket costs or expenses incurred in the collection thereof) had been received, realized or recovered before the Indemnity Payment was made.

(b) The Parties agree that an insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of any provision contained in this Agreement or any Ancillary Agreement, have any subrogation rights with respect thereto, it being understood that no insurer or any other Third Party shall be entitled to a "windfall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification and contribution provisions hereof. Each Party shall, and shall cause the members of its Group to, use commercially reasonable efforts (taking into account the probability of success on the merits and the cost of expending such efforts, including attorneys' fees and expenses) to collect or recover, any Insurance Proceeds that may be collectible or recoverable respecting the Liabilities for which indemnification or contribution may be available under this Article IV. Notwithstanding the foregoing, an Indemnifying Party may not delay making any indemnification payment required, or otherwise satisfying any indemnification obligation, under the terms of this Agreement pending the outcome of any Action to collect or recover Insurance Proceeds, and an Indemnitee need not attempt to collect any Insurance Proceeds prior to making a claim for indemnification or contribution or receiving any Indemnity Payment otherwise owed to it under this Agreement or any Ancillary Agreement.

4.5 Procedures for Indemnification of Third-Party Claims.

(a) *Notice of Claims.* If, at or following the date of this Agreement, an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Parent Group or the UpstreamCo Group of any claim or of the commencement by any such Person of any Action (collectively, a "Third-Party Claim") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 4.2 or 4.3, or any other Section of this Agreement or any Ancillary Agreement, such Indemnitee shall give such Indemnifying Party written notice thereof as soon as practicable, but in any event within twenty one (21) days (or sooner if the nature of the Third-Party Claim so requires) after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail, including the facts and circumstances giving rise to such claim for indemnification, and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnitee to provide notice in

accordance with this Section 4.5(a) shall not relieve an Indemnifying Party of its indemnification obligations under this Agreement, except to the extent the Indemnifying Party is actually prejudiced by the Indemnitee's failure to provide notice in accordance with this Section 4.5(a).

(b) *Control of Defense*. An Indemnifying Party may elect to defend, at its own expense and with its own counsel, any Third-Party Claim; provided that, prior to the Indemnifying Party assuming and controlling the defense of such Third-Party Claim, it shall first confirm to the Indemnitee in writing that, assuming the facts presented to the Indemnifying Party by the Indemnitee are true, the Indemnifying Party shall indemnify the Indemnitee for any such Losses to the extent resulting from, or arising out of, such Third-Party Claim. Notwithstanding the foregoing, if the Indemnifying Party assumes such defense and, in the course of defending such Third-Party Claim, (i) the Indemnifying Party discovers that the facts presented at the time the Indemnifying Party acknowledged its indemnification obligation in respect of such Third-Party Claim were not true and (ii) such untruth provides a reasonable basis for asserting that the Indemnifying Party does not have an indemnification obligation in respect of such Third-Party Claim, then (A) the Indemnifying Party shall not be bound by such acknowledgment, (B) the Indemnifying Party shall promptly thereafter provide the Indemnitee written notice of its assertion that it does not have an indemnification obligation in respect of such Third-Party Claim and (C) the Indemnitee shall have the right to assume the defense of such Third-Party Claim. Within thirty (30) days after the receipt of a notice from an Indemnitee in accordance with Section 4.5(a) (or sooner, if the nature of the Third-Party Claim so requires), the Indemnifying Party shall provide written notice to the Indemnitee indicating whether the Indemnifying Party shall assume responsibility for defending the Third-Party Claim. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of the notice from an Indemnitee as provided in Section 4.5(a), then the Indemnitee that is the subject of such Third-Party Claim shall be entitled to continue to conduct and control the defense of such Third-Party Claim.

(c) *Allocation of Defense Costs*. If an Indemnifying Party has elected to assume the defense of a Third-Party Claim, then such Indemnifying Party shall be solely liable for all fees and expenses incurred by it in connection with the defense of such Third-Party Claim and shall not be entitled to seek any indemnification or reimbursement from the Indemnitee for any such fees or expenses incurred by the Indemnifying Party during the course of the defense of such Third-Party Claim by such Indemnifying Party, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of a notice from an Indemnitee as provided in Section 4.5(a), and the Indemnitee conducts and controls the defense of such Third-Party Claim and the Indemnifying Party has an indemnification obligation with respect to such Third-Party Claim, then the Indemnifying Party shall be liable for all reasonable fees and expenses incurred by the Indemnitee in connection with the defense of such Third-Party Claim.

(d) *Right to Monitor and Participate.* An Indemnitee that does not conduct and control the defense of any Third-Party Claim, or an Indemnifying Party that has failed to elect to defend any Third-Party Claim as contemplated hereby, nevertheless shall have the right to employ separate counsel (including local counsel as necessary) of its own choosing to monitor and participate in (but not control) the defense of any Third-Party Claim for which it is a potential Indemnitee or Indemnifying Party, as applicable, but the fees and expenses of such counsel shall be at the expense of such Indemnitee or Indemnifying Party, as the case may be, and the provisions of Section 4.5(c) shall not apply to such fees and expenses. Notwithstanding the foregoing, but subject to Sections 6.7 and 6.8, such Party shall cooperate with the Party entitled to conduct and control the defense of such Third-Party Claim in such defense and make available to the controlling Party, at the non-controlling Party's expense, all witnesses, information and materials in such Party's possession or under such Party's control relating thereto as are reasonably required by the controlling Party. In addition to the foregoing, if any Indemnitee shall in good faith determine that such Indemnitee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation in connection with a Third-Party Claim inappropriate, then the Indemnitee shall have the right to employ separate counsel (including local counsel as necessary) and to participate in (but not control) the defense, compromise, or settlement thereof, and the Indemnifying Party shall bear the reasonable fees and expenses of such counsel for all Indemnitees.

(e) *No Settlement.* Neither Party may settle or compromise any Third-Party Claim for which either Party is seeking to be indemnified hereunder without the prior written consent of the other Party, which consent may not be unreasonably withheld, unless such settlement or compromise is solely for monetary damages that are fully payable by the settling or compromising Party, does not involve any admission, finding or determination of wrongdoing or violation of Law by the other Party and provides for a full, unconditional and irrevocable release of the other Party from all Liability in connection with the Third-Party Claim. The Parties hereby agree that if a Party presents the other Party with a written notice containing a proposal to settle or compromise a Third-Party Claim for which either Party is seeking to be indemnified hereunder and the Party receiving such proposal does not respond in any manner to the Party presenting such proposal within twenty (20) days or such longer period, not to exceed thirty (30) days, as may be agreed by the Parties (or within any such shorter time period that may be required by applicable Law or court order) of receipt of such proposal, then the Party receiving such proposal shall be deemed to have consented to the terms of such proposal.

(f) *Ancillary Agreements Govern.*

(i) The provisions of this Section 4.5 and the provisions of Section 4.6 do not apply to Taxes, which shall be governed by the Tax Matters Agreement. In the case of any conflict between this Agreement and the Tax Matters Agreement in relation to any matters addressed by the Tax Matters Agreement, the Tax Matters Agreement shall prevail.

(ii) Notwithstanding the provisions of this Section 4.5 and the provisions of Section 4.6, to the extent the Registration Rights Agreement contains any indemnification obligation or contribution obligation relating to any Liabilities of an Indemnitee relating to, arising out of or resulting from information contained in any registration statement (other than the Form 10 (including any amendments or supplements thereto) and the Information Statement (as amended or supplemented), to which this Section 4.5(f)(ii) shall not apply), the indemnification obligations and contribution obligations contained herein shall not apply to such Liabilities and instead the indemnification obligations and/or contribution obligations set forth in the Registration Rights Agreement shall govern with regard to such Liabilities.

4.6 Additional Matters.

(a) *Timing of Payments.* Indemnification or contribution payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification or contribution under this Article IV shall be paid reasonably promptly (but in any event within thirty (30) days of the final determination of the amount that the Indemnitee is entitled to indemnification or contribution under this Article IV) by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution provisions contained in this Article IV shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee, and (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder.

(b) *Notice of Direct Claims.* Any claim for indemnification or contribution under this Agreement or any Ancillary Agreement that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the applicable Indemnifying Party; provided, that the failure by an Indemnitee to so assert any such claim shall not prejudice the ability of the Indemnitee to do so at a later time except to the extent (if any) that the Indemnifying Party is prejudiced thereby. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30)-day period, such specified claim shall be conclusively deemed a Liability of the Indemnifying Party under this Section 4.6(b) or, in the case of any written notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of the claim (or such portion thereof) becomes finally determined. If such Indemnifying Party does not respond within such thirty (30)-day period or rejects such claim in whole or in part, such Indemnitee shall, subject to the provisions of Article VII, be free to pursue such remedies as may be available to such party as contemplated by this Agreement and the Ancillary Agreements, as applicable, without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

(c) *Pursuit of Claims Against Third Parties.* If (i) a Party incurs any Liability arising out of this Agreement or any Ancillary Agreement; (ii) an adequate legal or equitable remedy is not available for any reason against the other Party to satisfy the Liability incurred by the incurring Party; and (iii) a legal or equitable remedy may be available to the other Party against a Third Party for such Liability, then the other Party shall use its commercially reasonable efforts to cooperate with the incurring Party, at the incurring Party's expense, to permit the incurring Party to obtain the benefits of such legal or equitable remedy against such Third Party.

(d) *Subrogation.* In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

(e) *Substitution.* In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in Section 4.5 and this Section 4.6, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys' fees, experts fees and all other external expenses), the costs of any judgment or settlement and the cost of any interest or penalties relating to any judgment or settlement.

4.7 Right of Contribution.

(a) *Contribution.* If any right of indemnification contained in Section 4.2 or 4.3 is held unenforceable or is unavailable for any reason, or is insufficient to hold harmless an Indemnitee in respect of any Liability for which such Indemnitee is entitled to indemnification hereunder, then the Indemnifying Party shall contribute to the amounts paid or payable by the Indemnitees as a result of such Liability (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the members of its Group, on the one hand, and the Indemnitees entitled to contribution, on the other hand, as well as any other relevant equitable considerations.

(b) *Allocation of Relative Fault.* Solely for purposes of determining relative fault pursuant to this Section 4.7: (i) any fault associated with the business conducted with the Delayed UpstreamCo Assets or Delayed UpstreamCo Liabilities (except for the gross negligence or intentional misconduct of a member of the Parent Group) or with the ownership, operation or activities of the UpstreamCo Business prior to the Effective Time shall be deemed to be the fault of UpstreamCo and the other members of the UpstreamCo Group, and no such fault shall be deemed to be the fault of Parent or

any other member of the Parent Group; (ii) any fault associated with the business conducted with Delayed Parent Assets or Delayed Parent Liabilities (except for the gross negligence or intentional misconduct of a member of the UpstreamCo Group) shall be deemed to be the fault of Parent and the other members of the Parent Group, and no such fault shall be deemed to be the fault of UpstreamCo or any other member of the UpstreamCo Group; and (iii) any fault associated with the ownership, operation or activities of the Parent Business prior to the Effective Time shall be deemed to be the fault of Parent and the other members of the Parent Group, and no such fault shall be deemed to be the fault of UpstreamCo or any other member of the UpstreamCo Group.

4.8 Covenant Not to Sue. Each Party hereby covenants and agrees that none of it, the members of its Group or any Person claiming through it or them shall bring suit or otherwise assert any claim against any Indemnitee, or assert a defense against any claim asserted by any Indemnitee, before any court, arbitrator, mediator or administrative agency anywhere in the world, alleging that: (a) the assumption of any UpstreamCo Liabilities by UpstreamCo or a member of the UpstreamCo Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason; (b) the retention of any Parent Liabilities by Parent or a member of the Parent Group on the terms and conditions set forth in this Agreement and the Ancillary Agreements is void or unenforceable for any reason, or (c) the provisions of this Article IV are void or unenforceable for any reason.

4.9 Remedies Cumulative. The remedies provided in this Article IV shall be cumulative and, subject to the provisions of Article VIII, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

4.10 Survival of Indemnities. The rights and obligations of each of Parent and UpstreamCo and their respective Indemnitees under this Article IV shall survive (a) the sale or other transfer by either Party or any member of its Group of any assets or businesses or the assignment by it of any liabilities; or (b) any merger, consolidation, business combination, sale of all or substantially all of its Assets, restructuring, recapitalization, reorganization or similar transaction involving either Party or any member of its Group.

4.11 Environmental Matters.

(a) Management of Environmental Liabilities.

(i) The Party designated or otherwise deemed to be the Party responsible for an Environmental Liability under this Agreement shall be the Party responsible for managing such Environmental Liability (the "Performing Party" or "Lead Party") and the other Party will be the non-performing Party with respect to such Environmental Liability (the "Non-Performing Party" or "Non-Lead Party"), unless (1) Schedules 1.3, 1.5 or 1.10 provide otherwise, or (2) the Non-Performing Party (or a member of its Group) is the owner of the property impacted by the Environmental Liability in which case such property owner shall be the Performing Party. With respect to any Environmental Liability, the Performing Party

shall be required to perform all Remediation Work and other remediation and compliance activities required by applicable Environmental Laws or the requirements of any Governmental Authority with jurisdiction over such Environmental Liability and/or Remediation Work or to comply with any obligations of either Party to indemnify any Third Party with respect to Environmental Liabilities or avoid Liability to any Third Party under applicable Environmental Law.

(ii) With regard to any Remediation Work that could result in Environmental Liability to the Non-Performing Party to be performed following the date of this Agreement, (A) all proposals for Remediation Work and all decisions as to Remediation Work shall be made by the Performing Party in reasonable consultation with the Non-Performing Party upon written request by the Non-Performing Party and reasonably taking in account the input of the Non-Performing Party and its consultants, and (B) the Performing Party shall retain only reasonably qualified environmental consultants to assist it in undertaking and completing such Remediation Work. With regard to any Remediation Work performed or to be performed following the date of this Agreement, the Performing Party shall provide to the Non-Performing Party, as promptly as reasonably practicable, a copy of any and all final written correspondence, results, tables, figures, conclusions, reports and other documents (I) generated by any consultant or (II) submitted to, filed with or received from any Governmental Authority, but, in each case, only to the extent the Non-Performing Party submits a written request to the Performing Party to receive such documents.

(iii) With regard to Remediation Work where the Performing Party will bear less than half of the costs under this Agreement, (i) the non-Performing Party will have the right to select the contractors, consultants, and other third parties to perform the Remediation Work, subject to the approval of the Performing Party, which approval shall not be withheld except for good cause, (ii) at non-Performing Party's request in writing, non-Performing Party will be involved in all significant discussions with Performing Party and any relevant third party regarding all aspects of any Remediation Work, (iii) non-Performing Party will have a meaningful opportunity to provide comment to Performing Party and any relevant third party regarding all material aspects of any Remediation Work to be taken, and (iv) Performing Party shall take into consideration any such comments by non-Performing Party and implement them where reasonably feasible and not otherwise in conflict with this Lease.

(iv) With respect to any Environmental Liability or Remediation Work identified in Schedule 1.5, if the Non-Performing Party is the property owner, the Performing Party shall not initiate any communication with any Governmental Authority or other Third Party without the prior written consent of the Non-Performing Party, such consent not to be unreasonably withheld, conditioned or delayed.

(b) Substitution.

(i) The Performing Party shall use its reasonable best efforts to obtain any consents, transfers, assignments, assumptions, waivers or other legal instruments necessary to cause the Performing Party or the appropriate subsidiary of the Performing Party to be fully substituted for the Non-Performing Party or any other applicable member of the Non-Performing Party's Group with respect to any order, decree, judgment, agreement or Action with respect to Environmental Liabilities for which such Performing Party is the Performing Party that are in effect as of the Effective Time. In addition, each Party shall use its reasonable best efforts to obtain any consents, transfers, assignments, assumptions, waivers or other legal instruments necessary to cause such Party or the appropriate subsidiary of such Party to be fully substituted for the other Party or any other applicable member of the other Party's Group with respect to any order, decree, judgment, agreement or Action with respect to Environmental Permits, financial assurance obligations or instruments, or other environmental approvals or filings associated with the UpstreamCo Assets, in the case of UpstreamCo, or the Parent Assets, in the case of Parent. Each Party shall inform the applicable Governmental Authority about its assumption of the applicable Environmental Liabilities associated with the matters listed on Schedule 1.3, 1.5 and 1.10 and request that the Governmental Authorities direct all communications, requirements, notifications and/or official letters related to such matters to such Party. Each Party shall use its reasonable best efforts to provide necessary assistance or signatures to the other Party to achieve the purposes of this Section 4.11(b).

(ii) Until such time as UpstreamCo and Parent complete the substitutions outlined in this Section 4.11(b), each Party shall comply with all applicable Environmental Laws, including all reporting obligations, and the terms and conditions of all orders, decrees, judgments, agreements, actions, Environmental Permits, financial assurances, obligations, instruments or other environmental approvals or filings that remain in the other Party's name but for which substitutions are to be made pursuant to this Section 4.11(b).

(iii) Notwithstanding anything in this Section 4.11(b) to the contrary, nothing in this Section 4.11(b) shall require either Party to take any actions that would reasonably be expected to increase the overall collective Liabilities of Parent and UpstreamCo, in the aggregate, to any Third Party.

(c) Standards for Remediation.

(i) The Performing Party shall perform all Remediation Work and other remediation and compliance activities contemplated by this Section 4.11, at a minimum, up to but not beyond the standards applicable to commercial/industrial uses.

(ii) The Parties shall implement deed restrictions, engineering and other institutional controls, and risk-based corrective action to manage or close out any Remediation Work or other remediation and compliance activities contemplated by this Section 4.11, provided that such deed restrictions, engineering and other institutional controls do not materially limit or materially increase the cost of the Non-Performing Party's ongoing and future operations or the Performing Party's ability to expand industrial or commercial operations or sell such any applicable property for industrial or commercial use in the future.

(iii) Where feasible and commercially advantageous with respect to the cost for Remediation Work, waste from either Performing Party or non-Performing Party should be consolidated into existing on-site disposal areas.

(iv) The Performing Party may take additional measures beyond the minimum required by this Section 4.11, but at the sole expense of Performing Party, regardless of non-Performing Party's share of liability for the Remediation Work unless required by the Governmental Authorities in which case the non-Performing Party will continue to pay its full share.

ARTICLE V
CERTAIN OTHER MATTERS

5.1 Tail Policies: Directors and Officers Insurance, Fiduciary Liability Insurance, and Employment Practice Liability Insurance.

(a) Prior to the Effective Time, Parent shall obtain and fully pay for "tail" directors and officers liability insurance policies having a policy period of six years from and after the Effective Time and providing prior acts coverage for claims made after the Effective Time with respect to wrongful acts that were committed prior to the Effective Time. Such directors and officers liability insurance policies, being referred to as the "Combined Tail D&O Program," shall be consistent in all material respects with the directors and officers liability insurance policies maintained by Parent as of the Effective Time (except for policy period and provisions excluding coverage for wrongful acts committed after the Effective Time).

(b) Prior to the Effective Time, Parent shall obtain and fully pay for fiduciary liability insurance policies having a policy period of six years from and after the Effective Time and providing prior acts coverage for claims made after the Effective Time

with respect to wrongful acts that were committed prior to the Effective Time. Such fiduciary liability insurance policies, being referred to as the "Combined Tail Fiduciary Program," shall be consistent in all material respects with the fiduciary liability insurance policies maintained by Parent as of the Effective Time (except for policy period and provisions excluding coverage for wrongful acts committed after the Effective Time).

(c) Prior to the Effective Time, Parent shall obtain and fully pay for employment practices liability insurance policies having a policy period of six years from and after the Effective Time and providing prior acts coverage for claims made after the Effective Time with respect to wrongful acts that were committed prior to the Effective Time. Such employment practices liability insurance policies, being referred to as the "Combined Tail Employment Practices Program," shall be consistent in all material respects with the employment practices liability insurance policies maintained by Parent as of the Effective Time (except for policy period and provisions excluding coverage for wrongful acts committed after the Effective Time).

(d) Parent shall timely provide to UpstreamCo copies of all policies comprising the Combined Tail D&O Program, the Combined Tail Fiduciary Program and the Combined Tail Employment Practices Program as well as copies of all binders.

(e) With respect to any claims that potentially implicate coverage provided under the Combined Tail D&O Program, the Combined Tail Fiduciary Program or the Combined Tail Employment Practices Program, on the one hand, and other insurance policies such as directors and officers liabilities insurance policies, fiduciary liability policies and employment practices liability insurance policies obtained by a Parent or UpstreamCo for wrongful acts committed after the Effective Time, on the other hand, UpstreamCo and Parent agree to cooperate and to act in good faith to ensure that an appropriate allocation of loss, if any, and an insurance contribution and Self-Insurance contribution, in accordance with the terms and provisions of the respective policies and the law, are effectuated.

5.2 Insurance Matters Generally.

(a) From and after the Effective Time, Parent and any members of the Parent Group insured under the Parent Policies on or before the Effective Date shall continue to be insured under the Parent Policies and shall retain all of rights under the their Parent Policies to the same extent, including their rights to recover for, without limitation, any Parent Liabilities under the Parent Policies. From and after the Effective Time, UpstreamCo and any members of the UpstreamCo Group insured under UpstreamCo Policies on or before the Effective Date shall continue to be insured under the UpstreamCo Policies and shall retain all of their rights under the UpstreamCo Policies, including rights to recover for, without limitation, any UpstreamCo Liabilities under the UpstreamCo Policies.

(b) Subject only to Sections 5.1, 5.2(g) and 5.2(k), in no event shall Parent, any other member of the Parent Group or any Parent Indemnitee have Liability or obligation whatsoever to any member of the UpstreamCo Group in the event that any

insurance policy or other contract or policy of insurance shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any member of the UpstreamCo Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date. Subject only to Sections 5.1, 5.2(g) and 5.2(l), in no event shall UpstreamCo, any other member of the UpstreamCo Group or any UpstreamCo Indemnitee have Liability or obligation whatsoever to any member of the Parent Group in the event that any insurance policy or other contract or policy of insurance shall be terminated or otherwise cease to be in effect for any reason, shall be unavailable or inadequate to cover any Liability of any member of the Parent Group for any reason whatsoever or shall not be renewed or extended beyond the current expiration date.

(c) From and after the Effective Time, with respect to any UpstreamCo Liability, (i) UpstreamCo and each member of the UpstreamCo Group, to the extent permitted by law, will have and will be fully entitled to exercise all rights that any of them may have as of the Effective Time, including the right to make claims, under the Parent Policies, it being the intent that this Agreement shall not operate to reduce any insurance recovery that otherwise would be available in the absence of the Separation; and (ii) to the extent permitted by law and necessary to effectuate the purpose of this Section 5.2(c), Parent assigns, transfers and conveys to UpstreamCo all rights to, proceeds from, and all claims and choses in action for coverage, defense, indemnity, payment and reimbursement provided under the Parent Policies to such members of the UpstreamCo Group with respect to UpstreamCo Liabilities, but solely to the extent that such policies provided coverage for such members of the UpstreamCo Group prior to the Effective Time with respect to such UpstreamCo Liabilities; provided that such access to, and such right to make claims under, Parent Policies, shall be subject to the terms, conditions and exclusions of such insurance policies, including any limits on coverage or scope, and any Self-Insurance, and shall be subject to the following additional conditions:

(i) Subject to Section 5.2(o), UpstreamCo will be solely responsible for notifying, tendering and submitting any claim for insurance coverage of any UpstreamCo Liability under the Parent Policies and for communicating with the issuers of the Parent Policies with respect to such claims for coverage. With respect to such UpstreamCo claim for coverage of an UpstreamCo Liability under the Parent Policies, (A) UpstreamCo shall provide to Parent contemporaneous copies of any such notifications, tenders, submissions and communications and (B) UpstreamCo shall have the right to notify, tender to, submit to, communicate with, and receive Insurance Proceeds from the issuers of the Parent Policies. Parent and UpstreamCo agree to consent to reasonable modifications, additions or deletions to such procedures before or after the Effective Time to effectuate the purpose of this Section and to furnish reasonable cooperation to each other to ensure that the purposes of Section 5.2(c) are effectuated;

(ii) UpstreamCo and the members of the UpstreamCo Group shall timely indemnify, hold harmless and reimburse Parent and the members of the Parent Group for any Self-Insurance incurred by Parent or any members of the Parent Group to the extent attributable to any claims (or portions of claims) made by UpstreamCo or any

other members of the UpstreamCo Group attributable to any UpstreamCo Liability under any Parent Policies, including any indemnity payments, settlements, judgments, legal fees and allocated claims expenses and claim handling fees, whether such claims are made by UpstreamCo, any other member of the UpstreamCo Group, their employees or Third Parties;

(iii) With respect to any UpstreamCo Liability, the members of the UpstreamCo Group shall exclusively bear and be liable for (and neither Parent nor any members of the Parent Group shall have any obligation to repay or reimburse UpstreamCo or any member of the UpstreamCo Group for) all uninsured, uncovered, unavailable or uncollectible amounts of all claims (or portions of claims) attributable to such UpstreamCo Liability made by UpstreamCo or any member of the UpstreamCo Group under the Parent Policies; and

(iv) For avoidance of doubt, with respect to any Parent Liability, the members of the Parent Group shall exclusively bear and be liable for (and neither UpstreamCo nor any members of the UpstreamCo Group shall have any obligation to repay or reimburse Parent or any member of the Parent Group for) all uninsured, uncovered, unavailable or uncollectible amounts of all claims (or portions of claims) attributable to such Parent Liability made by Parent or any member of the Parent Group under the Parent Policies.

(d) In the event an insurance policy aggregate limit of a Parent Policy under which any member of the UpstreamCo Group was covered prior to the Effective Time is exhausted, or is believed likely to be exhausted, due to noticed claims, the members of the UpstreamCo Group, on the one hand, and the members of the Parent Group, on the other hand, shall be responsible for their pro rata portion of the reinstatement premium, based upon the losses of such Group paid or payable by the issuers of the Parent Policies (including any submissions prior to the Effective Time) to the extent any such reinstatement of the policy is available; provided, that Parent and UpstreamCo may instead mutually agree not to reinstate the policy, in which event each Group shall bear its own future costs without regard to any insurance coverage that would have been otherwise provided such reinstatement. To the extent that the Parent Group or the UpstreamCo Group is allocated more than its pro rata portion of such reinstatement premium due to the timing of losses submitted to and paid by the issuers of the Parent Policies, UpstreamCo or Parent, respectively, shall promptly pay the other party an amount so that each Group has been properly allocated its pro rata portion of the reinstatement premium. Further, (i) in the event Parent wishes to reinstate the Parent Policy, but UpstreamCo does not, Parent, in its sole discretion, shall have the right to pay the entire reinstatement premium, in which event Parent and the other members of the Parent Group shall have the exclusive right to recover Insurance Proceeds resulting from the reinstatement of the Parent Policy, and UpstreamCo shall cooperate with Parent in allowing Parent to exercise this right; and (ii) in the event UpstreamCo wishes to reinstate the Parent Policy, but Parent does not, UpstreamCo, in its sole discretion, shall have the right to pay the entire reinstatement premium, in which event UpstreamCo and the other members of the UpstreamCo Group shall have the exclusive right to recover Insurance Proceeds resulting from the reinstatement of the Parent Policy, and Parent shall cooperate with UpstreamCo in allowing UpstreamCo to exercise this right.

(e) From and after the Effective Time, with respect to any Parent Liability, (i) Parent and each member of the Parent Group, to the extent permitted by law, will have and will be fully entitled to exercise all rights that any of these may have as of the Effective Time, including the right to make claims, under the UpstreamCo Policies, it being the intent that this Agreement shall not operate to reduce any insurance recovery that otherwise would be available in the absence of the Separation; and (ii) to the extent permitted by law and necessary to effectuate the purpose of this Section 5.2(e), UpstreamCo assigns, transfers, and conveys to Parent all rights to, proceeds from, and all claims and choses in action for coverage, defense, indemnitees, payment and reimbursement provided under the UpstreamCo Policies to such members of the Parent Group with respect to Parent Liabilities, but solely to the extent that such policies provided coverage for such members of the Parent Group prior to the Effective Time with respect to such Parent Liabilities; provided that such access to, and such right to make claims under, UpstreamCo Policies, shall be subject to the terms, conditions and exclusions of such insurance policies, including any limits on coverage or scope, any Self-Insurance, and shall be subject to the following additional conditions:

(i) Subject to Section 5.2(o), Parent will be solely responsible for notifying, tendering and submitting any claim for insurance coverage of any Parent Liability under the UpstreamCo Policies and for communicating with the issuers of the UpstreamCo Policies with respect to such claims for coverage. With respect to a Parent claim for coverage of a Parent Liability under the UpstreamCo Policies, (i) Parent shall provide to UpstreamCo contemporaneous copies of any such notifications, tenders, submissions and communications and (ii) Parent shall have the right to notify, tender to, submit to, communicate with, and receive Insurance Proceeds from the issuers of the UpstreamCo Policies. UpstreamCo and Parent agree to consent to reasonable modifications, additions or deletions to such procedures before or after the Effective Time to effectuate the purposes of this Section and to furnish reasonable cooperation to each other to ensure that the purpose of this Section 5.2(e) is effectuated;

(ii) Parent and the members of the Parent Group shall timely indemnify, hold harmless and reimburse UpstreamCo and the members of the UpstreamCo Group for any Self-Insurance incurred by UpstreamCo or any members of the UpstreamCo Group to the extent resulting from any claims (or portions of claims) made by Parent or any other members of the Parent Group attributable to any Parent Liability under any UpstreamCo Policies, including any indemnity payments, settlements, judgments, legal fees and allocated claims expenses and claim handling fees, whether such claims are made by Parent, any other member of the Parent Group, their employees or Third Parties;

(iii) With respect to any Parent Liability, the members of the Parent Group shall exclusively bear and be liable for (and neither UpstreamCo nor any members of the UpstreamCo Group shall have any obligation to repay or reimburse Parent or any member of the Parent Group for) all uninsured, uncovered, unavailable or uncollectible amounts of all claims (or portions of claims) attributable to such Parent Liability made by Parent or any member of the Parent Group under the UpstreamCo Policies; and

(iv) For avoidance of doubt, with respect to UpstreamCo Liability, the members of the UpstreamCo Group shall exclusively bear and be liable for (and neither Parent nor any members of the Parent Group shall have any obligation to repay or reimburse UpstreamCo or any member of the UpstreamCo Group for) all uninsured, uncovered, unavailable or uncollectible amounts of all claims (or portions of claims) attributable to such UpstreamCo Liability made by UpstreamCo or any member of the UpstreamCo Group under the UpstreamCo Policies.

(f) In the event an insurance policy aggregate limit of a UpstreamCo Policy under which any member of the Parent Group was covered prior to the Effective Time is exhausted, or is believed likely to be exhausted, due to noticed claims, the members of the Parent Group, on the one hand, and the members of the UpstreamCo Group, on the other hand, shall be responsible for their pro rata portion of the reinstatement premium, based upon the losses of such Group paid or payable by issuers of the UpstreamCo Policies (including any submissions prior to the Effective Time) to the extent any such reinstatement of the policy is available; provided, that UpstreamCo and Parent may instead mutually agree not to reinstate the policy, in which event the members of each Group shall bear their own future costs without regard to any insurance coverage that would have been otherwise provided such reinstatement. To the extent that the UpstreamCo Group or the Parent Group is allocated more than its pro rata portion of such reinstatement premium due to the timing of losses submitted to or paid by issuers of the UpstreamCo Policies, Parent or UpstreamCo, respectively, shall promptly pay the first party an amount so that each Group has been properly allocated its pro rata portion of the reinstatement premium. Further, (i) in the event UpstreamCo wishes to reinstate the UpstreamCo Policies, but Parent does not, UpstreamCo, in its sole discretion, shall have the right to pay the entire reinstatement premium, in which event UpstreamCo and the other members of the UpstreamCo Group shall have the exclusive right to recover Insurance Proceeds resulting from the reinstatement of the UpstreamCo Policies, and Parent shall cooperate with UpstreamCo in allowing UpstreamCo to exercise this right; and (ii) in the event Parent wishes to reinstate the UpstreamCo Policies, but UpstreamCo does not, Parent, in its sole discretion, shall have the right to pay the entire reinstatement premium, in which event Parent and the other members of the Parent Group shall have the exclusive right to recover Insurance Proceeds resulting from the reinstatement of the UpstreamCo Policies, and UpstreamCo shall cooperate with Parent in allowing Parent to exercise this right.

(g) The limits of the Parent Policies and UpstreamCo Policies shall be paid and payable, and the Self-Insurance pertaining thereto shall be applicable and applied, on a first-come first-served basis, absent any agreement between Parent and UpstreamCo to modify this first come-first served method of payment; provided, however, no member of the UpstreamCo Group or the Parent Group shall, or shall seek to, accelerate or delay either the notification and submission of claims, on the one hand, or the demand for coverage for and receipt of insurance payments, on the other hand, in a manner that would differ from that which each would follow in the ordinary course when acting without regard to sufficiency of limits or the terms of Self-Insurance. Further, in the event that either UpstreamCo or Parent becomes aware of information that would lead it reasonably to expect that the policy limits or the Self-Insurance limits of a Parent Policy or UpstreamCo Policy (in either case, under which members of the Parent Group and UpstreamCo Group are both insured) are likely to be exhausted based on existing insurance claims, it shall promptly notify the other in writing of that expectation, the basis therefor, and the parties shall cooperate to ensure that the purposes and intent of the second sentence of this Section 5.2(g) are properly effectuated.

(h) Except as provided in Section 5.1, at the Effective Time, UpstreamCo and Parent shall have in effect all insurance programs required to comply with their respective contractual obligations and such other insurance policies required by law or as reasonably necessary or appropriate for companies operating a business similar to UpstreamCo's or Parent's, respectively. Such insurance programs may include general liability, commercial auto liability, workers' compensation, employer's liability, product liability, professional services liability, property, cargo, employment practices liability, employee dishonesty/crime, directors' and officers' liability and fiduciary liability. Except as provided in Section 5.1, neither Parent nor any of the members of the Parent Group shall have any obligation to secure extended reporting for any claims under any Liability policies of Parent or any member of the Parent Group for any acts or omissions by any member of the UpstreamCo Group committed prior to the Effective Time.

(i) All payments and reimbursements owed by Parent to UpstreamCo pursuant to Section 5.1 and this Section 5.2 shall be made within 60 days after Parent's receipt of an invoice therefor from UpstreamCo.

(j) All payments and reimbursements owed by UpstreamCo to Parent pursuant to Section 5.1 and this Section 5.2 shall be made within 60 days after UpstreamCo's receipt of an invoice therefor from Parent.

(k) In the event that after the Effective Time, Parent proposes to amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any Parent Policies under which a member of the UpstreamCo Group has or may in the future have rights to assert claims pursuant to this Section 5.2 in a manner that would reasonably be expected to adversely affect any such rights of a member of the UpstreamCo in any material respect, (i) Parent will give UpstreamCo 30 days prior written notice thereof and consult with UpstreamCo with respect to such action, (ii) Parent will not take such action without the prior written consent of UpstreamCo, such consent not to be unreasonably withheld, conditioned or delayed, and (iii) Parent will pay to UpstreamCo its equitable

share (which shall be mutually agreed upon by Parent and UpstreamCo, acting in all cases reasonably and without unreasonable delay), if any, of any net proceeds actually received by Parent (or any member of the Parent Group) from the insurer under the applicable Parent Policy as a result of such action by Parent (after deducting Parent's out-of-pocket expenses incurred in connection with such action).

(l) In the event that after the Effective Time, UpstreamCo proposes to amend, commute, terminate, buy-out, extinguish liability under or otherwise modify any UpstreamCo Policies under which a member of the Parent Group has or may in the future have rights to assert claims pursuant to this Section 5.2 in a manner that would reasonably be expected to adversely affect any such rights of a member of the Parent in any material respect, (i) UpstreamCo will give Parent 30 days prior written notice thereof and consult with Parent with respect to such action, (ii) UpstreamCo will not take such action without the prior written consent of Parent, such consent not to be unreasonably withheld, conditioned or delayed, and (iii) UpstreamCo will pay to Parent its equitable share (which shall be mutually agreed upon by UpstreamCo and Parent, acting in all cases reasonably and without unreasonable delay), if any, of any net proceeds actually received by UpstreamCo (or any member of the UpstreamCo Group) from the insurer under the applicable UpstreamCo Policy as a result of such action by UpstreamCo (after deducting UpstreamCo's out-of-pocket expenses incurred in connection with such action).

(m) This Agreement shall not be considered as an attempted assignment of any policy of insurance or as a contract of insurance and shall not be construed to waive any right or remedy of any member of the Parent Group or the UpstreamCo Group in respect of any insurance policy or any other contract or policy of insurance.

(n) An insurance carrier that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto, or, solely by virtue of the provisions of this Section 5.2, have any subrogation rights against any member of the Parent Group or UpstreamCo Group with respect thereto, it being expressly understood and agreed that no insurance carrier or any Third Party shall be entitled to a benefit (i.e., a benefit such Person would not be entitled to receive in the absence of the Separation) by virtue of the provisions hereof. No provision of this Agreement is intended to relieve any insurer of any Liability under any policy.

(o) Parent and UpstreamCo intend that with respect to UpstreamCo Liabilities and Parent Liabilities, recoveries under Parent Policies and UpstreamCo Policies shall be available to no lesser extent than would have been the case in the absence of the Separation. Parent and UpstreamCo and the members of Parent Group and UpstreamCo Group agree to provide all reasonable and timely cooperation necessary to ensure that the provisions of Section 5.1 and this Section 5.2 are effectuated, including but not limited to:

(i) providing for an orderly transition of insurance coverage from and after the Effective Time;

(ii) timely exchanging information regarding depletion or exhaustion of insurance policy limits, including loss runs;

(iii) providing any consents, not to be unreasonably withheld or delayed, necessary to allow for recovery of Insurance Proceeds, including communicating with the issuers of the Parent Policies and the UpstreamCo Policies (A) the consent, as necessary, of Parent to allow UpstreamCo to effectively make claims for and to pursue insurance recoveries in accordance with the terms of this Section 5.2, and (B) the consent of UpstreamCo to allow Parent to effectively make claims for and to pursue insurance recoveries in accordance with the terms of this Section 5.2;

(iv) allowing Parent or other member of the Parent Group to make claims for an insurance recovery and communicate and negotiate with insurers in the name of UpstreamCo (or other member of the UpstreamCo Group), including the initiation of litigation or arbitration, subject to the consent of UpstreamCo or other member of the UpstreamCo Group, not to be unreasonably withheld or delayed, and to provide reasonable cooperation to such members of the Parent Group with respect to such claims. The out-of-pocket costs of making such claims shall be borne by Parent;

(v) allowing UpstreamCo or other member of the UpstreamCo Group to make claims for an insurance recovery and communicate and negotiate with insurers in the name of Parent or other member of the Parent Group, including the initiation of litigation or arbitration, subject to the consent of Parent or other member of the Parent Group, not to be unreasonably withheld or delayed, and to provide reasonable cooperation to such member(s) of the UpstreamCo Group with response to such claims. The out-of-pocket costs of making such claims shall be borne by UpstreamCo;

(vi) timely providing to UpstreamCo copies in the possession of Parent of communications to and from insurers regarding coverage for any UpstreamCo Liability;

(vii) timely providing to Parent copies in the possession of UpstreamCo of communications to and from insurers regarding any Parent Liability;

(viii) timely providing to UpstreamCo copies of any Parent Policies under which on or prior to the Effective Time any member of the UpstreamCo Group was an insured as well as any documentation relating to the procurement of such policies; and

(ix) timely providing to Parent copies of UpstreamCo Policies under which on or prior to the Effective Time any member of the Parent Group was an insured as well as any documentation relating to the procurement of such policies.

Parent and the other members of the Parent Group shall notify and make claims for coverage under a Parent Policy of an UpstreamCo Liability but only if all of the following are applicable: (a) UpstreamCo requests that Parent or other member of the Parent Group notify and make such claims for coverage; (b) it is impractical for UpstreamCo and other members of the UpstreamCo Group themselves to notify and make such claims for coverage of an UpstreamCo Liability under the Parent Policies; and (c) Parent consents to make and notify such claims for coverage of a UpstreamCo Liability under the Parent Policies, such consent not to be unreasonably withheld. The *non de minimis* out-of-pocket costs of making such claims shall be borne by UpstreamCo. UpstreamCo and the other members of the UpstreamCo Group shall notify and make claims for coverage under an UpstreamCo Policy of a Parent Liability but only if all of the following are applicable: (a) Parent requests that UpstreamCo or other member of the UpstreamCo Group notify and make such claims for coverage; (b) it is impractical for Parent and other members of the Parent Group themselves to notify and make such claims for coverage of an Parent Liability under the UpstreamCo Policies; and (c) UpstreamCo consents to make and notify such claims for coverage of a Parent Liability under the UpstreamCo Policies, such consent not to be unreasonably withheld. The *non de minimis* out-of-pocket costs of making such claims shall be borne by Parent.

(p) To the extent that any member of the Parent Group incurs out of pocket expenses in cooperating with any member of the UpstreamCo Group as required in this Section 5.2, UpstreamCo shall reimburse Parent for such reasonable *non de minimis* out-of-pocket expenses provided that: (i) Parent shall have given UpstreamCo advance written notice of its intent to recover such out-of-pocket expenses from UpstreamCo and a reasonable estimate of the amount and nature of such expenses; and (ii) Parent shall reasonably cooperate with UpstreamCo in managing the out-of-pocket expenses in an efficient manner.

(q) To the extent that any member of the UpstreamCo Group incurs out of pocket expenses in cooperating with any member of the Parent Group as required in this Section 5.2, Parent shall reimburse UpstreamCo for such reasonable *non de minimis* out-of-pocket expenses provided that: (i) UpstreamCo shall have given Parent advance written notice of its intent to recover such out-of-pocket expenses from Parent and a reasonable estimate of the amount and nature of such expenses; and (ii) UpstreamCo shall reasonably cooperate with Parent in managing the out-of-pocket expenses in an efficient manner.

5.3 Late Payments. Except as expressly provided to the contrary in this Agreement or in any Ancillary Agreement, any amount not paid when due pursuant to this Agreement or any Ancillary Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (30) days of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to Prime Rate plus two (2%) percent.

5.4 Treatment of Payments for Tax Purposes. For all applicable income tax purposes, the Parties agree to treat any payment required by this Agreement as set forth in Section 13.01 of the Tax Matters Agreement.

5.5 Inducement. Each of UpstreamCo and Parent acknowledges and agrees that the other's willingness to cause, effect and consummate the Separation and the Distribution has been conditioned upon and induced by its covenants and agreements in this Agreement and the Ancillary Agreements, including its assumption and/or retention of the UpstreamCo Liabilities or the Parent Liabilities, as applicable, pursuant to the Separation and the provisions of this Agreement and its covenants and agreements contained in Article IV.

5.6 Post-Effective Time Conduct. The Parties acknowledge that, after the Effective Time, each Party shall be independent of the other Party, with responsibility for its own actions and inactions and its own Liabilities relating to, arising out of or resulting from the conduct of its business, operations and activities following the Effective Time, except as may otherwise be provided in any Ancillary Agreement, and each Party shall (except as otherwise provided in Article IV) use commercially reasonable efforts to prevent such Liabilities from being inappropriately borne by the other Party.

5.7 Certain Businesses.

(a) Parent's and UpstreamCo's rolling businesses have operated as a unified part of Parent and management, assets, intellectual property and know-how, customers, suppliers, and systems are shared between such businesses. As a result, the provisions of this Section 5.7 are necessary to (i) allow each Party to operate its respective rolling businesses effectively and competitively and (ii) protect each Party, in light of the substantial investment of time and financial resources in such businesses and each Party's knowledge of the other Party's customers, markets, strategy, technology, intellectual property and know-how, suppliers and personnel, against potential damage from the wrongful use of such knowledge.

(b) The Parties hereby acknowledge the following:

(i) pursuant to this Agreement, Parent's Warrick rolling mill ("Warrick") and 25.1% interest in the Ma'aden Rolling Company ("MRC") are UpstreamCo Assets and Parent's Tennessee rolling mill ("Tennessee") is a Parent Asset, in each case as a result of the Parties' intent for Parent's North American can body stock and certain other businesses to be allocated to UpstreamCo and Parent's Automotive Sheet business and certain other businesses to be retained by Parent; and

(ii) Warrick currently produces the Warrick Current Product Lines, MRC currently produces the MRC Current Product Lines and Tennessee currently produces the Tennessee Current Product Lines.

(c) The Parties hereby agree that from and after the Effective Time until the fourth anniversary thereof:

(i) neither the UpstreamCo Group nor UpstreamCo's Affiliates shall, directly or indirectly, produce, design, develop (including without limitation customer trials or qualifications), manufacture or sell (including without limitation negotiations with customers related to sales to be made after expiration of this Section 5.7) any Excluded UpstreamCo Product Lines; provided that the foregoing restriction in this Section 5.7(c)(i) does not apply to MRC;

(ii) neither the Parent Group nor the Parent's Affiliates shall, directly or indirectly, produce, design, develop, manufacture or sell any Excluded Parent Product Lines, provided that:

(A) Parent's Affiliate in Samara, Russia, may produce, design, develop (including without limitation customer trials or qualifications), manufacture and sell (including without limitation negotiations with customers related to sales to be made after expiration of this Section 5.7) Excluded Parent Product Lines (A) through (F) to end-use customers located in the Russian Federation, the Ukraine, Kazakhstan, Belorussia, Finland, or Poland;

(B) Parent's Affiliate in Bohai ("Bohai") of the People's Republic of China ("PRC") may produce, design, develop (including without limitation customer trials or qualifications), manufacture and sell (including without limitation negotiations with customers related to sales to be made after expiration of this Section 5.7) Excluded Parent Product Lines (A) through (F) to: (I) end-use customers in the PRC, (II) fulfill contractual supply commitments made by Bohai to its customers in all countries outside of the PRC in effect as of the date of this Agreement until such contractual supply commitments expire, terminate or are otherwise satisfied or voided, without further amendment or extension, and (III) end customers in Southeast Asian countries outside of the PRC, not under a current contractual commitment, until such time as UpstreamCo informs Parent in writing that MRC is ready to supply the Excluded Parent Product Lines (A) through (F), on a product-by-product basis, to the Southeast Asian customers under this subsection (III) and Bohai is able to transition such production to MRC;

(C) Parent's Affiliate in Lancaster, Pennsylvania may produce, design, develop (including without limitation customer trials or qualifications), manufacture and sell (including without limitation negotiations with customers related to sales to be made after expiration of this Section 5.7) Excluded Parent Product Line (G) to the extent it produces, designs, develops, manufactures and sells such products as of the Effective Date; and

(D) Tennessee may produce, manufacture and supply to UpstreamCo any of the Excluded Parent Product Lines to the extent permitted under the Toll Processing and Services Agreement.

Notwithstanding anything in this Agreement to the contrary, but subject to the terms of Section 5.7(e), (A) Section 5.7(c)(ii) shall survive any acquisition or Change of Control of Parent and, for the avoidance of doubt, Parent's Affiliates for purposes thereof shall include, without limitation, any Person (and its Affiliates) that directly or indirectly owns a majority of the capital stock or assets of Parent as a result of such Change of Control, and (B) Sections 5.7(c)(i) shall survive any acquisition or Change of Control of UpstreamCo and, for the avoidance of doubt, UpstreamCo's Affiliates for purposes thereof shall include, without limitation, any Person (and its Affiliates) that directly or indirectly owns a majority of the capital stock or assets of UpStreamCo as a result of such Change of Control.

(d) For purposes of this Section 5.7, the definitions of Warrick Current Product Lines, MRC Current Product Lines, Excluded UpstreamCo Product Lines, Tennessee Current Product Lines, Excluded Parent Product Lines, Automotive Sheet, UpstreamCo Restricted Business and Parent Restricted Business are set forth on Schedule 5.7.

(e) Notwithstanding the foregoing, none of the following shall constitute a breach of Section 5.7(c) (except to the extent set forth in the provisos to this Section 5.7(e)):

(i) the purchase or ownership by the UpstreamCo Group or the Parent Group of a Person or business that derives less than 10% of its total annual revenues from an UpstreamCo Restricted Business or the Parent Restricted Business, respectively, in each case measured for the fiscal year ended immediately prior to the date of purchase or commencement of ownership;

(ii) the purchase or ownership by the UpstreamCo Group or the Parent Group of a Person or business that derives an amount greater than 10% of its total annual revenues from an Upstream Restricted Business or a Parent Restricted Business, respectively, in each case measured for the fiscal year ended immediately prior to the date of purchase or commencement of ownership, provided that such Group shall divest, to an unaffiliated third party, the UpstreamCo Restricted Business or the Parent Restricted Business, as applicable, operated by such acquired Person or business or otherwise reduce the UpstreamCo Restricted Business or Parent Restricted Business, as applicable, operated by such acquired Person or business in size to constitute less than the greater of 10% of its total annual revenues, measured for the fiscal year ended immediately prior to the date of such purchase, by the date that is one year following the date of such purchase; provided, that such one-year period shall be extended to the date on which all approvals from any

Governmental Authority required to complete the divestiture are received (but no later than the 18-month anniversary following the acquisition of such Person or business) if such approvals are not received by the first anniversary following the acquisition;

(iii) the direct or indirect ownership by the UpstreamCo Group or the Parent Group of publicly traded interests in or securities of any Person engaged in an UpstreamCo Restricted Business or Parent Restricted Business, respectively, to the extent that such investment does not, directly or indirectly, confer on such Group more than 10% of the voting power of such Person, or the investment in any fund in which the UpstreamCo Group or the Parent Group has no discretion with respect to the investment strategy of such fund; and

(iv) the design, development, manufacture or sale of products or applications that do not comprise the UpstreamCo Restricted Business or Parent Restricted Business but that incorporate such restricted products or applications as components.

(f) If the final judgment of a court of competent jurisdiction declares any term or provision of this Section 5.7 invalid or unenforceable, the Parties hereto agree that the court making the determination of invalidity or unenforceability shall have the power to and shall reform this Section 5.7 to reduce the time, geographic area and/or scope of activity, to delete specific words or phrases, and/or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified.

(g) Each Party acknowledges and agrees that the agreements and covenants set forth in this Section 5.7 are (i) necessary to protect the legitimate business interests of the other Party, (ii) reasonable as to time, geographic area and scope of activity and do not impose a greater restraint on the activities of such Party than is reasonable necessary to protect such legitimate interests the other Party, and (iii) reasonable in light of the consideration and other value provided, directly or indirectly, to such Party by the other Party pursuant to this Agreement and the Separation. Each Party hereby waives any and all rights to contest the validity of the agreements and covenants set forth in this Section 5.7 on the ground of the reasonableness of the length of their term or the breadth of their geographic area or scope of activity.

ARTICLE VI
EXCHANGE OF INFORMATION; CONFIDENTIALITY

6.1 Agreement for Exchange of Information and Cooperation.

(a) Subject to Section 6.9 and any other applicable confidentiality obligations, each of Parent and UpstreamCo, on behalf of itself and each member of its

Group, agrees to use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the other Party and the members of such other Party's Group, at any time before, on or after the Effective Time, as soon as reasonably practicable after request therefor, any information and documents or other materials (or a copy thereof) in the possession or under the control of such Party or its Group that the requesting Party or its Group requests to the extent that (i) such information relates to the UpstreamCo Business, or any UpstreamCo Asset or UpstreamCo Liability, if UpstreamCo is the requesting Party, or to the Parent Business, or any Parent Asset or Parent Liability, if Parent is the requesting Party; (ii) such information is reasonably requested in connection with the requesting Party's compliance with its obligations under this Agreement or any Ancillary Agreement, or under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking to which it or any member of its Group is a party or by which any of their respective properties or assets are bound; (iii) such information is reasonably requested in connection with the requesting Party's compliance with any obligation imposed by any Governmental Authority or under any applicable Law or securities exchange rule; or (iv) such information is reasonably requested by the requesting Party in evaluating its potential exposure to Liabilities of the other Party's Group under guarantees and other obligations that have not been fully novated, replaced and/or transferred to such other Party's Group in accordance with Sections 2.5 and 2.6; provided, however, that, in the event that the Party to whom the request has been made determines that any such provision of information could be commercially detrimental to the Party providing the information, violate any Law or agreement, or waive any privilege available under applicable Law, including any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit compliance with such obligations to the extent and in a manner that avoids any such harm or consequence. The Party providing information pursuant to this Section 6.1 shall only be obligated to provide such information in the form, condition and format in which it then exists, and in no event shall such Party be required to perform any improvement, modification, conversion, updating or reformatting of any such information, and nothing in this Section 6.1 shall expand the obligations of a Party under Section 6.4.

(b) Without limiting the generality of the foregoing, following the Effective Time, each Party shall use its commercially reasonable efforts to cooperate with the other Party in its information requests and other reasonable requests to enable (i) the other Party to meet its applicable financial reporting and related obligations under applicable Laws and securities exchange rules and timetable for dissemination of its earnings releases, financial statements, and management's assessment of the effectiveness of its disclosure controls and procedures and its internal control over financial reporting in accordance with Items 307 and 308, respectively, of Regulation S-K promulgated under the Exchange Act; (ii) the other Party's accountants to timely complete their review of the quarterly financial statements and audit of the annual financial statements, including, to the extent applicable to such Party, its auditor's audit of its internal control over financial reporting and management's assessment thereof in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, the SEC's and Public Company Accounting Oversight Board's rules and auditing standards thereunder and any other applicable Laws; (iii) the other Party to meet its other applicable obligations imposed by any Governmental Authority or under any applicable Law or securities exchange rule; and (iv) the other Party

to meet its applicable obligations under any contract, agreement, obligation, indenture, instrument, lease, promise, arrangement, release, warranty, commitment or undertaking to which it or any member of its Group is a party or by which any of their respective properties or assets are bound.

6.2 Ownership of Information. The provision of any information pursuant to Section 6.1 or 6.7 shall not affect the ownership of such information (which shall be determined solely in accordance with the terms of this Agreement and the Ancillary Agreements), or constitute a grant of rights in or to any such information.

6.3 Compensation for Providing Information. A Party requesting information shall reimburse the other Party for any non-de minimis, reasonable costs, if any, of creating, gathering, copying, transporting and otherwise complying with the request with respect to such information (including any reasonable costs and expenses incurred in any review of information for purposes of protecting the Privileged Information of the providing Party or in connection with the restoration of backup media for purposes of providing the requested information). Except as may be otherwise specifically provided elsewhere in this Agreement, any Ancillary Agreement or any other agreement between the Parties, such costs shall be computed in accordance with the providing Party's standard methodology and procedures.

6.4 Record Retention. To facilitate the possible exchange of information pursuant to this Article VI and other provisions of this Agreement after the Effective Time, each Party agrees to use reasonable best efforts, which shall be no less rigorous than those used for retention of such Party's own information, to retain all information in its possession or control at the Effective Time in accordance with the policies of Parent as in effect at the Effective Time or such other policies as may be adopted by Parent after the Effective Time (provided that Parent notifies UpstreamCo in writing of any such change); provided, however, that in the case of any information relating to Taxes, employee benefits or Environmental Liabilities, such retention period shall be extended to the expiration of the applicable statute of limitations (giving effect to any extensions thereof). Notwithstanding the foregoing, Section 9.01 of the Tax Matters Agreement shall govern the retention of Tax Records (as defined in the Tax Matters Agreement) and Section 9.01 of the Employee Matters Agreement shall govern the retention of employment and benefits related records.

6.5 Limitations of Liability. Neither Party shall have any Liability to the other Party in the event that any information exchanged or provided pursuant to this Agreement is found to be inaccurate in the absence of gross negligence, bad faith or willful misconduct by the Party providing such information. Neither Party shall have any Liability to any other Party if any information is destroyed after commercially reasonable efforts by such Party to comply with the provisions of Section 6.4.

6.6 Other Agreements Providing for Exchange of Information.

(a) The rights and obligations granted under this Article VI are subject to any specific limitations, qualifications or additional provisions on the sharing, exchange, retention or confidential treatment of information set forth in any Ancillary Agreement.

(b) Any party that receives, pursuant to a request for information in accordance with this Article VI, Tangible Information that is not relevant to its request shall, at the request of the providing Party, (i) return it to the providing Party or destroy it, at the providing Party's election; and (ii) deliver to the providing Party a written confirmation that such Tangible Information was returned or destroyed, as the case may be, which confirmation shall be signed by an authorized representative of the requesting Party.

6.7 Production of Witnesses; Records; Cooperation.

(a) After the Effective Time, except in the case of an adversarial Action or Dispute between Parent and UpstreamCo, or any members of their respective Groups, each Party shall use commercially reasonable efforts to make available to the other Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available without unreasonable burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with any Action in which the requesting Party (or member of its Group) may from time to time be involved, regardless of whether such Action is a matter with respect to which indemnification may be sought hereunder. The requesting Party shall bear all costs and expenses in connection therewith.

(b) If an Indemnifying Party elects to defend any Third-Party Claim, the other Party shall make available to such Indemnifying Party, upon written request, the former, current and future directors, officers, employees, other personnel and agents of the members of its respective Group as witnesses and any books, records or other documents within its control or which it otherwise has the ability to make available without unreasonable burden, to the extent that any such person (giving consideration to business demands of such directors, officers, employees, other personnel and agents) or books, records or other documents may reasonably be required in connection with such defense or any related settlement or compromise, and shall otherwise cooperate in such defense or any related settlement or compromise.

(c) Without limiting the foregoing, the Parties shall cooperate and consult to the extent reasonably necessary with respect to any Actions.

(d) Without limiting any provision of this Section 6.7 and subject to the terms of the Intellectual Property Agreements, each Party agrees to cooperate, and to cause the members of its Group to cooperate, with the other Party and the members of its Group in the defense of any infringement or similar claim with respect to any Intellectual Property, and each Party agrees not to, and not to permit any member of its respective Group to, claim to acknowledge, the validity or infringing use of any Intellectual Property of a Third Parties in a manner that would hamper or undermine the defense of such infringement or similar claim.

(e) The obligation of the Parties to provide witnesses pursuant to this Section 6.7 is intended to be interpreted in a manner so as to facilitate cooperation and shall include the obligation to provide as witnesses directors, officers, employees, other personnel and agents without regard to whether such person could assert a possible business conflict (subject to the exception set forth in the first sentence of Section 6.7(a)).

6.8 Privileged Matters.

(a) The Parties recognize that legal and other professional services that have been and will be provided prior to the Effective Time have been and will be rendered for the collective benefit of each of the members of the Parent Group and the UpstreamCo Group, and that each of the members of the Parent Group and the UpstreamCo Group should be deemed to be the client with respect to such services for the purposes of asserting all privileges and immunities that may be asserted under applicable Law in connection therewith. The Parties recognize that legal and other professional services will be provided following the Effective Time, which services shall be rendered solely for the benefit of the Parent Group or the UpstreamCo Group, as the case may be.

(b) The Parties agree as follows:

(i) Parent shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the Parent Business and not to the UpstreamCo Business, whether or not the Privileged Information is in the possession or under the control of any member of the Parent Group or any member of the UpstreamCo Group. Parent shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any Parent Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the Privileged Information is in the possession or under the control of any member of the Parent Group or any member of the UpstreamCo Group.

(ii) UpstreamCo shall be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to the UpstreamCo Business and not to the Parent Business, whether or not the Privileged Information is in the possession or under the control of any member of the UpstreamCo Group or any member of the Parent Group. UpstreamCo shall also be entitled, in perpetuity, to control the assertion or waiver of all privileges and immunities in connection with any Privileged Information that relates solely to any UpstreamCo Liabilities resulting from any Actions that are now pending or may be asserted in the future, whether or not the privileged Information is in the possession or under the control of any member of the UpstreamCo Group or any member of the Parent Group.

(iii) If the Parties do not agree as to whether certain information is Privileged Information, then such information shall be treated as Privileged Information, and the Party that believes that such information is Privileged Information shall be entitled to control the assertion or waiver of all privileges and immunities in connection with any such information unless the Parties otherwise agree. The Parties shall use the

procedures set forth in Article VII to resolve any disputes as to whether any information relates solely to the Parent Business, solely to the UpstreamCo Business, or to both the Parent Business and the UpstreamCo Business.

(c) Subject to the remaining provisions of this Section 6.8, the Parties agree that they shall have a shared privilege or immunity with respect to all privileges and immunities not allocated pursuant to Section 6.8(b) and all privileges and immunities relating to any Actions or other matters that involve both Parties (or one or more members of their respective Groups) and in respect of which both Parties have Liabilities under this Agreement, and that no such shared privilege or immunity may be waived by either Party without the consent of the other Party.

(d) If any dispute arises between the Parties or any members of their respective Groups regarding whether a privilege or immunity should be waived to protect or advance the interests of either Party and/or any member of its Group, each Party agrees that it shall (i) negotiate with the other Party in good faith; (ii) endeavor to minimize any prejudice to the rights of the other Party; and (iii) not unreasonably withhold consent to any request for waiver by the other Party. In addition, each Party specifically agrees that it shall not withhold its consent to the waiver of a privilege or immunity for any purpose except to protect its own legitimate interests.

(e) In the event of any adversarial Action between Parent and UpstreamCo, or any members of their respective Groups, either Party may waive a privilege in which the other Party or member of such other Party's Group has a shared privilege, without obtaining consent pursuant to Section 6.8(c); provided that such waiver of a shared privilege shall be effective only as to the use of information with respect to the Action between the Parties and/or the applicable members of their respective Groups, and shall not operate as a waiver of the shared privilege with respect to any Third Party.

(f) Upon receipt by either Party, or by any member of its Group, of any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of Privileged Information subject to a shared privilege or immunity or as to which the other Party has the sole right hereunder to assert a privilege or immunity, or if either Party obtains knowledge that any of its, or any member of its respective Group's, current or former directors, officers, agents or employees has received any subpoena, discovery or other request that may reasonably be expected to result in the production or disclosure of such Privileged Information, such Party shall promptly notify the other Party of the existence of the request (which notice shall be delivered to such other Party no later than five (5) business days following the receipt of any such subpoena, discovery or other request) and shall provide the other Party a reasonable opportunity to review the Privileged Information and to assert any rights it or they may have under this Section 6.8 or otherwise to prevent the production or disclosure of such Privileged Information.

(g) Any furnishing of, or access or transfer of, any information pursuant to this Agreement is made in reliance on the agreement of Parent and UpstreamCo set forth in this Section 6.8 and in Section 6.9 to maintain the confidentiality

of Privileged Information and to assert and maintain all applicable privileges and immunities. The Parties agree that (i) their respective rights to any access to information, witnesses and other Persons, the furnishing of notices and documents and other cooperative efforts between the Parties contemplated by this Agreement, and the transfer of Privileged Information between the Parties and members of their respective Groups pursuant to this Agreement, shall not be deemed a waiver of any privilege or immunity that has been or may be asserted under this Agreement or otherwise, and (ii) in the event of any exchange by one Party to the other Party of any Privileged Information that should not have been transferred pursuant to the terms of this Article VI, the Party receiving such Privileged Information shall promptly return such Privileged Information to and at the request of the Party that has the right to assert the privilege or immunity.

(h) In connection with any matter contemplated by Section 6.7 or this Section 6.8, the Parties agree to, and to cause the applicable members of their Group to, use reasonable efforts to maintain their respective separate and joint privileges and immunities, including by executing joint defense and/or common interest agreements to implement and/or supersede the provisions of Section 6.7 or this Section 6.8 where necessary or useful for this purpose.

6.9 Confidentiality.

(a) *Confidentiality*. Subject to Section 6.10 and, and without prejudice to any longer period that may be provided for in any of the Ancillary Agreements, from and after the Effective Time until the five-year anniversary of the Effective Time, each of Parent and UpstreamCo, on behalf of itself and each member of its Group, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Parent's confidential and proprietary information pursuant to policies in effect as of the Effective Time, all confidential and proprietary information concerning the other Party or any member of the other Party's Group or their respective businesses that is either in its possession (including confidential and proprietary information in its possession prior to the date hereof) or furnished by any such other Party or any member of such other Party's Group or their respective Representatives at any time pursuant to this Agreement, any Ancillary Agreement or otherwise, and shall not use such confidential and proprietary information other than for such purposes as shall be expressly permitted hereunder or thereunder, except, in each case, to the extent that such confidential and proprietary information has been (i) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any member of such Party's Group or any of their respective Representatives in violation of this Agreement, (ii) later lawfully acquired from other sources by such Party (or any member of such Party's Group) which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such confidential and proprietary information, or (iii) independently developed or generated without reference to or use of any proprietary or confidential information of such other Party or any member of such other Party's Group. If any confidential and proprietary information of one Party or any member of its Group is disclosed to the other Party or any member of such other Party's Group in connection with providing services to such first Party or any member of its Group under this Agreement or any Ancillary Agreement, then such disclosed confidential and proprietary information shall be used only as required to perform such services.

(b) *No Release; Return or Destruction*. Each Party agrees not to release or disclose, or permit to be released or disclosed, any information addressed in Section 6.9(a) to any other Person, except its Representatives who need to know such information in their capacities as such (who shall be advised of their obligations hereunder with respect to such information), and except in compliance with Section 6.10. Without limiting the foregoing, when any such information is no longer needed for the purposes contemplated by this Agreement or any Ancillary Agreement, and is no longer subject to any legal hold or other document preservation obligation, each Party shall promptly, at the request of the other Party, either return to the other Party all such information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify the other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided, that the Parties may retain electronic back-up versions of such information maintained on routine computer system backup tapes, disks or other backup storage devices; provided further, that any such information so retained shall remain subject to the confidentiality provisions of this Agreement or any Ancillary Agreement.

(c) *Third-Party Information; Privacy or Data Protection Laws*. Each Party acknowledges that it and the members of its Group may presently have and, following the Effective Time, may gain access to or possession of confidential or proprietary information of, or legally-protected personal information relating to, Third Parties (i) that was received under privacy policies and/or confidentiality or non-disclosure agreements entered into between such Third Parties, on the one hand, and the other Party or members of such other Party's Group, on the other hand, prior to the Effective Time; or (ii) that, as between the two Parties, was originally collected by the other Party or members of such other Party's Group and that may be subject to and protected by privacy policies, as well as privacy, data protection or other applicable Laws. Each Party agrees that it shall hold, protect and use, and shall cause the members of its Group and its and their respective Representatives to hold, protect and use, in strict confidence the confidential and proprietary information of, or legally-protected personal information relating to, Third Parties in accordance with privacy policies and privacy, data protection or other applicable Laws and the terms of any agreements that were either entered into before the Effective Time or affirmative commitments or representations that were made before the Effective Time by, between or among the other Party or members of the other Party's Group, on the one hand, and such Third Parties, on the other hand.

6.10 Protective Arrangements. In the event that a Party or any member of its Group either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide information of the other Party (or any member of the other Party's Group) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and shall cooperate, at the expense of the other Party, in seeking any appropriate protective order requested by the other

Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party shall promptly provide the other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

ARTICLE VII
DISPUTE RESOLUTION

7.1 Good-Faith Negotiation. Subject to Section 7.4 and except as otherwise provided in any Ancillary Agreement, either Party seeking resolution of any dispute, controversy or claim arising out of or relating to this Agreement or any Ancillary Agreement (including regarding whether any Assets are UpstreamCo Assets, any Liabilities are UpstreamCo Liabilities or the validity, interpretation, breach or termination of this Agreement or any Ancillary Agreement) (a "Dispute"), shall provide written notice thereof to the other Party (the "Initial Notice"), and within thirty (30) days of the delivery of the Initial Notice, the Parties shall attempt in good faith to negotiate a resolution of the Dispute. The negotiations shall be conducted by executives who hold, at a minimum, the title of vice president and who have authority to settle the Dispute. All such negotiations shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence. If the Parties are unable for any reason to resolve a Dispute within thirty (30) days after the delivery of such notice or if a Party reasonably concludes that the other Party is not willing to negotiate as contemplated by this Section 7.1, the Dispute shall be submitted to mediation in accordance with Section 7.2.

7.2 Mediation. Any Dispute not resolved pursuant to Section 7.1 shall, at the written request of a Party (a "Mediation Request"), be submitted to nonbinding mediation in accordance with the then current International Institute for Conflict Prevention and Resolution ("CPR") Mediation Procedure, except as modified herein. The mediation shall be held in (i) New York, New York, if the Parties each maintain corporate headquarters in such city at the time a Mediation Request is submitted, (ii) Pittsburgh, Pennsylvania, if one or both of the Parties does not maintain corporate headquarters in New York, New York at the time a Mediation Request is submitted, or (iii) such other place as the Parties may mutually agree in writing. The Parties shall have twenty (20) days from receipt by a Party of a Mediation Request to agree on a mediator. If no mediator has been agreed upon by the Parties within twenty (20) days of receipt by a party of a Mediation Request, then a Party may request (on written notice to the other Party), that CPR appoint a mediator in accordance with the CPR Mediation Procedure. All mediation pursuant to this clause shall be confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence, and no oral or documentary representations made by the Parties during such mediation shall be admissible for any purpose in any subsequent proceedings. No Party shall disclose or permit the disclosure of any information about the evidence adduced or the documents produced by the other Party in the mediation proceedings or about the existence, contents or results of the mediation without the prior written consent of such other Party, except in the course of a judicial or regulatory proceeding or as may

be required by Law or requested by a Governmental Authority or securities exchange. Before making any disclosure permitted by the preceding sentence, the Party intending to make such disclosure shall, to the extent reasonably practicable, give the other Party reasonable written notice of the intended disclosure and afford the other Party a reasonable opportunity to protect its interests. If the Dispute has not been resolved within sixty (60) days of the appointment of a mediator, or within ninety (90) days after receipt by a Party of a Mediation Request (whichever occurs sooner), or within such longer period as the Parties may agree to in writing, then the Dispute shall be submitted to binding arbitration in accordance with Section 7.3.

7.3 Arbitration.

(a) In the event that a Dispute has not been resolved within sixty (60) days of the appointment of a mediator in accordance with Section 7.2, or within ninety (90) days after receipt by a Party of a Mediation Request (whichever occurs sooner), or within such longer period as the Parties may agree to in writing, then such Dispute shall, upon the written request of a Party (the "Arbitration Request") be submitted to be finally resolved by binding arbitration pursuant to the CPR arbitration procedure. The arbitration shall be held in the same location as the mediation pursuant to Section 7.2. Unless otherwise agreed by the Parties in writing, any Dispute to be decided pursuant to this Section 7.3 shall be decided (i) before a sole arbitrator if the amount in dispute, inclusive of all claims and counterclaims, totals less than $10 million; or (ii) by a panel of three (3) arbitrators if the amount in dispute, inclusive of all claims and counterclaims, totals $10 million or more.

(b) The panel of three (3) arbitrators will be chosen as follows: (i) within fifteen (15) days from the date of the receipt of the Arbitration Request, each Party shall name an arbitrator; and (ii) the two (2) Party-appointed arbitrators shall thereafter, within thirty (30) days from the date on which the second of the two (2) arbitrators was named, name a third, independent arbitrator who shall act as chairperson of the arbitral tribunal. In the event that either Party fails to name an arbitrator within fifteen (15) days from the date of receipt of the Arbitration Request, then upon written application by either Party, that arbitrator shall be appointed pursuant to the CPR arbitration procedure. In the event that the two (2) Party-appointed arbitrators fail to appoint the third, then the third, independent arbitrator shall be appointed pursuant to the CPR arbitration procedure. If the arbitration shall be before a sole independent arbitrator, then the sole independent arbitrator shall be appointed by agreement of the Parties within fifteen (15) days of the date of receipt of the Arbitration Request. If the Parties cannot agree to a sole independent arbitrator during such fifteen (15)-day period, then upon written application by either Party, the sole independent arbitrator shall be appointed pursuant to the CPR arbitration procedure.

(c) The arbitrator(s) shall have the right to award, on an interim basis, or include in the final award, any relief which it deems proper in the circumstances, including money damages (with interest on unpaid amounts from the due date), injunctive relief (including specific performance) and attorneys' fees and costs; provided that the arbitrator(s) shall not award any relief not specifically requested by the Parties and, in any event, shall not award any indirect, punitive, exemplary, remote, speculative or similar

damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim). Upon selection of the arbitrator(s) following any grant of interim relief by a special arbitrator or court pursuant to Section 7.4, the arbitrator(s) may affirm or disaffirm that relief, and the parties shall seek modification or rescission of the order entered by the court as necessary to accord with the decision of the arbitrator(s). The award of the arbitrator(s) shall be final and binding on the Parties, and may be enforced in any court of competent jurisdiction. The initiation of mediation or arbitration pursuant to this Article VII shall toll the applicable statute of limitations for the duration of any such proceedings.

7.4 Litigation and Unilateral Commencement of Arbitration. Notwithstanding the foregoing provisions of this Article VII, (a) a Party may seek preliminary provisional or injunctive judicial relief with respect to a Dispute without first complying with the procedures set forth in Sections 7.1, 7.2 and 7.3 if such action is reasonably necessary to avoid irreparable damage and (b) either Party may initiate arbitration before the expiration of the periods specified in Sections 7.2 and 7.3 if (i) such Party has submitted a Mediation Request or Arbitration Request, as applicable, and the other Party has failed, within the applicable periods set forth in Section 7.3, to agree upon a date for the first mediation session to take place within thirty (30) days after the appointment of such mediator or such longer period as the Parties may agree to in writing or (ii) such Party has failed to comply with Section 7.3 in good faith with respect to commencement and engagement in arbitration. In such event, the other Party may commence and prosecute such arbitration unilaterally in accordance with the CPR arbitration procedure.

7.5 Conduct During Dispute Resolution Process. Unless otherwise agreed in writing, the Parties shall, and shall cause the respective members of their Groups to, continue to honor all commitments under this Agreement and each Ancillary Agreement to the extent required by hereby and thereby during the course of dispute resolution pursuant to the provisions of this Article VII unless such commitments are the specific subject of the Dispute at issue.

ARTICLE VIII
FURTHER ASSURANCES AND ADDITIONAL COVENANTS

8.1 Further Assurances.

(a) In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use its reasonable best efforts, prior to, on and after the Effective Time, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Without limiting the foregoing, prior to, on and after the Effective Time, each Party shall cooperate with the other Party, and without any further consideration, but at the expense of the requesting Party, to execute and deliver, or use its reasonable best efforts to cause to be executed and delivered, all instruments, including instruments of conveyance, assignment and transfer, and to make all filings with, and to obtain all Approvals or Notifications of, any Governmental Authority or any other Person

under any permit, license, agreement, indenture or other instrument (including any consents or Governmental Approvals), and to take all such other actions as such Party may reasonably be requested to take by the other Party from time to time, consistent with the terms of this Agreement and the Ancillary Agreements, in order to effectuate the provisions and purposes of this Agreement and the Ancillary Agreements and the transfers of the UpstreamCo Assets and the Parent Assets and the assignment and assumption of the UpstreamCo Liabilities and the Parent Liabilities and the other transactions contemplated hereby and thereby. Without limiting the foregoing, each Party shall, at the reasonable request, cost and expense of the other Party, take such other actions as may be reasonably necessary to vest in such other Party good and marketable title to the Assets allocated to such Party under this Agreement or any of the Ancillary Agreements, free and clear of any Security Interest, if and to the extent it is practicable to do so.

(c) On or prior to the Effective Time, Parent and UpstreamCo in their respective capacities as direct and indirect shareholders of the members of their Groups, shall each ratify any actions that are reasonably necessary or desirable to be taken by Parent, UpstreamCo or any of the members of their respective Groups, as the case may be, to effectuate the transactions contemplated by this Agreement and the Ancillary Agreements.

(d) Parent and UpstreamCo, and each of the members of their respective Groups, waive (and agree not to assert against any of the others) any claim or demand that any of them may have against any of the others for any Liabilities or other claims relating to or arising out of: (i) the failure of UpstreamCo or any other member of the UpstreamCo Group, on the one hand, or of Parent or any other member of the Parent Group, on the other hand, to provide any notification or disclosure required under any state Environmental Law in connection with the Separation or the other transactions contemplated by this Agreement, including the transfer by any member of any Group to any member of the other Group of ownership or operational control of any Assets not previously owned or operated by such transferee; or (ii) any inadequate, incorrect or incomplete notification or disclosure under any such state Environmental Law by the applicable transferor. To the extent any Liability to any Governmental Authority or any Third Party arises out of any action or inaction described in clause (i) or (ii) of the preceding sentence, the transferee of the applicable Asset hereby assumes and agrees to pay any such Liability.

8.2 Continued Use of Alcoa Name. Except as otherwise provided in the Intellectual Property Agreements or the Transition Services Agreement, Parent undertakes to (and to cause the members of the Parent Group to) discontinue the use of the name “Alcoa” and the related trademark symbol as soon as reasonably practicable after the Effective Time, but in any case not longer than the period set forth in the Intellectual Property Agreements or the Transition Services Agreement (the “Transition Period”). Notwithstanding the foregoing, effective as of the Effective Time, UpstreamCo, on behalf of itself and its Affiliates, hereby grants to the members of the Parent Group a non-exclusive, sublicenseable, worldwide and royalty-free license to use and have used the name “Alcoa” and the related trademark symbol for the sale of inventory containing the such name or trademark applied to such products created: (a) prior to the Effective Time and (b) during the Transition Period; provided, that Parent shall

(and shall cause the members of the Parent Group and its sublicensees to) use such name or trademark at a level of quality equivalent to that in effect as of the Effective Time. In addition, the UpstreamCo to Parent Trademark License Agreement grants to the Parent Group the exclusive right to use the name “Alcoa” and related trademarks with respect to product types sold by the Parent Group in connection with the Parent Business in order to protect against their use in competition with the Parent Group by UpstreamCo, Third Parties or acquirers of UpstreamCo; the Parent Group will not, however, use such name or trademarks except in connection with those products licensed to the Parent Group in the UpstreamCo to Parent Trademark License Agreement.

8.3 Domain Name Use. Upon the request of a Party that used a domain name in connection with its business prior to the date of this Agreement, the Party now owning the domain name will re-direct traffic for that domain name to a domain name identified by the requesting Party for a period ending one year after the date of the Agreement.

ARTICLE IX
TERMINATION

9.1 Termination. This Agreement and all Ancillary Agreements may be terminated and the Distribution may be amended, modified or abandoned at any time prior to the Effective Time by Parent, in its sole and absolute discretion, without the approval or consent of any other Person, including UpstreamCo. After the Effective Time, this Agreement may not be terminated except by an agreement in writing signed by a duly authorized officer of each of the Parties.

9.2 Effect of Termination. In the event of any termination of this Agreement prior to the Effective Time, no Party (nor any of its directors, officers or employees) shall have any Liability or further obligation to the other Party by reason of this Agreement.

ARTICLE X
MISCELLANEOUS

10.1 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement and each Ancillary Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties hereto or the parties thereto, respectively, and delivered to the other Party hereto or parties thereto, respectively.

(b) This Agreement, the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

(c) Parent represents on behalf of itself and each other member of the Parent Group, and UpstreamCo represents on behalf of itself and each other member of the UpstreamCo Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and each Ancillary Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby; and

(ii) this Agreement and each Ancillary Agreement to which it is a party has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

(d) Each Party acknowledges that it and each other Party is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement or any Ancillary Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement or any Ancillary Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it shall as promptly as reasonably practicable cause each such Ancillary Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

10.2 Governing Law.

(a) This Agreement and, unless expressly provided therein, each Ancillary Agreement (and any claims or disputes arising out of or related hereto or thereto or to the transactions contemplated hereby and thereby or to the inducement of any party to enter herein and therein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware including all matters of validity, construction, effect, enforceability, performance and remedies.

(b) Subject to the provisions of Article VII, each of the Parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Federal court of the United States of America sitting in Delaware, and appellate courts thereof, in any action or proceeding arising out of or relating to this Agreement for recognition or enforcement of any judgment relating hereto, and each of the Parties hereby irrevocably and unconditionally

(i) agrees not to commence any such action or proceeding except in the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Federal court of the United States of America sitting in Delaware, and appellate courts thereof, (ii) agrees that any claim in respect of any such action or proceeding may be heard and determined in the Court of Chancery of the State of Delaware, or, if (and only if) such court finds it lacks subject matter jurisdiction, the Federal court of the United States of America sitting in Delaware, and appellate courts thereof, (iii) waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any such action or proceeding in such courts and (iv) waives, to the fullest extent permitted by Law, the defense of an inconvenient forum to the maintenance of such action or proceeding in such courts.

10.3 Assignability. Except as set forth in any Ancillary Agreement, this Agreement and each Ancillary Agreement shall be binding upon and inure to the benefit of the Parties hereto and the parties thereto, respectively, and their respective successors and permitted assigns; provided, however, that neither Party nor any such party thereto may assign its rights or delegate its obligations under this Agreement or any Ancillary Agreement without the express prior written consent of the other Party hereto or other parties thereto, as applicable. Notwithstanding the foregoing, no such consent shall be required for the assignment of a party's rights and obligations under this Agreement and the Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) in whole (i.e., the assignment of a party's rights and obligations under this Agreement and all Ancillary Agreements all at the same time) in connection with a Change of Control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any member of its Group from being party to or undertaking a Change of Control, provided that nothing in this Section 10.3 shall limit the terms of Section 5.7(b).

10.4 Third-Party Beneficiaries. Except for any Parent Indemnitee or UpstreamCo Indemnitee (in their respective capacities as such) expressly entitled to indemnification rights under this Agreement or any Ancillary Agreement, (a) the provisions of this Agreement and each Ancillary Agreement are solely for the benefit of the Parties hereto and parties thereto, respectively, and are not intended to confer upon any other Person any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement or any Ancillary Agreement and neither this Agreement nor any Ancillary Agreement shall provide any Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement or any Ancillary Agreement.

10.5 Notices. All notices, requests, claims, demands or other communications under this Agreement and, to the extent, applicable and unless otherwise provided therein, under each of the Ancillary Agreements shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by

delivery of an original via overnight courier service or by registered or certified mail postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 10.5):

If to Parent, to:

Alcoa Inc.
390 Park Avenue
New York, New York 10022
Attention: Chief Legal Officer
Facsimile: 212-836-2816

and

Alcoa Inc.
390 Park Avenue
New York, New York 10022
Attention: Chief Financial Officer
Facsimile: 212-836-2813

If to UpstreamCo, to:

Alcoa Upstream Corporation
201 Isabella Street
Pittsburgh, Pennsylvania 15212
Attn: General Counsel
Facsimile: 412-992-5440

and

Alcoa Upstream Corporation
390 Park Avenue
New York, New York 10022
Attn: Chief Financial Officer
Facsimile: 212-518-5491

A Party may, by notice to the other Party, change the address to which such notices are to be given.

10.6 Severability. If any provision of this Agreement or any Ancillary Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof or thereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

10.7 Force Majeure. No Party shall be deemed in default of this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation (other than a payment obligation) hereunder or thereunder so long as and to the extent any delay or failure in the fulfillment of such obligation is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance of such obligations (other than a payment obligation) shall be extended for a period equal to the time lost by reason of the delay unless this Agreement has previously been terminated under Article IX. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

10.8 No Set-Off. Except as expressly set forth in any Ancillary Agreement or as otherwise mutually agreed to in writing by the Parties, neither Party nor any member of such Party's Group shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or any Ancillary Agreement; or (b) any other amounts claimed to be owed to the other Party or any member of its Group arising out of this Agreement or any Ancillary Agreement.

10.9 Publicity. Prior to the Effective Time, each of UpstreamCo and Parent shall consult with each other prior to issuing any press releases or otherwise making public statements with respect to the Separation, the Distribution or any of the other transactions contemplated hereby or under any Ancillary Agreement and prior to making any filings with any Governmental Authority with respect thereto.

10.10 Expenses. Except as otherwise expressly set forth in this Agreement (including Section 2.14(b)) or any Ancillary Agreement, or as otherwise agreed to in writing by the Parties, all costs and expenses incurred (a) on or prior to the Effective Time in connection with the preparation, execution, delivery and implementation of this Agreement and any Ancillary Agreement, the Separation, the Registration Statement, the Separation and the Distribution and the consummation of the transactions contemplated hereby and thereby shall be charged to and paid by Parent and (b) after the Effective Time shall be borne by the Party or its applicable Subsidiary incurring such costs or expenses.

10.11 Headings. The article, section and paragraph headings contained in this Agreement and in the Ancillary Agreements are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement or any Ancillary Agreement.

10.12 Survival of Covenants. Except as expressly set forth in this Agreement or any Ancillary Agreement, the covenants, representations and warranties contained in this Agreement and each Ancillary Agreement, and Liability for the breach of any obligations contained herein, shall survive the Separation and the Distribution and shall remain in full force and effect.

10.13 Waivers of Default. Waiver by a Party of any default by the other Party of any provision of this Agreement or any Ancillary Agreement must be in writing and shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement or any Ancillary Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

10.14 Specific Performance. Subject to the provisions of Article VII, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement or any Ancillary Agreement, the Party hereto or parties thereto, respectively, who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of their respective rights under this Agreement or such Ancillary Agreement, as applicable, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Parties.

10.15 Amendments. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

10.16 Interpretation. In this Agreement and any Ancillary Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement (or the applicable Ancillary Agreement) as a whole (including all of the Schedules, Exhibits and Appendices hereto and thereto) and not to any particular provision of this Agreement (or such Ancillary Agreement); (c) Article, Section, Schedule, Exhibit and Appendix references are to the Articles, Sections, Schedules, Exhibits and Appendices to this Agreement (or the applicable Ancillary Agreement) unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement and each Ancillary Agreement) shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word “including” and words of similar import when used in this Agreement (or the applicable Ancillary Agreement) shall mean “including, without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) unless otherwise specified in a particular case, the word “days” refers to calendar days; (h) references to “business day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in Pittsburgh, Pennsylvania or New York, New York; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; the word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing

extends, and such phrase shall not mean simply "if"; and (k) unless expressly stated to the contrary in this Agreement or in any Ancillary Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import shall all be references to October 31, 2016.

10.17 Limitations of Liability. Notwithstanding anything in this Agreement to the contrary, neither UpstreamCo or any member of the UpstreamCo Group, on the one hand, nor Parent or any member of the Parent Group, on the other hand, shall be liable under this Agreement to the other for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages of the other arising in connection with the transactions contemplated hereby (other than any such Liability with respect to a Third-Party Claim).

10.18 Performance. Parent shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the Parent Group. UpstreamCo shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement or in any Ancillary Agreement to be performed by any member of the UpstreamCo Group. Each Party (including its permitted successors and assigns) further agrees that it shall (a) give timely notice of the terms, conditions and continuing obligations contained in this Agreement and any applicable Ancillary Agreement to all of the other members of its Group and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such Party's obligations under this Agreement, any Ancillary Agreement or the transactions contemplated hereby or thereby.

10.19 Mutual Drafting. This Agreement and the Ancillary Agreements shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Separation and Distribution Agreement to be executed by their duly authorized representatives as of the date first written above.

ALCOA INC.

By: /s/ Klaus Kleinfeld
Name: Klaus Kleinfeld
Title: Chairman and Chief Executive Officer

[Signature Page to Separation and Distribution Agreement]

ALCOA UPSTREAM CORPORATION

By: /s/ Roy C. Harvey
Name: Roy C. Harvey
Title: President

[Signature Page to Separation and Distribution Agreement]

Exhibit 2.2

EXECUTION VERSION

TRANSITION SERVICES AGREEMENT

BY AND BETWEEN

ALCOA INC.

AND

ALCOA UPSTREAM CORPORATION

DATED AS OF OCTOBER 31, 2016

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TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT, dated as of October 31, 2016 (this "Agreement"), is by and between Alcoa Inc., a Pennsylvania corporation ("Parent"), and Alcoa Upstream Corporation, a Delaware corporation ("UpstreamCo").

R E C I T A L S:

WHEREAS, the board of directors of Parent (the "Parent Board") has determined that it is in the best interests of Parent and its shareholders to create a new publicly traded company that will operate the UpstreamCo Business;

WHEREAS, in furtherance of the foregoing, the Parent Board has determined that it is appropriate and desirable to separate the UpstreamCo Business from the Parent Business (the "Separation") and, following the Separation, make a distribution, on a pro rata basis, to holders of Parent Shares on the Record Date of eighty and one tenth of a percent (80.1%) of the outstanding UpstreamCo Shares owned by Parent (the "Distribution");

WHEREAS, in order to effectuate the Separation and the Distribution, Parent and UpstreamCo have entered into a Separation and Distribution Agreement, dated as of October 31, 2016 (the "Separation and Distribution Agreement");

WHEREAS, in order to facilitate and provide for an orderly transition in connection with the Separation and the Distribution, the Parties desire to enter into this Agreement to set forth the terms and conditions pursuant to which each of the Parties shall provide Services to the other Party for a transitional period; and

WHEREAS, the Parties acknowledge that this Agreement, the Separation and Distribution Agreement, and the Ancillary Agreements represent the integrated agreement of Parent and UpstreamCo relating to the Separation and Distribution, are being entered into together, and would not have been entered independently.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

"Action" has the meaning set forth in the Separation and Distribution Agreement.

"Additional Services" has the meaning set forth in Section 2.01(b).

"Affiliate" has the meaning set forth in the Separation and Distribution Agreement.

"Agreement" has the meaning set forth in the Preamble.

"Ancillary Agreements" has the meaning set forth in the Separation and Distribution Agreement.

"Charge" and "Charges" have the meanings set forth in Section 2.03.

"Confidential Information" means all Information that is either confidential or proprietary.

"Dispute" has the meaning set forth in Section 9.16(a).

"Distribution" has the meaning set forth in the Recitals.

"Distribution Date" has the meaning set forth in the Separation and Distribution Agreement.

"Effective Time" has the meaning set forth in the Separation and Distribution Agreement.

"Force Majeure" has the meaning set forth in the Separation and Distribution Agreement.

"Governmental Authority" has the meaning set forth in the Separation and Distribution Agreement.

"Information" shall mean information, whether or not patentable or copyrightable, in written, oral, electronic or other tangible or intangible forms, stored in any medium, including studies, reports, records, books, contracts, instruments, surveys, discoveries, ideas, concepts, know-how, techniques, designs, specifications, drawings, blueprints, diagrams, models, prototypes, samples, flow charts, data, computer data, disks, diskettes, tapes, computer programs or other software, marketing plans, customer names, communications by or to attorneys (including attorney-client privileged communications), memos and other materials prepared by attorneys or under their direction (including attorney work product), and other technical, financial, employee or business information or data.

"Intellectual Property Agreements" has the meaning set forth in the Separation and Distribution Agreement.

"Interest Payment" has the meaning set forth in Section 4.02.

"Law" has the meaning set forth in the Separation and Distribution Agreement.

"Level of Service" has the meaning set forth in Section 2.02(d).

“Liabilities” has the meaning set forth in the Separation and Distribution Agreement.

“Minimum Service Period” means the period commencing on the Distribution Date and ending thirty (30) days after the Distribution Date, unless otherwise specified with respect to a particular service on the Schedules hereto.

“Parent” has the meaning set forth in the Preamble.

“Parent Board” has the meaning set forth in the Recitals.

“Parent Business” has the meaning set forth in the Separation and Distribution Agreement.

“Parent Shares” has the meaning set forth in the Separation and Distribution Agreement.

“Parties” means the parties to this Agreement.

“Person” has the meaning set forth in the Separation and Distribution Agreement.

“Prime Rate” has the meaning set forth in the Separation and Distribution Agreement.

“Provider” means, with respect to any Service, the Party identified on each Schedule hereto as the “Provider” of such Service hereunder.

“Provider Indemnitees” has the meaning set forth in Section 7.03.

“Recipient” means, with respect to any Service, the Party identified on each Schedule hereto as the “Recipient” of such Service hereunder.

“Recipient Indemnitees” has the meaning set forth in Section 7.04.

“Record Date” has the meaning set forth in the Separation and Distribution Agreement.

“Representatives” has the meaning set forth in the Separation and Distribution Agreement.

“Schedules” shall mean the schedules attached to this Agreement, which specify, *inter alia*, the Services to be provided by Provider to Recipient pursuant to this Agreement.

“Separation” has the meaning set forth in the Recitals.

“Separation and Distribution Agreement” has the meaning set forth in the Recitals.

“Service Baseline Period” has the meaning set forth in Section 2.02(d).

"Service Period" means, with respect to any Service, the period commencing on the Distribution Date and ending on the earliest of (a) the date that a Party terminates the provision of such Service pursuant to Section 5.03, (b) the date that is the twenty-fourth (24) month anniversary of the Distribution Date, and (c) the date specified for termination of such Service in the Schedules hereto, as such date may be extended pursuant to Section 5.02.

"Services" has the meaning set forth in Section 2.01(a).

"Subsidiary" has the meaning set forth in the Separation and Distribution Agreement.

"Tax" has the meaning set forth in the Tax Matters Agreement.

"Tax Matters Agreement" has the meaning set forth in the Separation and Distribution Agreement.

"Taxing Authority" has the meaning set forth in the Tax Matters Agreement.

"Termination Charges" shall mean, with respect to the termination of any Service pursuant to Section 5.03(a)(i) or Section 5.03(b), the sum of (a) any and all costs, fees and expenses (other than any severance or retention costs) incurred by the Provider of such Service principally as a result of the early termination of such Service; provided, however, that the Provider shall use commercially reasonable efforts to minimize any costs, fees or expenses in connection with such early termination of such Service and credit any such reductions against the Termination Charges payable by the Recipient; and (b) any additional severance and retention costs, if any, that the Provider of such terminated Service incurs to employees who had been retained primarily to provide such terminated Service (it being agreed that the costs set forth in this clause (b) shall only be the amount, if any, in excess of the severance and retention costs that such Provider would have paid to such employees if the Service had been provided for the full period during which such Service would have been provided hereunder but for such early termination).

"Third Party" shall mean any Person other than the Parties or any of their Affiliates.

"Third-Party Claim" shall mean any Action commenced by any Third Party against any Party or any of its Affiliates.

"Transition Committee" has the meaning set forth in the Separation and Distribution Agreement.

"UpstreamCo" has the meaning set forth in the Preamble.

"UpstreamCo Business" has the meaning set forth in the Separation and Distribution Agreement.

"UpstreamCo Shares" has the meaning set forth in the Separation and Distribution Agreement.

ARTICLE II
SERVICES

Section 2.01. Services.

(a) Commencing as of the Effective Time, the Provider agrees to provide, or to cause one or more of its Subsidiaries to provide, to the Recipient, or any Subsidiary of the Recipient, the applicable services (the "Services") set forth on, and in accordance with, the Schedules hereto.

(b) After the date of this Agreement, if UpstreamCo or Parent (i) identifies a service that (x) Parent provided to UpstreamCo prior to the Distribution Date that UpstreamCo reasonably needs in order for the UpstreamCo Business to continue to operate in substantially the same manner in which the UpstreamCo Business operated prior to the Distribution Date, and such service was not included on the Schedules hereto (other than because the Parties agreed such service shall not be provided), or (y) UpstreamCo provided to Parent prior to the Distribution Date that Parent reasonably needs in order for the Parent Business to continue to operate in substantially the same manner in which the Parent Business operated prior to the Distribution Date, and such service was not included on the Schedules hereto (other than because the Parties agreed such service shall not be provided), and (ii) provides written notice to the other Party within ninety (90) days after the Distribution Date requesting such additional services, then such other Party shall use commercially reasonable efforts to provide such requested additional services (the "Additional Services"); provided, however, that no Party shall be obligated to provide any Additional Service if it does not, in its reasonable judgment, have adequate resources to provide such Additional Service or if the provision of such Additional Service would significantly disrupt the operation of its or its Subsidiaries' businesses; and provided, further, that the Provider shall not be required to provide any Additional Services if the Parties are unable to reach agreement on the terms thereof (including with respect to Charges therefor). In connection with any request for Additional Services in accordance with this Section 2.01(b), the Parties shall in good faith negotiate the terms of a supplementary Schedule, including Charges and the Service Period, which terms shall be consistent with the terms of, and the pricing methodology used for, Services provided under this Agreement. Upon the mutual written agreement of the Parties, the supplementary Schedule shall describe in reasonable detail the nature, scope, service period(s), termination provisions and other terms applicable to such Additional Services in a manner similar to that in which the Services are described in the existing Schedules. Each supplementary Schedule, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement and the Additional Services set forth therein shall be deemed "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(c) Notwithstanding the foregoing, no Services or Additional Services may be provided under this Agreement after the date that is the twenty-fourth (24th) month anniversary of the Distribution Date.

Section 2.02. Performance of Services.

(a) The Provider shall perform, or shall cause one or more of its Subsidiaries to perform, all Services to be provided by the Provider under this Agreement in a manner consistent with the Provider's (or its Subsidiary's) past practice and substantially similar in all material respects to the analogous services provided by or on behalf of Parent or any of its Subsidiaries to Parent or such Subsidiary prior to the Effective Time, and, in any event, in a manner that conforms in all material respects with the terms of the Schedules hereto including any service level specified in any of the Schedules.

(b) Nothing in this Agreement shall require the Provider to perform or cause to be performed any Service to the extent that the manner of such performance would constitute a violation of any applicable Law or any existing contract or agreement with a Third Party. If the Provider is or becomes aware of any potential violation on the part of the Provider due to providing Services hereunder, the Provider shall promptly advise the Recipient of such potential violation, and the Provider and the Recipient will mutually seek an alternative that addresses such potential violation. If, with the performance of any Service by the Provider would constitute a violation of any applicable Law, the Provider shall have no obligation whatsoever to perform or cause to be performed such Service.

(c) The Parties agree to cooperate in good faith and use commercially reasonable efforts to obtain any necessary Third Party consents required under any existing contract or agreement with a Third Party to allow the Provider to perform, or cause to be performed, all Services to be provided by the Provider hereunder in accordance with this Section 2.02. Unless otherwise agreed in writing by the Parties, all reasonable out-of-pocket costs and expenses (if any) incurred by any Party or any of its Subsidiaries in connection with obtaining any such Third Party consent that is required to allow the Provider to perform or cause to be performed such Services shall be divided proportionately between the Provider and the Recipient in accordance with such Parties' respective utilization of such Services at such time. If, with respect to a Service, the Parties, despite the use of such commercially reasonable efforts, are unable to obtain a required Third Party consent, the Provider shall have no obligation whatsoever to perform or cause to be performed such Service.

(d) Unless otherwise provided with respect to a specific Service on the Schedules hereto, the Provider shall not be obligated to perform or to cause to be performed any Service in a manner that is materially more burdensome (with respect to service quality or quantity) than analogous services provided by Parent or its applicable functional group or Subsidiary (collectively referred to as the "Level of Service") during the one year period ending on the last day of Parent's last fiscal quarter completed on or prior to the Distribution Date (the "Service Baseline Period"). If the Recipient requests that the Provider perform or cause to be performed any Service that exceeds the Level of Service provided during the Service Baseline Period, then the Parties shall cooperate and act in good faith to determine whether the Provider will be required to provide such requested higher Level of Service. If the Parties determine that the Provider shall provide the requested higher Level of Service, then such higher Level of Service shall be documented in a written agreement signed by the Parties. Each amended section of the Schedules hereto, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such written agreement and the Level of Service increases set forth in such written agreement shall be deemed a part of the "Services" provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(e) Neither the Provider nor any of its Subsidiaries shall be required to perform or to cause to be performed any of the Services for the benefit of any Third Party or any other Person other than the Recipient and its Subsidiaries, subject to Section 9.08. Each Party recognizes that the Provider is not a professional services provider and is providing Services in the context of the Separation. EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION 2.02 OR SECTION 7.04, EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL SERVICES ARE PROVIDED ON AN "AS-IS" BASIS, THAT THE RECIPIENT ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES, AND THAT THE PROVIDER MAKES NO OTHER REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, WITH RESPECT TO THE SERVICES. EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

(f) Each Party shall be responsible for its own compliance with any and all Laws applicable to its performance under this Agreement. No Party shall knowingly take any action in violation of any such applicable Law that results in Liability being imposed on the other Party.

Section 2.03. Charges for Services. The Recipient shall pay the Provider of the Services a fee (either one-time or recurring) for such Services (or category of Services, as applicable) (each fee constituting a "Charge" and, collectively, "Charges"), which Charges are set forth on each applicable Schedule hereto. During the Term of this Agreement, the amount of a Charge for any Service may be modified to the extent of (a) any adjustments mutually agreed by the Parties, (b) any adjustments due to a change in Level of Service requested by the Recipient and agreed upon by the Provider, and (c) any adjustment in the rates or charges imposed by any Third Party provider that is providing Services (with such adjustment proportional to the respective use of such Services by each Party), provided that the Provider will notify the Recipient in writing of any such change in rates at least thirty (30) days prior to the effective date of such rate change. Together with any invoice for Charges, the Provider shall provide the Recipient with reasonable documentation, including any additional documentation reasonably requested by the Recipient to the extent that such documentation is in the Provider's or its Subsidiaries' possession or control, to support the calculation of such Charges.

Section 2.04. Reimbursement for Out-of-Pocket Costs and Expenses. The Recipient shall reimburse the Provider for reasonable out-of-pocket costs and expenses incurred by the Provider or any of its Subsidiaries in connection with providing the Services (including reasonable travel-related expenses) to the extent that such costs and expenses are not reflected in the Charges for such Services; provided, however, that any such cost or expense in excess of $25,000.00 for any Service (including business travel and related expenses) shall require advance written approval of the Recipient.

Section 2.05. Changes in the Performance of Services. Subject to the performance standard for Services set forth in Sections 2.02(a) and any higher Level of Service agreed to

pursuant to Section 2.02(d) (both as limited by Sections 2.02(b) and 2.02(c)), the Provider may make changes from time to time in the manner of performing the Services if the Provider is making similar changes in performing analogous services for itself and if the Provider furnishes to the Recipient reasonable prior written notice (in content and timing) of such changes. No such change shall materially adversely affect the timeliness or quality of, or the Charges for, the applicable Service. If any such change by the Provider reasonably requires the Recipient to incur an increase in costs and expenses of at least five percent (5%), in the aggregate, in order to continue to receive and utilize the applicable Services in the same manner as the Recipient was receiving and utilizing such Service prior to such change, the Provider shall be required to reimburse the Recipient for all such reasonable increases in costs and expenses. Upon request, the Recipient shall provide the Provider with reasonable documentation, including any additional documentation reasonably requested by the Provider to the extent such documentation is in the Recipient's or its Subsidiaries' possession or control, to support the calculation of such increase in costs and expenses. If such change will materially adversely affect the timeliness or quality of, or the Charges for, the applicable Service, the Recipient shall be permitted to terminate the provision of such Service without being required to pay any Termination Charges with respect thereto pursuant to Section 5.05 or comply with clauses (x), (y) and (z) of Section 5.03(a)(i).

Section 2.06. Transitional Nature of Services. The Parties acknowledge the transitional nature of the Services and agree to cooperate in good faith and to use commercially reasonable efforts to effectuate a smooth transition of the Services from the Provider to the Recipient (or its designee). Unless otherwise agreed with respect to a specific Service, each Party agrees to use its commercially reasonable efforts to reduce or eliminate its and its Affiliates' dependency on each Service to the extent and as soon as is reasonably practicable.

Section 2.07. Subcontracting. With the prior written consent of Recipient, a Provider may hire or engage one or more Third Parties to perform any or all of its obligations under this Agreement; provided, however, that (a) such Provider shall use the same degree of care (but at least reasonable care) in selecting each such Third Party as it would if such Third Party was being retained to provide similar services to the Provider, and (b) such Provider shall in all cases remain primarily responsible for all of its obligations under this Agreement with respect to the scope of the Services, the performance standard for Services set forth in Sections 2.02(a) and any higher Level of Service agreed to pursuant to Section 2.02(d) (both as limited by Sections 2.02(b) and 2.02(c)) and the content of the Services provided to the Recipient. Such Provider shall be liable for any breach of its obligations under this Agreement by any Third Party service provider engaged by such Provider.

ARTICLE III
OTHER ARRANGEMENTS

Section 3.01. Access.

(a) UpstreamCo shall, and shall cause its Subsidiaries to, provide Parent and its Subsidiaries and their respective Representatives reasonable access to the facilities of UpstreamCo and its Subsidiaries to the extent necessary for Parent and its Subsidiaries to fulfill their obligations under this Agreement. In addition to the foregoing right of access, UpstreamCo shall, and shall cause its Subsidiaries to, afford Parent, its Subsidiaries and their respective

Representatives, upon reasonable advance written notice, reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of UpstreamCo and its Subsidiaries as reasonably necessary for Parent to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided by UpstreamCo or its Subsidiaries, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided that (i) such access shall not unreasonably interfere with any of the business or operations of UpstreamCo or any of its Subsidiaries and (ii) in the event that UpstreamCo determines that providing such access could be commercially detrimental, violate any applicable Law or agreement or waive any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit such access in a manner that avoids such harm and consequence. Parent agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of UpstreamCo or its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of UpstreamCo or its Subsidiaries, conform to the policies and procedures of UpstreamCo and its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known or provided to Parent from time to time.

(b) Parent shall, and shall cause its Subsidiaries to, provide UpstreamCo and its Subsidiaries and their respective Representatives reasonable access to the facilities of Parent and its Subsidiaries to the extent necessary for UpstreamCo and its Subsidiaries to fulfill their obligations under this Agreement. In addition to the foregoing right of access, Parent shall, and shall cause its Subsidiaries to, afford UpstreamCo, its Subsidiaries and their respective Representatives, upon reasonable advance written notice, reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of Parent and its Subsidiaries as reasonably necessary for UpstreamCo to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided by Parent or its Subsidiaries, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002. In all cases of access (i) such access shall not unreasonably interfere with any of the business or operations of Parent or any of its Subsidiaries and (ii) in the event that Parent determines that providing such access could be commercially detrimental, violate any applicable Law or agreement or waive any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit such access in a manner that avoids such harm and consequence. UpstreamCo agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of Parent or its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of Parent or its Subsidiaries, conform to the policies and procedures of Parent and its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known or provided to UpstreamCo from time to time.

ARTICLE IV
BILLING; TAXES

Section 4.01. Billing Procedure. The Provider will prepare and send an invoice (including reasonable documentation pursuant to Section 2.03) to the Recipient by the 5th day of each month reflecting the Charges for the Services provided and reimbursable out-of-pocket

costs incurred (but not included in the Charges) by the Provider in the prior month during the Term of this Agreement. The Recipient will pay each such invoice by wire transfer (or such other method of payment as may be agreed between the Parties from time to time) to the Provider (as directed by the Provider) within thirty (30) days of date of each such invoice. All amounts due and payable hereunder shall be invoiced and paid in U.S. dollars.

Section 4.02. Late Payments. Charges not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (3) days of the receipt of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus two percent (2%) or the maximum rate under applicable Law, whichever is lower (the "Interest Payment").

Section 4.03. Taxes. Without limiting any provisions of this Agreement, the Recipient shall bear any and all Taxes and other similar charges (and any related interest and penalties) imposed on, or payable with respect to, any fees or charges, including any Charges, payable by it pursuant to this Agreement, including all sales, use, value-added, and similar Taxes, but excluding Taxes based on the Provider's net income and any excise taxes imposed under Section 4981 of the Internal Revenue Code of 1986, as amended. Notwithstanding anything to the contrary in the previous sentence or elsewhere in this Agreement, the Recipient shall be entitled to withhold from any payments to the Provider any such Taxes that the Recipient is required by applicable Law to withhold and shall pay such Taxes to the applicable Taxing Authority.

Section 4.04. No Set-Off. Except as mutually agreed to in writing by Parent and UpstreamCo, no Party or any of its Affiliates shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or (b) any other amounts claimed to be owed to the other Party or any of its Subsidiaries arising out of this Agreement.

Section 4.05. Audit Rights. Subject to the confidentiality provisions of this Agreement, each Party shall, and shall cause their respective Affiliates to, provide, upon ten (10) business days' prior written notice from the other Party, any information within such Party's or its Affiliates' possession that the requesting Party reasonably requests in connection with any Services being provided to such requesting Party by the other Party or by such other Party's designated Third Party service provider, including any applicable invoices or other supporting documentation, or in the case of a Third Party service provider, agreements documenting the arrangements between such Third Party service provider and the Provider; provided, however, that (i) each Party shall make no more than one such request during any calendar month, and (ii) in the event that the providing Party determines that providing such information could be commercially detrimental, violate any applicable Law or agreement or waive any attorney-client privilege, then the Parties shall use commercially reasonable efforts to facilitate the provision of such information in a manner that avoids such harm and consequence.

ARTICLE V
TERM AND TERMINATION

Section 5.01. Term; Termination of this Agreement. This Agreement shall commence at the Effective Time and shall terminate in its entirety upon the earliest to occur of (a) the last

date on which either Party is obligated to provide any Service to the other Party in accordance with the terms of this Agreement; (b) the mutual written agreement of the Parties to terminate this Agreement in its entirety; and (c) the date that is the twenty-fourth (24th) month anniversary of the Distribution Date (the "Term"). The Service Period of each Service to be provided under this Agreement is specified on the applicable Schedule. Unless extended pursuant to Section 5.02 or otherwise terminated pursuant to Section 5.03, this Agreement shall terminate with respect to each Service as of the close of business on the last day of the Service Period for such Service.

Section 5.02. Extension of a Service Period. After the date of this Agreement, if UpstreamCo or Parent, in each of their capacity as a Recipient hereunder (a) desires to extend the Service Period for any Service, as reflected on a Schedule to this Agreement, and (b) provides written notice to the other Party at least ninety (90) days prior to expiration of the applicable Service Period for such Service, then such other Party as a Provider shall use its commercially reasonable efforts to continue to provide such Service for the extended Service Period; provided, however, that no Party shall be obligated to extend a Service Period for any Service if it does not, in its reasonable judgment, have adequate resources to provide such Service for the extended Service Period or if the provision of such Service for the extended Service Period would significantly disrupt the operation of its or its Subsidiaries' businesses; and provided, further, that under no circumstances will any Service Period be extended beyond the date that is the twenty-fourth (24th) month anniversary of the Distribution Date. If the extended Service Period will extend beyond the date that is the eighteenth (18th) month anniversary of the Distribution Date, the Charge for such Service will be subject to a ten percent (10%) increase from the original Charge specified in the Schedule during that portion of the extension of the Service Period that extends beyond the date that is the eighteenth (18th) month anniversary of the Distribution Date. The Parties will amend the relevant Schedule to reflect such extended Service Period and any increased Charge applicable to the Service. Such amended Schedule, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such agreement, in each case subject to the terms and conditions of this Agreement.

Section 5.03. Early Termination of Any Service.

(a) Without prejudice to the Recipient's rights with respect to Force Majeure, the Recipient may from time to time terminate this Agreement with respect to the entirety of any individual Service or portion of any Service (for the avoidance of doubt, the Recipient may terminate any Service (or portion thereof) set forth on any part of the Schedules hereto without terminating all or any other Services set forth on the same Schedule as such terminated Service (or portion thereof)):

(i) for any reason or no reason, upon the giving of at least thirty (30) days' prior written notice (or such other number of days specified in the Schedules hereto) to the Provider of such Service; provided, however, that any such termination (x) may not be effective prior to the end of the Minimum Service Period, (y) may only be effective as of the last day of a month and (z) shall be subject to the obligation of Recipient to pay any applicable Termination Charges pursuant to Section 5.05; or

(ii) if the Provider of such Service has failed to perform any of its material obligations under this Agreement with respect to such Service, and such failure shall continue to be uncured by the Provider for a period of at least thirty (30) days after receipt by the Provider of written notice of such failure from the Recipient; provided, however, that any such termination may only be effective as of the last day of a month; and provided, further, that the Recipient shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such period, there remains a good-faith Dispute between the Parties (undertaken in accordance with the terms of Section 9.16) as to whether the Provider has cured the applicable breach.

(b) The Provider may terminate this Agreement with respect to any individual Service at any time upon prior written notice to the Recipient if the Recipient has failed to perform any of its material obligations under this Agreement relating to such Service, including making payment of Charges for such Service when due, and such failure shall continue to be uncured by the Recipient for a period of at least thirty (30) days after receipt by the Recipient of a written notice of such failure from the Provider; provided, however, that any such termination (x) may only be effective as of the last day of a month, and (y) Recipient must pay any applicable Termination Charges pursuant to Section 5.05; and provided, further, that the Provider shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such period, there remains a good-faith Dispute between the Parties (undertaken in accordance with the terms of Section 9.16) as to whether the Recipient has cured the applicable breach. The Schedules hereto shall be updated to reflect any terminated Service.

Section 5.04. Interdependencies. The Parties acknowledge and agree that (a) there may be interdependencies among the Services being provided under this Agreement; (b) upon the request of either Party, the Parties shall cooperate and act in good faith to determine whether (i) any such interdependencies exist with respect to the particular Service that a Party is seeking to terminate pursuant to Section 5.03 and (ii) in the case of such termination, the Provider's ability to provide a particular Service in accordance with this Agreement would be materially and adversely affected by such termination of another Service; and (c) in the event that the Parties have determined that such interdependencies exist and such termination would materially and adversely affect the Provider's ability to provide a particular Service in accordance with this Agreement, the Parties shall (i) negotiate in good faith to amend the Schedules hereto with respect to such impacted Service prior to such termination, which amendment shall be consistent with the terms of comparable Services and (ii) if after such negotiation, the Parties are unable to agree on such amendment, the Provider's obligation to provide such Service shall terminate automatically with such termination.

Section 5.05. Effect of Termination. Upon the termination of any Service pursuant to this Agreement, the Provider of the terminated Service shall have no further obligation to provide the terminated Service, and the Recipient of such Service shall have no obligation to pay any future Charges relating to such Service; provided, however, that the Recipient shall remain obligated to the Provider for (a) the Charges owed and payable in respect of Services provided prior to the effective date of termination for such Service, and (b) any applicable Termination Charges as provided in Section 5.03(a)(i) and Section 5.03(b). In connection with the termination of any Service, the provisions of this Agreement not relating solely to such terminated Service shall survive any such termination. In connection with a termination of this Agreement in its entirety, Article I, this Article V, Article VII, Article IX, and Liability for all due and unpaid Charges and Termination Charges shall continue to survive indefinitely.

Section 5.06. Information Transmission. The Provider, on behalf of itself and its Subsidiaries, shall use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the Recipient, in accordance with Section 6.1 of the Separation and Distribution Agreement, any Information received or computed by the Provider for the benefit of the Recipient concerning the relevant Service during the Service Period; provided, however, that, except as otherwise agreed to in writing by the Parties (a) the Provider shall not have any obligation to provide, or cause to be provided, Information in any non-standard format, (b) the Provider and its Subsidiaries shall be reimbursed for their reasonable costs in accordance with Section 6.3 of the Separation and Distribution Agreement for creating, gathering, copying, transporting and otherwise providing such Information, and (c) the Provider shall use commercially reasonable efforts to maintain any such Information in accordance with Section 6.4 of the Separation and Distribution Agreement.

ARTICLE VI
CONFIDENTIALITY; PROTECTIVE ARRANGEMENTS

Section 6.01. Parent and UpstreamCo Obligations. Subject to Section 6.04, until the five (5)-year anniversary of the date of the termination of this Agreement in its entirety, each of Parent and UpstreamCo, on behalf of itself and each of its Subsidiaries, agrees to (a) hold, and to cause its Representatives to hold, in strict confidence, with at least the same degree of care that applies to Parent’s Confidential Information pursuant to policies in effect as of the Effective Time, all Confidential Information concerning the other Party, its Subsidiaries, and their respective businesses furnished by such other Party or such other Party’s Subsidiaries or their respective Representatives at any time in connection with this Agreement, and (b) not use any such Confidential Information other than for purposes of providing the Services under this Agreement, except, in each case, to the extent that such Confidential Information (a) is or becomes generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; (b) is lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such Confidential Information known to such Party or its Subsidiary; or (c) is independently developed or generated without reference to or use of the Confidential Information of the other Party or any of its Subsidiaries.

Section 6.02. No Release; Return or Destruction. Each Party agrees (a) not to release or disclose, or permit to be released or disclosed, any Confidential Information of the other Party addressed in Section 6.01 to any other Person, except its Representatives who need to know such Confidential Information in their capacities as such (whom shall be advised of their obligations hereunder with respect to such Confidential Information) and except in compliance with Section 6.04, and (b) to use commercially reasonable efforts to maintain such Confidential Information in accordance with this Agreement. Without limiting the foregoing, when any such Confidential Information is no longer needed for the purposes contemplated by this Agreement, each Party will promptly after request of the other Party either return to the other Party all such Confidential Information in a tangible form (including all copies thereof and all notes, extracts or

summaries based thereon) or notify the other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided, that the Parties may retain electronic back-up versions of such Confidential Information maintained on routine computer system backup tapes, disks or other backup storage devices.

Section 6.03. Privacy and Data Protection Laws. Each Party shall comply with all applicable state, federal and foreign privacy and data protection Laws that are or that may in the future be applicable to the provision of the Services under this Agreement.

Section 6.04. Protective Arrangements. In the event that a Party or any of its Subsidiaries either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide information of the other Party (or any of its Subsidiaries) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and shall cooperate, at the expense of the other Party, in seeking any appropriate protective order requested by the other Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party shall promptly provide the other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

ARTICLE VII
LIMITED LIABILITY AND INDEMNIFICATION

Section 7.01. Limitations on Liability.

(a) Subject to Section 7.02, the Liabilities of the Provider and its Subsidiaries and their respective Representatives, collectively, under this Agreement for any act or failure to act in connection herewith (including the performance or breach of this Agreement), or from the sale, delivery, provision or use of any Services provided under or contemplated by this Agreement, whether in contract, tort (including negligence and strict liability) or otherwise, shall not exceed (x) if the Services were performed by such Provider for one year or less, the aggregate Charges paid and payable to such Provider by the Recipient pursuant to this Agreement or (y) if the Services were performed by such Provider for more than one year, the aggregate Charges paid and payable to such Provider by the Recipient pursuant to this Agreement during the twelve (12)-month period immediately preceding the event giving rise to such Liabilities (in either case, other than any such Liability as may arise in connection with a Third-Party Claim).

(b) In no event shall either Party, its Subsidiaries or their respective Representatives be liable to the other Party for any indirect, punitive, exemplary, remote, speculative or similar damages in excess of compensatory damages, including lost profits or lost revenues, of the other Party in connection with the performance of this Agreement (other than any such Liability as may arise in connection with a Third-Party Claim), and each Party hereby waives on behalf of itself, its Subsidiaries and its Representatives any claim for such damages, whether arising in contract, tort or otherwise.

(c) The limitations in Section 7.01(a) and Section 7.01(b) shall not apply in respect of any Liability arising out of or in connection with (i) either Party's Liability for breaches of confidentiality under Article VI, (ii) either Party's obligations under Section 7.03 or 7.04 or (iii) the gross negligence, willful misconduct or fraud of or by the Party to be charged.

Section 7.02. Obligation to Re-Perform; Liabilities. In the event of any material breach of this Agreement by the Provider with respect to the provision of any Services that the Provider can reasonably be expected to re-perform in a commercially reasonable manner, the Provider shall promptly correct in all material respects such error, defect or breach or re-perform in all material respects such Services at the request of the Recipient and at the sole cost and expense of the Provider. The remedy set forth in this Section 7.02 shall be the sole and exclusive remedy of the Recipient for any such breach of this Agreement; provided, however, that the foregoing shall not prohibit the Recipient from exercising its right to terminate this Agreement in accordance with the provisions of Section 5.03(a)(ii) or, if applicable, seeking indemnification under Section 7.04. Any request for re-performance in accordance with this Section 7.02 by the Recipient must be in writing and specify in reasonable detail the particular error, defect or breach, and such request must be made no more than three months from the later of (x) the date on which such breach occurred and (y) the date on which such breach was discovered by the Recipient (or should have been discovered by the Recipient acting reasonably).

Section 7.03. Third-Party Claims. In addition to (but not in duplication of) its other indemnification obligations (if any) under the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement, the Recipient shall indemnify, defend and hold harmless the Provider, its Subsidiaries and each of their respective Representatives, and each of the successors and assigns of any of the foregoing (collectively, the "Provider Indemnitees"), from and against any and all claims of Third Parties relating to, arising out of or resulting from the Recipient's use or receipt of the Services provided by the Provider hereunder, other than (a) Third Party Claims arising out of the gross negligence, willful misconduct or fraud of any Provider Indemnitee and (b) as set forth in Section 2.02(b) and Section 2.02(c).

Section 7.04. Provider Indemnity. In addition to (but not in duplication of) its other indemnification obligations (if any) under the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement, the Provider shall indemnify, defend and hold harmless the Recipient, its Subsidiaries and each of their respective Representatives, and each of the successors and assigns of any of the foregoing (collectively, the "Recipient Indemnitees"), from and against any and all Liabilities relating to, arising out of or resulting from the sale, delivery, provision or use of any Services provided by such Provider hereunder, but only to the extent that such Liability relates to, arises out of or results from the Provider's breach of the confidentiality obligations under Article VI, gross negligence, willful misconduct or fraud.

Section 7.05. Indemnification Procedures. The procedures for indemnification set forth in Sections 4.4 and 4.5 of the Separation and Distribution Agreement shall govern claims for indemnification under this Agreement.

ARTICLE VIII
TRANSITION COMMITTEE

Section 8.01. Establishment. Pursuant to the Separation and Distribution Agreement, a Transition Committee is to be established by Parent and UpstreamCo to, among other things, monitor and manage matters arising out of or resulting from this Agreement. Without limiting the generality of the foregoing, each Party shall cause each member of the Transition Committee who is an employee, agent or other Representative of such Party to work in good faith to resolve any Dispute arising out of or relating in any way to this Agreement.

ARTICLE IX
MISCELLANEOUS

Section 9.01. Mutual Cooperation. Each Party shall, and shall cause its Subsidiaries to, cooperate with the other Party and its Subsidiaries in connection with the performance of the Services hereunder; provided, however, that such cooperation shall not unreasonably disrupt the normal operations of such Party or its Subsidiaries; and, provided, further, that this Section 9.01 shall not require such Party to incur any out-of-pocket costs or expenses unless and except as expressly provided in this Agreement or otherwise agreed to in writing by the Parties.

Section 9.02. Further Assurances. Subject to the terms of this Agreement, each Party shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 9.03. Audit Assistance. Each of the Parties and their respective Subsidiaries are or may be subject to regulation and audit by a Governmental Authority (including a Taxing Authority), standards organizations, customers or other parties to contracts with such Parties or their respective Subsidiaries under applicable Law, standards or contract provisions. If a Governmental Authority, standards organization, customer or other party to a contract with a Party or its Subsidiary exercises its right to examine or audit such Party’s or its Subsidiary’s books, records, documents or accounting practices and procedures pursuant to such applicable Law, standards or contract provisions, and such examination or audit relates to the Services, then the other Party shall provide, at the sole cost and expense of the requesting Party, all assistance reasonably requested by the Party that is subject to the examination or audit in responding to such examination or audits or requests for Information, to the extent that such assistance or Information is within the reasonable control of the cooperating Party and is related to the Services.

Section 9.04. Title to Intellectual Property. Except as expressly provided for under the terms of this Agreement, the Separation and Distribution Agreement or the Intellectual Property Agreements, the Recipient acknowledges that it shall acquire no right, title or interest (including

any license rights or rights of use) in any intellectual property which is owned or licensed by the Provider, by reason of the provision of the Services hereunder. The Recipient shall not remove or alter any copyright, trademark, confidentiality or other proprietary notices that appear on any intellectual property owned or licensed by the Provider, and the Recipient shall reproduce any such notices on any and all copies thereof. The Recipient shall not attempt to decompile, translate, reverse engineer or make excessive copies of any intellectual property owned or licensed by the Provider, and the Recipient shall promptly notify the Provider of any such attempt, regardless of whether by the Recipient or any Third Party, of which the Recipient becomes aware.

Section 9.05. Independent Contractors. The Parties each acknowledge and agree that they are separate entities, each of which has entered into this Agreement for independent business reasons. The relationships of the Parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, partnership or any other relationship between the Parties. Employees performing Services hereunder do so on behalf of, under the direction of, and as employees of, the Provider, and the Recipient shall have no right, power or authority to direct such employees, unless otherwise specified with respect to a particular Service on the Schedules hereto.

Section 9.06. Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Separation and Distribution Agreement and the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

(c) Parent represents on behalf of itself and, to the extent applicable, each of its Subsidiaries, and UpstreamCo represents on behalf of itself and, to the extent applicable, each of its Subsidiaries, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it and is enforceable in accordance with the terms hereof.

Section 9.07. Governing Law. This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of Laws principles of the State of Delaware, including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 9.08. Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, however, that neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under this Agreement in whole or in part in connection with a merger, consolidation or other business combination of a Party (or a Subsidiary of a Party) with or into any other Person or a sale of all or substantially all of the assets of a Party (or a Subsidiary of a Party) to another Person, in each case so long as the resulting, surviving or acquiring Person assumes all the obligations of the relevant Party under this Agreement with respect to such merged, consolidated or divested business by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any of its Subsidiaries from being party to or undertaking a change of control. The Parties agree and acknowledge that consent is required to assign its rights or delegate its obligations under this Agreement to a business acquired (whether by acquisition of stock or assets) by a Party (or a Subsidiary of a Party) after the Effective Time of this Agreement.

Section 9.09. Third-Party Beneficiaries. Except for the indemnification rights under Article VII of any Provider Indemnitee or Recipient Indemnitee in their respective capacities as such, (a) the provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any other Person except the Parties any rights or remedies hereunder; and (b) there are no other third-party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 9.10. Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 9.10):

If to Parent, to:

Alcoa Inc.
390 Park Avenue
New York, NY 10022
Attention: Chief Legal Officer

and

Alcoa Inc.
390 Park Avenue
New York, NY 10022
Attention: Chief Financial Officer

If to UpstreamCo, to:

Alcoa Upstream Corporation
390 Park Avenue
New York, NY 10022
Attention: Chief Legal Officer

and

Alcoa Upstream Corporation
390 Park Avenue
New York, NY 10022
Attention: Chief Financial Officer

Any Party may, by notice to the other Party, change the address to which such notices are to be given.

Section 9.11. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 9.12. Force Majeure. No Party shall be deemed in default of this Agreement for any delay or failure to fulfill any obligation hereunder (other than the obligation to pay money) so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance (other than the obligation to pay money) shall be extended for a period equal to the time lost by reason of the delay unless this Agreement has previously been terminated under Article V or under this Section 9.12, provided that no Service Period may be extended to a date that is the twenty-fourth (24th) month anniversary of the Distribution Date. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such Force Majeure, (a) provide written notice to the other Party of the nature and extent of such Force Majeure; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable (and in no event later than the date that the affected Party resumes providing analogous services to, or otherwise resumes analogous performance

under any other agreement for, itself, its Affiliates or any Third Party) unless this Agreement has previously been terminated under Article V or this Section 9.12. The Recipient shall be (i) relieved of the obligation to pay Charges for the affected Service(s) throughout the duration of such Force Majeure and (ii) entitled to permanently terminate such Service(s) without incurring Termination Charges if the delay or failure in providing such Services because of a Force Majeure shall continue to exist for more than thirty (30) consecutive days (it being understood that the Recipient shall not be required to provide any advance notice of such termination to the Provider).

Section 9.13. Headings. The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.14. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants, representations and warranties and other agreements contained in this Agreement, and Liability for the breach of any obligations contained herein, shall survive the Effective Time and shall remain in full force and effect thereafter.

Section 9.15. Waivers of Default. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party. No failure or delay by any Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 9.16. Dispute Resolution.

(a) In the event of any controversy, dispute or claim (a "Dispute") arising out of or relating to any Party's rights or obligations under this Agreement (whether arising in contract, tort or otherwise), calculation or allocation of the costs of any Service or otherwise arising out of or relating in any way to this Agreement (including the interpretation or validity of this Agreement), the Parties will negotiate in good faith for a reasonable period of time (not less than 30 days) to resolve the Dispute. If the Parties are unable to resolve the Dispute, then such Dispute will be referred to the Transition Committee for resolution. Any Dispute that is not resolved by the Transition Committee after a reasonable period of time shall be resolved in accordance with the dispute resolution process referred to in Article VII of the Separation and Distribution Agreement.

(b) In any Dispute regarding the amount of a Charge or a Termination Charge, if such Dispute is finally resolved by the Transition Committee or pursuant to the dispute resolution process set forth or referred to in Section 9.16(a) and it is determined that the Charge or the Termination Charge, as applicable, that the Provider has invoiced the Recipient, and that the Recipient has paid to the Provider, is greater or less than the amount that the Charge or the Termination Charge, as applicable, should have been, then (i) if it is determined that the Recipient has overpaid the Charge or the Termination Charge, as applicable, the Provider shall within five (5) business days after such determination reimburse the Recipient an amount of cash equal to such overpayment; and (ii) if it is determined that the Recipient has underpaid the

Charge or the Termination Charge, as applicable, the Recipient shall within five (5) business days after such determination reimburse the Provider an amount of cash equal to such underpayment. No Interest Payment will be applied to any payment pursuant to this Section 9.16 arising from to a good faith Dispute.

Section 9.17. Amendments. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 9.18. Precedence of Schedules. Each Schedule attached to or referenced in this Agreement is hereby incorporated into and shall form a part of this Agreement; provided, however, that the terms contained in such Schedule shall only apply with respect to the Services provided under that Schedule. In the event of a conflict between the terms contained in an individual Schedule and the terms in the body of this Agreement, the terms in the Schedule shall take precedence with respect to the Services under such Schedule only. No terms contained in individual Schedules shall otherwise modify the terms of this Agreement.

Section 9.19. Interpretation. In this Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules, Annexes and Exhibits hereto) and not to any particular provision of this Agreement; (c) Article, Section, Exhibit, Annex and Schedule references are to the Articles, Sections, Exhibits, Annexes and Schedules to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) unless otherwise specified in a particular case, the word "days" refers to calendar days; (h) references to "business day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in Pittsburgh, Pennsylvania; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (j) unless expressly stated to the contrary in this Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import shall all be references to October 31, 2016.

Section 9.20. Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable to this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives as of the date first written above.

ALCOA INC.

By: /s/ Max Laun
Name: Max Laun
Title: Vice President and General Counsel

ALCOA UPSTREAM CORPORATION

By: /s/ Jeffrey D. Heeter
Name: Jeffrey D. Heeter
Title: Secretary

[*Signature Page to Transition Services Agreement*]

Exhibit 2.3

EXECUTION VERSION

TAX MATTERS AGREEMENT

DATED AS OF OCTOBER 31, 2016

BY AND BETWEEN

ALCOA INC.

AND

ALCOA UPSTREAM CORPORATION

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TAX MATTERS AGREEMENT

This TAX MATTERS AGREEMENT (this "**Agreement**") is entered into as of October 31, 2016, by and between Alcoa Inc., a Pennsylvania corporation ("**Parent**"), and Alcoa Upstream Corporation, a Delaware corporation ("**UpstreamCo**") (collectively, the "**Companies**" and each, a "**Company**").

RECITALS

WHEREAS, Parent and UpstreamCo have entered into a Separation and Distribution Agreement, dated as of October 31, 2016 (the "**Separation and Distribution Agreement**"), providing for the separation of the Parent Business from the UpstreamCo Business (the "**Separation**");

WHEREAS, Parent and its Subsidiaries have engaged in certain restructuring transactions to facilitate the Separation as set forth in the Separation Step Plan;

WHEREAS, pursuant to the Separation Step Plan and the terms of the Separation and Distribution Agreement, Parent will, among other things, (i) contribute, convey, sell and otherwise transfer (and cause its Subsidiaries to contribute, convey, sell and otherwise transfer) the Upstream Assets to UpstreamCo and the other members of the UpstreamCo Group and (ii) cause UpstreamCo and the other members of the UpstreamCo Group to assume the UpstreamCo Liabilities;

WHEREAS, pursuant to the terms of the Separation and Distribution Agreement, among other things, (i) Parent will contribute the UpstreamCo Assets to UpstreamCo in exchange for (a) the assumption by UpstreamCo of the UpstreamCo Liabilities, (b) the actual or deemed issuance by UpstreamCo to Parent of UpstreamCo Shares, and (c) the UpstreamCo Cash Payment (the "**Contribution**"), and (ii) Parent will make a distribution, on a pro rata basis, to holders of Parent Shares on the Record Date of at least 80.1% of all of the outstanding UpstreamCo Shares (the "**Distribution**");

WHEREAS, following the Distribution, Parent may undertake the Debt-for-Equity Exchange;

WHEREAS, for U.S. federal income tax purposes, it is intended that the Contribution, the Distribution (and the Debt-for-Equity Exchange, if any), taken together, qualify as transactions that are generally tax-free pursuant to Sections 368(a)(1)(D) and 355(a) of the Code;

WHEREAS, the parties desire to provide for and agree upon the allocation between the parties of liabilities for Taxes arising prior to, as a result of, and subsequent to the Distribution, and to provide for and agree upon other matters relating to Taxes.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the parties hereby agree as follows:

Article 1. Definition of Terms. For purposes of this Agreement (including the recitals hereof), the following terms have the following meanings, and capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Separation and Distribution Agreement:

"**Accounting Cutoff Date**" means any date as of the end of which there is a closing of the financial accounting records.

“**Active Trade or Business**” means, with respect to each of Parent and UpstreamCo, the active conduct (as defined in Section 355(b)(2) of the Code and the Treasury Regulations thereunder) by such entity and its “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code) of the trades or businesses relied upon to satisfy Section 355(b) of the Code with respect to the Distribution (as further described in the Representation Letters) as conducted immediately prior to the Distribution.

“**Actually Realized**” or “**Actually Realizes**” means, for purposes of determining the timing of the incurrence of any Tax Liability or the realization of a Refund (or any related Tax cost or Tax Benefit), whether by receipt or as a credit or other offset to Taxes otherwise payable, by a Person in respect of any payment, transaction, occurrence or event, the time at which the amount of Taxes paid (or Refund realized) by such Person is increased above (or reduced below) the amount of Taxes that such Person would have been required to pay (or Refund that such Person would have realized) but for such payment, transaction, occurrence or event.

“**Adjusted Company**” has the meaning set forth in Section 10.02(c).

“**Adjustment Request**” means any formal or informal claim or request filed with any Tax Authority, or with any administrative agency or court, for the adjustment, Refund, or credit of Taxes, including (a) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (b) any claim for equitable recoupment or other offset, and (c) any claim for Refund of Taxes previously paid.

“**Affiliate**” has the meaning set forth in the Separation and Distribution Agreement.

“**Agreement**” has the meaning set forth in the Preamble.

“**Alcoa Australia**” means Alcoa Australia Holdings Pty. Ltd., a company organized under the Laws of Australia.

“**Alcoa Australia Combined Return**” means any Combined Return filed or required to be filed by Alcoa Australia.

“**Aluminio**” means Alcoa Aluminio S.A., a company organized under the laws of Brazil.

“**Ancillary Agreements**” has the meaning set forth in the Separation and Distribution Agreement.

“**Business Day**” means any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by Law to close in Pittsburgh, Pennsylvania or New York, New York.

“**CFO Certificate**” has the meaning set forth in Section 7.03.

“**Code**” means the U.S. Internal Revenue Code of 1986, as amended.

“**Combined Return**” means a consolidated, affiliated, combined, unitary, group or other similar Tax Return (including a Tax Return with respect to a profit and/or loss sharing group, group payment or similar group or fiscal unity) that actually includes, by election or otherwise, one or more members of the Parent Group together with one or more members of the UpstreamCo Group (including, for the avoidance of doubt, any such Income Tax Return that is a Parent Consolidated Income Tax Return).

“**Companies**” or “**Company**” has the meaning set forth in the Preamble.

“**Compensatory Equity Interests**” has the meaning set forth in Section 6.02(a).

“**Competent Authority**” means any “competent authority” as such term is used in any relevant tax treaty or other similar body established pursuant to any tax treaty.

“**Competent Authority Proceeding**” means any proceeding pursuant to the mutual assistance or mutual agreement provisions of any tax treaty or any similar proceeding before any Competent Authority.

“**Contribution**” has the meaning set forth in the Preamble.

“**Debt-for-Equity Exchange**” means the transfer of all or a portion of the Retained Shares by its creditors in exchange for outstanding Arconic debt obligations.

“**Distribution**” has the meaning set forth in the Preamble.

“**Distribution Date**” has the meaning set forth in the Separation and Distribution Agreement.

“**Due Date**” means the date (taking into account all valid extensions) upon which a Tax Return is required to be filed.

“**Effective Time**” has the meaning set forth in the Separation and Distribution Agreement.

“**Employee Matters Agreement**” means the Employee Matters Agreement, dated as of October 31, 2016, by and between Parent and UpstreamCo.

“**ETVE Regime**” means the special tax regime applicable to *Entidades de Tenecia de Valores Extranjeros* under Spanish Tax Law.

“**Federal Income Tax**” means any Tax imposed by Subtitle A of the Code.

“**Federal Other Tax**” means any Tax imposed by the federal government of the United States of America other than any Federal Income Tax.

“**Federal Tax**” means any Federal Income Tax or Federal Other Tax.

"**Federal Traceable Tax**" means any Federal Other Tax that can be clearly and directly traced to a specific location used, or function or activity engaged in, exclusively by a member or members of only one Group (for the avoidance of doubt, excluding any Taxes traceable to any corporate locations, functions or activities that were used by or supported members of both Groups, such as property/rents or similar taxes imposed with respect to any Pre-Distribution Period on Parent's New York City, NY, headquarters).

"**Fifty-Percent or Greater Interest**" has the meaning ascribed to such term for purposes of Sections 355(d) and (e) of the Code and the Treasury Regulations thereunder.

"**Final Determination**" means the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a Tax Period, (a) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the Laws of a State, local or foreign taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of Law) the right of the taxpayer to file a claim for Refund or the right of the Tax Authority to assert a further deficiency in respect of such issue or adjustment or for such Tax Period (as the case may be); (b) by a decision, judgment, decree or other order by a court of competent jurisdiction, which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or a comparable agreement under the Laws of a State, local or foreign taxing jurisdiction; (d) by any allowance of a Refund in respect of an overpayment of Tax, but only after the expiration of all periods during which such Refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; (e) by a final settlement resulting from a Competent Authority Proceeding or determination; or (f) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties.

"**Foreign Income Tax**" means any Tax imposed by any foreign country or any possession of the United States, or by any political subdivision of any foreign country or United States possession, which is an income tax as defined in Treasury Regulations Section 1.901-2.

"**Foreign Other Tax**" means any Tax imposed by any foreign country or any possession of the United States, or by any political subdivision of any foreign country or United States possession, other than any Foreign Income Tax.

"**Foreign Tax**" means any Foreign Income Tax or Foreign Other Tax.

"**Foreign Traceable Tax**" means any Foreign Other Tax that can be clearly and directly traced to a specific location used, or function or activity engaged in, exclusively by a member or members of only one Group (for the avoidance of doubt, excluding any Taxes traceable to any corporate locations, functions or activities that were used by or supported members of both Groups).

"**Former Nonemployee Director**" has the meaning set forth in the Employee Matters Agreement.

"**Former Parent Group Employee**" has the meaning ascribed to such term in the Employee Matters Agreement.

"**Former UpstreamCo Group Employee**" means a "Former SpinCo Group Employee" as such term is defined in the Employee Matters Agreement.

"**Governmental Authority**" has the meaning ascribed to such term in the Separation and Distribution Agreement.

"**Group**" means the Parent Group or the UpstreamCo Group, or both, as the context requires.

"**High-Level Dispute**" means any dispute or disagreement (a) relating to liability under Section 7.06 of this Agreement or (b) in which the amount of liability in dispute exceeds $5 million.

"**Income Tax**" means any Federal Income Tax, State Income Tax or Foreign Income Tax.

"**Indemnitee**" has the meaning set forth in Section 13.03.

"**Indemnitor**" has the meaning set forth in Section 13.03.

"**Inversiones**" means Arconic Inversiones Espana S.L., a company organized under the Laws of Spain.

"**IRS**" means the United States Internal Revenue Service.

"**Joint Traceable Tax Contest**" means any Tax Contest in respect of both (i) Traceable Taxes that are Parent Retained Taxes and (ii) Traceable Taxes that are UpstreamCo Retained Taxes.

"**Law**" has the meaning set forth in the Separation and Distribution Agreement.

"**Loss**" has the meaning set forth in Section 6.01(b).

"**Notified Action**" has the meaning set forth in Section 7.05(a).

"**Parent**" has the meaning set forth in the Preamble.

"**Parent Affiliated Group**" means the affiliated group (as such term is defined in Section 1504 of the Code and the Treasury Regulations thereunder) of which Parent is the common parent.

"**Parent Business**" has the meaning set forth in the Separation and Distribution Agreement.

"**Parent Comp Deduction**" has the meaning set forth in Section 6.02(a).

"**Parent Federal Consolidated Income Tax Return**" means any U.S. federal income Tax Return for the Parent Affiliated Group.

"**Parent Group**" means Parent and each Person that is a Subsidiary of Parent (other than UpstreamCo and any other member of the UpstreamCo Group).

"**Parent Group Employees**" means the "Parent Group Employees" as such term is defined in the Employee Matters Agreement.

"**Parent Group Tax Attribute**" has the meaning set forth in Section 6.01(d).

"**Parent Nonemployee Director**" has the meaning set forth in the Employee Matters Agreement.

"**Parent Retained Tax Benefit**" means (i) 12% of any Tax Benefit (in respect of Brazilian Foreign Income Taxes) attributable to a Pre-Distribution Period and Actually Realized by Aluminio as a result of a Final Determination, (ii) any Tax Benefit in respect of any Parent Retained Taxes described in clauses (ii) and (iii) of the definition of "Parent Retained Taxes" and (iii) any Tax Benefit in respect of a Parent Comp Deduction.

"**Parent Retained Taxes**" means (i) 12% of any Brazilian Foreign Income Taxes imposed on Aluminio for a Pre-Distribution Period and payable as a result of a Final Determination, (ii) any Traceable Taxes clearly and directly traced to a specific location used, or function or activity engaged in, exclusively by one or more members of the Parent Group and (iii) any Pennsylvania State Income Tax imposed as a result of the sale by Reynolds Metals Company, a Delaware limited liability company (or its predecessor), in 2008 of any asset of or entity engaged in the Parent Business and payable as a result of a Final Determination; *provided* that Parent Retained Taxes shall not include any Taxes to the extent such Taxes are not required to be paid in cash to the relevant Tax Authority as a result of any Tax Attribute that existed as of immediately after the Distribution Date being available, at the time of the relevant Final Determination, to reduce (or eliminate) the cash payment obligation in respect of such Taxes.

"**Parent Return**" has the meaning set forth in Section 4.01.

"**Parent Separate Return**" means any Separate Return of Parent or any other member of the Parent Group.

"**Past Practices**" has the meaning set forth in Section 4.03(a).

"**Payment Date**" means (i) with respect to any Parent Federal Consolidated Income Tax Return, the due date for any required installment of estimated taxes determined under Section 6655 of the Code, the due date (determined without regard to extensions) for filing the return determined under Section 6072 of the Code, and the date the return is filed, and (ii) with respect to any other Tax Return, the corresponding or similar dates determined under the applicable Tax Law.

"**Permitted UpstreamCo Carryback**" has the meaning set forth in Section 6.01(d).

“**Person**” means any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for U.S. Federal Income Tax purposes.

“**Post-Distribution Period**” means any Tax Period beginning after the Distribution Date, and, in the case of any Straddle Period, the portion of such Straddle Period beginning the day after the Distribution Date.

“**Post-Distribution Ruling**” has the meaning set forth in Section 7.02(c).

“**Pre-Distribution Period**” means any Tax Period ending on or before the Distribution Date, and, in the case of any Straddle Period, the portion of such Straddle Period ending on the Distribution Date; *provided*, that, for purposes of this definition, (a) with respect to any income Tax Return filed or required to be filed by Aluminio, the Distribution Date shall be deemed to be July 1, 2016 and (b) with respect to any Tax Return filed or required to be filed by Inversiones, the Distribution Date shall be deemed to be July 22, 2016.

“**Prime Rate**” has the meaning set forth in the Separation and Distribution Agreement.

“**Privilege**” means any privilege that may be asserted under applicable Law, including any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

“**Privileged Documentation**” has the meaning ascribed to such term in Section 9.03.

“**Proposed Acquisition Transaction**” means a transaction or series of transactions (or any agreement, understanding or arrangement, within the meaning of Section 355(e) of the Code and Treasury Regulations Section 1.355-7, or any other regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by UpstreamCo management or shareholders, is a hostile acquisition, or otherwise, as a result of which UpstreamCo would merge or consolidate with any other Person or as a result of which any Person or Persons would (directly or indirectly) acquire, or have the right to acquire, from UpstreamCo and/or one or more holders of outstanding shares of UpstreamCo Capital Stock, a number of shares of UpstreamCo Capital Stock that would, when combined with any other changes in ownership of UpstreamCo Capital Stock pertinent for purposes of Section 355(e) of the Code, comprise 40% or more of (i) the value of all outstanding shares of stock of UpstreamCo as of the date of such transaction, or, in the case of a series of transactions, the date of the last transaction of such series, or (ii) the total combined voting power of all outstanding shares of voting stock of UpstreamCo as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (i) the adoption by UpstreamCo of a shareholder rights plan or (ii) issuances by UpstreamCo that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person’s performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulations Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be

treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof are intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated into this definition and its interpretation.

"**Recipient**" means, with respect to any transfer of assets (including equity interests) or liabilities occurring pursuant to any of the Separation Transactions, the Person receiving such assets and/or liabilities.

"**Record Date**" has the meaning set forth in the Separation and Distribution Agreement.

"**Refund**" means any refund of Taxes, including any refund or reduction in Tax Liabilities by means of a credit or offset.

"**Representation Letters**" means the statements of facts and representations, officer's certificates, representation letters and any other materials (including, without limitation, a Ruling Request and any related supplemental submissions to the IRS or other Tax Authority) delivered by Parent, UpstreamCo or any of their respective Affiliates or representatives in connection with the rendering by Tax Advisors, and/or the issuance by the IRS or other Tax Authority, of the Tax Opinions/Rulings.

"**Responsible Company**" means, with respect to any Tax Return, the Company having responsibility for preparing such Tax Return under this Agreement.

"**Restriction Period**" means the period beginning on the date hereof and ending (and including) the two-year anniversary of the Distribution Date.

"**Retained Shares**" means the UpstreamCo Shares not distributed by Parent to its shareholders in the Distribution.

"**Retention Date**" has the meaning set forth in Section 9.01.

"**Ruling Request**" means any letter filed by Parent with the IRS or other Tax Authority requesting a ruling regarding certain tax consequences of any of the Separation Transactions (including all attachments, exhibits, and other materials submitted with such ruling request letter) and any amendments or supplements to such ruling request letter.

"**Section 336(e) Election**" has the meaning set forth in Section 7.08.

"**Section 7.03 Acquisition Transaction**" means any transaction or series of transactions that is not a Proposed Acquisition Transaction but would be a Proposed Acquisition Transaction if the percentage reflected in the definition of Proposed Acquisition Transaction were 30% instead of 40%.

"**Separate Parent Traceable Tax Contest**" means any Tax Contest solely in respect of any Traceable Tax that is (i) a Parent Retained Tax and (ii) reported or required to be reported on an UpstreamCo Separate Return or Alcoa Australia Combined Return.

“**Separate Return**” means (a) in the case of any Tax Return of any member of the Parent Group (including any consolidated, affiliated, combined, unitary, group or other similar Tax Return (including a Tax Return with respect to a profit and/or loss sharing group, group payment or similar group or fiscal unity)), any such Tax Return that does not include any member of the UpstreamCo Group and (b) in the case of any Tax Return of any member of the UpstreamCo Group (including any consolidated, affiliated, combined, unitary, group or other similar Tax Return (including a Tax Return with respect to a profit and/or loss sharing group, group payment or similar group or fiscal unity)), any such Tax Return that does not include any member of the Parent Group.

“**Separate Traceable Tax Contest**” means either a Separate Parent Traceable Tax Contest or a Separate UpstreamCo Traceable Tax Contest.

“**Separate UpstreamCo Traceable Tax Contest**” means any Tax Contest solely in respect of any Traceable Tax that is (i) an UpstreamCo Retained Tax and (ii) reported or required to be reported on a Parent Separate Return or Parent Combined Return.

“**Separation**” has the meaning set forth in the Recitals.

“**Separation and Distribution Agreement**” has the meaning set forth in the Recitals.

“**Separation Related Tax Contest**” means any Tax Contest in which the IRS, another Tax Authority or any other party asserts a position that could reasonably be expected to (a) adversely affect, jeopardize or prevent (i) the Tax-Free Status of the Contribution and the Distribution (and the Debt-for-Equity Exchange, if any) or (ii) a Separation Transaction (other than a Separation Transaction described in clause (i)) to have the tax treatment described in the Tax Opinions/Rulings (or, if not so described in the Tax Opinion/Rulings, in the Separation Step Plan) or to qualify as tax-free to the extent that tax-free treatment was intended or (b) otherwise affect the amount of Taxes imposed with respect to any of the Separation Transactions.

“**Separation Step Plan**” means the global step plan setting forth the specific transactions undertaken in anticipation and furtherance of the Separation, attached as Schedule 2.1(a) to the Separation and Distribution Agreement, as subsequently adjusted or revised by the Companies (including to set forth the intended tax treatment of relevant transactions).

“**Separation Tax Losses**” means (i) all Taxes imposed pursuant to (or any reduction in a Refund resulting from) any settlement, Final Determination, judgment or otherwise; (ii) all third-party accounting, legal and other professional fees and court costs incurred in connection with such Taxes (or reduction in a Refund), as well as any other out-of-pocket costs incurred in connection with such Taxes (or reduction in a Refund); and (iii) all third-party costs, expenses and damages associated with any stockholder litigation or other controversy and any amount required to be paid by Parent (or any Affiliate of Parent) or UpstreamCo (or any Affiliate of UpstreamCo) in respect of any liability of or to shareholders, whether paid to shareholders or to the IRS or any other Tax Authority, in each case, resulting from (x) the failure of the Contribution and the Distribution to have Tax-Free Status; or (y) the failure of a Separation Transaction to have the tax treatment described in the Tax Opinions/Rulings (or, if not so described in the Tax Opinion/Rulings, in the Separation Step Plan) or to qualify as tax-free to the extent that tax-free treatment was intended; *provided* that amounts shall be treated as having been required to be paid for purposes of clause (iii) of this definition to the extent they are paid in a good-faith compromise or settlement of an asserted claim.

"**Separation Transactions**" means the Contribution, the Distribution and the other transactions contemplated by the Separation and Distribution Agreement and the Separation Step Plan in furtherance of the Separation.

"**State Income Tax**" means any Tax imposed by any State of the United States or by any political subdivision of any such State or the District of Columbia that is imposed on or measured by income, including state and local franchise or similar Taxes measured by income, as well as any state or local franchise, capital or similar Taxes imposed in lieu of or in addition to a Tax imposed on or measured by income.

"**State Other Tax**" means any Tax imposed by any State of the United States or by any political subdivision of any such State or the District of Columbia, other than any State Income Tax.

"**State Traceable Tax**" means any State Other Tax that can be clearly and directly traced to a specific location used, or function or activity engaged in, exclusively by a member or members of only one Group (for the avoidance of doubt, excluding any Taxes traceable to any corporate locations, functions or activities that were used by or supported members of both Groups).

"**State Tax**" means any State Income Tax or State Other Tax.

"**Straddle Period**" means any Tax Period that begins on or before and ends after the Distribution Date; *provided*, that, for purposes of this definition, (a) with respect to any Tax Return filed or required to be filed by Aluminio, the Distribution Date shall be deemed to be July 1, 2016 and (b) with respect to any Tax Return filed or required to be filed by Inversiones, the Distribution Date shall be deemed to be July 22, 2016.

"**Subsidiary**" has the meaning set forth in the Separation and Distribution Agreement.

"**Tax**" or "**Taxes**" means any taxes, fees, assessments, duties or other similar charges imposed by any Tax Authority, including, without limitation, income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers' compensation, unemployment, disability, property, *ad valorem*, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, value-added, alternative minimum, estimated, unclaimed property or escheat, or other tax (including any fee, assessment, duty, or other charge in the nature of or in lieu of any tax), and any interest, penalties, additions to tax or additional amounts in respect of the foregoing. For the avoidance of doubt, Tax includes any increase in Tax as a result of a Final Determination.

"**Tax Advisor**" means tax counsel or accountant of recognized national standing.

"**Tax Advisor Dispute**" has the meaning set forth in Section 14.01.

“**Tax Attribute**” means a net operating loss, net capital loss, unused investment credit, unused foreign tax credit, excess charitable contribution, general business credit or any other similar Tax Item that could reduce a Tax or create a Tax Benefit.

“**Tax Authority**” means any Governmental Authority imposing any Tax, charged with the collection of Taxes or otherwise having jurisdiction with respect to any Tax.

“**Tax Benefit**” means any loss, deduction, Refund, credit, offset or other Tax item reducing Taxes paid or payable. For purposes of this Agreement, the amount of any Tax Benefit Actually Realized by a Person as a result of any such Tax item shall be determined on a “with and without basis” as the excess of (a) the hypothetical liability of such Person for the relevant Tax for the relevant Tax Period, calculated as if such Tax item had not been utilized but with all other facts unchanged, over (b) the actual liability of such Person for such Tax for such Tax Period, calculated taking into account such Tax item (and, for this purpose, treating a Refund as a reduction in liability for Tax).

“**Tax Contest**” means an audit, review, examination or any other administrative or judicial proceeding with respect to Taxes (including any administrative or judicial review of any claim for any Refund or other Tax Benefit).

“**Tax-Free Status**” means the qualification of (i) the Contribution and the Distribution (and the Debt-for-Equity Exchange, if any), taken together, as a “reorganization” described in Sections 368(a)(1)(D) and 355(a) of the Code, (ii) the Distribution as a transaction in which the stock distributed thereby is “qualified property” for purposes of Sections 355(c) and 361(c) of the Code (and neither Section 355(d) or 355(e) of the Code causes such stock to be treated as other than “qualified property” for such purposes), (iii) the Contribution and the Distribution as transactions in which Parent, UpstreamCo, and the members of each of the Parent Group and Upstream Group, as applicable, recognize no income or gain for U.S. federal income tax purposes pursuant to Sections 355, 361 and/or 1032 of the Code, other than intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code.

“**Tax Item**” means, with respect to any Income Tax, any item of income, gain, loss, deduction, or credit.

“**Tax Law**” means the Law Governmental Authority relating to any Tax.

“**Tax Liability**” means any liability or obligation for Taxes.

“**Tax Opinions/Rulings**” means the opinions of Tax Advisors and/or the rulings by the IRS or other Tax Authorities delivered to Parent in connection with the Contribution and the Distribution, or otherwise with respect to the Separation Transactions.

“**Tax Period**” means, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

“**Tax Records**” means any Tax Returns, Tax Return workpapers, documentation relating to any Tax Contest, and any other books of account or records (whether or not in written,

electronic or other tangible or intangible forms and whether or not stored on electronic or any other medium) maintained or required to be maintained under the Code or other applicable Tax Laws or under any record retention agreement with any Tax Authority, in each case, with respect to otherwise relating to Taxes.

"**Tax Return**" or "**Return**" means any report of Taxes due, any claim for Refund of Taxes paid, any information return with respect to Taxes, or any other report, statement, declaration, or document in respect of Taxes filed or required to be filed under the Code or other Tax Law, including any attachments, exhibits or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

"**Traceable Tax**" means any Federal Traceable Tax, State Traceable Tax or Foreign Traceable Tax.

"**Traceable Tax Contest**" means any Joint Traceable Tax Contest or any Separate Traceable Tax Contest.

"**Transaction Transfer Taxes**" means any sales, use, value-added, goods and services, stock transfer, registration, real estate transfer, stamp, documentary, notarial, filing, recordation and similar Taxes imposed on any transfer of assets (including equity interests) or liabilities occurring pursuant to the Separation Transactions.

"**Transferor**" means, with respect to any transfer of assets (including equity interests) or liabilities occurring pursuant to any of the Separations Transactions, the Person transferring such assets and/or liabilities.

"**Transferred Director**" has the meaning set forth in the Employee Matters Agreement.

"**Treasury Regulations**" means the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

"**Unqualified Tax Opinion**" means an unqualified "will" opinion of a Tax Advisor, which Tax Advisor is acceptable to Parent, and on which Parent may rely to the effect that (a) a transaction will not affect the Tax-Free Status of the Contribution, the Distribution and the Debt-for-Equity Exchange, if any, and (b) will not adversely affect any of the conclusions set forth in the Tax Opinions/Rulings; *provided* that any tax opinion obtained in connection with a proposed acquisition of UpstreamCo Capital Stock entered into during the Restriction Period shall not qualify as an Unqualified Tax Opinion unless such tax opinion concludes that such proposed acquisition will not be treated as "part of a plan (or series of related transactions)," within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, that includes the Distribution. Any such opinion must assume that the Contribution and the Distribution (and the Debt-for-Equity Exchange, if any) would have qualified for Tax-Free Status if the transaction in question did not occur.

"**UpstreamCo Business**" has the meaning set forth in the Separation and Distribution Agreement.

“**UpstreamCo Cash Payment**” has the meaning set forth in the Separation and Distribution Agreement.

“**UpstreamCo Capital Stock**” means all classes or series of capital stock of UpstreamCo, including (i) the UpstreamCo Shares, (ii) all options, warrants and other rights to acquire such capital stock and (iii) all instruments properly treated as stock in UpstreamCo for U.S. federal income tax purposes.

“**UpstreamCo Carryback Item**” means any net operating loss, net capital loss, excess tax credit or other similar Tax item of any member of the UpstreamCo Group which may or must be carried from any Post-Distribution Period to any Pre-Distribution Period under the Code or other applicable Tax Law.

“**UpstreamCo Comp Deduction**” has the meaning set forth in Section 6.02(a).

“**UpstreamCo Group Employees**” means the “SpinCo Group Employees” as such term is defined in the Employee Matters Agreement.

“**UpstreamCo Group**” has the meaning set forth in the Separation and Distribution Agreement.

“**UpstreamCo Retained Tax Benefit**” means (i) 49% of any Tax Benefit (with respect to Spanish Foreign Income Taxes) attributable to a Pre-Distribution Period and Actually Realized by Inversiones as a result of a Final Determination in respect of any claim by the Spanish Tax Authority against Inversiones arising under, or in respect of, the ETVE Regime (and any alternative claims in the event the ETVE-related claims are resolved in favor of Inversiones), (ii) any Tax Benefit in respect of any UpstreamCo Retained Taxes described in clause (iii) of the definition of “UpstreamCo Retained Taxes” and (iii) any Tax Benefit in respect of an UpstreamCo Comp Deduction.

“**UpstreamCo Retained Taxes**” means, (i) 49% of any Spanish Foreign Income Taxes payable as a result of a Final Determination in respect of any claim by the Spanish Tax Authority against Inversiones arising under, or in respect of, the ETVE Regime for any Pre-Distribution Period (and any alternative claims in the event the ETVE-related claims are resolved in favor of Inversiones), (ii) any Income Taxes payable as a result of a transfer pricing adjustment pursuant to any Competent Authority Proceeding in respect of any transaction occurring prior to the Distribution Date between any member of the UpstreamCo Group, on the one hand, and any member of the UpstreamCo Group or any member of the Parent Group, on the other hand (for the avoidance of doubt, for purposes of this clause (ii), any entity that is no longer in existence as of the Distribution Time but that would have been a member of the UpstreamCo Group or the Parent Group as of the Distribution Time had it been in existence at the Distribution Time shall be treated as a member of the UpstreamCo Group or a member of the Parent Group, respectively) and (iii) any Traceable Taxes clearly and directly traced to the specific location used, or function or activity engaged in, exclusively by one or more members of the UpstreamCo Group; *provided* that UpstreamCo Retained Taxes shall not include any Taxes to the extent such Taxes are not required to be paid in cash to the relevant Tax Authority as a result of any Tax Attribute that existed as of immediately after the Distribution Date being available, at the time of the relevant Final Determination, to reduce (or eliminate) the cash payment obligation in respect of such Taxes.

"**UpstreamCo Return**" has the meaning set forth in Section 4.02.

"**UpstreamCo Separate Return**" means any Separate Return of UpstreamCo or any member of the UpstreamCo Group.

"**UpstreamCo Shares**" means the shares of common stock, par value $0.01 per share, of UpstreamCo, representing all of the outstanding UpstreamCo Capital Stock as of immediately before the Effective Time.

"**UpstreamCo**" has the meaning set forth in the Preamble, and references herein to UpstreamCo shall include any entity treated as a successor to UpstreamCo.

Article 2. Allocation of Tax Liabilities.

Section 2.01 *General Rule*.

(a) *Parent Liability*. Parent shall be liable for, and shall indemnify and hold harmless the UpstreamCo Group from and against any liability for, any Taxes which are allocated to Parent, or for which Parent is responsible, pursuant to this Article 2.

(b) *UpstreamCo Liability*. UpstreamCo shall be liable for, and shall indemnify and hold harmless the Parent Group from and against any liability for, any Taxes which are allocated to UpstreamCo, or for which UpstreamCo is responsible, pursuant to this Article 2.

(c) *Costs and Expenses.* The amounts for which Parent or UpstreamCo, as applicable, is liable pursuant to Sections 2.01(a) and (b), respectively, or for which either Company or a member of its Group is liable pursuant to Section 2.05, shall include all accounting, legal and other professional fees, and court costs incurred in connection with the relevant Taxes.

(d) *Final Determination Taxes*. For the avoidance of doubt, any reference to any Taxes due with respect to, attributable to or required to be reported on any Tax Return contained in Section 2.02, Section 2.03 or Section 2.04, and any reference to any Taxes in Section 2.05, shall include, unless specifically excluded, a reference to any such Taxes imposed or payable as a result of a Final Determination.

Section 2.02 *Allocation of United States Federal Taxes*. Except as otherwise provided in Section 2.05, Federal Taxes shall be allocated as follows:

(a) *Federal Income Taxes Relating to Combined Returns.* Parent shall be responsible for any and all Federal Income Taxes due with respect to, attributable to or required to be reported on any Combined Return; *provided, however*, that UpstreamCo shall be responsible for any such Federal Income Taxes that are UpstreamCo Retained Taxes.

(b) *Federal Income Taxes Relating to Separate Returns.*

(i) Parent shall be responsible for any and all Federal Income Taxes due with respect to, attributable to or required to be reported on any Parent Separate Return for any Tax Period.

(ii) UpstreamCo shall be responsible for any and all Federal Income Taxes due with respect to, attributable to or required to be reported on any UpstreamCo Separate Return for any Tax Period.

(c) *Federal Other Taxes*.

(i) Parent shall be responsible for any and all Federal Other Taxes due with respect to, attributable to or required to be reported on any Parent Separate Return for any Tax Period; *provided*, *however*, that UpstreamCo shall be responsible for any such Federal Other Taxes that are UpstreamCo Retained Taxes.

(ii) UpstreamCo shall be responsible for any and all Federal Other Taxes due with respect to, attributable to or required to be reported on any UpstreamCo Separate Return for any Tax Period; *provided*, *however*, that Parent shall be responsible for any such Federal Other Taxes that are Parent Retained Taxes.

Section 2.03 *Allocation of State Taxes*. Except as otherwise provided in Section 2.05, State Taxes shall be allocated as follows:

(a) *State Income Taxes Relating to Combined Returns*. Parent shall be responsible for any and all State Income Taxes due with respect to, attributable to or required to be reported on any Combined Return; *provided*, *however*, that UpstreamCo shall be responsible for any such State Income Taxes that are UpstreamCo Retained Taxes.

(b) *State Income Taxes Relating to Separate Returns.*

(i) Parent shall be responsible for any and all State Income Taxes due with respect to, attributable to or required to be reported on any Parent Separate Return for any Tax Period; *provided*, *however*, that UpstreamCo shall be responsible for any such State Income Taxes that are UpstreamCo Retained Taxes.

(ii) UpstreamCo shall be responsible for any and all State Income Taxes due with respect to, attributable to or required to be reported on any UpstreamCo Separate Return for any Tax Period; *provided*, *however*, that Parent shall be responsible for any such State Income Taxes that are Parent Retained Taxes.

(c) *State Other Taxes Relating to Combined Returns*. Parent shall be responsible for any and all State Other Taxes due with respect to, attributable to or required to be reported on any Combined Return; *provided*, *however*, that UpstreamCo shall be responsible for any such State Other Taxes that are UpstreamCo Retained Taxes.

(d) *State Other Taxes Relating to Separate Returns*.

(i) Parent shall be responsible for any and all State Other Taxes due with respect to, attributable to or required to be reported on any Parent Separate Return for any Tax Period; *provided*, *however*, that UpstreamCo shall be responsible for any such State Other Taxes that are UpstreamCo Retained Taxes.

(ii) UpstreamCo shall be responsible for any and all State Other Taxes due with respect to, attributable to or required to be reported on any UpstreamCo Separate Return for any Tax Period; *provided*, *however*, that Parent shall be responsible for any such State Other Taxes that are Parent Retained Taxes.

Section 2.04 *Allocation of Foreign Taxes*. Except as otherwise provided in Section 2.05, Foreign Taxes shall be allocated as follows:

(a) *Foreign Income Taxes Relating to Combined Returns.*

(i) Parent shall be responsible for any and all Foreign Income Taxes due with respect to, attributable to or required to be reported on any Combined Return (other than any Alcoa Australia Combined Return); *provided*, *however*, that UpstreamCo shall be responsible for any such Foreign Income Taxes that are UpstreamCo Retained Taxes.

(ii) UpstreamCo shall be responsible for any and all Foreign Income Taxes due with respect to, attributable to or required to be reported on any Alcoa Australia Combined Return.

(b) *Foreign Income Taxes Relating to Separate Returns.*

(i) Parent shall be responsible for any and all Foreign Income Taxes due with respect to, attributable to or required to be reported on any Parent Separate Return for any Tax Period; *provided*, *however*, that UpstreamCo shall be responsible for any such Foreign Income Taxes that are UpstreamCo Retained Taxes.

(ii) UpstreamCo shall be responsible for any and all Foreign Income Taxes due with respect to, attributable to or required to be reported on any UpstreamCo Separate Return for any Tax Period; *provided*, *however*, that Parent shall be responsible for any such Foreign Income Taxes that are Parent Retained Taxes.

(c) *Foreign Other Taxes Relating to Combined Returns*.

(i) Parent shall be responsible for any and all Foreign Other Taxes due with respect to, attributable to or required to be reported on any Combined Return; *provided*, *however*, that UpstreamCo shall be liable for any such Foreign Other Taxes that are UpstreamCo Retained Taxes.

(d) *Foreign Other Taxes Relating to Separate Returns*.

(i) Parent shall be responsible for any and all Foreign Other Taxes due with respect to, attributable to or required to be reported on any Parent Separate Return for any Tax Period; *provided*, *however*, that UpstreamCo shall be responsible for any such Foreign Other Taxes that are UpstreamCo Retained Taxes.

(ii) UpstreamCo shall be responsible for any and all Foreign Other Taxes due with respect to, attributable to or required to be reported on any UpstreamCo Separate Return for any Tax Period; *provided*, *however*, that Parent shall be responsible for any such Foreign Other Taxes that are Parent Retained Taxes

Section 2.05 *Certain Transaction Transfer and Other Taxes*.

(a) *Transaction Transfer Taxes.* Subject to Section 2.05(b) and (c):

(i) Parent shall be responsible for all Taxes imposed on, arising from or assessed with respect to any transfer of assets (including equity interests) and/or liabilities by the Transferor occurring pursuant to the Separation Transactions; *provided* that Parent shall not be responsible for any such Taxes imposed on a member of the UpstreamCo Group pursuant to a Final Determination to the extent such Taxes are not required to be paid in cash to the relevant Tax Authority as a result of the utilization by any member of the UpstreamCo Group of any Tax Attribute that existed as of immediately after the Distribution Date being available, at the time of the relevant Final Determination, to reduce (or eliminate) the cash payment obligation in respect of such Taxes. Where relevant under applicable Law, The Transferor shall issue proper invoices usable by the Recipient to recover (by way of credit, Refund, rebate or input VAT) any Transaction Transfer Taxes in jurisdictions where they are recoverable. The Transferor and the Recipient shall cooperate to minimize any Transaction Transfer Taxes and in obtaining any credit, Refund or rebate of Transaction Transfer Taxes, or to apply an exemption or zero-rating for goods or services giving rise to any Transaction Transfer Taxes, including by filing any exemption or other similar forms or providing valid tax identification numbers or other relevant registration numbers, certificates or other documents. The Recipient and the Transferor shall cooperate regarding any requests for information, audits or similar requests by any Tax Authority concerning Transaction Transfer Taxes payable with respect to the transfers occurring pursuant to the Separation Transactions.

(ii) Notwithstanding anything to the contrary herein, any penalties or interest imposed in connection with any Taxes described in Section 2.05(a)(i) shall be the responsibility of UpstreamCo if such penalties or interest are the result of an action or failure to act by any member of the UpstreamCo Group.

(b) *Parent Liability*. Parent shall be liable for, and shall indemnify and hold harmless the UpstreamCo Group from and against any liability for:

(i) any Tax resulting from a breach by Parent of any representation or covenant in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement; and

(ii) any Separation Tax Losses for which Parent is responsible pursuant to Section 7.06(b) of this Agreement.

(c) *UpstreamCo Liability*. UpstreamCo shall be liable for, and shall indemnify and hold harmless the Parent Group from and against any liability for:

(i) any Tax resulting from a breach by UpstreamCo of any representation or covenant in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement; and

(ii) any Separation Tax Losses for which UpstreamCo is responsible pursuant to Section 7.06(a) of this Agreement.

(d) *Employment Taxes*. Notwithstanding anything contained in this Article 2 to the contrary, this Agreement shall not apply with respect to any liability or responsibility for Taxes allocated pursuant to the Employee Matters Agreement.

Article 3. Proration of Taxes for Straddle Periods

Section 3.01 *General Method of Proration*. In the case of any Straddle Period, Tax Items shall be apportioned between Pre-Distribution Periods and Post-Distribution Periods in accordance with the principles of Treasury Regulations Section 1.1502-76(b) as reasonably interpreted and applied by the Companies. No election shall be made under Treasury Regulations Section 1.1502-76(b)(2)(ii) (relating to ratable allocation of a year's Tax Items). If the Distribution Date is not an Accounting Cutoff Date, the provisions of Treasury Regulations Section 1.1502-76(b)(2)(iii) will be applied to ratably allocate the Tax Items (other than extraordinary Tax Items) for the month which includes the Distribution Date.

Section 3.02 *Transaction Treated as Extraordinary Item*. In determining the apportionment of Tax Items between Pre-Distribution Periods and Post-Distribution Periods, any Tax Items relating to the Separation Transactions shall be treated as extraordinary items described in Treasury Regulations Section 1.1502-76(b)(2)(ii)(C) and shall (to the extent occurring on or prior to the Distribution Date) be allocated to Pre-Distribution Periods, and any Taxes related to such items shall be treated under Treasury Regulations Section 1.1502-76(b)(2)(iv) as relating to such extraordinary item and shall (to the extent occurring on or prior to the Distribution Date) be allocated to Pre-Distribution Periods.

Article 4. Preparation and Filing of Tax Returns.

Section 4.01 *Parent Returns*. Parent shall prepare or cause to be prepared (a) all Parent Federal Consolidated Income Tax Returns, (b) all other Combined Returns other than any Alcoa Australia Combined Return, and (c) all Parent Separate Returns (each, a "**Parent Return**"). Parent shall file or cause to be filed all Parent Returns and shall pay or cause to be paid all Taxes shown to be due on any such Parent Return to the relevant Tax Authority, and UpstreamCo shall make any payments to Parent required pursuant to Section 5.01 in respect of any such Parent Return.

Section 4.02 *UpstreamCo Returns*. UpstreamCo shall prepare and timely file, or cause to be prepared and timely filed (in each case, taking into account extensions), (a) all Alcoa Australia Combined Returns, (b) all UpstreamCo Separate Returns and any other Tax Return required to be filed by or with respect to a member of the UpstreamCo Group other than any Tax Return which Parent is required to prepare pursuant to Section 4.01 (each, an "**UpstreamCo Return**"). UpstreamCo shall file or cause to be filed all UpstreamCo Returns and shall pay or cause to be paid all Taxes shown to be due on any such UpstreamCo Return to the relevant Tax Authority, and Parent shall make any payments to UpstreamCo required pursuant to Section 5.01 in respect of any such UpstreamCo Return.

Section 4.03 *Tax Reporting Practices*.

(a) Except as otherwise provided in Section 4.03(b), in the case of any Tax Return in respect of which UpstreamCo is the Responsible Company and that is a Tax Return for any Pre-Distribution Period or any Straddle Period, such Tax Return shall be prepared in accordance with past practices, accounting methods, elections and conventions ("**Past Practices**") used with respect to the Tax Returns in question, and, to the extent there is no Past Practice with respect to such item, in accordance with reasonable Tax accounting or other practices selected by UpstreamCo and reasonably acceptable to Parent.

(b) Except to the extent otherwise required by applicable Law or as a result of a Final Determination, (A) neither Parent nor UpstreamCo shall, and shall not permit or cause any member of its respective Group to, take any position that is inconsistent with the tax treatment of any of the Separation Transactions as having the treatment described in the Tax Opinions/Rulings (or, if not so described in the Tax Opinion/Rulings, in the Separation Step Plan); *provided* that in any case or with respect to any item where there is no relevant Tax Opinion/Ruling or description in the Separation Step Plan, the tax treatment of any of the Separation Transactions shall be as determined by Parent in its good faith judgment, and (B) UpstreamCo shall not, and shall not permit or cause any member of the UpstreamCo Group to, take any position with respect to an item of income, deduction, gain, loss or credit on a Tax Return, or otherwise treat such item in a manner which is inconsistent with the manner such item is reported on a Tax Return required to be prepared and filed by Parent pursuant to Section 4.01 hereof (including, without limitation, the claiming of a deduction previously claimed on any such Tax Return), except with the prior written consent of Parent.

Section 4.04 *Consolidated or Combined Tax Returns*.

(a) *Parent Combined Returns*. Except to the extent otherwise required pursuant to clause (A) of Section 4.03(b) and except in respect of any Alcoa Australia Combined Return or any matters relating thereto, Parent shall determine in its sole discretion whether to file a Tax Return for any Tax Period as a Combined Return and the entities to be included in any Combined Return, and Parent shall (and shall be entitled to) make or revoke any Tax elections, adopt or change any Tax accounting methods, and determine any other position taken on or in respect of any Combined Return (other than any Alcoa Australia Combined Return); *provided* that any Combined Return prepared and filed by Parent pursuant to this Agreement shall, to the extent relating to UpstreamCo or the UpstreamCo Group, be prepared in good faith. UpstreamCo will elect and join (and take any other action necessary to give effect to such election), and will cause its respective Affiliates to elect and join (and take any other action

necessary to give effect to such election), in filing any Combined Returns (including any Parent Federal Consolidated Income Tax Returns) that Parent determines are required to be filed (or that Parent chooses to file) by the Companies or any of their Affiliates for Tax Periods ending on, before or after the Distribution Date in accordance with this Section 4.04(a) (for the avoidance of doubt, this sentence shall not apply to any Alcoa Australia Combined Return or any matters relating thereto).

(b) *Alcoa Australia Combined Returns*. Except to the extent otherwise required pursuant to Section 4.03, UpstreamCo shall determine in its sole discretion whether to file the Alcoa Australia Combined Return as a Combined Return and the entities to be included in any Alcoa Australia Combined Return. Subject to Section 4.03, Parent will elect and join (and take any other action necessary to give effect to such election), and will cause its respective Affiliates to elect and join (and take any other action necessary to give effect to such election), in filing any Alcoa Australia Combined Return.

Section 4.05 *Right to Review Tax Returns*.

(a) *General*. The Responsible Company with respect to any material Tax Return shall make such Tax Return (or the relevant portions thereof), related workpapers and other supporting documents available for review by the other Company, to the extent (i) such Tax Return relates to Taxes for which such other Company is or would reasonably be expected to be liable, (ii) such other Company is or would reasonably be expected to be liable, in whole or in part, for any additional Taxes owing as a result of adjustments to the amount of Taxes reported on such Tax Return, (iii) such Tax Return relates to Taxes for which the other party would reasonably be expected to have a claim for Tax Benefits under this Agreement, or (iv) reasonably necessary for the other party to confirm compliance with the terms of this Agreement. The Responsible Company shall (i) consult with the other Company with respect to the preparation of, and positions taken on, such Tax Return (to the extent relating to any matters described in clauses (i) through (iii) of the immediately preceding sentence), (ii) use reasonable efforts to make such Tax Return (or the relevant portions thereof), workpapers and other supporting documents available for review as required under this paragraph promptly once such Tax Return is materially complete, such that the other party has an opportunity to review and comment on such Tax Return prior to the filing thereof, and (iii) shall consider in good faith any comments provided by the other Company on such Tax Return reasonably in advance of the due date for filing such Tax Return (taking into account extensions). Parent and UpstreamCo shall attempt in good faith to resolve any disagreement arising out of the review of any Tax Return pursuant to this Section 4.05(a). For the avoidance of doubt, any dispute among the Companies with respect to a Company's compliance with the requirements of this Section 4.05(a) shall be resolved in accordance with the disagreement resolution provisions of Article 14 as promptly as practicable.

(b) *Disputes*. In the event the Companies have not resolved any disputed item or items with respect to a Tax Return described in Section 4.05(a) by the Due Date for such Tax Return, such Tax Return shall be filed as prepared by the Responsible Company (as revised to reflect all initially disputed items that the Companies have agreed upon prior to such date). Following such filing, such disputed items (or items) shall be resolved in accordance with Article 14. In the event that the resolution of such disputed item (or items) in accordance with Article 14 with respect to a Tax Return is inconsistent with such Tax Return as filed, the Responsible Company (with cooperation from the other Company) shall, as promptly as

practicable, amend such Tax Return to properly reflect the final resolution of the disputed item (or items). In the event that the amount of Taxes shown to be due and owing on a Tax Return is adjusted as a result of a resolution pursuant to Article 14 proper adjustment shall be made to the amounts previously paid or required to be paid in accordance with Article 5 in a manner that reflects such resolution.

(c) *Executing Returns*. In the case of any Tax Return which is required to be prepared and filed by one Company under this Agreement and which is required by Law to be signed by the other Company (or by its authorized representative), the Company which is legally required to sign such Tax Return shall not be required to sign such Tax Return under this Agreement unless there is at least a greater than 50% likelihood of prevailing on the merits for the tax treatment of each material item reported on the Tax Return. For the avoidance of doubt, any dispute among the Companies with respect to the likelihood of any tax treatment prevailing on the merits shall be resolved in accordance with the disagreement resolution provisions of Article 14 as promptly as practicable.

Section 4.06 *Adjustment Requests and UpstreamCo Carryback Items.* Unless Parent otherwise consents in writing, UpstreamCo shall (and shall cause each member of the UpstreamCo Group to) (i) not file any Adjustment Request with respect to any Combined Return (or any other Tax Return reflecting Taxes for which Parent is responsible under Article 2), (ii) make any available election to relinquish, waive or otherwise forgo a carryback of any UpstreamCo Carryback Item arising in a Post-Distribution Period to any Combined Return, and (iii) not make any affirmative election to claim any such Upstream Carryback Item. Unless UpstreamCo otherwise consents in writing, Parent shall not (and shall cause each member of the Parent Group not to) file any Adjustment Request with respect to any Alcoa Australia Combined Return.

Section 4.07 *Apportionment of Earnings and Profits and Tax Attributes*.

(a) If the Parent Affiliated Group has a Tax Attribute, the portion, if any, of such Tax Attribute required to be apportioned to UpstreamCo or the members of the UpstreamCo Group and treated as a carryover to the first Post-Distribution Period of UpstreamCo (or such member) shall be determined in good faith by Parent in accordance with Treasury Regulations Sections 1.1502-21, 1.1502-21T, 1.1502-22, 1.1502-79 and, if applicable, 1.1502-21A and 1.1502-79A.

(b) No Tax Attribute with respect to consolidated Federal Income Tax of the Parent Affiliated Group, other than those Tax Attributes described in Section 4.07(a), and no Tax Attribute with respect to consolidated, combined or unitary state, local or foreign Income Tax, in each case, arising in respect of a Combined Return (other than an Alcoa Australia Combined Return) shall be apportioned to UpstreamCo or any member of the UpstreamCo Group, except as Parent (or such member of the Parent Group as Parent shall designate) determines in good faith is otherwise required under applicable Law. No Tax Attribute with respect to any Alcoa Australia Combined Return shall be apportioned to Parent or any member of the Parent Group, except as UpstreamCo (or such member of the UpstreamCo Group shall designate) determines in good faith is otherwise required under applicable Law.

(c) Except for any Tax Attribute with respect to any Alcoa Australia Combined Return, Parent (or its designee) shall determine the portion, if any, of any Tax Attribute which must (absent a Final Determination to the contrary) be apportioned to UpstreamCo or any member of the UpstreamCo Group in accordance with this Section 4.07 and applicable Law and the amount of tax basis and earnings and profits to be apportioned to UpstreamCo or any member of the UpstreamCo Group in accordance with applicable Law, and shall provide written notice of the calculation thereof to UpstreamCo as soon as reasonably practicable after the information necessary to make such calculation becomes available to Parent. Solely to the extent relating to any Alcoa Australia Combined Return, UpstreamCo (or its designee) shall determine the portion, if any, of any Tax Attribute which must (absent a Final Determination to the contrary) be apportioned to Parent or any member of the Parent Group in accordance with this Section 4.07 and applicable Law and the amount of tax basis and earnings and profits to be apportioned to Parent or any member of the Parent Group in accordance with applicable Law, and shall provide written notice of the calculation thereof to Parent as soon as reasonably practicable after the information necessary to make such calculation becomes available to UpstreamCo. For the avoidance of doubt, neither Parent nor UpstreamCo shall be liable to the other Company (or any member of its Group) for any failure of any determination under this Section 4.07 to be accurate under applicable Law.

(d) The written notices delivered by Parent and UpstreamCo pursuant to Section 4.07(c) shall be binding on the other Company, and each member of its Group and shall not be subject to dispute resolution. Except to the extent otherwise required by applicable Law or pursuant to a Final Determination, neither Parent nor UpstreamCo shall (and each shall cause its Affiliates not to) take any position (whether on a Tax Return or otherwise) that is inconsistent with the information contained in such written notices.

Article 5. Payments.

Section 5.01 *Payment of Taxes*. In the case of any Tax Return reflecting Taxes for which the Company that is not the Responsible Company is responsible under Article 2, the Responsible Company shall pay any Taxes required to be paid to the applicable Tax Authority on or before the relevant Payment Date (and provide notice and proof of payment to the other Company). The Responsible Company shall compute the amount of such Taxes allocable to the other Company under the provisions of Article 2 and shall provide written notice and demand for payment of such amount, accompanied by a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto, to the other Company. The other Company shall pay to the Responsible Company the amount of such Taxes allocable to the other Company under the provisions of Article 2 within twenty (20) Business Days of the date of receipt of such written notice and demand; *provided* that no such payment shall be required to be made earlier than five (5) Business Days prior to the relevant Payment Date.

Section 5.02 *Adjustments Resulting in Underpayments*. In the case of any adjustment pursuant to a Final Determination with respect to any Tax Return, the Responsible Company shall pay to the applicable Tax Authority when due any additional Taxes due with respect to such Tax Return required to be paid as a result of such adjustment. The Responsible Company shall compute the amount of such Taxes allocable to the other Company under the provisions of Article 2 and shall provide written notice and demand for payment of such amount, accompanied by a statement detailing the Taxes paid and describing in reasonable detail the particulars relating

thereto, to the other Company. The other Company shall pay to the Responsible Company the amount of such Taxes allocable to the other Company under the provisions of Article 2 within twenty (20) Business Days of the date of receipt of such written notice and demand; *provided* that no such payment shall be required to be made earlier than five (5) Business Days prior to the date the additional Tax is required to be paid to the applicable Tax Authority.

Section 5.03 *Indemnification Payments*. Unless otherwise specified in this Agreement, all indemnification payments required to be made under this Agreement shall be made within twenty (20) Business Days of the date of receipt by the indemnifying party of written notice from the indemnified party of the amount owed, together with reasonable documentation showing the basis for the calculation of such amount and evidence of payment of such amounts by the indemnified party to the relevant Tax Authority or other recipient.

Section 5.04 *Payors; Payees; Treatment.* All payments made under this Agreement shall be made by Parent directly to UpstreamCo and by UpstreamCo directly to Parent; *provided, however*, that if the Companies mutually agree with respect to any such payment, any member of the Parent Group, on the one hand, may make such indemnification payment to any member of the UpstreamCo Group, on the other hand, and vice versa (for the avoidance of doubt, if a Company makes a request to the other Company to the effect that any payment required to be made by it to the other Company or received by it from the other Company, in each case, pursuant to this Agreement, be made or received by a member of the relevant Company's Group other than a Company, the other Company's consent to such request shall not be unreasonably withheld, conditioned or delayed). All payments made pursuant to this Agreement shall be treated in the manner described in Article 13.

Article 6. Tax Benefits.

Section 6.01 *Tax Benefits*.

(a) Except as set forth below, (i) Parent shall be entitled to any Refund (and any interest thereon received from the applicable Tax Authority) of any Taxes (A) for which Parent is liable hereunder (other than any such Refund that is an UpstreamCo Retained Tax Benefit), or (B) that is a Parent Retained Tax Benefit and (ii) UpstreamCo shall be entitled to any Refund (and any interest thereon received from the applicable Tax Authority) (A) of any Taxes for which UpstreamCo is liable hereunder (other than any Refund to which Parent is entitled pursuant to clause (i) above) or (B) that is an UpstreamCo Retained Tax Benefit. The Company receiving a Refund to which another Company is entitled hereunder, in whole or in part, shall pay over the amount of such Refund (or portion thereof) (and any interest on such amount received from the applicable Tax Authority but net of any costs and expenses (including Taxes) incurred by the Company (or a member of its Group) receiving such Refund in connection with obtaining or securing such Refund) to such other Company within twenty (20) Business Days after the receipt of such Refund or application of such Refund against Taxes otherwise payable. To the extent that any Refund (or portion thereof) in respect of which any amounts were paid over pursuant to the immediately preceding sentence is subsequently disallowed by the applicable Tax Authority, the Company that received such amounts shall promptly repay such amounts (together with any penalties, interest or other charges imposed by the relevant Tax Authority) to the other Company.

(b) If (i) a member of the UpstreamCo Group Actually Realizes any Tax Benefit (A) as a result of an adjustment pursuant to a Final Determination that increases Taxes for which a member of the Parent Group is liable hereunder or otherwise, (B) as a result of any liability, obligation, loss or payment (each, a "**Loss**") for which a member of the Parent Group is required to indemnify any member of the UpstreamCo Group pursuant to this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement (in each case, without duplication of any amounts payable or taken into account under this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement), (C) that is a Parent Retained Tax Benefit (other than a Refund) or (D) as a result of any Section 336(e) Election (including, for the avoidance of doubt, any Tax Benefit Actually Realized by any member of the UpstreamCo Group as a result of any step-up in asset basis for U.S. federal income tax purposes resulting from such Section 336(e) Election, except to the extent any such Tax Benefit is directly attributable to Taxes imposed on any member of the Parent Group as a result of such Section 336(e) Election and for which a member of the UpstreamCo Group has actually indemnified Parent pursuant to this Agreement), or (ii) a member of the Parent Group Actually Realizes any Tax Benefit (A) as a result of an adjustment pursuant to a Final Determination that increases Taxes for which a member of the UpstreamCo Group is liable hereunder (other than any Taxes described in clause (ii) of the definition of "UpstreamCo Retained Taxes" (relating to certain Competent Authority adjustments)) or otherwise, (B) as a result of any Loss for which a member of the UpstreamCo Group is required to indemnify any member of the Parent Group pursuant to this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement (in each case, without duplication of any amounts payable or taken into account under this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement), or (C) that is an UpstreamCo Retained Tax Benefit (in each case, other than a Refund), UpstreamCo or Parent, as the case may be, shall make a payment to the other Company in an amount equal to the amount of such Actually Realized Tax Benefit in cash within twenty (20) Business Days of Actually Realizing such Tax Benefit. To the extent that any Tax Benefit (or portion thereof) in respect of which any amounts were paid over pursuant to the foregoing provisions of this Section 6.01(b) is subsequently disallowed by the applicable Tax Authority, the Company that received such amounts shall promptly repay such amounts (together with any penalties, interest or other charges imposed by the relevant Tax Authority) to the other Company.

(c) No later than twenty (20) Business Days after a Tax Benefit described in Section 6.01(b) is Actually Realized by a member of the Parent Group or a member of the UpstreamCo Group, Parent or UpstreamCo, as the case may be, shall provide the other Company with a written calculation of the amount payable to such other Company pursuant to Section 6.01(b). In the event that Parent or UpstreamCo, as the case may be, disagrees with any such calculation described in this Section 6.01(c), Parent or UpstreamCo shall so notify the other Company in writing within twenty (20) Business Days of receiving such written calculation. Parent and UpstreamCo shall endeavor in good faith to resolve such disagreement, and, failing that, the amount payable under this Article 6 shall be determined in accordance with the disagreement resolution provisions of Article 14 as promptly as practicable.

(d) UpstreamCo shall be entitled to any Refund that is attributable to, and would not have arisen but for, an UpstreamCo Carryback Item that is required to be carried back to a Pre-Distribution Period under applicable Law and is carried back pursuant to and in accordance with Section 4.06 (a "**Permitted UpstreamCo Carryback**"); *provided*, *however*, that UpstreamCo

shall indemnify and hold the members of the Parent Group harmless from and against any and all related costs and expenses and any collateral Tax consequences resulting from or caused by any such Permitted UpstreamCo Carryback, including (but not limited to) the loss or postponement of any benefit from the use of any Tax Attribute of any member of the Parent Group (each, a "**Parent Group Tax Attribute**") if (x) such Parent Group Tax Attribute expires unutilized, but would have been utilized but for such Permitted UpstreamCo Carryback, or (y) the use of such Parent Group Tax Attribute is postponed to a later Tax Period than the Tax Period in which such Parent Group Tax Attribute would have been utilized but for such Permitted UpstreamCo Carryback. Any such payment of the amount of such Refund made by Parent to UpstreamCo pursuant to this Section 6.01(d) shall be recalculated in light of any Final Determination (or any other facts that may arise or come to light after such payment is made, such as a carryback of a Parent Group Tax Attribute to a Tax Period in respect of which such Refund is received) that would affect the amount to which UpstreamCo is entitled, and an appropriate adjusting payment shall be made by UpstreamCo to Parent such that the aggregate amount paid pursuant to this Section 6.01(d) equals such recalculated amount. To the extent that any Refund (or portion thereof) in respect of which any amounts were paid over by Parent to UpstreamCo pursuant to the foregoing provisions of this Section 6.01(d) is subsequently disallowed by the applicable Tax Authority, UpstreamCo shall promptly repay such amounts (together with any penalties, interest or other charges imposed by the relevant Tax Authority) to ParentCo.

Section 6.02 *Parent and UpstreamCo Income Tax Deductions in Respect of Certain Equity Awards and Incentive Compensation*.

(a) To the extent permitted by applicable Law, any and all Income Tax deductions arising (i) by reason of exercises of options to acquire Parent or UpstreamCo stock, vesting of "restricted" Parent stock or UpstreamCo stock, or settlement of stock appreciation rights, restricted stock awards, restricted stock units or performance share units, or exercises, vesting or settlement of any other compensatory equity or equity-based award, in each case, following the Distribution, with respect to Parent stock or UpstreamCo stock (such options, stock appreciation rights, restricted stock, restricted stock units, performance share units, deferred stock units, and other compensatory equity or equity-based awards, collectively, "**Compensatory Equity Interests**") held by any Person shall be claimed (A) in the case of a Parent Group Employee, Former Parent Group Employee, Parent Nonemployee Director or Former Nonemployee Director, solely by the Parent Group, and (B) in the case of an UpstreamCo Group Employee, Former UpstreamCo Group Employee or Transferred Director, solely by the UpstreamCo Group and (ii) by reason of any other compensation or employee benefit payment shall be claimed (A) in the case of a Parent Group Employee, Former Parent Group Employee, Parent Nonemployee Director or Former Nonemployee Director (a "**Parent Comp Deduction**"), solely by the Parent Group and (B) in the case of an UpstreamCo Group Employee, Former UpstreamCo Group Employee or Transferred Director (an "**UpstreamCo Comp Deduction**"), solely by the UpstreamCo Group. To the extent that any Parent Comp Deduction may not be claimed under applicable Law by a member of the Parent Group but may be claimed under applicable Law by a member of the UpstreamCo Group, UpstreamCo shall (or shall cause the relevant member of the UpstreamCo Group) to claim such deduction. To the extent that any UpstreamCo Comp Deduction may not be claimed under applicable Law by a member of the UpstreamCo Group but may be claimed under applicable Law by a member of the Parent Group, Parent shall (or shall cause the relevant member of the Parent Group) to claim such deduction.

(b) Tax reporting and withholding with respect to Compensatory Equity Interests shall be governed by Section 4.02(h) of the Employee Matters Agreement. To the extent that any payroll, unemployment, contribution, social security or similar Taxes are not covered by the Employee Matters Agreement, (i) Parent shall be responsible for any such Taxes attributable to a Parent Group Employee, a Former Parent Group Employee, a Parent Nonemployee Director or a Former Nonemployee Director (and such Taxes shall be treated as Traceable Taxes that are clearly and directly traceable to one or more members of the Parent Group for all purposes of this Agreement) and (ii) UpstreamCo shall be responsible for any such Taxes attributable to an UpstreamCo Group Employee, a Former UpstreamCo Group Employee or Transferred Director (and such Taxes shall be treated as Traceable Taxes that are clearly and directly traceable to one or more members of the UpstreamCo Group for all purposes of this Agreement).

Article 7. Tax-Free Status.

Section 7.01 *Representations of and Restrictions on UpstreamCo*.

(a) Each of Parent and UpstreamCo hereby represents and warrants that (A) it has examined the Ruling Request, the Representation Letters and the Tax Opinions/Rulings (including, without limitation, the representations to the extent that they relate to the plans, proposals, intentions and policies of it, its Subsidiaries, its business or its Group), and (B) to the extent in reference to it, its Subsidiaries, its business or its Group, the facts presented and the representations made therein are true, correct and complete.

(b) UpstreamCo hereby represents and warrants that (A) it has no plan or intention of taking any action, or failing to take any action (or causing or permitting any member of the UpstreamCo Group to take or fail to take any action) or knows of any circumstance, that could reasonably be expected to (i) adversely affect, jeopardize or prevent the Tax-Free Status of the Contribution and the Distribution (and the Debt-for-Equity Exchange, if any), (ii) adversely affect, jeopardize or prevent any Separation Transaction from having the tax treatment described in the Tax Opinions/Rulings (or, if not so described in the Tax Opinions/Rulings, in the Separation Step Plan) or to qualify under any Tax Law as wholly or partially tax-free or tax-deferred to the extent that tax-free or tax-deferred treatment was intended or (iii) cause any representation or factual statement made in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement, the Ruling Request, the Representation Letters or the Tax Opinions/Rulings to be untrue, and (B) during the period beginning two years before the Distribution Date and ending on the Distribution Date, there was no “agreement, understanding, arrangement, substantial negotiations or discussions” (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the UpstreamCo Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors regarding an acquisition of all or a significant portion of the UpstreamCo Capital Stock (and any predecessor); *provided* that no representation or warranty is made by UpstreamCo regarding any “agreement, understanding, arrangement, substantial negotiations or discussions” (as such terms are defined in Treasury Regulations Section 1.355-7(h) by any one or more officers or directors of Parent.

Section 7.02 *Restrictions on UpstreamCo.*

(a) UpstreamCo shall not take or fail to take, or cause or permit any Affiliate of UpstreamCo to take or fail to take, any action if such action or failure to act would be inconsistent with or cause to be untrue any statement, information, covenant or representation in any Ruling Request, Representation Letters or Tax Opinions/Rulings. UpstreamCo shall not take or fail to take, or cause or permit any Affiliate of UpstreamCo to take or fail to take, any action if such action or failure to act would or reasonably could be expected to adversely affect, jeopardize or prevent (A) the Tax-Free Status of the Contribution, the Distribution and the Debt-for-Equity Exchange, if any, or (B) any Separation Transaction from having the tax treatment described in the Tax Opinions/Rulings (or, if not so described in the Tax Opinions/Rulings, in the Separation Step Plan) or to qualify under any Tax Law as wholly or partially tax-free or tax-deferred to the extent that tax-free or tax-deferred treatment was intended.

(b) From the date hereof until the first Business Day after the Restriction Period, UpstreamCo shall (i) maintain its status as a company engaged in the UpstreamCo Active Trade or Business and (ii) not engage in any transaction that would or reasonably could result in it ceasing to be a company engaged in the UpstreamCo Active Trade or Business for purpose of Section 355(b)(2) of the Code.

(c) From the date hereof until the first Business Day after the Restriction Period, UpstreamCo shall not:

(i) enter into or permit to occur any Proposed Acquisition Transaction, or, to the extent UpstreamCo has the right to prohibit any Proposed Acquisition Transaction, permit any Proposed Transaction to occur;

(ii) merge or consolidate with any other Person or liquidate or partially liquidate, *provided* that this Section 7.02(c)(ii) shall not apply to mergers, consolidations, liquidations, or partial liquidations effected exclusively between or among Affiliates of UpstreamCo in existence as of the date of this Agreement and which do not result in UpstreamCo (or any successor) ceasing to exist as a corporation for U.S. federal income tax purposes;

(iii) in a single transaction or series of transactions sell or transfer 30% or more of the gross assets of any Active Trade or Business or 30% or more of the consolidated gross assets of UpstreamCo and its Affiliates (such percentages to be measured based on fair market value as of the Distribution Date);

(iv) redeem or otherwise repurchase (directly or through an Affiliate of UpstreamCo) any UpstreamCo stock, or rights to acquire stock, except to the extent such repurchases satisfy Section 4.05(1)(b) of Revenue Procedure 96-30 (as in effect prior to the amendment of such Revenue Procedure by Revenue Procedure 2003-48);

(v) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of UpstreamCo Capital Stock (including, without limitation, through the conversion of one class of UpstreamCo Capital Stock into another class of UpstreamCo Capital Stock); or

(vi) take any other action or actions (including any action or transaction that would be reasonably likely to be inconsistent with any representation made in the Ruling Request, the Representation Letters or the Tax Opinions/Rulings) which in the aggregate (and taking into account any other transactions described in this subparagraph (c)) would or reasonably could have the effect of causing or permitting one or more persons (whether or not acting in concert) to acquire, directly or indirectly, stock representing a Fifty-Percent or Greater Interest in UpstreamCo (or any successor) or otherwise jeopardize the Tax-Free Status of the Contribution, the Distribution, the Debt-for-Equity Exchange, if any,

in each case, unless prior to taking any such action set forth in the foregoing clauses (i) through (vi), (A) UpstreamCo shall have requested that Parent obtain a private letter ruling (including a supplemental ruling, if applicable) from the IRS (a "**Post-Distribution Ruling**") in accordance with Sections 7.05(b) and (d) of this Agreement to the effect that such transaction will not affect the Tax-Free Status, and Parent shall have received such a Post-Distribution Ruling in form and substance satisfactory to Parent in its sole and absolute discretion, or (B) UpstreamCo shall have provided Parent with an Unqualified Tax Opinion in form and substance satisfactory to Parent in its sole and absolute discretion (*provided* that Parent shall use reasonable efforts to timely make a determination as to whether an opinion is satisfactory to Parent, and *provided*, *further*, that in determining whether an opinion is satisfactory, Parent may consider, among other factors, the appropriateness of any underlying assumptions, and any management representations used as a basis for the Unqualified Tax Opinion and Parent may determine that no opinion would be acceptable to Parent) or (C) Parent shall have waived (which waiver may be withheld by Parent in its sole and absolute discretion) the requirement to obtain such Post-Distribution Ruling or Unqualified Tax Opinion.

Section 7.03 *Certain Issuances of UpstreamCo Capital Stock*. If UpstreamCo proposes to enter into any Section 7.03 Acquisition Transaction or, to the extent UpstreamCo has the right to prohibit any Section 7.03 Acquisition Transaction, proposes to permit any Section 7.03 Acquisition Transaction to occur, in each case, during the period from the date hereof until the first Business Day after the Restriction Period, UpstreamCo shall provide Parent, no later than ten (10) days following the signing of any written agreement with respect to the Section 7.03 Acquisition Transaction, with a written description of such transaction (including the type and amount of UpstreamCo Capital Stock to be issued in such transaction) and a certificate of the Chief Financial Officer of UpstreamCo to the effect that the Section 7.03 Acquisition Transaction is not a Proposed Acquisition Transaction or any other transaction to which the requirements of Section 7.02(c) apply (a "**CFO Certificate**").

Section 7.04 *Restrictions on Parent*. Parent agrees that it shall not take or fail to take, or cause or permit any Affiliate of Parent to take or fail to take, any action if such action or failure to act would or reasonably could be inconsistent with or cause to be untrue any statement, information, covenant or representation in the Ruling Request, any Representation Letters or Tax Opinions/Rulings. Parent shall not take or fail to take, or cause or permit any Affiliate of Parent to take or fail to take, any action that would or reasonably could be expected to adversely affect,

jeopardize or prevent (A) the Tax-Free Status of the Contribution, the Distribution and the Debt-for-Equity Exchange, if any, or (B) any Separation Transaction from having the tax treatment described in the Tax Opinion/Rulings (or, if not so described in the Tax Opinions/Rulings, in the Separation Step Plan) or to qualify under any Tax Law as wholly or partially tax-free or tax-deferred to the extent that tax-free or tax-deferred treatment was intended.

Section 7.05 *Procedures Regarding Post-Distribution Rulings and Unqualified Tax Opinions*.

(a) If UpstreamCo determines that it desires to take one of the actions described in clauses (i) through (vi) of Section 7.02(c) (a "**Notified Action**"), UpstreamCo shall notify Parent of this fact in writing.

(b) *Post-Distribution Rulings or Unqualified Tax Opinions at UpstreamCo's Request*. Unless Parent shall have waived the requirement to obtain such Post-Distribution Ruling or Unqualified Tax Opinion, upon the reasonable request of UpstreamCo pursuant to Section 7.02(c), Parent shall cooperate with UpstreamCo and use commercially reasonable efforts to seek to obtain, as expeditiously as possible, a Post-Distribution Ruling from the IRS (and/or any other applicable Tax Authority) or an Unqualified Tax Opinion for the purpose of permitting UpstreamCo to take the Notified Action. Notwithstanding the foregoing, Parent shall not be required to file or cooperate in the filing of any request for a Post-Distribution Ruling under this Section 7.05(b) unless UpstreamCo represents that (A) it has reviewed such request for a Post-Distribution Ruling, and (B) all statements, information and representations relating to any member of the Upstream Group contained in such request for a Post-Distribution Ruling are (subject to any qualifications therein) true, correct and complete. UpstreamCo shall reimburse Parent for all reasonable costs and expenses, including out-of-pocket expenses and expenses relating to the utilization of Parent personnel, incurred by the Parent Group in obtaining a Post-Distribution Ruling or Unqualified Tax Opinion requested by UpstreamCo within ten (10) Business Days after receiving an invoice from Parent therefor.

(c) *Post-Distribution Rulings or Unqualified Tax Opinions at Parent's Request*. Parent shall have the right to obtain a Post-Distribution Ruling or an Unqualified Tax Opinion at any time in its sole and absolute discretion. If Parent determines to obtain a Post-Distribution Ruling or an Unqualified Tax Opinion, UpstreamCo shall (and shall cause each Affiliate of UpstreamCo to) cooperate with Parent and take any and all actions reasonably requested by Parent in connection with obtaining the Post-Distribution Ruling or Unqualified Tax Opinion (including, without limitation, by making any representation or covenant or providing any materials or information requested by the IRS, any other applicable Tax Authority or a Tax Advisor; *provided* that UpstreamCo shall not be required to make (or cause any Affiliate of UpstreamCo to make) any representation or covenant that is inconsistent with historical facts or as to future matters or events over which matters or events it has no control). Parent shall reimburse UpstreamCo for all reasonable costs and expenses, including out-of-pocket expenses and expenses relating to the utilization of UpstreamCo personnel, incurred by the Parent Group in connection with such cooperation within ten (10) Business Days after receiving an invoice from UpstreamCo therefor.

(d) Parent shall have sole and exclusive control over the process of obtaining any Post-Distribution Ruling, and only Parent shall be permitted to apply for a Post-Distribution

Ruling. In connection with obtaining a Post-Distribution Ruling, Parent shall (A) keep UpstreamCo informed in a timely manner of all material actions taken or proposed to be taken by Parent in connection therewith; (B) (1) reasonably in advance of the submission of any request for any Post-Distribution Ruling provide UpstreamCo with a draft copy thereof; (2) reasonably consider UpstreamCo's comments on such draft copy; and (3) provide UpstreamCo with a final copy; and (C) provide UpstreamCo with notice reasonably in advance of, and UpstreamCo shall have the right to attend, any formally scheduled meetings with the IRS or other applicable Tax Authority (subject to the approval of the IRS or such Tax Authority) that relate to such Post-Distribution Ruling. Neither UpstreamCo nor any Affiliate of UpstreamCo directly or indirectly controlled by UpstreamCo shall seek any guidance from the IRS or any other Tax Authority (whether written, oral or otherwise) at any time concerning the Separation Transactions (including the impact of any transaction on the Separation Transactions).

Section 7.06 *Liability for Separation Tax Losses*.

(a) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary (and in each case regardless of whether a Post-Distribution Ruling, Unqualified Tax Opinion or waiver described in clause (C) of Section 7.02(c) may have been provided), subject to Section 7.06(c), UpstreamCo shall be responsible for, and shall indemnify, defend, and hold harmless Parent and its Affiliates from and against, any Separation Tax Losses that are attributable to or result from any one or more of the following: (A) the acquisition (other than pursuant to the Contribution, the Distribution, or any of the other Separation Transactions) of all or a portion of UpstreamCo's and/or its Affiliates' stock and/or assets by any means whatsoever by any Person, (B) any negotiations, understandings, agreements or arrangements by UpstreamCo or any of its Affiliates with respect to transactions or events (including, without limitation, stock issuances, pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, or a series of such transactions or events) that cause the Distribution to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly a Fifty-Percent or Greater Interest in UpstreamCo (or any successor thereof), (C) any action or failure to act by UpstreamCo after the Distribution (including, without limitation, any amendment to UpstreamCo's certificate of incorporation (or other organizational documents), whether through a stockholder vote or otherwise) affecting the voting rights of UpstreamCo stock (including, without limitation, through the conversion of one class of UpstreamCo Capital Stock into another class of UpstreamCo Capital Stock), (D) any act or failure to act by UpstreamCo or any Affiliate of UpstreamCo described in Section 7.02 or Section 7.03 (regardless whether such act or failure to act may be covered by a Post-Distribution Ruling, Unqualified Tax Opinion or waiver described in clause (C) of Section 7.02(c) or a CFO Certificate) or (E) any breach by UpstreamCo of any of its agreements or representations set forth in Section 7.01.

(b) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 7.06(c), Parent shall be responsible for, and shall indemnify, defend, and hold harmless UpstreamCo and its Affiliates from and against, any Separation Tax Losses that are attributable to, or result from any one or more of the following: (A) the acquisition of all or a portion of Parent's and/or its Affiliates' stock and/or its assets by any means whatsoever by any Person, (B) any negotiations, agreements or arrangements by Parent with respect to transactions or events (including, without limitation, stock issuances,

pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, or a series of such transactions or events) that cause any of the Distribution to be treated as part of a plan pursuant to which one or more Persons acquire directly or indirectly stock of Parent (or any successor thereof) representing a Fifty-Percent or Greater Interest therein, or (C) any act or failure to act by Parent or a member of the Parent Group described in Section 7.04 or any breach by Parent of any of its agreements or representations set forth in Section 7.01(a).

(c) To the extent that any Separation Tax Loss reasonably could be subject to indemnity under either or both Sections 7.06(a) and (b), responsibility for such Separation Tax Loss shall be shared by Parent and UpstreamCo according to relative fault as determined by Parent in good faith.

Section 7.07 *Payment of Separation Taxes*.

(a) *Calculation of Separation Taxes Owed*. Parent shall calculate in good faith the amount of any Separation Tax Losses for which UpstreamCo is responsible under Section 7.06. Such calculation shall be binding on UpstreamCo absent manifest error.

(b) *Notification of Separation Taxes Owed*. At least fifteen (15) Business Days prior to the date of payment of any Separation Tax Losses, Parent shall notify UpstreamCo of the amount of any Separation Tax Losses for which UpstreamCo is responsible under Section 7.06. In connection with such notification, Parent shall make available to UpstreamCo the portion of any Tax Return or other documentation and related workpapers that are relevant to the determination of the Separation Tax Losses attributable to UpstreamCo pursuant to Section 7.06.

(c) *Payment of Separation Taxes Owed*.

(i) At least ten (10) Business Days prior to the date of payment of any Separation Tax Losses with respect to which New UpstreamCo has received notification pursuant to Section 7.07(b), UpstreamCo shall pay to Parent the amount attributable to the UpstreamCo Group as calculated by Parent pursuant to Section 7.07(a). If Parent determines that it does not have a reasonable basis to file a Tax Return in a manner consistent with the Tax Opinions/Rulings, UpstreamCo shall pay the amount of Separation Tax Losses for which it is responsible, as determined by Parent pursuant to Section 7.07(a) and reported to UpstreamCo pursuant to Section 7.07(b), at least ten (10) Business Days before such Tax Return is due (taking into account extensions).

(ii) With respect to all other Separation Tax Losses, UpstreamCo shall pay to Parent the amount attributable to the UpstreamCo Group as calculated by Parent pursuant to Section 7.07(a) within five (5) Business Days of the receipt by UpstreamCo of notification of the amount due.

Section 7.08 *Section 336(e) Election*. If Parent determines, in its sole discretion, that a protective election under Section 336(e) of the Code (a "**Section 336(e) Election**") shall be made with respect to the Distribution, UpstreamCo shall (and shall cause its relevant Affiliates to) join with Parent (or its relevant Affiliate) in the making of such election and shall take any action reasonably requested by Parent or that is otherwise necessary to effect such election. If a Section 336(e) Election is made, then this Agreement shall be amended in such a manner, if any, as is determined by Parent in good faith to take into account such Section 336(e) Election.

Article 8. Assistance and Cooperation.

Section 8.01 *Assistance and Cooperation*.

(a) The Companies shall cooperate (and cause their respective Affiliates to cooperate) with each other and with each other's agents, including accounting firms and legal counsel, in connection with Tax matters relating to the Companies, including (i) preparing and filing Tax Returns, (ii) determining the liability for and amount of any Taxes due (including estimated Taxes) or the right to and amount of any Refund or any Tax Benefit, in each case, pursuant to this Agreement or otherwise, (iii) examinations of Tax Returns, and (iv) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed. Such cooperation shall include making available, upon reasonable notice, all information and documents in their possession relating to the other Company and its Affiliates as provided in Article 9. Each of the Companies shall also make available to the other, as reasonably requested and available, personnel (including employees and agents of the Companies or their respective Affiliates) responsible for preparing, maintaining and interpreting information and documents relevant to Taxes, and personnel reasonably required as witnesses or for purposes of providing information or documents in connection with any administrative or judicial proceeding relating to Taxes.

(b) Any information or documents provided under this Article 8 or Article 9 shall be kept confidential by the Company receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any administrative or judicial proceedings relating to Taxes. Notwithstanding any other provision in this Agreement to the contrary, (i) neither Parent nor any of its Affiliates shall be required to provide UpstreamCo or any of its Affiliates or any other Person access to or copies of any information, documents or procedures (including the proceedings of any Tax Contest) other than information, documents or procedures that relate to UpstreamCo or any other member of the UpstreamCo Group, the business or assets of UpstreamCo or any other member of the UpstreamCo Group and (ii) in no event shall either of the Companies or any of its respective Affiliates be required to provide the other Company or any of its respective Affiliates or any other Person access to or copies of any information if such action could reasonably be expected to result in the waiver of any Privilege. In addition, in the event that either Company determines that the provision of any information to the other Company or its Affiliates could be commercially detrimental, violate any Law or agreement or waive any Privilege, the parties shall use reasonable best efforts to permit compliance with its obligations under this Article 8 or Article 9 in a manner that avoids any such harm or consequence.

Section 8.02 *Tax Return Information*. UpstreamCo and Parent acknowledge that time is of the essence in relation to any request for information, assistance or cooperation made by Parent or UpstreamCo pursuant to this Agreement. UpstreamCo and Parent acknowledge that failure to conform to the deadlines set forth herein or reasonable deadlines otherwise set by Parent or UpstreamCo could cause irreparable harm. Each Company shall provide to the other Company information and documents relating to its Group required by the other Company to prepare Tax Returns. Any information or documents the Responsible Company requires to prepare such Tax Returns shall be provided in such form as the Responsible Company reasonably requests and in sufficient time for the Responsible Company to file such Tax Returns on a timely basis (but in no event later than ninety (90) days after such request).

Section 8.03 *Reliance by Parent*. If any member of the UpstreamCo Group supplies information to a member of the Parent Group in connection with Taxes and an officer of a member of the Parent Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the Parent Group identifying the information being so relied upon, the chief financial officer of UpstreamCo (or any officer of UpstreamCo as designated by the chief financial officer of UpstreamCo) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. UpstreamCo agrees to indemnify and hold harmless each member of the Parent Group and its directors, officers and employees from and against any fine, penalty or other cost or expense of any kind attributable to a member of the UpstreamCo Group having supplied, pursuant to this Article 8, a member of the Parent Group with inaccurate or incomplete information in connection with a Tax Liability.

Section 8.04 *Reliance by UpstreamCo*. If any member of the Parent Group supplies information to a member of the UpstreamCo Group in connection with a Tax Liability and an officer of a member of the UpstreamCo Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the UpstreamCo Group identifying the information being so relied upon, the chief financial officer of Parent (or any officer of Parent as designated by the chief financial officer of Parent) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Parent agrees to indemnify and hold harmless each member of the UpstreamCo Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the Parent Group having supplied, pursuant to this Article 8, a member of the UpstreamCo Group with inaccurate or incomplete information in connection with a Tax Liability.

Article 9. Tax Records.

Section 9.01 *Retention of Tax Records*. Each Company shall preserve and keep all Tax Records (including emails and other digitally stored materials and related workpapers and other documentation) in its possession as of the date hereof or relating to Taxes of the Groups for Pre-Distribution Periods or Taxes or Tax matters that are the subject of this Agreement, in each case, for so long as the contents thereof may become material in the administration of any matter under the Code or other applicable Tax Law, but in any event until at the earliest the later of (i) 90 days after the expiration of any applicable statutes of limitations (taking into account any extensions), or (ii) seven years after the Distribution Date (such later date, the "**Retention Date**"). After the Retention Date, each Company may dispose of such Tax Records upon 90 days' prior written notice to the other Company. If, prior to the Retention Date, a Company reasonably determines that any Tax Records which it would otherwise be required to preserve and keep under this Article 9 are no longer material in the administration of any matter under the Code or other applicable Tax Law and the other Company agrees, then such first Company may dispose of such Tax Records upon 90 days' prior notice to the other Company. Any notice of an intent to dispose given pursuant to this Section 9.01 shall include a list of the Tax Records to be

disposed of describing in reasonable detail each file, book or other record accumulation being disposed. The notified Company shall have the opportunity, at its cost, to copy or remove, within such 90-day period, all or any part of such Tax Records, and the other Company will then dispose of the same Tax Records.

Section 9.02 *Access to Tax Records*. The Companies and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records to the extent reasonably required by the other Company in connection with the preparation of financial accounting statements, audits, litigation, the preparation of Tax Returns or the resolution of items under this Agreement.

Section 9.03 *Preservation of Privilege*. The parties hereto agree to (and to cause the applicable members of their respective Groups to) cooperate and use commercially reasonable efforts to maintain Privilege with respect to any documentation relating to Taxes existing prior to the Distribution Date or Separation Tax Losses to which Privilege may reasonably be asserted (any such documentation, "**Privileged Documentation**"), including by executing joint defense and/or common interest agreements where necessary or useful for this purpose. No member of the UpstreamCo Group shall provide access to or copies of, or otherwise disclose to any Person, any Privileged Documentation without the prior written consent of Parent, such consent not to be unreasonably withheld, conditioned or delayed. No member of the Parent Group shall provide access to or copies of or otherwise disclose to any Person any Privileged Documentation without the prior written consent of UpstreamCo, such consent not to be unreasonably withheld, conditioned or delayed. Notwithstanding any of the foregoing, in the event that (x) any Governmental Authority requests, outside of normal working hours, that either Company (or any of its Affiliates) provide to such Governmental Authority access to or copies of or otherwise disclose any Privileged Documentation, (y) immediate compliance with such request is required under applicable Law, and (z) such Company attempts in good faith to obtain the prior written consent of the other Company but is not able to do so, then such Company shall be permitted to comply with such request by such Governmental Authority without obtaining the prior written consent of the other Company and shall as promptly as practicable inform the other Company of such request and the access and/or disclosure provided pursuant thereto.

Article 10. Tax Contests.

Section 10.01 *Notice*. Each of the Companies shall provide prompt notice to the other Company of any written communication from a Tax Authority regarding any pending or threatened Tax audit, assessment or proceeding or other Tax Contest relating to Taxes, Refunds or other Tax Benefits for which it may be entitled to indemnification by the other Company hereunder or for which it may be required to indemnify the other Company hereunder. Such notice shall include copies of the pertinent portion of any written communication from a Tax Authority and contain factual information (to the extent known) describing any asserted Tax liability and/or other relevant Tax matters in reasonable detail. The failure of one Company to notify the other of such communication in accordance with the immediately preceding sentences shall not relieve such other Company of any liability or obligation to pay such Tax or make indemnification payments under this Agreement, except to the extent that the failure timely to provide such notification actually prejudices the ability of such other Company to contest such Tax liability (or contest any determination in respect of any Refund or Tax Benefit) or increases the amount of such Tax liability (or reduces the amount of such Refund or Tax Benefit).

Section 10.02 *Control of Tax Contests*.

(a) *Separate Returns.* Except in the case of any Competent Authority Proceeding (which shall be governed by Section 10.02(c)) or any Traceable Tax Contests (which shall be governed by Section 10.02(d)):

(i) In the case of any Tax Contest with respect to any Parent Separate Return, Parent shall have exclusive control over such Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(e) and Section 10.02(g).

(ii) In the case of any Tax Contest with respect to any UpstreamCo Separate Return, UpstreamCo shall have exclusive control over such Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(f) and (g).

(b) *Combined Tax Returns.* Except in the case of any Competent Authority Proceeding (which shall be governed by Section 10.02(c)) or any Traceable Tax Contests (which shall be governed by Section 10.02(d)):

(i) In the case of any Tax Contest with respect to any Combined Return (other than any Alcoa Australia Combined Return), Parent shall have exclusive control over such Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(e) and Section 10.02(g).

(ii) In the case of any Tax Contest with respect to any Alcoa Australia Combined Return, UpstreamCo shall have exclusive control over such Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(f) and (g).

(c) *Competent Authority Proceedings*. In the event that a Tax Authority proposes an adjustment with respect to a Tax Return of a Company (the "**Adjusted Company**") or a member of its Group, and, in connection with such adjustment, a corresponding adjustment or other relief may be available to the other Company or a member of its Group pursuant to a Competent Authority Proceeding, the Adjusted Company shall promptly notify the other Company of such adjustment, and the Companies shall cooperate in good faith to determine whether to initiate a Competent Authority Proceeding to request such corresponding adjustment or other relief. If the Companies initiate any such Competent Authority Proceeding, or if any Competent Authority Proceeding that began before the date hereof remains ongoing, the Adjusted Company shall have the right to control such Competent Authority Proceeding; *provided* that (i) the Adjusted Company shall keep the other Company reasonably informed in a timely manner of all significant developments in respect of such Competent Authority Proceeding and all significant actions taken or proposed to be taken by the Adjusted Company with respect to such Tax Contest, (ii) the Adjusted Company shall timely provide the other Company with copies of any written materials prepared, furnished or received in connection with such Competent Authority Proceeding, (iii) the Adjusted Company shall consult with the other Company reasonably in advance of taking any significant action in connection with such Competent Authority Proceeding, (iv) the Adjusted Company shall consult with the other Company and offer the other

Company a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Competent Authority Proceeding and shall consider the other Company's comments in good faith, (v) the Adjusted Company shall conduct such Competent Authority Proceeding diligently and in good faith as if it were the only party in interest in connection with such Competent Authority Proceeding and (vi) the Adjusted Company shall not settle, compromise or abandon any such Competent Authority Proceeding without the prior written consent of the other Company, which consent shall not be unreasonably withheld, conditioned or delayed. The other Company shall cooperate with the Adjusted Company (including by providing any necessary information reasonably requested by the Adjusted Company) with respect to the conduct of any such Competent Authority Proceeding. In making any decisions in connection with any Competent Authority Proceeding described in this Section 10.02(c) (including the determination whether to initiate such Competent Authority Proceeding, relief to be sought pursuant to such Competent Authority Proceeding and actions to be taken in connection with such Competent Authority Proceeding), the Companies shall seek to minimize the aggregate Tax Liability of the Parent Group and the UpstreamCo Group.

(d) *Traceable Tax Contests.*

(i) Parent shall have exclusive control over any Separate Parent Traceable Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(e) and Section 10.02(g); *provided* that if Parent fails to defend a Separate Parent Traceable Tax Contest (whether by failing to participate in any portion of such Tax Contest or by failing to submit any materials in connection with such Tax Contest or otherwise), UpstreamCo shall have the right to assume exclusive control of such Tax Contest (at the Parent's expense), including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(f) and Section 10.02(g).

(ii) UpstreamCo shall have exclusive control over any Separate UpstreamCo Traceable Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(f) and Section 10.02(g); *provided* that if UpstreamCo fails to defend a Separate UpstreamCo Traceable Tax Contest (whether by failing to participate in any portion of or by failing to submit any materials in connection with such Tax Contest or otherwise), Parent shall have the right to assume exclusive control of such Tax Contest (at UpstreamCo's expense), including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 10.02(e) and Section 10.02(g).

(iii) In the event of any Joint Traceable Tax Contest, the Companies shall cooperate and shall jointly control such Tax Contest, subject to Section 10.02(g). In the event of any disagreement regarding such Tax Contest, the provisions of Article 14 shall apply.

(e) *UpstreamCo Rights.* In the case of any Tax Contest described in Section 10.02(a)(i), (b)(i) or Section 10.02(d)(i) or the proviso in Section 10.02(d)(ii) (other than, in each case, any Tax Contest described in Section 10.02(g)), if (x) as a result of such Tax Contest, UpstreamCo could reasonably be expected to become liable to make any material indemnification payment to Parent hereunder and (y) Parent has control of such Tax Contest pursuant to Section 10.02(a)(i), (b)(i) or Section 10.02(d)(i) or the proviso in

Section 10.02(d)(ii), as applicable, then (i) Parent shall keep UpstreamCo reasonably informed in a timely manner of all significant developments in respect of such Tax Contest and all significant actions taken or proposed to be taken by Parent with respect to such Tax Contest, (ii) Parent shall timely provide UpstreamCo with copies of any written materials prepared, furnished or received in connection with such Tax Contest, (iii) Parent shall consult with UpstreamCo reasonably in advance of taking any significant action in connection with such Tax Contest, (iv) Parent shall consult with UpstreamCo, offer UpstreamCo a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest and shall consider UpstreamCo's comments in good faith, (v) Parent shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest and (vi) Parent shall not settle, compromise or abandon any such Tax Contest in a manner that would disproportionately disadvantage UpstreamCo and, in determining whether to settle, compromise or abandon any such Tax Contest, Parent shall otherwise make such determination in good faith as if it were the only party in interest in connection with such Tax Contest.

(f) *Parent Rights*. In the case of any Tax Contest described in Section 10.02(a)(ii), (b)(ii) or (d)(ii) or the proviso in Section 10.02(d)(i), if (x) as a result of such Tax Contest, Parent could reasonably be expected to become liable to make any material indemnification payment to UpstreamCo hereunder and (y) UpstreamCo has the right to control such Tax Contest pursuant to Section 10.02(a)(ii), (b)(ii) or (d)(ii) or the proviso in Section 10.02(d)(i), then (i) UpstreamCo shall keep Parent reasonably informed in a timely manner of all significant developments in respect of such Tax Contest and all significant actions taken or proposed to be taken by UpstreamCo with respect to such Tax Contest, (ii) UpstreamCo shall timely provide Parent with copies of any written materials prepared, furnished or received in connection with such Tax Contest, (iii) UpstreamCo shall consult with Parent reasonably in advance of taking any significant action in connection with such Tax Contest, (iv) UpstreamCo shall consult with Parent and offer Parent a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest and shall consider Parent's comments in good faith, (v) UpstreamCo shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest and (vi) UpstreamCo shall not settle, compromise or abandon any such Tax Contest without obtaining the prior written consent of Parent, which consent shall not be unreasonably withheld, conditioned or delayed.

(g) *Separation Related Tax Contests.* Parent shall have exclusive control over any Separation Related Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to the following provisions of this Section 10.02(g). In the event of any Separation Related Tax Contest as a result of which UpstreamCo could reasonably be expected to become liable for any Separation Tax Losses, (A) Parent shall keep UpstreamCo reasonably informed in a timely manner of all significant developments in respect of such Tax Contest and all significant actions taken or proposed to be taken by Parent with respect to such Tax Contest, (B) Parent shall timely provide UpstreamCo with copies of any written materials prepared, furnished or received in connection with such Tax Contest, (C) Parent shall consult with UpstreamCo reasonably in advance of taking any significant action in connection with such Tax Contest and (D) Parent shall offer UpstreamCo a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest.

Notwithstanding anything in the preceding sentence to the contrary, the final determination of the positions taken, including with respect to settlement or other disposition, in any Separation Related Tax Contest shall be made in the sole discretion of Parent and shall be final and not subject to the dispute resolution provisions of Article 14 of this Agreement or Article VII of the Separation and Distribution Agreement.

(h) *Power of Attorney*.

(i) Each member of the UpstreamCo Group shall execute and deliver to Parent (or such member of the Parent Group as Parent shall designate) any power of attorney or other similar document reasonably requested by Parent (or such designee) in connection with any Tax Contest controlled by Parent that is described in this Article 10.

(ii) Each member of the Parent Group shall execute and deliver to UpstreamCo (or such member of the UpstreamCo Group as UpstreamCo shall designate) any power of attorney or other similar document reasonably requested by UpstreamCo (or such designee) in connection with any Tax Contest controlled by UpstreamCo that is described in this Article 10.

Article 11. Effective Date; Termination of Prior Intercompany Tax Allocation Agreements. This Agreement shall be effective as of the Effective Time. To the knowledge of the parties hereto, there are no prior intercompany Tax allocation agreements or arrangements solely between or among Parent and/or any of its Subsidiaries, on the one hand, and UpstreamCo and/or any of its Subsidiaries, on the other hand and no termination of any such arrangement or agreement, or any settlement of amounts owing in respect of any such arrangement or agreement should be required. To the extent that, contrary to the expectation of the parties, there is any such intercompany arrangement or agreement in place as of immediately prior to the Effective Time, (i) such arrangement or agreement shall be deemed terminated as of the Effective Time, and (ii) amounts due under such agreements as of the date on which the Effective Time occurs shall be settled as promptly as practicable. Upon such settlement, no further payments by or to Parent or any of its Subsidiaries or by or to UpstreamCo or any of its Subsidiaries with respect to such agreements shall be made, and all other rights and obligations resulting from such agreements between the Companies and their Affiliates shall cease at such time. Any payments pursuant to such agreements shall be disregarded for purposes of computing amounts due under this Agreement.

Article 12. Survival of Obligations. The representations, warranties, covenants and agreements set forth in this Agreement shall be unconditional and absolute and shall remain in effect without limitation as to time.

Article 13. Treatment of Payments; Tax Gross-Up.

Section 13.01 *Treatment of Tax Indemnity and Tax Benefit Payments*. In the absence of any change in Tax treatment under the Code or other applicable Tax Law and except as otherwise agreed between the Companies or as otherwise required by applicable Law, for all Income Tax purposes, the Companies agree to treat, and to cause their respective Affiliates to treat, (i) the UpstreamCo Cash Payment as a payment made pursuant to the Contribution; (ii) any payment required by this Agreement or by the Separation and Distribution Agreement (other

than the UpstreamCo Cash Payment) as, as applicable, (A) a contribution by Parent to UpstreamCo or a distribution by UpstreamCo to Parent, as the case may be, occurring immediately prior to the Distribution (but only to the extent the payment does not relate to a Tax allocated to the payor in accordance with Section 1552 of the Code or the Treasury Regulations thereunder or Treasury Regulations Section 1.1502-33(d) (or under corresponding principles of other applicable Tax Laws)), (B) an adjustment to the purchase price, or (C) as payments of an assumed or retained liability; and (iii) any payment of interest or State Income Taxes by or to a Tax Authority, as taxable or deductible, as the case may be, to the Company entitled under this Agreement to retain such payment or required under this Agreement to make such payment.

Section 13.02 *Tax Gross-Up*. If, notwithstanding the manner in which payments described in clause (i) of Section 13.01 were reported, there is an adjustment to the Tax Liability of a Company as a result of its receipt of a payment pursuant to this Agreement or the Separation and Distribution Agreement, such payment shall be appropriately adjusted so that the amount of such payment, reduced by the amount of all Income Taxes payable with respect to the receipt thereof (but taking into account all correlative Tax Benefits resulting from the payment of such Income Taxes), shall equal the amount of the payment which the Company receiving such payment would otherwise be entitled to receive.

Section 13.03 *Interest*. Anything herein to the contrary notwithstanding, to the extent one Company ("**Indemnitor**") makes a payment of interest to another Company ("**Indemnitee**") under this Agreement with respect to the period from the date that the Indemnitee made a payment of Tax to a Tax Authority to the date that the Indemnitor reimbursed the Indemnitee for such Tax payment, the interest payment shall be treated as interest expense to the Indemnitor (deductible to the extent provided by Law) and as interest income by the Indemnitee (includible in income to the extent provided by Law). The amount of the payment shall not be adjusted to take into account any associated Tax Benefit to the Indemnitor or increase in Tax to the Indemnitee.

Article 14. Disagreements.

Section 14.01 *Dispute Resolution*. The Companies desire that collaboration will continue between them. Accordingly, they will try, and they will cause their respective Group members to try, to resolve in good faith all disagreements regarding their respective rights and obligations under this Agreement, including any amendments hereto. In furtherance thereof, in the event of any dispute or disagreement (other than a High-Level Dispute) (a "**Tax Advisor Dispute**") between any member of the Parent Group and any member of the UpstreamCo Group as to the interpretation of any provision of this Agreement or the performance of obligations hereunder, the Tax departments of the Companies shall negotiate in good faith to resolve the Tax Advisor Dispute. If, within thirty (30) Business Days such good faith negotiations do not resolve the Tax Advisor Dispute, then the matter will be referred to such Tax Advisor as the Companies mutually agree. The Tax Advisor may, in its discretion, obtain the services of any third-party appraiser, accounting firm or consultant that the Tax Advisor deems necessary to assist it in resolving such disagreement. The Tax Advisor shall resolve the Tax Advisor Dispute according to such procedures as the Tax Advisor deems advisable and shall furnish written notice to the Companies of its resolution of any such Tax Advisor Dispute as soon as practicable, but in any event no later than 45 days after its acceptance of the matter for resolution. Any such resolution by the Tax Advisor shall be consistent with the terms of this Agreement, and if so consistent,

shall be conclusive and binding on the Companies. Following receipt of the Tax Advisor's written notice to the Companies of its resolution of the Tax Advisor Dispute, the Companies shall each take or cause to be taken any action necessary to implement such resolution of the Tax Advisor. In accordance with Article 16, each Company shall pay its own fees and expenses (including the fees and expenses of its representatives) incurred in connection with the referral of the matter to the Tax Advisor. All fees and expenses of the Tax Advisor in connection with such referral shall be shared equally by the Companies. Any High-Level Dispute shall be resolved pursuant to the procedures set forth in Article VII of the Separation and Distribution Agreement.

Section 14.02 *Injunctive Relief*. Nothing in this Article 14 will prevent either Company from seeking injunctive relief if any delay resulting from the efforts to resolve the Tax Advisor Dispute through the Tax Advisor (or any delay resulting from the efforts to resolve any High-Level Dispute through the procedures set forth in Article VII of the Separation and Distribution Agreement) could result in serious and irreparable injury to either Company. Notwithstanding anything to the contrary in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement, Parent and UpstreamCo are the only members of their respective Groups entitled to commence a dispute resolution procedure under this Agreement, and each of Parent and UpstreamCo will cause its respective Group members not to commence any dispute resolution procedure other than through such party as provided in this Article 14.

Article 15. Late Payments. Any amount owed by one party to another party under this Agreement which is not paid when due shall bear interest at the Prime Rate plus two percent (2%), compounded semiannually, from the due date of the payment to the date paid. To the extent interest required to be paid under this Article 15 duplicates interest required to be paid under any other provision of this Agreement, interest shall be computed at the higher of the interest rate provided under this Article 15 or the interest rate provided under such other provision.

Article 16. Expenses. Except as otherwise provided in this Agreement, each party and its Affiliates shall bear their own expenses incurred in connection with the preparation of Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

Article 17. General Provisions.

Section 17.01 *Addresses and Notices*. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service or by registered or certified mail postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 17.01):

If to Parent:

Alcoa Inc.
390 Park Avenue
New York, New York 10022
Attention: Chief Legal Officer
Facsimile: 212-836-2816

and

Alcoa Inc.
390 Park Avenue
New York, New York 10022
Attention: Chief Financial Officer
Facsimile: 212-836-2813

If to UpstreamCo:

Alcoa Upstream Corporation
201 Isabella Street
Pittsburgh, Pennsylvania 15212
Attention: General Counsel
Facsimile: 412-992-5440

and

Alcoa Upstream Corporation
390 Park Avenue
New York, New York 10022
Attention: Chief Financial Officer
Facsimile: 212-518-5491

A Company may, by notice to the other Company, change the address to which such notices are to be given.

Section 17.02 *Assignability*. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns (including, but not limited to, any successor of Parent or UpstreamCo succeeding to the Tax Attributes of either under Section 381 of the Code); *provided* that neither Company nor any such party thereto may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Company hereto. Notwithstanding the foregoing, no such consent shall be required for the assignment of a party's rights and obligations under this Agreement and the Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) in whole (*i.e.*, the assignment of a party's rights and obligations under this Agreement and all Ancillary Agreements all at the same time) in connection with a change of control of a Company so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Company. Nothing in this Section 17.02 is intended to, or shall be construed to, prohibit either Company or any member of its Group from being party to or undertaking a change of control.

Section 17.03 *Waiver*. Waiver by a Company of any default by the other Company of any provision of this Agreement shall not be deemed a waiver by the waiving Company of any subsequent or other default, nor shall it prejudice the rights of the other Company. No failure or delay by a Company in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 17.04 *Severability*. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Companies shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Companies.

Section 17.05 *Authority*. Parent represents on behalf of itself and each other member of the Parent Group, and UpstreamCo represents on behalf of itself and each other member of the UpstreamCo Group, as follows: (i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and (ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

Section 17.06 *Further Action.* The parties shall execute and deliver all documents, provide all information, and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement, including the execution and delivery to the other parties and their Affiliates and representatives of such powers of attorney or other authorizing documentation as is reasonably necessary or appropriate in connection with Tax Contests (or portions thereof) under the control of such other parties in accordance with Article 10.

Section 17.07 *Entire Agreement*. This Agreement, the Separation and Distribution Agreement and the other Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Companies with respect to the subject matter hereof and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Companies other than those set forth or referred to herein or therein. In the event of any inconsistency between this Agreement, the Separation and Distribution Agreement, or any other agreements relating to the transactions contemplated by the Separation and Distribution Agreement with respect to matters addressed herein, the provisions of this Agreement shall control.

Section 17.08 *Mutual Drafting*. This Agreement shall be deemed to be the joint work product of the Companies, and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

Section 17.09 *No Double Recovery*. No provision of this Agreement shall be construed to provide an indemnity or other recovery for any costs, damages, or other amounts for which the damaged party has been fully compensated under any other provision of this Agreement or under any other agreement or action at Law or equity. Unless expressly required in this Agreement, a party shall not be required to exhaust all remedies available under other agreements or at Law or equity before recovering under the remedies provided in this Agreement.

Section 17.10 *Currency*. All amounts payable pursuant to this Agreement shall be payable in U.S. dollars, based on the conversion rate used at the time that the obligation to pay arises in the financial reporting systems of the party receiving such payment.

Section 17.11 *Counterparts.* This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the Companies and delivered to the other Company. Each Company acknowledges that it and each other Company is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Company expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind such Company to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Company at any time, it shall as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 17.12 *Governing Law*. This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common Law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware irrespective of the choice of laws principles of the State of Delaware including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 17.13 *Jurisdiction*. If any dispute arises out of or in connection with this Agreement, except as expressly contemplated by another provision of this Agreement, the parties irrevocably (and the parties will cause each other member of their respective Group to irrevocably) (a) consent and submit to the exclusive jurisdiction of federal and state courts located in Delaware, (b) waive any objection to that choice of forum based on venue or to the effect that the forum is not convenient, and (c) waive to the fullest extent permitted by law any right to trial or adjudication by jury.

Section 17.14 *Amendment.* No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Company, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Company against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 17.15 *Performance*. Parent shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the Parent Group. UpstreamCo shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the UpstreamCo Group. Each Company (including its permitted successors and assigns) further agrees that it shall (a) give timely notice of the terms, conditions and continuing obligations contained in this Agreement to all of the other members of its Group and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such Company's obligations under this Agreement.

Section 17.16 *Injunctions*. Subject to the provisions of Article 14, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Company that is, or is to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief in respect of their respective rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Companies agree that the remedies at law for any breach or threatened breach, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the Companies.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each party has caused this Agreement to be executed on its behalf by a duly authorized officer on the date first set forth above.

Alcoa Inc.

By: /s/ Max Laun
Name: Max Laun
Title: Vice President & General Counsel

Alcoa Upstream Corporation

By: /s/ John Kenna
Name: John Kenna
Title: Vice President - Tax

[*Signature Page to Tax Matters Agreement*]

Exhibit 2.4

EXECUTION VERSION

EMPLOYEE MATTERS AGREEMENT

BY AND BETWEEN

ALCOA INC.

AND

ALCOA UPSTREAM CORPORATION

DATED AS OF OCTOBER 31, 2016

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EMPLOYEE MATTERS AGREEMENT

This EMPLOYEE MATTERS AGREEMENT, dated as of October 31, 2016 (this "Agreement"), is by and between Alcoa Inc., a Pennsylvania corporation ("Parent"), and Alcoa Upstream Corporation, a Delaware corporation ("UpstreamCo").

R E C I T A L S:

WHEREAS, the board of directors of Parent (the "Parent Board") has determined that it is in the best interests of Parent and its shareholders to create a new publicly traded company that shall operate the UpstreamCo Business;

WHEREAS, in furtherance of the foregoing, the Parent Board has determined that it is appropriate and desirable to separate the UpstreamCo Business from the Parent Business (the "Separation") and, following the Separation, make a distribution, on a pro rata basis, to holders of Parent Shares on the Record Date of all the outstanding UpstreamCo Shares owned by Parent (the "Distribution");

WHEREAS, to effectuate the Separation and Distribution, Parent and UpstreamCo have entered into a Separation and Distribution Agreement, dated as of October 31, 2016 (the "Separation and Distribution Agreement"); and

WHEREAS, in addition to the matters addressed by the Separation and Distribution Agreement, the Parties desire to enter into this Agreement to set forth the terms and conditions of certain employment, compensation and benefit matters.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below. Capitalized terms used in this Agreement but not otherwise defined herein shall have the meanings ascribed to them in the Separation and Distribution Agreement.

"Action" shall have the meaning set forth in the Separation and Distribution Agreement.

"Affiliate" shall have the meaning set forth in the Separation and Distribution Agreement.

"Agreement" shall have the meaning set forth in the preamble to this Agreement and shall include all Schedules hereto and all amendments, modifications, and changes hereto entered into pursuant to Section 9.17.

“Ancillary Agreement” shall have the meaning set forth in the Separation and Distribution Agreement.

“Assets” shall have the meaning set forth in the Separation and Distribution Agreement.

“Benefit Plan” shall mean any contract, agreement, policy, practice, program, plan, trust, commitment or arrangement providing for benefits, perquisites or compensation of any nature from an employer to any Employee, or to any family member, dependent, or beneficiary of any such Employee, including pension plans, thrift plans, supplemental pension plans and welfare plans, and contracts, agreements, policies, practices, programs, plans, trusts, commitments and arrangements providing for terms of employment, fringe benefits, severance benefits, change in control protections or benefits, travel and accident, life, accidental death and dismemberment, disability and accident insurance, tuition reimbursement, travel reimbursement, vacation, sick, personal or bereavement days, leaves of absences and holidays; provided, however, that the term “Benefit Plan” does not include any government-sponsored benefits, such as workers’ compensation, unemployment or any similar plans, programs or policies.

“COBRA” shall mean the U.S. Consolidated Omnibus Budget Reconciliation Act of 1985, as codified in Section 601 *et seq*. of ERISA and in Section 4980B of the Code.

“Code” shall have the meaning set forth in the Separation and Distribution Agreement.

“Delayed Transfer Employee” shall have the meaning set forth in Section 3.01(b).

“Destination Employer” shall have the meaning set forth in Section 3.01(b).

“Dispute” shall have the meaning set forth in the Separation and Distribution Agreement.

“Distribution” shall have the meaning set forth in the recitals to this Agreement.

“Distribution Date” shall have the meaning set forth in the Separation and Distribution Agreement.

“Distribution Ratio” shall have the meaning set forth in the Separation and Distribution Agreement.

“Effective Time” shall have the meaning set forth in the Separation and Distribution Agreement.

“Employee” shall mean any Parent Group Employee or UpstreamCo Group Employee.

“ERISA” shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“FICA” shall have the meaning set forth in Section 3.01(f).

“Final Trading Day” shall mean the last trading session of the NYSE ending prior to the Effective Time during which there occurs both “ex-distribution” trading of Parent Shares and “when-issued” trading of UpstreamCo Shares.

“Force Majeure” shall have the meaning set forth in the Separation and Distribution Agreement.

"Former Employees" shall mean Former Parent Group Employees and Former UpstreamCo Group Employees.

"Former Nonemployee Director" means each former member of the Parent Board whose service on the Parent Board ended prior to the Effective Time.

"Former Parent Group Employee" shall mean any individual who is a former employee of Parent or any of its Subsidiaries or former Subsidiaries as of the Operational Separation Date and who is not a Former UpstreamCo Group Employee, including any individual whose most recent employment was at a location that was sold or otherwise closed prior to the Operational Separation Date and who is identified as a Former Parent Group Employee on the master list prepared by Parent prior to the Operational Separation Date. Notwithstanding the foregoing or anything else herein to the contrary, any individual who has received a written communication from the Parent Group prior to the Operational Separation Date indicating that such individual will be classified as a former employee of the Parent Group for purposes of compensation and benefits will be treated as a Former Parent Group Employee for purposes of this Agreement.

"Former UpstreamCo Group Employee" shall mean (i) any individual who is a former employee of Parent or any of its Subsidiaries or former Subsidiaries as of the Operational Separation Date, in each case, whose most recent employment with Parent was with a member of the UpstreamCo Group or the UpstreamCo Business, and (ii) any individual who is a former employee of Parent or its Subsidiaries or former Subsidiaries whose most recent employment was at a work location that has been sold or otherwise closed prior to the Operational Separation Date and who is identified as a Former UpstreamCo Group Employee on the master list prepared by Parent prior to the Operational Separation Date. Notwithstanding the foregoing or anything else herein to the contrary, any individual who has received a written communication from the Parent Group prior to the Operational Separation Date indicating that such individual will be classified as a former employee of the UpstreamCo Group for purposes of compensation and benefits will be treated as a Former UpstreamCo Group Employee for purposes of this Agreement.

"FUTA" shall have the meaning set forth in Section 3.01(f).

"Governmental Authority" shall have the meaning set forth in the Separation and Distribution Agreement.

"HIPAA" shall mean the U.S. Health Insurance Portability and Accountability Act of 1996, as amended, and the regulations promulgated thereunder.

"Individual Agreement" shall mean any individual (i) employment contract, (ii) retention, severance or change of control agreement, (iii) expatriate (including any international assignee) contract or agreement (including agreements and obligations regarding repatriation, relocation, equalization of taxes and living standards in the host country), or (iv) other agreement containing restrictive covenants (including confidentiality, noncompetition and nonsolicitation provisions) between a member of the Parent Group and an UpstreamCo Group Employee, as in effect immediately prior to the Operational Separation Date.

"IRS" shall have the meaning set forth in the Separation and Distribution Agreement.

"Law" shall have the meaning set forth in the Separation and Distribution Agreement.

"Liabilities" shall have the meaning set forth in the Separation and Distribution Agreement.

"Operational Separation Date" shall mean August 1, 2016.

"Parent" shall have the meaning set forth in the preamble to this Agreement.

"Parent Annual Bonus Plans" shall have the meaning set forth in Section 4.03(a).

"Parent Awards" shall mean Parent Options, Parent RSU Awards and Parent PSU Awards, collectively.

"Parent Benefit Plan" shall mean any Benefit Plan established, sponsored or maintained by Parent or any of its Subsidiaries immediately prior to the Operational Separation Date, excluding any UpstreamCo Benefit Plan.

"Parent Board" shall have the meaning set forth in the recitals to this Agreement.

"Parent Business" shall have the meaning set forth in the Separation and Distribution Agreement.

"Parent Deferred Fee Plans" shall have the meaning set forth in Section 4.05(a).

"Parent Change in Control Severance Plan" shall mean Alcoa Inc. Change in Control Severance Plan as in effect immediately prior to the Effective Time.

"Parent Compensation Committee" shall mean the Compensation Committee of the Parent Board.

"Parent Divided Nonqualified Plans" shall mean the Alcoa Deferred Compensation Plan, the Alcoa Inc. Employees' Excess Benefits Plan A, the Alcoa Inc. Employees' Excess Benefits Plan B, the Alcoa Inc. Employees Excess Benefits Plan C, the Alcoa Supplemental Pension Plan for Senior Executives, the Global Pension Plan and the Alumax Excess Benefits Plan.

"Parent Divided Pension Plans" shall mean Alcoa Retirement Plan I and Alcoa Retirement Plan II.

"Parent Equity Plan" shall mean any equity compensation plan sponsored or maintained by Parent immediately prior to the Effective Time, including the 2013 Alcoa Stock Incentive Plan, as amended, the Amended and Restated 2009 Alcoa Stock Incentive Plan, as amended, and the 2004 Alcoa Stock Incentive Plan, as amended.

"Parent Group" shall have the meaning set forth in the Separation and Distribution Agreement.

"Parent Group Employees" shall have the meaning set forth in Section 3.01(a).

"Parent HSA" shall have the meaning set forth in Section 7.01(c).

"Parent Liability" shall have the meaning set forth in the Separation and Distribution Agreement.

"Parent Nonemployee Director" means each member of the Parent Board as of immediately after the Effective Time who is not a Parent Group Employee.

"Parent Option" shall mean an option to purchase Parent Shares granted pursuant to a Parent Equity Plan that is outstanding as of immediately prior to the Effective Time.

"Parent Pension Trust" shall mean the Arconic Retirement Plans Master Trust, amended and restated effective as of August 1, 2016 by and between Alcoa Inc. and The Bank of New York Mellon.

"Parent PSU Award" shall mean a performance-based restricted stock unit award granted pursuant to a Parent Equity Plan that is outstanding as of immediately prior to the Effective Time.

"Parent Rabbi Trust" shall have the meaning set forth in Section 6.03.

"Parent Ratio" shall mean the quotient obtained by dividing the Parent Stock Value by the Post-Separation Parent Stock Value.

"Parent RSU Award" shall mean a restricted stock unit award granted pursuant to a Parent Equity Plan that is outstanding as of immediately prior to the Effective Time.

"Parent Share Fund" shall have the meaning set forth in Section 5.03(b).

"Parent Shares" shall have the meaning set forth in the Separation and Distribution Agreement.

"Parent Stock Value" shall mean the per share closing trading price of Parent Shares trading "regular way" on the Final Trading Day.

"Parent Welfare Plan" shall mean any Welfare Plan established, sponsored, maintained or contributed to by Parent or any of its Subsidiaries for the benefit of Employees or Former Employees, including the Employees' Group Benefits Plan of Alcoa Inc., Plan I, the Employees' Group Benefits Plan of Alcoa Inc., Plan II, the Employees' Group Benefits Plan of Alcoa Inc. Plan I for Retirees, the Employees' Group Benefits Plan of Alcoa Inc. Plan II for Retirees, the Alcoa Health Reimbursement Arrangement Plan for Medicare Eligible Retirees, the Alcoa Medicare Part B Reimbursement Plan for Certain Eligible Retirees, the Option Life Insurance Plan, the Surviving Spouse Benefits Plan, the Involuntary Separation Plan and the Supplemental Unemployment Benefit Plan, but excluding (i) each Welfare Plan identified in Section 7.08, (ii) the Parent Change in Control Severance Plan, and (iii) any UpstreamCo Welfare Plan.

"Party" shall mean a party to this Agreement.

"Person" shall have the meaning set forth in the Separation and Distribution Agreement.

"Post-Separation Parent Awards" shall mean Post-Separation Parent Options, Post-Separation Parent RSU Awards, and the Post-Separation Parent PSU Awards, collectively.

"Post-Separation Parent Option" shall mean a Parent Option adjusted as of the Effective Time in accordance with Section 4.02(b).

"Post-Separation Parent PSU Award" shall mean a Parent PSU Award adjusted as of the Effective Time in accordance with Section 4.02(c).

"Post-Separation Parent RSU Award" shall mean a Parent RSU Award adjusted as of the Effective Time in accordance with Section 4.02(a).

"Post-Separation Parent Stock Value" shall mean the per share closing trading price of Parent Shares trading "ex-distribution" on the Final Trading Day.

"Providing Party" shall have the meaning set forth in Section 2.02(b).

"QDRO" shall mean a qualified domestic relations order within the meaning of Section 206(d) of ERISA and Section 414(p) of the Code.

"Record Date" shall have the meaning set forth in the Separation and Distribution Agreement.

"Requesting Party" shall have the meaning set forth in Section 2.02(b).

"Securities Act" shall mean the U.S. Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

"Separation" shall have the meaning set forth in the recitals to this Agreement.

"Separation and Distribution Agreement" shall have the meaning set forth in the recitals to this Agreement.

"Severance Benefits" shall have the meaning set forth in Section 4.04(b).

"Subsidiary" shall have the meaning set forth in the Separation and Distribution Agreement.

"Third Party" shall have the meaning set forth in the Separation and Distribution Agreement.

"Transferred Account Balances" shall have the meaning set forth in Section 7.01(d).

"Transferred Director" shall have the meaning set forth in Section 4.05(a).

"Transition Services Agreement" shall have the meaning set forth in the Separation and Distribution Agreement.

"UpstreamCo" shall have the meaning set forth in the preamble to this Agreement.

"UpstreamCo Annual Bonus Plans" shall have the meaning set forth in Section 4.03(a).

"UpstreamCo Awards" shall mean UpstreamCo Options, UpstreamCo RSU Awards, and UpstreamCo PSU Awards, collectively.

"UpstreamCo Benefit Plan" shall mean any Benefit Plan established, sponsored, maintained or contributed to by a member of the UpstreamCo Group as of or after the Operational Separation Date.

"UpstreamCo Board" shall mean the Board of Directors of UpstreamCo.

"UpstreamCo Business" shall have the meaning set forth in the Separation and Distribution Agreement.

"UpstreamCo Designees" shall have the meaning set forth in the Separation and Distribution Agreement.

"UpstreamCo Equity Plan" shall mean the UpstreamCo 2016 Stock Incentive Plan.

"UpstreamCo Group" shall have the meaning set forth in the Separation and Distribution Agreement.

"UpstreamCo Group Employees" shall have the meaning set forth in Section 3.01(a).

"UpstreamCo HSA" shall have the meaning set forth in Section 7.01(c).

"UpstreamCo Liability" shall have the meaning set forth in the Separation and Distribution Agreement.

"UpstreamCo Nonemployee Director" means each member of the UpstreamCo Board as of immediately after the Effective Time who is not an UpstreamCo Group Employee.

"UpstreamCo Nonqualified Plans" shall mean the plans established by the UpstreamCo Group pursuant to Section 6.01(a) that correspond to the Parent Divided Nonqualified Plans.

"UpstreamCo Option" shall mean an option to purchase UpstreamCo Shares granted by UpstreamCo pursuant to the UpstreamCo Equity Plan in accordance with Section 4.02(b).

"UpstreamCo Pension Plans" shall mean the Pension Plan for Certain Salaried Employees of Alcoa USA Corp. and the Pension Plan for Certain Hourly Employees of Alcoa USA Corp.

"UpstreamCo Pension Trust" shall mean the Pension Plans Master Trust for Alcoa USA Corp., effective as of August 1, 2016, by and between Alcoa USA Corp. and The Bank of New York Mellon.

"UpstreamCo PSU Award" shall mean a performance-based restricted stock unit award granted pursuant to the UpstreamCo Equity Plan in accordance with Section 4.02(c).

"UpstreamCo Ratio" shall mean the quotient obtained by dividing the Parent Stock Value by the UpstreamCo Stock Value.

"UpstreamCo Retained Pension Plans" shall have the meaning set forth in Section 5.02.

"UpstreamCo RSU Award" shall mean a restricted stock unit award granted pursuant to the UpstreamCo Equity Plan in accordance with Section 4.02(a).

"UpstreamCo Savings Plans" shall mean the Retirement Savings Plan for Salaried Employees of Alcoa USA Corp. and the Retirement Savings Plan for Hourly Employees of Alcoa USA Corp.

"UpstreamCo Share Fund" shall have the meaning set forth in Section 5.03(c).

"UpstreamCo Shares" shall have the meaning set forth in the Separation and Distribution Agreement.

"UpstreamCo Stock Value" shall mean the per share closing trading price of UpstreamCo Shares trading on a "when-issued" basis on the Final Trading Day.

"UpstreamCo Welfare Plans" shall mean the Welfare Plans established, sponsored, maintained or contributed to by any member of the UpstreamCo Group for the benefit of UpstreamCo Group Employees and Former UpstreamCo Group Employees, including each such Welfare Plan that corresponds to a Parent Welfare Plan.

"U.S." shall mean the United States of America.

"Welfare Plan" shall mean any "welfare plan" (as defined in Section 3(1) of ERISA) or a "cafeteria plan" under Section 125 of the Code, and any benefits offered thereunder, and any other plan offering health benefits (including medical, prescription drug, dental, vision, mental health, substance abuse and retiree health), disability benefits, or life, accidental death and dismemberment, and business travel insurance, pre-tax premium conversion benefits, dependent care assistance programs, employee assistance programs, paid time-off programs, contribution funding toward a health savings account, flexible spending accounts or cashable credits.

Section 1.02. Interpretation. Section 10.16 of the Separation and Distribution Agreement is hereby incorporated by reference.

ARTICLE II
GENERAL PRINCIPLES FOR ALLOCATION OF LIABILITIES

Section 2.01. General Principles.

(a) *Acceptance and Assumption of UpstreamCo Liabilities*. On or prior to the Operational Separation Date, UpstreamCo and the applicable UpstreamCo Designees shall, except as otherwise expressly provided herein, accept, assume and agree to faithfully perform, discharge and fulfill all of the following Liabilities in accordance with their respective terms (each of which shall be considered an UpstreamCo Liability):

(i) any and all wages, salaries, incentive compensation (as the same may be modified by this Agreement), equity compensation (as the same may be modified by this Agreement), commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any UpstreamCo Group Employees and Former UpstreamCo Group Employees after the Operational Separation Date, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims made by or with respect to any UpstreamCo Group Employees or Former UpstreamCo Group

Employees in connection with any Benefit Plan not retained or assumed by any member of the Parent Group pursuant to this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement; and

(iii) any and all Liabilities expressly assumed or retained by any member of the UpstreamCo Group pursuant to this Agreement.

(b) *Acceptance and Assumption of Parent Liabilities*. On or prior to the Operational Separation Date, Parent and certain members of the Parent Group designated by Parent shall, except as otherwise expressly provided herein, accept, assume and agree to faithfully perform, discharge and fulfill all of the following Liabilities held by UpstreamCo or any UpstreamCo Designee and Parent and the applicable members of the Parent Group shall be responsible for such Liabilities in accordance with their respective terms (each of which shall be considered a Parent Liability):

(i) any and all wages, salaries, incentive compensation (as the same may be modified by this Agreement), equity compensation (as the same may be modified by this Agreement), commissions, bonuses and any other employee compensation or benefits payable to or on behalf of any Parent Group Employees and Former Parent Group Employees after the Operational Separation Date, without regard to when such wages, salaries, incentive compensation, equity compensation, commissions, bonuses or other employee compensation or benefits are or may have been awarded or earned;

(ii) any and all Liabilities whatsoever with respect to claims made by or with respect to any Parent Group Employees or Former Parent Group Employees in connection with any Benefit Plan not retained or assumed by any member of the UpstreamCo Group pursuant to this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement; and

(iii) any and all Liabilities expressly assumed or retained by any member of the Parent Group pursuant to this Agreement.

(c) *Unaddressed Liabilities.* To the extent that this Agreement does not address particular Liabilities under any Benefit Plan and the Parties later determine that they should be allocated in connection with the Distribution, the Parties shall agree in good faith on the allocation, taking into account the handling of comparable Liabilities under this Agreement.

Section 2.02. Service Credit.

(a) *Service for Eligibility, Vesting and Benefit Purposes*. The UpstreamCo Benefit Plans shall, and UpstreamCo shall cause each member of the UpstreamCo Group to, recognize each UpstreamCo Group Employee's and each Former UpstreamCo Group Employee's full service with Parent or any of its Subsidiaries or predecessor entities at or before the Operational Separation Date, to the same extent that such service was credited by Parent or its Subsidiary for similar purposes prior to the Operational Separation Date as if such full service had been performed for a member of the UpstreamCo Group, for purposes of eligibility, vesting and determination of level of benefits under any such UpstreamCo Benefit Plan. The Parent Benefit Plans shall, and Parent shall cause each member of the Parent Group to, recognize each Parent

Group Employee's and each Former Parent Group Employee's full service with UpstreamCo or any of its Subsidiaries or predecessor entities at or before the Operational Separation Date, to the same extent that such service was credited by UpstreamCo or its Subsidiary for similar purposes prior to the Operational Separation Date as if such full service had been performed for a member of the Parent Group, for purposes of eligibility, vesting and determination of level of benefits under any such Parent Benefit Plan.

(b) *Evidence of Prior Service*. Notwithstanding anything to the contrary in this Agreement, but subject to Section 3.02 and applicable Law, upon reasonable request by either Party (the "Requesting Party"), the other Party (the "Providing Party") will provide to the Requesting Party copies of any records available to the Providing Party to document the service, plan participation and membership of former Employees of the Providing Party who are then Employees of the Requesting Party, and will cooperate with the Requesting Party to resolve any discrepancies or obtain any missing data for purposes of determining benefit eligibility, participation, vesting and calculation of benefits with respect to any such Employee.

Section 2.03. Benefit Plans.

(a) *Establishment of Plans*. As of the Operational Separation Date, UpstreamCo shall, or shall cause an applicable member of the UpstreamCo Group to, adopt Benefit Plans (and related trusts, if applicable), with terms comparable (or such other standard as is specified in this Agreement with respect to any particular Benefit Plan) to those of the corresponding Parent Benefit Plans; provided, however, that UpstreamCo may limit participation in any such UpstreamCo Benefit Plan to UpstreamCo Group Employees and Former UpstreamCo Group Employees who participated in the corresponding Parent Benefit Plan immediately prior to the Operational Separation Date.

(b) *Information and Operation*. Parent shall provide UpstreamCo with information describing each Parent Benefit Plan election made by an UpstreamCo Group Employee or a Former UpstreamCo Group Employee that may have application to UpstreamCo Benefit Plans from and after the Operational Separation Date, and UpstreamCo shall use its commercially reasonable efforts to administer the UpstreamCo Benefit Plans using those elections. Each Party shall, upon reasonable request, provide the other Party and the other Party's respective Affiliates, agents, and vendors all information reasonably necessary to the other Party's operation or administration of its Benefit Plans.

(c) *No Duplication or Acceleration of Benefits.* Notwithstanding anything to the contrary in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement, no participant in any UpstreamCo Benefit Plan shall receive service credit or benefits to the extent that receipt of such service credit or benefits would result in duplication of benefits provided to such participant by the corresponding Parent Benefit Plan or any other plan, program or arrangement sponsored or maintained by a member of the Parent Group. Furthermore, unless expressly provided for in this Agreement, the Separation and Distribution Agreement or in any Ancillary Agreement or required by applicable Law, no provision in this Agreement shall be construed to create any right to accelerate vesting or entitlements under any compensation or Benefit Plan, program or arrangement sponsored or maintained by a member of the Parent Group or member of the UpstreamCo Group on the part of any Employee or Former Employee.

(d) *No Expansion of Participation*. Unless otherwise expressly provided in this Agreement, determined or agreed to by Parent and UpstreamCo, required by applicable Law, or explicitly set forth in an UpstreamCo Benefit Plan, an UpstreamCo Group Employee or a Former UpstreamCo Group Employee shall be entitled to participate in the UpstreamCo Benefit Plans at the Operational Separation Date only to the extent that such UpstreamCo Group Employee or a Former UpstreamCo Group Employee was entitled to participate in the corresponding Parent Benefit Plan as in effect immediately prior to the Operational Separation Date (to the extent that such UpstreamCo Group Employee or a Former UpstreamCo Group Employee does not participate in the respective UpstreamCo Benefit Plan immediately prior to the Operational Separation Date), it being understood that this Agreement does not expand (i) the number of UpstreamCo Group Employees or Former UpstreamCo Group Employees entitled to participate in any UpstreamCo Benefit Plan, or (ii) the participation rights of UpstreamCo Group Employees or Former UpstreamCo Group Employees in any UpstreamCo Benefit Plans beyond the rights of such UpstreamCo Group Employees or Former UpstreamCo Group Employees under the corresponding Parent Benefit Plans, in each case, after the Operational Separation Date.

(e) *Transition Services*. The Parties acknowledge that the Parent Group or the UpstreamCo Group may provide administrative services for certain of the other Party’s compensation and benefit programs for a transitional period under the terms of the Transition Services Agreement. The Parties agree to cooperate in good faith to negotiate a business associate agreement (if required by HIPAA or other applicable health information privacy Laws) in connection with such Transition Services Agreement.

(f) *Beneficiaries*. References to Parent Group Employees, Former Parent Group Employees, UpstreamCo Group Employees, Former UpstreamCo Group Employees, and nonemployee directors of either Parent or UpstreamCo (including Transferred Directors), shall be deemed to refer to their beneficiaries, dependents, survivors and alternate payees, as applicable.

Section 2.04. Individual Agreements.

(a) *Assignment by Parent*. To the extent necessary, Parent shall assign, or cause an applicable member of the Parent Group to assign, to UpstreamCo or another member of the UpstreamCo Group, as designated by UpstreamCo, all Individual Agreements, with such assignment to be effective as of the Operational Separation Date; provided, however, that to the extent that assignment of any such Individual Agreement is not permitted by the terms of such agreement or by applicable Law, effective as of the Operational Separation Date, each member of the UpstreamCo Group shall be considered to be a successor to each member of the Parent Group for purposes of, and a third-party beneficiary with respect to, such Individual Agreement, such that each member of the UpstreamCo Group shall enjoy all of the rights and benefits under such agreement (including rights and benefits as a third-party beneficiary), with respect to the business operations of the UpstreamCo Group; provided, further, that in no event shall Parent be permitted to enforce any Individual Agreement (including any agreement containing noncompetition or nonsolicitation covenants) against an UpstreamCo Group Employee or a Former UpstreamCo Group Employee for action taken in such individual’s capacity as an UpstreamCo Group Employee or a Former UpstreamCo Group Employee.

(b) *Assumption by UpstreamCo.* Effective as of the Operational Separation Date, UpstreamCo will assume and honor, or will cause a member of the UpstreamCo Group to assume and honor, any individual agreement to which any UpstreamCo Group Employee or Former UpstreamCo Group Employee is a Party with any member of the Parent Group, including any Individual Agreement.

Section 2.05. Collective Bargaining. Effective as of the Distribution Date, to the extent necessary, UpstreamCo shall cause the appropriate member of the UpstreamCo Group to (a) assume or retain all collective bargaining agreements (including any national, sector or local collective bargaining agreement) that cover UpstreamCo Group Employees or Former UpstreamCo Group Employees, including any such agreements negotiated in connection with the Separation, and the Liabilities arising under any such collective bargaining agreements, and (b) join any industrial, employer or similar association or federation if membership is required for the relevant collective bargaining agreement to continue to apply. In the event of any conflict between a provision of this Agreement and the requirements of a collective bargaining agreement applicable to either Party, the requirements of the collective bargaining agreement shall control and the Parties shall cooperate in good faith to modify the applicable provision of this Agreement to the minimum extent necessary to permit compliance with the applicable collective bargaining agreement requirements while preserving to the maximum extent possible the originally intended result of such modified provision.

Section 2.06. Non-U.S. Regulatory Compliance. Parent shall have the authority to adjust the treatment described in this Agreement with respect to UpstreamCo Group Employees who are located outside of the United States to ensure compliance with the applicable laws or regulations of countries outside of the United States or to preserve the tax benefits provided under such local tax law or regulation.

ARTICLE III
ASSIGNMENT OF EMPLOYEES

Section 3.01. Active Employees.

(a) *Assignment and Transfer of Employees.* Effective no later than immediately prior to the Operational Separation Date and except as otherwise required by applicable Law or agreed by the Parties, (i) the applicable member of the Parent Group shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the UpstreamCo Group as of the Operational Separation Date (including any such individual who is not actively working as of the Operational Separation Date as a result of an illness, injury or approved leave of absence (or leave of absence otherwise taken in accordance with applicable Law) (collectively, the "UpstreamCo Group Employees") is employed by a member of the UpstreamCo Group as of the Operational Separation Date, and (ii) the applicable member of the Parent Group shall have taken such actions as are necessary to ensure that each individual who is intended to be an employee of the Parent Group as of the Operational Separation Date (including any such individual who is not actively working as of the Operational Separation Date as a result of an illness, injury or approved leave of absence (or leave of absence otherwise taken in accordance with applicable Law) and any other individual employed by the Parent Group as of the Operational Separation Date who is not an UpstreamCo Group Employee (collectively, the "Parent Group Employees") is employed by a member of the Parent Group as of the

Operational Separation Date. Each of the Parties agrees to execute, and to seek to have the applicable Employees execute, such documentation, if any, as may be necessary to reflect such assignment and/or transfer.

(b) *Delayed Transfer Employees*. To the extent that applicable Law prevents the Parties from causing any (i) UpstreamCo Group Employee to be employed by a member of the UpstreamCo Group as of the Operational Separation Date as contemplated by Section 3.01(a)(i) or (ii) Parent Group Employee to be employed by a member of the Parent Group as of the Operational Separation Date as contemplated by Section 3.01(a)(ii) (each such employee, a "Delayed Transfer Employee" and the UpstreamCo Group or Parent Group entity to which such Delayed Transfer Employee would have been transferred under Section 3.01(a), the "Destination Employer"), the Parties shall use commercially reasonable efforts to ensure that (i) such Delayed Transfer Employee becomes employed by the Destination Employer at the earliest time permitted by applicable Law and, with respect to any Delayed Transfer Employee who is actively employed as of the Operational Separation Date, and (ii) the Destination Employer receives the benefit of such Delayed Transfer Employee's services from and after the Operation Separation Date, including by entering into an employee leasing or similar arrangement. From and after the commencement of a Delayed Transfer Employee's employment with the Destination Employer, such Delayed Transfer Employee shall be treated for all purposes of this Agreement, including Section 2.02, as if such Delayed Transfer Employee commenced employment with the Destination Employer as of the Operational Separation Date as contemplated by Section 3.01(a).

(c) *At-Will Status.* Nothing in this Agreement shall create any obligation on the part of any member of the Parent Group or any member of the UpstreamCo Group to (i) continue the employment of any Employee or permit the return from a leave of absence for any period after the date of this Agreement (except as required by applicable Law), or (ii) change the employment status of any Employee from "at-will," to the extent that such Employee is an "at-will" employee under applicable Law.

(d) *Severance.* The Parties acknowledge and agree that the Distribution and the assignment, transfer or continuation of the employment of Employees as contemplated by this Section 3.01 shall not be deemed an involuntary termination of employment that entitles any UpstreamCo Group Employee or Parent Group Employee to severance payments or benefits.

(e) *Not a Change of Control/Change in Control.* The Parties acknowledge and agree that neither the consummation of the Distribution nor any transaction contemplated by this Agreement, the Separation and Distribution Agreement or any other Ancillary Agreement shall be deemed a "change of control," "change in control," or term of similar import for purposes of any Benefit Plan sponsored or maintained by any member of the Parent Group or member of the UpstreamCo Group.

(f) *Payroll and Related Taxes.* With respect to any UpstreamCo Group Employee or group of UpstreamCo Group Employees, the Parties shall, or shall cause their respective Subsidiaries to, (i) treat UpstreamCo (or the applicable member of the UpstreamCo Group) as a "successor employer" and Parent (or the applicable member of the Parent Group) as a "predecessor," within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Code, for purposes of taxes imposed under the United States Federal Insurance Contributions Act, as

amended ("FICA"), or the United States Federal Unemployment Tax Act, as amended ("FUTA"), (ii) cooperate with each other to avoid, to the extent possible, the restart of FICA and FUTA upon or following the Operational Separation Date or the Distribution Date, as applicable, with respect to each such UpstreamCo Group Employee for the tax year during which the Operational Separation Date or the Distribution Date, as applicable, occurs, and (iii) use commercially reasonable efforts to implement the alternate procedure described in Section 5 of Revenue Procedure 2004-53; provided, however, that to the extent that UpstreamCo (or the applicable member of the UpstreamCo Group) cannot be treated as a "successor employer" to Parent (or the applicable member of the Parent Group) within the meaning of Sections 3121(a)(1) and 3306(b)(1) of the Code with respect to any UpstreamCo Group Employee or group of UpstreamCo Group Employees, (x) with respect to the portion of the tax year commencing on January 1, 2016 and ending on the Operational Separation Date or the Distribution Date, as applicable, Parent will (A) be responsible for all payroll obligations, tax withholding and reporting obligations for such UpstreamCo Group Employees, and (B) furnish a Form W-2 or similar earnings statement to all such UpstreamCo Group Employees for such period, and (y) with respect to the remaining portion of such tax year, UpstreamCo will (A) be responsible for all payroll obligations, tax withholding and reporting obligations regarding such UpstreamCo Group Employees, and (B) furnish a Form W-2 or similar earnings statement to all such UpstreamCo Group Employees.

Section 3.02. Nonsolicitation. Each Party agrees that, for a period of twelve (12) months from the Operational Separation Date, such Party shall not solicit for employment any individual who is a Parent Group Employee, in the case of an UpstreamCo, or an UpstreamCo Group Employee, in the case of Parent; provided, however, that without limiting the generality of the foregoing prohibition on solicitation of Employees of the other Party, this Section 3.02 shall not prohibit (a) generalized solicitations that are not directed to specific Persons or Employees of the other Party, (b) the solicitation of a Person whose employment was involuntarily terminated by the other Party, or (c) the solicitation of a Person after receipt by the soliciting Party (in advance of any solicitation or, in the case of a response to a general solicitation as permitted under the foregoing clause (a), in advance of any subsequent solicitation in connection with the recruiting process) of the express written consent of the Party that employs the Person who is to be solicited. Except as provided in the foregoing clause (b) with respect to involuntary terminations, without regard to the use of the term "Employee" or "employs," the restrictions under this Section 3.02 shall be applicable to (i) Parent Group Employees whose employment terminates after the Operational Separation Date, and (ii) UpstreamCo Group Employees whose employment terminates after the Operational Separation Date, in each case, until the date that is six months after such Employee's last date of employment with Parent or UpstreamCo, as applicable. For the avoidance of doubt, the restrictions under this Section 3.02 shall not apply to Former Parent Group Employees or Former UpstreamCo Group Employees whose most recent employment with Parent and its Subsidiaries was terminated prior to the Operational Separation Date.

ARTICLE IV
EQUITY, INCENTIVE AND EXECUTIVE COMPENSATION

Section 4.01. Generally. Parent Awards that are outstanding as of immediately prior to the Effective Time shall be adjusted as described below; provided, however, that effective immediately prior to the Effective Time, the Parent Compensation Committee may provide for different adjustments with respect to some or all Parent Awards to the extent that the Parent

Compensation Committee deems such adjustments necessary and appropriate. Any adjustments made by the Parent Compensation Committee pursuant to the foregoing sentence shall be deemed incorporated by reference herein as if fully set forth below and shall be binding on the Parties and their respective Affiliates. Before the Effective Time, the UpstreamCo Equity Plan shall be established, with such terms as are necessary to permit the implementation of the provisions of Section 4.02.

Section 4.02. Equity Incentive Awards.

(a) *Outstanding Parent Options Held by Parent Group Employees and Former Parent Group Employees*. Each Parent Option held by a Parent Group Employee or a Former Parent Group Employee, that is outstanding and unexercised as of immediately prior to the Effective Time, shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to such Parent Option immediately prior to the Effective Time; provided, however, that certain restrictions may be imposed on the Parent Option after the Effective Time if necessary and appropriate to comply with applicable Law; and further provided, however, that from and after the Effective Time:

(i) the number of Parent Shares subject to such Parent Option, rounded down to the nearest whole number of shares, shall be equal to the product obtained by multiplying (A) the number of Parent Shares subject to such Parent Option immediately prior to the Effective Time by (B) the Parent Ratio; and

(ii) the per share exercise price of such Parent Option, rounded up to the nearest whole cent, shall be equal to the quotient obtained by dividing (A) the per share exercise price of such Parent Option immediately prior to the Effective Time by (B) the Parent Ratio.

(b) *Outstanding Parent Options Held by UpstreamCo Group Employees and Former UpstreamCo Group Employees*. Each Parent Option held by an UpstreamCo Group Employee or a Former UpstreamCo Group Employee, that is outstanding and unexercised as of immediately prior to the Effective Time, shall be converted into an UpstreamCo Option and shall otherwise be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Parent Option immediately prior to the Effective Time (except that references to Parent in the applicable plan and award agreement shall be deemed to refer to UpstreamCo, unless clearly dictated otherwise by context); provided, however, that certain restrictions may be imposed on the UpstreamCo Option after the Effective Time if necessary and appropriate to comply with applicable Law; and further provided, however, that from and after the Effective Time:

(i) the number of UpstreamCo Shares subject to such UpstreamCo Option, rounded down to the nearest whole number of shares, shall be equal to the product obtained by multiplying (A) the number of Parent Shares subject to the corresponding Parent Option immediately prior to the Effective Time by (B) the UpstreamCo Ratio; and

(ii) the per share exercise price of such UpstreamCo Option, rounded up to the nearest whole cent, shall be equal to the quotient obtained by dividing (A) the per share exercise price of the corresponding Parent Option immediately prior to the Effective Time by (B) the UpstreamCo Ratio.

(c) *Outstanding Parent RSU Awards Held by Parent Group Employees and Former Parent Group Employees*. Each Parent RSU Award held by a Parent Group Employee or a Former Parent Group Employee that is outstanding as of immediately prior to the Effective Time, shall be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to such Parent RSU Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares; provided, however, that certain restrictions may be imposed on the Parent RSU Award after the Effective Time if necessary and appropriate to comply with applicable Law; and further provided, however, that from and after the Effective Time, the number of Parent Shares to which such Parent RSU Award relates shall be equal to the product obtained by multiplying (i) the number of Parent Shares to which such Parent RSU Award related immediately prior to the Effective Time by (ii) the Parent Ratio (with any resulting fractional share paid to the award holder promptly following the Effective Time in the form of a cash payment equal to the product of such fractional share and the Post-Separation Parent Stock Value; provided, however, that if the cash payment may result in adverse tax or legal treatment of the award holder, the Parent or any member of the Parent Group, as determined by the Parent in its sole discretion, the shares subject to the Parent RSU Award may instead be rounded down to the nearest whole number of shares).

(d) *Outstanding Parent RSU Awards Held by UpstreamCo Group Employees and Former UpstreamCo Group Employees*. Each Parent RSU Award held by an UpstreamCo Group Employee or Former UpstreamCo Group Employee that is outstanding as of immediately prior to the Effective Time, shall be converted into an UpstreamCo RSU Award, and shall otherwise be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Parent RSU Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares (except that references to Parent in the applicable plan and award agreement shall be deemed to refer to UpstreamCo, unless clearly dictated otherwise by context); provided, however, that certain restrictions may be imposed on the UpstreamCo RSU Award after the Effective Time if necessary and appropriate to comply with applicable Law; and further provided, however, that from and after the Effective Time, the number of UpstreamCo Shares to which such UpstreamCo RSU Award relates shall be equal to the product obtained by multiplying (i) the number of Parent Shares to which the corresponding Parent RSU Award related immediately prior to the Effective Time by (ii) the UpstreamCo Ratio (with any resulting fractional share paid to the award holder promptly following the Effective Time in the form of a cash payment equal to the product of such fractional share and the UpstreamCo Stock Value; provided, however, that if the cash payment may result in adverse tax or legal treatment of the award holder, the Parent, any member of the Parent Group, UpstreamCo or any member of the UpstreamCo Group, as determined by the Parent in its sole discretion, the shares subject to the UpstreamCo RSU Award may instead be rounded down to the nearest whole number of shares).

(e) *Outstanding Parent PSU Awards Held by Parent Group Employees and Former Parent Group Employees*. Each Parent PSU Award held by a Parent Group Employee or a Former Parent Group Employee that is outstanding as of immediately prior to the Effective Time, shall be subject to the same terms and conditions after the Effective Time as the terms and

conditions applicable to such Parent PSU Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares; provided, however, that certain restrictions may be imposed on the Parent PSU Award after the Effective Time if necessary and appropriate to comply with applicable Law; and further provided, however, that from and after the Effective Time:

(i) the number of Parent Shares to which such Parent PSU Award relates shall be equal to the product obtained by multiplying (A) the number of Parent Shares to which such Parent PSU Award related immediately prior to the Effective Time by (B) the Parent Ratio (with any resulting fractional share paid to the award holder promptly following the Effective Time in the form of a cash payment equal to the product of such fractional share and the Post-Separation Parent Stock Value; provided, however, that if the cash payment may result in adverse tax or legal treatment of the award holder, the Parent or any member of the Parent Group, as determined by the Parent in its sole discretion, the shares subject to the Parent PSU Award may instead be rounded down to the nearest whole number of shares); and

(ii) the performance conditions applicable to each such Parent PSU Award shall be (A) for the 2016 performance period with respect to any such Parent PSU Award, the conditions previously established by the Parent Compensation Committee, and (B) for any performance period commencing after 2016, such conditions as are established by the Parent Compensation Committee following the Effective Time.

(f) *Outstanding Parent PSU Awards Held by UpstreamCo Group Employees and Former UpstreamCo Group Employees*. Each Parent PSU Award held by an UpstreamCo Group Employee or a Former UpstreamCo Group Employee that is outstanding as of immediately prior to the Effective Time shall be converted into an UpstreamCo PSU Award and shall otherwise be subject to the same terms and conditions after the Effective Time as the terms and conditions applicable to the corresponding Parent PSU Award immediately prior to the Effective Time, including any deferral election applicable to the delivery of vested shares (except that references to Parent in the applicable plan and award agreement shall be deemed to refer to UpstreamCo, unless clearly dictated otherwise by context); provided, however, that certain restrictions may be imposed on the UpstreamCo PSU Award after the Effective Time if necessary and appropriate to comply with applicable Law; and further provided, however, that from and after the Effective Time:

(i) the number of UpstreamCo Shares to which such UpstreamCo PSU Award relates shall be equal to the product obtained by multiplying (A) the number of Parent Shares to which the corresponding Parent PSU Award related immediately prior to the Effective Time by (B) the UpstreamCo Ratio (with any resulting fractional share paid to the award holder promptly following the Effective Time in the form of a cash payment equal to the product of such fractional share and the UpstreamCo Stock Value; provided, however, that if the cash payment may result in adverse tax or legal treatment of the award holder, the Parent, any member of the Parent Group, UpstreamCo or any member of the UpstreamCo Group, as determined by the Parent in its sole discretion, the shares subject to the UpstreamCo PSU Award may instead be rounded down to the nearest whole number of shares); and

(ii) the performance conditions applicable to each such UpstreamCo PSU Award shall be (A) for the 2016 performance period with respect to any such UpstreamCo PSU Award, the conditions previously established by the Parent Compensation Committee. and (B) for any performance period commencing after 2016, such conditions as are established by the UpstreamCo Compensation Committee following the Effective Time.

(g) *Miscellaneous Award Terms*. None of the Separation, the Distribution or any employment transfer described in Section 3.01(a) shall constitute a termination of employment for any Employee for purposes of any Post-Separation Parent Award or any UpstreamCo Award. After the Effective Time, for any award adjusted under this Section 4.02, any reference to a "change in control," "change of control" or similar definition in an award agreement, employment agreement or Parent Equity Plan applicable to such award (A) with respect to Post-Separation Parent Awards, shall be deemed to refer to a "change in control," "change of control" or similar definition as set forth in the applicable award agreement, employment agreement or Parent Equity Plan, and (B) with respect to UpstreamCo Awards, shall be deemed to refer to a "Change in Control" as defined in the UpstreamCo Equity Plan.

(h) *Tax Reporting and Withholding.* Unless prohibited by applicable Law, following the Effective Time, (i) Parent shall be solely responsible for all Liabilities, including all income, payroll and other tax remittance and reporting, and entitled to all tax deductions, associated with Post-Separation Parent Awards, and (ii) UpstreamCo shall be solely responsible for all Liabilities, including all income, payroll and other tax remittance and reporting, and entitled to all tax deductions associated with, UpstreamCo Awards. Parent and UpstreamCo agree to enter into any necessary agreements regarding the subject matter of this Section 4.02(h) to enable Parent and UpstreamCo to fulfill their respective obligations hereunder, including but not limited to compliance with all applicable Laws regarding the reporting, withholding or remitting of income and/or taxes.

(i) *Registration and Other Regulatory Requirements*. UpstreamCo agrees to file Forms S-1, S-3 and S-8 registration statements with respect to, and to cause to be registered pursuant to the Securities Act, the UpstreamCo Shares authorized for issuance under the UpstreamCo Equity Plan, as required pursuant to the Securities Act, before the date of issuance of any UpstreamCo Shares pursuant to the UpstreamCo Equity Plan. The Parties shall take such additional actions as are deemed necessary or advisable to effectuate the foregoing provisions of this Section 4.02(i), including compliance with securities Laws and other legal requirements associated with equity compensation awards in affected non-U.S. jurisdictions. Parent agrees to facilitate the adoption and approval of the UpstreamCo Equity Plan consistent with the requirements of Treasury Regulations Section 1.162-27(f)(4)(iii).

(j) *Parent Awards in Certain Non-U.S. Jurisdictions*. Notwithstanding the foregoing provisions of this Section 4.02, the Parties may mutually agree, in their sole discretion, not to adjust certain outstanding Parent Awards held by individuals located outside of the United States pursuant to the foregoing provisions of this Section 4.02, where those actions would create or trigger adverse legal, accounting or tax consequences for Parent, UpstreamCo, and/or the affected non-U.S. award holders. In such circumstances, Parent and/or UpstreamCo may take any action necessary or advisable to prevent any such adverse legal, accounting or tax consequences,

including, but not limited to, agreeing to modify any aspect of the adjustment method set forth in this Section 4.02 or to apply an alternate adjustment method. Where and to the extent required by applicable Law or tax considerations outside the United States, the adjustments described in this Section 4.02 shall be deemed to have been effectuated immediately prior to the Distribution Date.

Section 4.03. Nonequity Incentive Plans.

(a) *Annual Bonus Plans*. Immediately prior to the Effective Time, UpstreamCo Group Employees shall cease participating in each Parent annual bonus plan or policy, including without limitation the Internal Revenue Code Section 162(m) Compliant Annual Cash Incentive Compensation Plan and the Incentive Compensation Plan (the "Parent Annual Bonus Plans") and, as of the Effective Time, UpstreamCo Group Employees who were eligible to participate in Parent Annual Bonus Plans shall be eligible to participate in the UpstreamCo annual bonus plans or policies (the "UpstreamCo Annual Bonus Plans"). UpstreamCo shall be solely responsible for funding, paying and discharging all obligations under the UpstreamCo Annual Bonus Plans in respect of the annual bonus payable to the UpstreamCo Group Employees in respect of the calendar year in which the Effective Time occurs (and Parent shall have no liability with respect to annual bonuses for such year).

(b) *Incentive Plans.* As of the Effective Time, (i) the Parent Group shall retain (or assume to the extent necessary) sponsorship of all commission bonus and sales incentive plans covering Parent Group Employees, and, from and after the Effective Time, all Liabilities thereunder shall be Liabilities of the Parent Group, and (ii) the UpstreamCo Group shall retain (or assume to the extent necessary) sponsorship of all commission bonus and sales incentive plans covering UpstreamCo Group Employees, and, from and after the Effective Time, all Liabilities thereunder shall be Liabilities of the UpstreamCo Group.

Section 4.04. Severance Benefits. UpstreamCo shall be solely responsible for all Liabilities in respect of all of the costs of providing benefits under any applicable severance, separation, redundancy, termination or similar plan, program, practice, contract, agreement, law or regulation (such benefits to include, if applicable, any medical or other welfare benefits, outplacement benefits, accrued vacation, and taxes) (collectively, "Severance Benefits") relating to the termination or alleged termination of employment of any Former UpstreamCo Group Employee and of any UpstreamCo Group Employee that occurs on or after the Operational Separation Date. Parent shall be solely responsible for all Liabilities in respect of all the costs of providing the Severance Benefits relating to the termination or alleged termination of employment of any Former Parent Group Employee and of any Parent Group Employee that occurs on or after the Operational Separation Date.

Section 4.05. Director Compensation.

(a) *Establishment of Deferred Fee Plan for Directors*. Before the Effective Time, UpstreamCo shall establish the UpstreamCo Deferred Fee Plan for Directors. Each UpstreamCo Nonemployee Director who served on the Parent Board immediately prior to the Effective Time but who will no longer serve on the Parent Board following the Effective Time (a "Transferred Director"), and held a deferred fee account under the Alcoa Inc. 2005 Deferred Fee Plan for Directors or the Alcoa Inc. Deferred Fee Plan for Directors (collectively, the "Parent

Deferred Fee Plans") immediately prior to the Effective Time, shall, as of the Effective Time, be credited under the UpstreamCo Deferred Fee Plan for Directors with the amount of his or her deferred fee account balance under the Parent Deferred Fee Plans and shall cease participation in the Parent Deferred Fee Plans as of the Effective Time (it being understood that such cessation shall not trigger any distribution of payments or benefits under the Parent Deferred Fee Plans), and, as of the Effective Time, Parent shall cease to have any Liability to any such UpstreamCo Nonemployee Director under the Parent Deferred Fee Plans. All Parent Shares notionally credited to each Transferred Director's deferred fee account under the Parent Deferred Fee Plans, the liability for which is transferred to UpstreamCo and the UpstreamCo Deferred Fee Plan for Directors pursuant to the preceding sentence, shall be adjusted so that, from and after the Effective Time, such notionally credited shares represent a number of notionally credited UpstreamCo Shares (including any resulting fractional share) equal to the product obtained by multiplying (1) the number of such notionally credited Parent Shares immediately prior to the Effective Time, by (2) the UpstreamCo Ratio.

(b) *Parent Deferred Fee Plan*. Parent shall continue to be responsible for Liabilities in respect of the Parent Nonemployee Directors and Former Nonemployee Directors under the Parent Deferred Fee Plans. All Parent Shares notionally credited to the accounts of Parent Nonemployee Directors under the Parent Deferred Fee Plans immediately after the Effective Time shall be adjusted so that, from and after the Effective Time, such notionally credited shares represent a number of Parent Shares (including any resulting fractional share) equal to the product obtained by multiplying (1) the number of such notionally credited Parent Shares immediately prior to the Effective Time, by (2) the Parent Ratio. All Parent shares notionally credited to the accounts of Former Nonemployee Directors under the Parent Deferred Fee Plans immediately after the Effective Time shall be adjusted so that, from and after the Effective Time, such notionally credited shares represent (A) a number of Parent Shares equal to the number of Parent Shares notionally credited to such account immediately prior to the Effective Time and (B) a number of UpstreamCo Shares equal to the number of Parent Shares notionally credited to such account immediately prior to the Effective Time multiplied by the Distribution Ratio.

(c) *Director Compensation.* Parent shall be responsible for the payment of any fees for service on the Parent Board that are earned at, before, or after the Effective Time, and UpstreamCo shall not have any responsibility for any such payments. With respect to any UpstreamCo Nonemployee Director, UpstreamCo shall be responsible for the payment of any fees for service on the UpstreamCo Board that are earned at any time after the Effective Time and Parent shall not have any responsibility for any such payments. Notwithstanding the foregoing, UpstreamCo shall commence paying quarterly cash retainers to UpstreamCo Nonemployee Directors in respect of the quarter in which the Effective Time occurs; provided that (i) if Parent has already paid such quarter's cash retainers to Parent nonemployee directors prior to the Effective Time, then within 30 days after the Distribution Date, UpstreamCo will pay Parent an amount equal to the portion of such payment that is attributable to Transferred Directors' service to UpstreamCo after the Distribution Date (other than any amount that is subject to a deferral election and is credited or to be credited to any such director's account under the UpstreamCo Deferred Fee Plan for Directors), and (ii) if Parent has not yet paid such quarter's cash retainers to Parent nonemployee directors prior to the Effective Time, then within 30 days after the Distribution Date, Parent will pay UpstreamCo an amount equal to the portion of such payment that is attributable to Transferred Directors' service to Parent on and prior to the Distribution Date.

(d) *Tax Reporting and Withholding.* Unless prohibited by applicable Law, following the Effective Time, (i) Parent shall be solely responsible for all Liabilities, including all income, payroll and other tax remittance and reporting, associated with compensation and benefits for Parent Nonemployee Directors and Former Nonemployee Directors, and (ii) UpstreamCo shall be solely responsible for all Liabilities, including all income, payroll and other tax remittance and reporting, associated with compensation and benefits for Transferred Directors. Parent and UpstreamCo agree to enter into any necessary agreements regarding the subject matter of this Section 4.05(d) to enable Parent and UpstreamCo to fulfill their respective obligations hereunder, including but not limited to compliance with all applicable Laws regarding the reporting, withholding or remitting of income and/or taxes.

ARTICLE V
QUALIFIED RETIREMENT PLANS

Section 5.01. UpstreamCo Pension Plans.

(a) *Establishment and Retention of UpstreamCo Pension Plans*. As of the Operational Separation Date, UpstreamCo shall establish the UpstreamCo Pension Plans, each of which shall initially have substantially the same terms as those of the corresponding Parent Divided Pension Plan as in effect immediately prior to the Operational Separation Date. At least 30 days prior to the Operational Separation Date, Parent shall have filed the notice required under Section 6058(b) of the Code. On, or as soon as practicable after, the Operational Separation Date and after receipt by Parent of (i) a copy of the UpstreamCo Pension Plans; and (ii) a copy of certified resolutions of the UpstreamCo Board (or its authorized committee or other delegate) evidencing adoption of the UpstreamCo Pension Plans and the UpstreamCo Pension Trust and the assumption by the UpstreamCo Pension Plans of the Liabilities described in Section 5.01(b), Parent shall direct the trustee of the Parent Pension Trust to transfer assets of the UpstreamCo Pension Plans to the UpstreamCo Pension Trust in the amounts described in Section 5.01(b).

(b) *Assumption of Liabilities; ERISA Section 4044 Transfer*.

(i) *Parent Divided Pension Plans*. As of the Operational Separation Date, UpstreamCo shall cause each UpstreamCo Pension Plan to assume Liabilities for UpstreamCo Group Employees and Former UpstreamCo Group Employees under the corresponding Parent Divided Pension Plan and shall cause the UpstreamCo Pension Trust to accept Assets with respect to such assumed Liabilities (including Assets and Liabilities in respect of beneficiaries and/or alternate payees). In accordance with the rules set forth in Section 5.01(b)(ii), the Parent Pension Trust shall transfer such Assets to the UpstreamCo Pension Trust and, upon completion of such Asset transfer, the Parent Divided Pension Plans and the Parent Group shall be relieved of such Liabilities.

(ii) *Transfer of Assets*. The amount of Assets (whether in cash or kind, as determined by Parent's Benefits Management Committee to be transferred from the Parent Pension Trust to the UpstreamCo Pension Trust in respect of the assumption of Liabilities by UpstreamCo under Section 5.01(b)(i) shall be determined as of the

Operational Separation Date in accordance with, and shall comply with, Section 414(l) of the Code and, to the extent deemed applicable by the Parties, ERISA Section 4044. Assumptions used to determine the value (or amount) of the Assets to be transferred shall be the safe harbor assumptions specified for valuing benefits in trusteed plans under Department of Labor Regulations Section 4044.51-57 and, to the extent not so specified, shall be based on the assumptions used in the annual valuation report to determine minimum funding requirements most recently prepared before the transfer by the actuary for the Parent Divided Pension Plans. The transfer amounts described above shall be credited or debited, as applicable, with a pro rata share of the actual investment earnings or losses allocable to the transfer amount for the period between the Operational Separation Date and an assessment date set by Parent that is as close as practicable, taking into account the timing and reporting of valuation of Assets in the Parent Pension Trust, to the date upon which Assets equal in value to the transfer amount are actually transferred from the Parent Pension Trust to the UpstreamCo Pension Trust. During the time before such transfer, benefits for UpstreamCo Group Employees who terminate employment with the UpstreamCo Group shall be paid from the Parent Pension Trust. The ultimate transfer amount shall be reduced by the amount of these benefits and credited or debited by the actual investment earnings or losses from the payment date to the assessment date set above by Parent. In addition, during this period, UpstreamCo will be responsible for a pro rata share of third party fees, costs and expenses, including investment management, trustee and administration fees attributable to the Assets of the UpstreamCo Pension Plan that remain in the Parent Pension Trust. The entries in the Parent Divided Pension Plan funding standard accounts shall be divided between the Parent Divided Pension Plan and the UpstreamCo Pension Plan based on the guidance provided in Revenue Rulings 81-212 and 86-47. The Parties agree that to the extent necessary to effectuate the provisions of this Section 5.01(b), there may be additional transfers of assets between the Parent Pension Trust and UpstreamCo Pension Trust on such dates as agreed by the Parties.

(c) *UpstreamCo Pension Plan Provisions*. The UpstreamCo Pension Plans shall provide that:

(i) UpstreamCo Group Employees and Former UpstreamCo Group Employees shall (A) be eligible to participate in the corresponding UpstreamCo Pension Plan as of the Operational Separation Date to the extent that they were eligible to participate in the applicable Parent Divided Pension Plan as of immediately prior to the Operational Separation Date, and (B) receive credit for vesting, eligibility and benefit service for all service credited for those purposes under the applicable Parent Divided Pension Plan as of the Operational Separation Date;

(ii) the compensation paid by the Parent Group to an UpstreamCo Group Employee or a Former UpstreamCo Group Employee that is recognized under the applicable Parent Divided Pension Plan as of immediately prior to the Operational Separation Date shall be credited and recognized for all applicable purposes under the corresponding UpstreamCo Pension Plan;

(iii) the accrued benefit of each UpstreamCo Group Employee or Former UpstreamCo Group Employee under the applicable Parent Divided Pension Plan as

of the Operational Separation Date shall be payable under the corresponding UpstreamCo Pension Plan at the time and in a form that would have been permitted under the corresponding Parent Divided Pension Plan as in effect as of the Operational Separation Date to the extent required by Section 411(d)(6) of the Code, with employment by the Parent Group before the Operational Separation Date treated as employment by the UpstreamCo Group under the applicable UpstreamCo Pension Plan for purposes of determining eligibility for optional forms of benefit, early retirement benefits, or other benefit forms; and

(iv) each UpstreamCo Pension Plan shall assume and honor the terms of all QDROs, beneficiary designations and benefit elections in effect under the corresponding Parent Divided Pension Plan as of immediately prior to the Operational Separation Date with respect to UpstreamCo Group Employees and Former UpstreamCo Group Employees.

(d) *Determination Letter Request*. UpstreamCo shall submit an application to the IRS as soon as practicable after the Operational Separation Date (but no later than the last day of the applicable remedial amendment period as defined in applicable Code provisions) requesting a determination letter regarding the qualified status of the UpstreamCo Pension Plans under Section 401(a) of the Code and the tax-exempt status of the UpstreamCo Pension Trust under Section 501(a) of the Code as of the Operational Separation Date and shall make any amendments reasonably requested by the IRS to receive such a favorable determination letter.

(e) *Parent Divided Pension Plans after Operational Separation Date*. From and after the Operational Separation Date, (i) the Parent Divided Pension Plans shall continue to be responsible for Liabilities in respect of Parent Group Employees and Former Parent Group Employees, and (ii) no UpstreamCo Group Employees or Former UpstreamCo Group Employees shall accrue any benefits under the Parent Divided Pension Plans. Without limiting the generality of the foregoing, UpstreamCo Group Employees or Former UpstreamCo Group Employees shall cease to be participants in the Parent Divided Pension Plans, effective as of the Operational Separation Date.

(f) *Plan Fiduciaries*. For all periods after the Operational Separation Date, the Parties agree that the applicable fiduciaries of each of the Parent Divided Pension Plans and the UpstreamCo Pension Plans, respectively, shall have the authority with respect to the Parent Divided Pension Plans and the UpstreamCo Pension Plans, respectively, to determine the plan investments and such other matters as are within the scope of their duties under ERISA and the terms of the applicable plan documents.

(g) *No Loss of Unvested Benefits; No Distributions*. The transfer of any UpstreamCo Group Employee’s employment to the UpstreamCo Group will not result in the loss of that UpstreamCo Group Employee’s unvested accrued benefits (if any) under the Parent Divided Pension Plans, the Liability for which benefits shall be assumed under the UpstreamCo Pension Plans as provided herein. No UpstreamCo Group Employee shall be entitled to a distribution of his or her benefit under the applicable Parent Divided Pension Plan or the applicable UpstreamCo Pension Plan as a result of such transfer of employment.

Section 5.02. Nondivided Qualified Pension Plans. As of the Operational Separation Date, (a) the UpstreamCo Group shall retain (or assume to the extent necessary) sponsorship of the Alcoa Subsidiaries Merged Inactive Plan, the Employees Retirement Plan of Suriname Aluminum Company for Employees in Suriname Plan I, and the Employees Retirement Plan of Suriname Aluminum Company for Employees in Suriname Plan II (collectively, "UpstreamCo Retained Pension Plans") and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the UpstreamCo Group, and (b) the Parent Group shall retain (or assume to the extent necessary) sponsorship of the Howmet Corporation Pension Plan, the Howmet Corporation Muskegon County Operations Hourly Employees Pension Plan, the Huck International, Inc. Retirement Plan, the Pension Plan of RMI Titanium Co. and the Pension Plan for Salaried Employees of RMI Titanium Co., and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the Parent Group. On, or as soon as practicable after, the Operational Separation Date and after receipt by Parent of a copy of certified resolutions of the UpstreamCo Board (or its authorized committee or other delegate) evidencing adoption of the UpstreamCo Pension Trust and the assumption by UpstreamCo (to the extent necessary) of the UpstreamCo Retained Pension Plans, Parent shall direct the trustee of the Parent Pension Trust to transfer assets of the UpstreamCo Retained Pension Plans to the UpstreamCo Pension Trust.

Section 5.03. UpstreamCo Savings Plans.

(a) *Establishment of Plans*. As of the Operational Separation Date, UpstreamCo shall establish the UpstreamCo Savings Plans, each of which shall initially have substantially the same terms as those of the corresponding Parent Savings Plan as in effect immediately prior to the Operational Separation Date. As of the Operational Separation Date, UpstreamCo shall provide Parent with (i) a copy of the UpstreamCo Savings Plans; and (ii) a copy of certified resolutions of the UpstreamCo Board (or its authorized committee or other delegate) evidencing adoption of the UpstreamCo Savings Plans and the related trust(s) and the assumption by the UpstreamCo Savings Plan of the Liabilities described in Section 5.03(b).

(b) *Transfer of Account Balances*. Effective as of the Operational Separation Date, Parent shall cause the trustee(s) of the Parent Savings Plans to transfer from the trust(s) which forms a part of the Parent Savings Plans to the trust(s) which forms a part of the UpstreamCo Savings Plans the account balances of the UpstreamCo Group Employees and Former UpstreamCo Group Employees under the Parent Savings Plans, determined as of the date of the transfer. Such transfers shall be made in kind, including promissory notes evidencing the transfer of outstanding loans, and, with respect to unitized investments in the Parent Common Stock Fund (the "Parent Share Fund"), Parent Shares. Any Asset and Liability transfers pursuant to this Section 5.03(b) shall comply in all respects with Sections 414(l) and 411(d)(6) of the Code.

(c) *UpstreamCo Share Fund in UpstreamCo Savings Plan.* The UpstreamCo Savings Plan will provide, effective as of the Effective Time: (i) for the establishment of a share fund for UpstreamCo Shares (the "UpstreamCo Share Fund"); (ii) that such UpstreamCo Share Fund shall receive a transfer of and hold all UpstreamCo Shares distributed in connection with the Distribution in respect of Parent Shares held in Parent Savings Plan accounts of UpstreamCo Group Employees and Former UpstreamCo Group Employees participating in the UpstreamCo Savings Plan immediately prior to the Effective Time; and (iii) that, following the Effective Time, contributions made by or on behalf of such participants shall be allocated to the UpstreamCo Share Fund, if so directed in accordance with the terms of the UpstreamCo Savings Plan.

(d) *Parent Share Fund in UpstreamCo Savings Plan.* Participants in the UpstreamCo Savings Plans will be prohibited from increasing their holdings in the Parent Share Fund under the UpstreamCo Savings Plans and may elect to liquidate their holdings in the Parent Share Fund and invest those monies in any other investment fund offered under the UpstreamCo Savings Plan. After the Effective Time, but in no event earlier than the date that is six months following the Effective Time or later than approximately the first anniversary of the Effective Time, all outstanding investments in the Parent Share Fund under the UpstreamCo Savings Plans shall be liquidated and reinvested in other investment funds offered under the UpstreamCo Savings Plans, on such dates and in accordance with such procedures as are determined by the administrator and the named fiduciary of the UpstreamCo Savings Plans.

(e) *UpstreamCo Share Fund in Parent Savings Plan.* UpstreamCo Shares distributed in connection with the Distribution in respect of Parent Shares held in Parent Savings Plans accounts of Parent Group Employees or Former Parent Group Employees who participate in the Parent Savings Plans shall be deposited in an UpstreamCo Share Fund under the Parent Savings Plans, and such participants in the Parent Savings Plans will be prohibited from increasing their holdings in such UpstreamCo Share Fund under the Parent Savings Plans and may elect to liquidate their holdings in such UpstreamCo Share Fund and invest those monies in any other investment fund offered under the Parent Savings Plans. After the Effective Time, but in no event earlier than the date that is six months following the Effective Time or later than approximately the first anniversary of the Effective Time, all outstanding investments in the UpstreamCo Share Fund under the Parent Savings Plans shall be liquidated and reinvested in other investment funds offered under the Parent Savings Plans, on such dates and in accordance with such procedures as are determined by the administrator and the named fiduciary of the Parent Savings Plans.

(f) *UpstreamCo Savings Plans Provisions*. The UpstreamCo Savings Plans shall provide that:

(i) UpstreamCo Group Employees and Former UpstreamCo Group Employees shall (A) be eligible to participate in the corresponding UpstreamCo Savings Plan as of the Operational Separation Date to the extent that they were eligible to participate in the applicable Parent Savings Plan as of immediately prior to the Operational Separation Date, and (B) receive credit for all service credited for that purpose under the Parent Savings Plans as of immediately prior to the Operational Separation Date as if that service had been rendered to UpstreamCo; and

(ii) the account balance of each UpstreamCo Group Employee and Former UpstreamCo Group Employee under the applicable Parent Savings Plan as of the date of the transfer of Assets from such Parent Savings Plan (including any outstanding promissory notes) shall be credited to such individual’s account balance under the corresponding UpstreamCo Savings Plan.

(g) *Determination Letter Request*. UpstreamCo shall submit an application to the IRS as soon as practicable after the Operational Separation Date (but no later than the last day

of the applicable remedial amendment period as defined in applicable Code provisions) requesting a determination letter regarding the qualified status of the UpstreamCo Savings Plans under Sections 401(a) and 401(k) of the Code and the tax-exempt status of their related trust under Section 501(a) of the Code and shall make any amendments reasonably requested by the IRS to receive such a favorable determination letter.

(h) *Parent Savings Plans after Operational Separation Date*. From and after the Operational Separation Date, (i) the Parent Savings Plans shall continue to be responsible for Liabilities in respect of Parent Group Employees and Former Parent Group Employees, and (ii) no UpstreamCo Group Employees or Former UpstreamCo Group Employees shall accrue any benefits under the Parent Savings Plans. Without limiting the generality of the foregoing, UpstreamCo Group Employees and Former UpstreamCo Group Employees shall cease to be participants in the Parent Savings Plans effective as of the Operational Separation Date.

(i) *Plan Fiduciaries*. For all periods after the Operational Separation Date, the Parties agree that the applicable fiduciaries of each of the Parent Savings Plan and the UpstreamCo Savings Plan, respectively, shall have the authority with respect to the Parent Savings Plan and the UpstreamCo Savings Plan, respectively, to (subject to Sections 5.03(d) and 5.03(e)) determine the investment alternatives, the terms and conditions with respect to those investment alternatives and such other matters as are within the scope of their duties under ERISA and the terms of the applicable plan documents.

(j) *No Loss of Unvested Benefits; No Distributions*. The transfer of any UpstreamCo Group Employee's employment to the UpstreamCo Group will not result in loss of that UpstreamCo Group Employee's unvested benefits (if any) under the applicable Parent Savings Plan, the Liability for which benefits will be assumed under the corresponding UpstreamCo Savings Plan as provided herein. No UpstreamCo Group Employee shall be entitled to a distribution of his or her benefit under the Parent Savings Plan or UpstreamCo Savings Plan as a result of such transfer of employment.

Section 5.04. Nondivided Savings Plans. As of the Operational Separation Date, the Parent Group shall retain (or assume to the extent necessary) sponsorship of the Alcoa Retirement Savings Plan for Fastener System Employees, the RTI Employee Savings & Investment Plan, the RTI Bargaining Unit Employee Savings and Investment Plan, and the RTI International Metals, Inc. Employee Savings and Investment Plan, and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the Parent Group.

ARTICLE VI
NONQUALIFIED DEFERRED COMPENSATION PLANS

Section 6.01. UpstreamCo Nonqualified Plans.

(a) *Establishment of UpstreamCo Nonqualified Plans*. Effective as of the Operational Separation Date, UpstreamCo shall establish the UpstreamCo Nonqualified Plans. Each of the UpstreamCo Nonqualified Plans shall initially have substantially the same terms as those of the corresponding Parent Divided Nonqualified Plan as in effect immediately prior to the Operational Separation Date.

(b) *Assumption of Liabilities from Parent*. As of the Operational Separation Date, UpstreamCo shall, and shall cause each UpstreamCo Nonqualified Plan to, assume all Liabilities under the corresponding Parent Divided Nonqualified Plan for the account balances and accrued benefits of UpstreamCo Group Employees and Former UpstreamCo Group Employees and their respective beneficiaries and/or alternate payees determined as of immediately prior to the Operational Separation Date, and the Parent Group and the Parent Divided Nonqualified Plans shall be relieved of all such Liabilities. All Parent Shares notionally credited to participants' accounts under the Parent Divided Nonqualified Plans, the liability for which is transferred to UpstreamCo and the UpstreamCo Nonqualified Plans pursuant to the preceding sentence, shall be adjusted so that, from and after the Effective Time, such notionally credited shares represent a number of notionally credited UpstreamCo Shares (rounded to the nearest whole number of shares) equal to the product obtained by multiplying (1) the number of such notionally credited Parent Shares immediately prior to the Effective Time, by (2) the UpstreamCo Ratio.

(c) *Parent Divided Nonqualified Plans.* Parent shall retain all Liabilities under the Parent Divided Nonqualified Plans for the benefits for Parent Group Employees and Former Parent Group Employees and their respective beneficiaries and/or alternate payees. From and after the Operational Separation, UpstreamCo Group Employees and Former UpstreamCo Group Employees shall cease to be participants in the Parent Divided Nonqualified Plans. All Parent Shares notionally credited to participants' accounts under the Parent Divided Nonqualified Plans shall be adjusted so that, from and after the Effective Time, such notionally credited shares represent a number of notionally credited Parent Shares (rounded to the nearest whole number of shares) equal to the product obtained by multiplying (1) the number of such notionally credited Parent Shares immediately prior to the Effective Time, by (2) the Parent Ratio.

Section 6.02. Nondivided Nonqualified Plans. As of the Operational Separation Date, (a) the Parent Group shall retain (or assume to the extent necessary) sponsorship of the Howmet Corporation Supplemental Executive Retirement Plan, the Howmet Corporation Retirement Income Make-Up Plan "B", the Howmet Corporation Retirement Income Make-Up Plan "A", the Huck International, Inc. Excess Benefit Plan for Selected Employees, the Alumax Deferred Compensation Plan, the Alumax Deferred Compensation Plan for Former Directors of Amax, the Alcoa Estate Enhancement Deferred Fee Plan for Directors, the Alcoa Fee Continuation Plan for Nonemployee Directors, and the Howmet (Pechiney) Deferred Compensation Plan and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the Parent Group, and (b) the UpstreamCo Group shall retain (or assume to the extent necessary) sponsorship of the Alcoa Closure Systems Management Retirement Plan, the Alcoa Closure Systems Excess Pension Plan, the Alcoa Fujikura Excess Pension Plan, the Alcoa Home Exteriors Excess Benefit Plan, the Reynolds Metals Company Benefits Restoration Plan for New Retirement Program and the Reynolds Metals Company Supplemental Death Benefit Plan for Officers and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the UpstreamCo Group.

Section 6.03. Rabbi Trusts. Effective as of the Effective Time, UpstreamCo shall, or shall cause another member of the UpstreamCo Group to, adopt the UpstreamCo Rabbi Trust, the terms of which shall be substantially similar to those of the trust governed by the Amendment

and Restatement of Trust Agreement made as of September 24, 2007 by and between Parent and Mellon Bank, N.A. and to which Wells Fargo Bank N.A. became successor Trustee as of May 1, 2010 (the "Parent Rabbi Trust"). In connection with (a) the establishment by UpstreamCo of the UpstreamCo Nonqualified Plans and the assumption by UpstreamCo and the UpstreamCo Nonqualified Plans of the Liabilities under the Parent Divided Nonqualified Plans in respect of the UpstreamCo Group Employees and Former UpstreamCo Group Employees and (b) the retention or assumption by UpstreamCo of the Liabilities under the UpstreamCo Retained Nonqualified Plans, on or as soon as reasonably practicable following the Effective Time, Parent shall, or shall cause the Parent Rabbi Trust to, transfer in kind to the UpstreamCo Rabbi Trust a percentage of the assets held by the Parent Rabbi Trust (if any) equal to the percentage represented by a fraction, the numerator of which is the aggregate value of the account balances and accrued benefits of UpstreamCo Group Employees and Former UpstreamCo Group Employees under all nonqualified deferred compensation plans covered by the Parent Rabbi Trust as of immediately prior to the Effective Time and the denominator of which is the aggregate value of all account balances and accrued benefits of all Employees and Former Employees under such plans as of immediately prior to the Effective Time. From and after the Operational Separation Date, (i) the trust governed by the Reynolds Metals Company Grantor Trust Agreement made as of May 7, 1999 by and between Reynolds Metals Company and Wachovia Bank, N.A. shall be retained by the UpstreamCo Group and (ii) that certain grantor trust sponsored by Alumax Inc. (or a Subsidiary thereof) and relating to certain deferred compensation obligations shall be retained by the Parent Group.

Section 6.04. Participation; Distributions. The Parties acknowledge that none of the transactions contemplated by this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement will trigger a payment or distribution of compensation under any of the Parent Divided Nonqualified Plans or UpstreamCo Nonqualified Plans for any participant and, consequently, that the payment or distribution of any compensation to which such participant is entitled under any of the Parent Divided Nonqualified Plans or UpstreamCo Nonqualified Plans will occur upon such participant's separation from service from the UpstreamCo Group or at such other time as provided in the applicable UpstreamCo Nonqualified Plan or participant's deferral election.

ARTICLE VII
WELFARE BENEFIT PLANS

Section 7.01. Welfare Plans.

(a) *Establishment of UpstreamCo Welfare Plans*. As of the Operational Separation Date, UpstreamCo shall, or shall cause the applicable member of the UpstreamCo Group to, establish the UpstreamCo Welfare Plans, which shall initially have terms substantially similar in the aggregate those of the corresponding Parent Welfare Plans as in effect immediately prior to the Operational Separation Date.

(b) *Waiver of Conditions; Benefit Maximums*. UpstreamCo shall use commercially reasonable efforts to cause the UpstreamCo Welfare Plans to:

(i) with respect to initial enrollment as of the Operational Separation

Date, waive (A) all limitations as to preexisting conditions, exclusions, and service conditions with respect to participation and coverage requirements applicable to any UpstreamCo Group Employee or a Former UpstreamCo Group Employee, other than limitations that were in effect with respect to the UpstreamCo Group Employee or a Former UpstreamCo Group Employee under the applicable Parent Welfare Plan as of immediately prior to the Operational Separation Date, and (B) any waiting period limitation or evidence of insurability requirement applicable to an UpstreamCo Group Employee or Former UpstreamCo Group Employee other than limitations or requirements that were in effect with respect to such UpstreamCo Group Employee or Former UpstreamCo Group Employee under the applicable Parent Welfare Plans as of immediately prior to the Operational Separation Date; and

(ii) take into account (A) with respect to aggregate annual, lifetime, or similar maximum benefits available under the UpstreamCo Welfare Plans, an UpstreamCo Group Employee's or Former UpstreamCo Group Employee's prior claim experience under the Parent Welfare Plans and any Benefit Plan that provides leave benefits; and (B) any eligible expenses incurred by an UpstreamCo Group Employee or a Former UpstreamCo Group Employee and his or her covered dependents during the portion of the plan year of the applicable Parent Welfare Plan ending as of the Operational Separation Date to be taken into account under such UpstreamCo Welfare Plan for purposes of satisfying all deductible, coinsurance, and maximum out-of-pocket requirements applicable to such UpstreamCo Group Employee or Former UpstreamCo Group Employee and his or her covered dependents for the applicable plan year to the same extent as such expenses were taken into account by Parent for similar purposes prior to the Operational Separation Date as if such amounts had been paid in accordance with such UpstreamCo Welfare Plan.

(c) *Health Savings Accounts*. As of the Operational Separation Date, UpstreamCo shall, or shall cause a member of the UpstreamCo Group to, establish an UpstreamCo Welfare Plan that will provide health savings account benefits to UpstreamCo Group Employees on and after the Operational Separation Date (an "UpstreamCo HSA"). It is the intention of the Parties that all activity under an UpstreamCo Group Employee's health savings account under a Parent Welfare Plan (a "Parent HSA") for the year in which the Operational Separation Date occurs be treated instead as activity under the corresponding account under the UpstreamCo HSA, such that (i) any period of participation by an UpstreamCo Group Employee in a Parent HSA during the year in which the Operational Separation Date occurs will be deemed a period when such UpstreamCo Group Employee participated in the corresponding UpstreamCo HSA; (ii) all expenses incurred during such period will be deemed incurred while such UpstreamCo Group Employee's coverage was in effect under the corresponding UpstreamCo HSA; and (iii) all elections and reimbursements made with respect to such period under the Parent HSA will be deemed to have been made with respect to the corresponding UpstreamCo HSA.

(d) *Flexible Spending Accounts*. The Parties shall use commercially reasonable efforts to ensure that as of the Operational Separation Date any health or dependent care flexible spending accounts of UpstreamCo Group Employees (whether positive or negative) (the "Transferred Account Balances") under Parent Welfare Plans that are health or dependent care flexible spending account plans are transferred, as soon as practicable after the Operational

Separation Date, from the Parent Welfare Plans to the corresponding UpstreamCo Welfare Plans. Such UpstreamCo Welfare Plans shall assume responsibility as of the Operational Separation Date for all outstanding health or dependent care claims under the corresponding Parent Welfare Plans of each UpstreamCo Group Employee for the year in which the Operational Separation Date occurs and shall assume and agree to perform the obligations of the corresponding Parent Welfare Plans from and after the Operational Separation Date. As soon as practicable after the Operational Separation Date, and in any event within 30 days after the amount of the Transferred Account Balances is determined or such later date as mutually agreed upon by the Parties, UpstreamCo shall pay Parent the net aggregate amount of the Transferred Account Balances, if such amount is positive, and Parent shall pay UpstreamCo the net aggregate amount of the Transferred Account Balances, if such amount is negative.

(e) *Allocation of Welfare Assets and Liabilities*. Effective as of the Operational Separation Date, the UpstreamCo Group shall assume all Liabilities relating to, arising out of or resulting from health and welfare coverage or claims incurred by or on behalf of UpstreamCo Group Employees or Former UpstreamCo Group Employees or their covered dependents under the Parent Welfare Plans or UpstreamCo Welfare Plans before, at, or after the Operational Separation Date. No Parent Welfare Plan shall provide coverage to any UpstreamCo Group Employee or Former UpstreamCo Group Employee after the Operational Separation Date. Parent shall assume the Liability for compensation and benefits required to be provided by UpstreamCo Group to certain Former Parent Group Employees located in Brazil in accordance with the terms and conditions set forth in Schedule 7.01(e), the cost of which shall be paid or reimbursed by Parent pursuant to the procedures described in Schedule 7.01(e).

Section 7.02. COBRA and HIPAA. The Parent Group shall continue to be responsible for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the Parent Welfare Plans with respect to any Parent Group Employees and any Former Parent Group Employees (and their covered dependents) who incur a qualifying event under COBRA before, as of, or after the Operational Separation Date. Effective as of the Operational Separation Date, the UpstreamCo Group shall assume responsibility for complying with, and providing coverage pursuant to, the health care continuation requirements of COBRA, the certificate of creditable coverage requirements of HIPAA, and the corresponding provisions of the UpstreamCo Welfare Plans with respect to any UpstreamCo Group Employees or Former UpstreamCo Group Employees (and their covered dependents) who incur a qualifying event or loss of coverage under the Parent Welfare Plans and/or the UpstreamCo Welfare Plans before, as of, or after the Operational Separation Date. The Parties agree that the consummation of the transactions contemplated by the Separation and Distribution Agreement shall not constitute a COBRA qualifying event for any purpose of COBRA.

Section 7.03. Vacation, Holidays and Leaves of Absence. Effective as of the Operational Separation Date, the UpstreamCo Group shall assume all Liabilities of the Parent Group with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each UpstreamCo Group Employee. The Parent Group shall retain all Liabilities with respect to vacation, holiday, annual leave or other leave of absence, and required payments related thereto, for each Parent Group Employee.

Section 7.04. Severance and Unemployment Compensation. Without limiting the generality of Section 4.04, effective as of the Operational Separation Date, the UpstreamCo Group shall assume any and all Liabilities to, or relating to, UpstreamCo Group Employees and Former UpstreamCo Group Employees in respect of severance and unemployment compensation, regardless of whether the event giving rise to the Liability occurred before, at or after the Operational Separation Date. The Parent Group shall be responsible for any and all Liabilities to, or relating to, Parent Group Employees and Former Parent Group Employees in respect of severance and unemployment compensation, regardless of whether the event giving rise to the Liability occurred before, at or after the Operational Separation Date.

Section 7.05. Workers' Compensation. With respect to claims for workers' compensation in the United States, (a) the UpstreamCo Group shall be responsible for claims in respect of UpstreamCo Group Employees and Former UpstreamCo Group Employees, whether occurring before, at or after the Operational Separation Date, and (b) the Parent Group shall be responsible for all claims in respect of Parent Group Employees and Former Parent Group Employees, whether occurring before, at or after the Operational Separation. The treatment of workers' compensation claims by UpstreamCo with respect to Parent insurance policies shall be governed by Section 5.1 of the Separation and Distribution Agreement.

Section 7.06. Insurance Contracts. To the extent that any Parent Welfare Plan is funded through the purchase of an insurance contract or is subject to any stop loss contract, the Parties will cooperate and use their commercially reasonable efforts to replicate such insurance contracts for UpstreamCo (except to the extent that changes are required under applicable state insurance Laws or filings by the respective insurers) and to maintain any pricing discounts or other preferential terms for both Parent and UpstreamCo for a reasonable term. Neither Party shall be liable for failure to obtain such insurance contracts, pricing discounts, or other preferential terms for the other Party. Each Party shall be responsible for any additional premiums, charges, or administrative fees that such Party may incur pursuant to this Section 7.06.

Section 7.07. Third-Party Vendors. Except as provided below, to the extent that any Parent Welfare Plan is administered by a third-party vendor, the Parties will cooperate and use their commercially reasonable efforts to replicate any contract with such third-party vendor for UpstreamCo and to maintain any pricing discounts or other preferential terms for both Parent and UpstreamCo for a reasonable term. Neither Party shall be liable for failure to obtain such pricing discounts or other preferential terms for the other Party. Each Party shall be responsible for any additional premiums, charges, or administrative fees that such Party may incur pursuant to this Section 7.07.

Section 7.08. Nondivided Welfare Plans. As of the Operational Separation Date, (a) the Parent Group shall retain (or assume to the extent necessary) sponsorship of the Kawneer Severance Pay Plan, the Howmet Severance Pay Plan, the Occupational Injury Benefit Plan for Texas Employees of Howmet Corp., the RTI International Metals, Inc. Welfare Benefit Plan, the RTI International Metals, Inc. Severance Plan, the RTI Business Travel Insurance Plan, the Program of Insurance Benefits for Employees of RMI Titanium Co. Hourly Employees-Niles & Extrusion and the Supplemental Unemployment Benefit-Niles Plant, and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the Parent Group, and (b) the UpstreamCo Group shall retain (or assume to the extent necessary)

sponsorship of the Intalco Aluminum Supplemental Unemployment Benefit Plan, and, from and after the Operational Separation Date, all Assets and Liabilities thereunder shall be Assets and Liabilities of the UpstreamCo Group.

ARTICLE VIII
NON-U.S. EMPLOYEES

UpstreamCo Group Employees and Former UpstreamCo Group Employees who reside outside of the United States or otherwise are subject to non-U.S. Law and their related benefits and Liabilities shall be treated in the same manner as the UpstreamCo Group Employees and Former UpstreamCo Group Employees, respectively, who are residents of the United States and are not subject to non-U.S. Law. Notwithstanding anything to the contrary in this Agreement, all actions taken with respect to non-U.S. Employees or U.S. Employees working in non-U.S. jurisdictions shall be subject to and accomplished in accordance with applicable Law in the custom of the applicable jurisdictions.

ARTICLE IX
MISCELLANEOUS

Section 9.01. Employee Records.

(a) *Sharing of Information.* Subject to any limitations imposed by applicable Law, Parent and UpstreamCo (acting directly or through members of the Parent Group or the UpstreamCo Group, respectively) shall provide to the other and their respective authorized agents and vendors all information necessary for the Parties to perform their respective duties under this Agreement. The provision of any information pursuant to Section 9.1 shall not affect the ownership of such information (which shall be determined solely in accordance with the terms of this Agreement and the Separation and Distribution Agreement), or constitute a grant of rights in or to any such information.

(b) *Transfer of Personnel Records and Authorization*. Subject to any limitation imposed by applicable Law and to the extent that it has not done so before the Operational Separation Date, (i) Parent shall transfer to UpstreamCo any and all employment records (including any Form I-9, Form W-2 or other IRS forms) with respect to UpstreamCo Group Employees and Former UpstreamCo Group Employees and other records reasonably required by UpstreamCo to enable UpstreamCo properly to carry out its obligations under this Agreement, and (ii) UpstreamCo shall transfer to Parent any and all employment records (including any Form I-9, Form W-2 or other IRS forms) with respect to Parent Group Employees and Former Parent Group Employees and other records reasonably required by Parent to enable Parent properly to carry out its obligations under this Agreement. Such transfer of records generally shall occur as soon as administratively practicable at or after the Operational Separation Date, provided that the Parties shall cooperate, subject to applicable Law, to effectuate such transfer at such later date as may be necessary or appropriate with respect to any Delayed Transfer Employee. Each Party will permit the other Party reasonable access to Employee records, to the extent reasonably necessary for such accessing Party to carry out its obligations hereunder.

(c) *Access to Records.* To the extent not inconsistent with this Agreement, the Separation and Distribution Agreement or any applicable privacy protection Laws or regulations, reasonable access to Employee-related records after the Operational Separation will be provided to members of the Parent Group and members of the UpstreamCo Group pursuant to the terms and conditions of Article VI of the Separation and Distribution Agreement.

(d) *Maintenance of Records.* With respect to retaining, destroying, transferring, sharing, copying and permitting access to all Employee-related information, Parent and UpstreamCo shall comply with all applicable Laws, regulations and internal policies, and shall indemnify and hold harmless each other from and against any and all Liability, claims, actions, and damages that arise from a failure (by the indemnifying Party or its Subsidiaries or their respective agents) to so comply with all applicable Laws, regulations and internal policies applicable to such information.

(e) *Cooperation.* After the Effective Time, except in the case of an adversarial Action or Dispute between Parent and UpstreamCo, or any members of their respective Groups, each Party shall use commercially reasonable efforts to cooperate and work together to unify, consolidate and share (to the extent permissible under applicable privacy/data protection laws) all relevant documents, resolutions, government filings, data, payroll, employment and benefit plan information on regular timetables and cooperate as needed with respect to (i) any litigation with respect to any employee benefit plan, policy or arrangement contemplated by this Agreement, (ii) efforts to seek a determination letter, private letter ruling or advisory opinion from the IRS or U.S. Department of Labor on behalf of any employee benefit plan, policy or arrangement contemplated by this Agreement, and (iii) any filings that are required to be made or supplemented to the IRS, U.S. Pension Benefit Guaranty Corporation, U.S. Department of Labor or any other Governmental Authority; provided, however, that requests for cooperation must be reasonable and not interfere with daily business operations.

(f) *Confidentiality.* Notwithstanding anything to the contrary in this Agreement, all confidential records and data relating to Employees to be shared or transferred pursuant to this Agreement shall be subject to Section 6.9 of the Separation and Distribution Agreement and the requirements of applicable Law.

Section 9.02. Preservation of Rights to Amend. The rights of each member of the Parent Group and each member of the UpstreamCo Group to amend, waive, or terminate any plan, arrangement, agreement, program, or policy referred to herein shall not be limited in any way by this Agreement.

Section 9.03. Fiduciary Matters. Parent and UpstreamCo each acknowledges that actions required to be taken pursuant to this Agreement may be subject to fiduciary duties or standards of conduct under ERISA or other applicable Law, and no Party shall be deemed to be in violation of this Agreement if it fails to comply with any provisions hereof based upon its good-faith determination (as supported by advice from counsel experienced in such matters) that to do so would violate such a fiduciary duty or standard. Each Party shall be responsible for taking such actions as are deemed necessary and appropriate to comply with its own fiduciary responsibilities and shall fully release and indemnify the other Party for any Liabilities caused by the failure to satisfy any such responsibility.

Section 9.04. Further Assurances. Each Party hereto shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party hereto may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 9.05. Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Separation and Distribution Agreement and the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

Section 9.06. Governing Law. Section 10.2 (Governing Law) of the Separation and Distribution Agreement is hereby incorporated herein by reference and shall apply as if fully set forth herein mutatis mutandis.

Section 9.07. Assignability. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party hereto; provided, however, that each Party may assign all of its rights and obligations under this Agreement to any of its Subsidiaries; and provided, further, that no such assignment shall release the assigning Party from any of its liabilities or obligations under this Agreement. Notwithstanding the foregoing, no consent for assignment shall be required for the assignment of a Party’s rights and obligations under this Agreement, the Separation and Distribution Agreement and all other Ancillary Agreements in whole (*i.e*., the assignment of a party’s rights and obligations under this Agreement and all Ancillary Agreements all at the same time) in connection with a change of control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant Party by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any of its Subsidiaries from being party to or undertaking a transaction that would result in a change of control.

Section 9.08. Third-Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any other Person except the Parties any rights or remedies hereunder. There are no other third-party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement. Nothing in this Agreement is intended to amend any employee benefit plan or affect the applicable plan sponsor’s right to amend or terminate any employee benefit plan pursuant to the terms of such plan. The provisions of this Agreement are solely for the

benefit of the Parties, and no current or former Employee, officer, director, or independent contractor or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement. This Agreement may not be assigned by any Party, except with the prior written consent of the other Parties.

Section 9.09. Notices. All notices, requests, claims, demands or other communications under this Agreement shall be delivered in accordance with Section 10.5 of the Separation and Distribution Agreement.

Section 9.10. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of any such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 9.11. Force Majeure. No Party shall be deemed to be in default of this Agreement or, unless otherwise expressly provided therein, any Ancillary Agreement for any delay or failure to fulfill any obligation hereunder or thereunder so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance shall be extended for a period equal to the time lost by reason of the delay. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such event, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure condition; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement and the Ancillary Agreements, as applicable, as soon as reasonably practicable.

Section 9.12. Headings. The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.13. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants, representations and warranties and other agreements contained in this Agreement, and Liability for the breach of any obligations contained herein, shall survive the Effective Time and shall remain in full force and effect thereafter.

Section 9.14. Waivers of Default. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party. No failure or delay by any Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 9.15. Dispute Resolution. The dispute resolution procedures set forth in Article VII of the Separation and Distribution Agreement shall apply to any dispute, controversy or claim arising out of or relating to this Agreement.

Section 9.16. Specific Performance. Subject to Article VII of the Separation and Distribution Agreement, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) in respect of its rights or their rights under this Agreement, in addition to any and all other rights and remedies at Law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at Law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at Law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are hereby waived by each of the Parties.

Section 9.17. Amendments. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 9.18. Interpretation. Section 10.6 (Interpretation) of the Separation and Distribution Agreement is hereby incorporated herein by reference and shall apply as if fully set forth herein mutatis mutandis.

Section 9.19. Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable to this Agreement.

Section 9.20. Provisions Incorporated by Reference. The following provisions of the Separation and Distribution Agreement are hereby incorporated herein by reference and shall apply as if fully set forth herein mutatis mutandis: (a) Section 6.3 (Compensation for Providing Information), (b) Section 6.5 (Limitations of Liability); and (c) Section 6.9 (Confidentiality).

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, the Parties have caused this Employee Matters Agreement to be executed by their duly authorized representatives.

ALCOA INC.

By: /s/ Max Laun
Name: Max Laun
Title: Vice President & General Counsel

ALCOA UPSTREAM CORPORATION

By: /s/ John Kenna
Name: John Kenna
Title: Vice President - Tax

Schedule 7.01(e)

[See attached.]

PATENT, KNOW-HOW, AND TRADE SECRET LICENSE AGREEMENT

This Patent, Know-How, and Trade Secret License Agreement (the "**Agreement**") made and entered into as of this 31st day of October 2016 (the "**Effective Date**"), by and between **ALCOA USA CORP.**, a corporation organized under the laws of Delaware ("**Licensor**") and **ALCOA INC.,** a corporation organized under the laws of Pennsylvania ("**Licensee**").

WHEREAS, Alcoa Upstream Corporation, the parent of Licensor, and Alcoa Inc. entered into a Separation and Distribution Agreement having an effective date of November 1, 2016 ("Separation and Distribution Agreement"); unless specifically defined in this Agreement, any capitalized term in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement.

WHEREAS, Licensor's and Licensee's businesses formerly operated as business units of Alcoa Inc.;

WHEREAS, as part of the Separation and Distribution Agreement, Licensor and Licensee are now two separate publicly traded companies;

WHEREAS, Licensee wishes to license from Licensor the right to use Licensor's Technology as hereinafter defined below;

NOW THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Licensor and Licensee agree as follows:

Article 1. Definitions. As used in this Agreement, the following terms, whether used in the singular or plural, shall have the following meanings:

1.1 "Affiliate" shall have the meaning ascribed to it in the Separation and Distribution Agreement and shall, include without limitation, any subsidiary, or any joint venture in which Licensee participates as a joint venturer, and will include any current or future Affiliate.

1.2 "Change of Control" shall have the meaning ascribed to it in the Separation and Distribution Agreement.

1.3 “Confidential Information” means all materials, trade secrets, or other Intellectual Property and information, including, without limitation, proprietary information and materials (whether or not patentable) regarding the Technology which is disclosed at any time by Licensor to Licensee under this Agreement, including without limitation the Know-How and Trade Secrets.

1.4 “EVERCAST” means the alloy covered by patents/applications identified with matter no. 2014000304.

1.5 “Heat Exchanger Patents” means those patents identified with matter nos. IP2001000592 and IP200003333.

1.6 “Improvement” has the meaning set forth in Section 2.2.

1.7 “Intellectual Property” means all works, including literary works, pictorial, graphic and sculptural works, architectural works, works of visual art, and any other work that may be the subject matter of copyright protection; advertising and marketing concepts; trademarks; information; data; formulas; designs; models; drawings; computer programs; including all documentation, related listings, design specifications, and flowcharts, trade secrets, and any inventions including all business processes, manufactures and compositions of matter and any other invention that may be the subject matter of patent protection; and all statutory protection obtained or obtainable thereon.

1.8 “Know-How and Trade Secrets” means proprietary know-how and trade secrets relating to the Licensed Products including, without limitation, the “R Nos.” and “C Alloys” set forth in Schedule 5.

1.9 “Licensed Products” means: (i) Foundry Products as defined in Schedule 1; (ii) Advanced Ceramic Products as defined in Schedule 2; (iii) C Alloys as defined in Schedule 3; (iv) Miscellaneous Products as defined in Schedule 4; (v) Heat Exchanger Products as defined in Schedule 6; and (vi) Soft Alloy Products as defined in Schedule 7.

1.10 “Licensor Patent Rights” means the patent applications (including provisional patent applications and PCT patent applications), patents, and invention reports listed on Schedule 5 hereto, as well as the inventions described therein, all foreign equivalents (unless otherwise limited by the scope of the applicable license grant), divisional applications and continuation applications, or continuations-in-part applications of such patent applications, all patents issuing from such applications, divisional applications and continuation applications, or continuations-in-part applications, and any reexamination or reissue patents of any such patents.

1.11 “Primer for Radiation Curable Coating Compositions” means the subject matter covered by the patent identified in Schedule 5 by matter no. IP2002000418.

1.12 “Soft Alloy Patents” means those patents identified with matter nos. IP1998000030, IP2000000516 and IP2000003036.

1.13 “Technology” means, with respect to Licensed Products, the Licensor Patent Rights and the Know-How and Trade Secrets and, subject to clause 2.2, any Improvements thereto.

1.14 [Reserved]

1.15 “Valid Claim” means a claim of any unexpired patent which shall not have been withdrawn or canceled, nor held invalid by a court of competent jurisdiction in an unappealed decision.

Article 2. Grant of Rights.

2.1 License Grants. Subject to the terms and conditions of this Agreement and to the restrictions and four (4) year duration set forth in Section 5.7 of the Separation and Distribution Agreement, Licensor hereby grants to Licensee and Licensee’s Affiliates and Licensee hereby accepts on behalf of itself and its Affiliates the licenses for the Licensed Products as described in Schedules 1 through 4 and 6 through 7. In addition to the other licenses set forth herein, for the sole purpose of enabling Licensee to perform its obligations as the licensor pursuant to those certain agreements: (i) made by and between Alcoa Inc. and Alcoa Bohai Aluminum Industries Company Limited and dated as of January 1, 2012; and (ii) made by and between Alcoa Inc. and Open Joint Stock Company Samara Metallurgical Plant (now known as Joint Stock Company Arconic SMZ), and dated as of August 22, 2006, Licensor grants to Licensee a non-exclusive, fully paid-up, royalty-free license for all purposes necessary for Licensee to perform its obligations under those agreements with respect to Technology licensed pursuant to the those agreements as of the Effective Date. To the extent that sublicensing is permitted in the foregoing license grants, Licensee shall be liable to Licensor for any breaches of this Agreement by any permitted sublicensees. In addition, Licensor will be authorized to pursue all rights of licensor under the Bohai and Samara licenses referenced in (i) and (ii) above if the licensee under those agreements breaches. In the event that an Affiliate ceases to have the status of an Affiliate (whether as a result of a divestiture or otherwise), the successor in interest to such Affiliate may retain licenses granted to the prior Affiliate to the extent that such licenses pertained to facilities in existence prior to the change in Affiliate status, with no unilateral ability for such successor in interest to expand the scope of a license to any additional facilities, new or existing. Any such successor in interest will be bound by the terms of this Agreement.

2.2 Improvements. Other than non-de minimis Improvements (as hereinafter defined) for Advanced Ceramics Products as set out in Schedule 2 for which there shall be an obligation to share Improvements, there will be no requirement by either party to share or disclose to the other party Improvements that a party makes to the Technology in connection with the Licensed Products (each, an "**Improvement**") All disclosure of Improvements shall be treated as Confidential Information pursuant to the provisions of Article 6 of this Agreement. With respect to such Improvements for Advanced Ceramics, the obligation to disclose Improvements shall end four (4) years after the Effective Date.

2.3 [Reserved]

2.4 Primer for Radiation Curable Coating Compositions Used for Rigid Packaging Products. The license granted in Schedule 4 excludes Primer for Radiation Curable Coating Compositions used for any rigid packaging products. Licensee may not make, use, sell, offer for sale, or import Primer for Radiation Curable Coating Compositions for any rigid packaging products.

Article 3. Maintenance and Support. Licensee is solely responsible for providing all maintenance and support to its customers of the Licensed Products. Licensor has, and shall have, no obligation to provide any maintenance or support to Licensee or any of Licensee's customers with respect to any Technology and/or Licensed Products.

Article 4. Patent Prosecution. The filing, prosecution, and maintenance of all Licensor Patent Rights shall be the primary responsibility of Licensor. In the event that Licensor elects to abandon any Licensor Patent Rights applicable to the Licensed Products, Licensor shall notify Licensee in writing and shall assign such Licensor Patent Rights to Licensee upon request without further consideration.

Article 5. [Reserved]

Article 6. Confidential Information.

6.1 Treatment of Confidential Information. Licensee shall maintain the Confidential Information in confidence, using appropriate access control and physical security measures (including without limitation a "vault" system as currently utilized by Alcoa Inc.) to safeguard the confidentiality thereof, and shall not disclose, divulge or otherwise communicate such Confidential Information to others, except to exploit the Confidential Information for its

own internal use, or use it for any purpose, except pursuant to, and in order to carry out, the terms and objectives of this Agreement, and hereby agrees to exercise commercially reasonable precautions to prevent and restrain the unauthorized disclosure of such Confidential Information by any of its directors, officers, employees, consultants, subcontractors, sublicensees, or agents. Prior to disclosure of Confidential Information to Licensee's directors, officers, employees, consultants, subcontractors, sublicensees, or agents, Licensee will enter into written agreements with such parties that contain restrictions on the disclosure of confidential information that are at least as restrictive as the terms and conditions of this Agreement. With respect to Know-How and Trade Secrets, the obligations of confidentiality and nondisclosure imposed on the Licensee by this Agreement shall continue until the occurrence of one of the conditions set forth in Section 6.2. With respect to other forms of Confidential Information, the obligations of confidentiality and nondisclosure imposed on the Licensee by this Agreement shall extend for the longer of (a) two (2) years from the date of termination of this Agreement or (b) until the occurrence of one of the conditions set forth in Section 6.2. Licensor and Licensee also agree to maintain the terms and conditions of the Agreement in confidence in accordance with this Section 6.1 for so long as this Agreement remains in full force and effect.

6.2 Release of Obligations. The obligations of Licensee, and of its Affiliates' directors, officers, employees and agents, with respect to any Confidential Information disclosed thereto by Licensor pursuant to this Agreement shall cease if Licensee can establish to the satisfaction of Licensor or, failing agreement by Licensor, of a court of competent jurisdiction (provided it is a court of last resort, the Parties have agreed to abandon all appeals or the time for filing an appeal has expired) that the Confidential Information (a) was legally known to or in the possession of Licensee, without obligation of confidentiality or non-use, at the time of disclosure to Licensee by Licensor; (b) legally is or has become part of the public domain through no fault of Licensee; (c) has been disclosed to Licensee by a third party on a non-confidential basis and without breaching any contractual, confidential or fiduciary obligation to Licensor or any law; or (d) is required to be disclosed pursuant to law or valid court order, provided that Licensee promptly notifies Licensor of such required disclosure and reasonably cooperates in any action by Licensor to limit the scope of the required disclosure. A general disclosure in the public domain, or possession by Licensee of general information, will not cause more specific (but related) information to be excluded as Confidential Information under one of the above exceptions; similarly, a combination of several pieces of information, where each piece of information individually is in the public domain or in the possession of Licensee, will not operate to exempt the combination as Confidential Information unless the combination itself is in the public domain.

6.3 Ownership and Return of Confidential Information. All Confidential Information disclosed pursuant to this Agreement, together with all copies, reproductions, summaries, evaluations, analyses, notes, reports or other records created by Licensee in respect of the Confidential Information and all other information, know-how, data and materials generated by the use of the Confidential Information shall be treated as Confidential Information of Licensor, shall be the sole and exclusive property of Licensor and shall be returned to Licensor by Licensee forthwith upon written request. Notwithstanding the above, one copy of such material may be retained in the legal files of Licensee solely for compliance purposes.

Article 7. Acknowledgement and Obligations.

7.1 Ownership. Licensor will retain and own all right, title, and interest in and to the Licensor Patent Rights Know-How and Trade Secrets, including, for the avoidance of doubt, any Improvements made by Licensor. Licensee acknowledges the validity and ownership by Licensor of the Technology. This Agreement shall in no way be construed to grant Licensee any ownership rights in any of the Technology.

7.2 Third Party Infringement. Licensee shall promptly report in writing to Licensor during the term of this Agreement any: (a) known infringement or suspected infringement of any of the Licensor Patent Rights; or (b) unauthorized use or misappropriation of the Know-How and Trade Secrets by a third party of which it becomes aware, and shall provide Licensor with all available evidence supporting the infringement, suspected infringement or unauthorized use or misappropriation. Subject to the provisions of the final sentence of this Section 7.2 as to Licensor Patent Rights pertaining to Advanced Ceramics, Licensor shall have the sole and exclusive right to bring an infringement action or proceeding against any infringing third party, and, in the event that Licensor brings such an action or proceeding, Licensee shall cooperate and provide full information and reasonable assistance to Licensor and its counsel, at Licensor's expense, in connection with any such action or proceeding. With respect to Licensor Patent Rights pertaining to Advanced Ceramics for non-smelting applications, in the event that Licensor declines to pursue a claim for third-party infringement of said Licensor Patent Rights, Licensee shall have the independent right to pursue such third-party infringement claim at Licensee's sole expense.

Article 8. Representations and Warranties, Limitations of Liability and Disclaimers.

8.1 Mutual Representations. Each party hereto represents and warrants to the other that: (a) it has the full right and power to enter into and fully perform this Agreement in accordance with its terms; (b) this Agreement constitutes a legal, valid and binding agreement of such party, enforceable against such party in accordance with its terms; (c) it will comply with all applicable laws and regulations in the exercise and performance of its rights and obligations under this Agreement; and (d) its execution, delivery and performance of this Agreement throughout its duration: (i) does not require consent from any third party; (ii) will not violate (with the lapse of time or giving of notice or both) rights granted by such party to any third party or violate or otherwise interfere with the provisions of any agreement to which such party is a party or otherwise bound; (iii) will not preclude such party from complying with the provisions hereof; and (iv) will not violate any applicable law or regulation or judicial order.

8.2 No Warranty. Licensor, by this Agreement, makes no warranties or guarantees, either express or implied, arising by law or otherwise with regard to the Technology, the Licensor Patent Rights, the Know-How and Trade Secrets or Licensed Products. In particular, Licensor assumes no obligation and makes no representations or warranties hereunder, express or implied, in law or in fact, with respect to the utility, quality or characteristics of the Technology or any use or embodiment thereof or with respect to the use of any Licensed Product or method within the Licensor Patent Rights, or with respect to whether such Licensed Products or methods or any embodiments or modifications thereof would be in compliance with any federal, state or local laws, regulations, standards or criteria with respect to any claim which may arise in connection with the sale or use of Licensed Products pursuant to this Agreement, or with respect to the practice of any methods within the Licensor Patent Rights. LICENSOR SPECIFICALLY DISCLAIMS, AND WILL HAVE NO OBLIGATION OR LIABILITY FROM THIS AGREEMENT WITH REGARD TO THE LICENSOR PATENT RIGHTS, KNOW-HOW OR LICENSED PRODUCTS FOR ANY (1) IMPLIED WARRANTY OF MERCHANTABILITY; (2) IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (3) IMPLIED WARRANTY OF NONINFRINGEMENT; AND (4) IMPLIED WARRANTY OF ANY OTHER TYPE.

8.3 LIMITATION OF LIABILITY. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LICENSOR DISCLAIMS AND SHALL HAVE NO OBLIGATION OR LIABILITY TO LICENSEE FOR ANY TYPE OF INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY BREACH OF WARRANTY OR OTHERWISE UNDER THIS AGREEMENT (WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE OR BREACH OF STATUTORY DUTY) OR OTHERWISE) EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER ARISING UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.

Article 9. Indemnification.

9.1 Indemnification by Licensee. Licensee will indemnify and hold Licensor harmless from and against any and all claims, damages, liabilities, losses, costs and expenses, including, without limitation, legal expenses and reasonable counsel fees, arising out of or incidental to or in any way resulting from: (a) Licensee’s commercialization, and any customer’s use, of Licensed Products; (b) Licensee’s unauthorized use and/or commercialization of the Technology and Licensed Products, and (c) any personal injury, death or property damage that arises out of or relates to the sale of Licensed Products.

9.2 Indemnification Procedure. After receipt by Licensor of a notice of commencement of any action involving the subject matter of the foregoing indemnity provisions under Section 9.1, Licensor will promptly notify Licensee of the commencement thereof. Failure by Licensor to so notify Licensee of any such claim shall not relieve Licensee of any such duty so to indemnify. Upon proper notification, Licensee shall have the right, but not the obligation, to control the defense of Licensor against any such third-party claims, utilizing counsel chosen in

Licensee's discretion, provided that Licensor may participate in any such defense, at its own expense, by separate counsel of its choice, and further provided that any such participation shall not limit Licensee's right to control such defense. Notwithstanding anything contained in the foregoing sentence to the contrary, Licensee (a) shall not be entitled to have sole control over any third party claim that seeks an order, injunction or other equitable relief against Licensor; or any action that is the subject of such third party indemnification claim in which both Licensee and Licensor are named as parties and either Licensor or Licensee determines with advice of counsel that there may be one or more legal defenses available to it that are different from or additional to those available to the other party or that a conflict of interest between such parties may exist in respect of such action, and (b) shall obtain the prior written approval of Licensor before ceasing to defend against any third party indemnification claim or entering into any settlement, adjustment or compromise of such claim involving injunctive or similar equitable relief being asserted against Licensor. Licensor shall cooperate with Licensee in the provision of any such defense by providing to Licensee all such information, assistance and authority as may reasonably be requested by Licensee.

Article 10. Term and Termination.

10.1 Term. This Agreement shall commence upon the Effective Date and continue until terminated as set forth in this Article 10.

10.2 Termination for Breach. Licensor and Licensee will be entitled to terminate this Agreement by written notice to the other party in the event the other party is in breach of any of its obligations hereunder and shall fail to remedy any such default within sixty (60) days after notice thereof by the non-breaching party.

10.3 Termination for Patent Expiration. The licenses granted under this Agreement shall terminate with respect to the Licensor Patent Rights upon the expiration of the last issued patent of the Licensor Patent Rights, including without limitation any issued patent for Improvements relating to Advanced Ceramics as set forth in Schedule 2 applicable to the Licensed Products. The licenses granted under this Agreement with respect to Know-How and Trade Secrets shall continue notwithstanding the expiration of the Licensor Patent Rights.

10.4 [Reserved]

10.5 Survival of Obligations; Return of Confidential Information. Notwithstanding any expiration or termination of this Agreement, Articles 1, 5, 6, 7, 8, 9, this Section 10.5 and Article 11 shall survive and continue to be enforceable as set forth herein. No termination of this Agreement, in whole or in part, shall affect Licensor's rights to reports and examination of Licensee's books until all required reports have been made. Upon any expiration or termination of this Agreement, Licensee shall promptly return to Licensor all Confidential Information, and all copies thereof.

Article 11. Miscellaneous.

11.1 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York without regard to its conflicts of law principles.

11.2 Jurisdiction and Venue. Each of the parties (a) submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York, county of New York for any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of the action or proceeding may be heard and determined in any such court, and (c) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the parties hereto waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Each party agrees that a final judgment in any action or proceeding so brought will be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or at equity.

11.3 Waiver. The waiver by any party of a breach or a default of any provision of this Agreement by any other party shall not be construed as a waiver of any succeeding breach of the same or any other provision, nor shall any delay or omission on the part of a party to exercise or avail itself of any right, power or privilege that it has or may have hereunder operate as a waiver of any right, power or privilege by such party.

11.4 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER.

11.5 Notices. Any notice or other communication under this Agreement shall be effective when delivered in person or, if mailed, when deposited in the mail by registered or certified mail, return receipt requested or, if transmitted by facsimile, when faxed by means confirming receipt, addressed to the other party as follows:

If to Licensor:	If to Licensee:
Alcoa USA Corp.	Arconic Inc.
201 Isabella Street	201 Isabella Street
Pittsburgh, PA 15212	Pittsburgh, PA 15212
Attn.: General Counsel	Attn: General Counsel

11.6 No Agency. Nothing herein shall be deemed to constitute Licensor, on the one hand, or Licensee, on the other hand, as the agent or representative of the other, or as joint venturers or partners for any purpose. Neither Licensor, on the one hand, nor Licensee, on the other hand, shall be responsible for the acts or omissions of the other. No party will have authority to speak for, represent or obligate the other party in any way without prior written authority from such other party.

11.7 Entire Agreement. This Agreement contains the full understanding of the parties with respect to the subject matter hereof and supersedes all prior understandings and writings relating thereto. No waiver, alteration or modification of any of the provisions hereof shall be binding unless made in writing and signed by the parties.

11.8 Headings. The headings contained in this Agreement are for convenience of reference only and shall not be considered in construing this Agreement.

11.9 Severability. In the event that any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable because it is invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected and the invalid provision shall be severed herefrom.

11.10 Assignment. Subject to Section 2.1, this Agreement may not be assigned by Licensee without the consent of Licensor which consent shall not be unreasonably withheld. Notwithstanding the foregoing, no such consent of Licensor is required under this Agreement in the event of a Change of Control of Licensee. Change of Control of Licensee is subject to the requirements of Section 10.3 of the Separation and Distribution Agreement.

11.11 Export Control and Requirements. Licensee agrees to comply with all applicable U.S. export control laws and regulations, specifically including, but not limited to, the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2794, including the International Traffic in Arms Regulation (ITAR), 22 C.F.R. 120 et seq.; and the Export Administration Act, 50 U.S.C. 2401-2420, including the Export Administration Regulations, 15 C.F.R. 730-774; including the requirement for obtaining any export license or agreement, if applicable. Without limiting the foregoing, Licensee agrees that it will not transfer or disclose any information it receives from Licensor that constitutes an export controlled item, data, or service to foreign persons employed by or associated with, or under contract to Licensee or Licensee’s suppliers,

without the authority of an export license, agreement, or applicable exemption or exception. Licensee shall immediately notify Licensor if it is, or becomes, listed in any Denied Parties List or if Licensee's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency. Licensee, whether U.S. or foreign, engaged in the business of brokering, exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, or related technical data as defined on the United States Munitions List 22 C.F.R. Part 121, represents that it is registered with the Office of Defense Trade Controls as required by the ITAR.

11.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of such together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Licensee has caused this Agreement to be executed in its name by its properly and duly authorized officer or representative and Licensor has executed this Agreement as of the date first above written.

ALCOA USA CORP.		**ALCOA INC.**	
By:	/s/ John Kenna	By:	/s/ Max Laun
	(Signature)		(Signature)
Name:	John Kenna	Name:	Max Laun
	(Printed)		(Printed)
Title:	Vice President - Tax	Title:	Vice President and General Counsel

[Signature Page to Alcoa USA Corp. to Arconic Inc. License Agreement]

SCHEDULE 1:

FOUNDRY PRODUCTS

“Foundry Products” means products made using certain proprietary foundry alloys and processes, including without limitation SUPRACAST, VERSACAST, EZCAST, and EVERCAST SERIES.

The license grant with respect to Technology pertaining to Foundry Products (including without limitation as set forth in Schedule 5) is a worldwide and non-exclusive (except as set forth below), royalty-free right and license (including a limited right to sublicense, as set forth below) to make and have made, to use and have used, to sell and have sold, to offer for sale and have offered for sale, to export and have exported, and to import and have imported the Foundry Products and to practice and use the Technology applicable to the Foundry Products.

With respect to Technology (including without limitation as set forth in Schedule 5) relating to Licensed Products pertaining to “commercial truck wheel applications” (defined as commercial truck wheels and commercial wheel hubs having carrying capacity greater than five tons) for EVERCAST alloy flow path variants, the license granted herein shall be exclusive (even as to Licensor), but the exclusivity shall terminate automatically on March 31, 2021 in the event that Licensee fails to achieve sales of such Licensed Products resulting in manufacturing of such Licensed Products at a minimum “run rate” of 500,000 pounds per year for such Licensed Products by December 31, 2020.

The license granted herein relating to Foundry Products shall not include any right to sublicense in any geographic area in which Licensor has a physical place of business. In any such country, Licensor will offer Licensee the first opportunity to purchase these alloys at competitive market terms. In the event that Licensee wishes to sublicense any Technology applicable to Foundry Products to a third party in a geographic area in which Licensor has no physical place of business as of the Effective Date, Licensee must obtain the prior written approval of Licensor, such approval not to be unreasonably withheld.

The Parties will not share any Improvements to the Foundry Products.

SCHEDULE 2:

ADVANCED CERAMICS PRODUCTS

"Advanced Ceramics Products" means products made using certain proprietary advanced ceramic processes, but excluding Technology pertaining to boron nitride.

"Smelting Applications" means products for use in smelting or refining or molten metal processing, as well as ceramic armor (other than boron nitride for ceramic armor), TiB_2 applications in electronics tooling, and TiB_2 applications in semi-conductor tooling applications.

The license granted with respect to Technology (including without limitation as set forth in Schedule 5) and pertaining to Advanced Ceramics Products is a worldwide, exclusive (even as to Licensor), royalty-free right and license (with the right to sublicense) to make and have made, to use and have used, to sell and have sold, to offer for sale and have offered for sale, to export and have exported, and to import and have imported any Advanced Ceramics Products that are not Smelting Applications.

Licensor retains the exclusive rights of ownership of all Technology (including without limitation as set forth in Schedule 5) pertaining to Advanced Ceramics Products for Smelting Applications.

Licensee shall have a non-exclusive license (with no right to sublicense) to use the Advanced Ceramics Products that are smelting or molten metal processing on projects related to smelting metals other than aluminum for its internal use (including joint ventures) only.

Licensee shall have an exclusive (even as to Licensor) license for all applications containing boron nitride.

For a period of four (4) years following the Effective Date, subject to obligations of confidentiality, each party will provide the other with details of Improvements relating to the vertical reactor only. Each party agrees to license and hereby licenses to the other party any such Improvements on a worldwide, non-exclusive, royalty-free and perpetual basis.

Licensor will provide Licensee with access to complete engineering and electrical drawings for all vertical reactor equipment and copies of all laboratory reports relating to the vertical reactor generated prior to the Effective Date. All such drawings and laboratory reports will be considered "Confidential Information" for the purposes of this Agreement.

Licensor will grant access to the vertical reactor to Licensee to produce powders for Licensee's commercialization efforts under the terms of "Schedule ATC-01: Ceramics" to the Transition Services Agreement between Licensor and Licensee ("TSA"). Licensee will pay Licensor's then current overhead rate to Licensor for such access to the vertical reactor. Licensee's access to the vertical reactor during 2017 will be limited to approximately 50% of the vertical reactor's available time and approximately 25% of the vertical reactor's available time in 2018. Licensee will not have access to the vertical reactor after 2018. Licensee acknowledges that the vertical reactor is subject to three-months' downtime each year due to the need to change tubes. If Licensee does not utilize its access to the vertical reactor as granted in this Schedule 2 then Licensor is free to use this time. Licensee will provide Licensor with a rolling two-month forward looking schedule of its desired access time to the vertical reactor. In the event of a conflict between the terms of this Schedule 2 and the TSA, the terms of the TSA will prevail.

SCHEDULE 3:

C ALLOYS

C Alloys means certain proprietary alloys described in Schedule 5.

The license grant with respect to Technology pertaining to C Alloys is a worldwide and non-exclusive (except as set forth below), royalty-free right and license (including a limited right to sublicense, as set forth below) to make and have made, to use and have used, to sell and have sold, to offer for sale and have offered for sale, to export and have exported, and to import and have imported the C Alloys and to practice and use the Technology applicable to the C Alloys.

With respect to Technology pertaining to C Alloys that relate to “commercial truck wheel applications” (as that term is defined in Schedule 1) wheel applications for EVERCAST alloy flow path variants, the license granted herein shall be exclusive (even as to Licensor), but the exclusivity shall terminate automatically on March 31, 2021 in the event that Licensee fails to achieve sales of such Licensed Products resulting in manufacturing of such Licensed Products at a minimum “run rate” of 500,000 pounds per year for such Licensed Products by December 31, 2020.

The license granted herein relating to C Alloys shall not include any right to sublicense in any geographic area in which Licensor has a physical place of business. In any such country, Licensor will offer Licensee the first opportunity to purchase these alloys at competitive market terms. In the event that Licensee wishes to sublicense any Technology applicable to C Alloys to a third party in a geographic area in which Licensor has no physical place of business as of the Effective Date, Licensee must obtain the prior written approval of Licensor, such approval not to be unreasonably withheld.

SCHEDULE 4:

MISCELLANEOUS PRODUCTS

Miscellaneous Products means products made using miscellaneous proprietary methods and/or processes, including but not limited to R nos. and any and all material, product, service, procedure, or kit (including work-in process) whose manufacture, use, or sale practices any Valid Claim or pending claim within the Licensor Patent Rights or is based on or otherwise uses any of the Technology, including without limitation, any product made using the methods claimed in any issued or pending claim within the Licensor Patent Rights.

The license grant with respect to Technology pertaining to Miscellaneous Products **(**including without limitation as set forth in Schedule 5) is a worldwide, non-exclusive, royalty-free right and license (with no right to sublicense) to make and have made, to use and have used, to sell and have sold, to offer for sale and have offered for sale, to export and have exported, and to import and have imported Miscellaneous Products and to practice and use the Technology applicable to Miscellaneous Products.

SCHEDULE 5:

Licensor Patent Rights; Know-How and Trade Secrets

[See attached]

SCHEDULE 6:

Heat Exchanger Patents

“Heat Exchanger Products” means those products falling within the scope of at least one claim of the Heat Exchanger Patents.

The license grant to Heat Exchanger Patents is a worldwide and exclusive (as between the Parties), royalty-free right and license — with no right to sublicense — to make and have made, to use and have used, to sell and have sold and to import and have imported products reliant on Technology (including without limitation as set forth in Schedule 5) pertaining to Heat Exchanger Products and to practice and use the Technology applicable to Heat Exchanger Products**.** In addition, with respect to those Licensor Patent Rights relating to Heat Exchanger Patents, the license granted herein excludes extruded heat exchanger tubing products reliant upon the Heat Exchanger Patents or covered by an active claim within the Heat Exchanger Patents.

SCHEDULE 7:

Soft Alloy Patents

"Soft Alloy Products" means those products falling within the scope of at least claim of the Soft Alloy Patents.

The license grant to Soft Alloy Patents is a worldwide and exclusive (as between the Parties), royalty-free right and license — with no right to sublicense — to make and have made, to use and have used, to sell and have sold and to import and have imported products reliant on Technology (including without limitation as set forth in Schedule 5) pertaining to Soft Alloy Products and to practice and use the Technology applicable to Soft Alloy Products**.**

Exhibit 2.6

EXECUTION VERSION

PATENT, KNOW-HOW, AND TRADE SECRET LICENSE AGREEMENT

This Patent, Know-How, and Trade Secret License Agreement (the "**Agreement**") made and entered into as of this 31st day of October 2016 (the "**Effective Date**"), by and between **ALCOA INC.,** a corporation organized under the laws of Pennsylvania ("**Licensor**") and **ALCOA USA CORP.**, a corporation organized under the laws of Delaware ("**Licensee**").

WHEREAS, Alcoa Upstream Corporation, the parent of Licensee, and Alcoa Inc. have entered into a Separation and Distribution Agreement having an effective date of November 1, 2016 ("Separation and Distribution Agreement"); unless specifically defined in this Agreement, any capitalized term in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement.

WHEREAS, Licensor's and Licensee's businesses formerly operated as business units of Alcoa Inc.;

WHEREAS, as part of the Separation and Distribution Agreement, Licensor and Licensee are now two separate publicly traded companies;

WHEREAS, Licensee wishes to license from Licensor the right to use Licensor's Technology as hereinafter defined below;

NOW THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Licensor and Licensee agree as follows:

Article 1. Definitions. As used in this Agreement, the following terms, whether used in the singular or plural, shall have the following meanings:

1.1 "Affiliate" shall have the meaning ascribed to it in the Separation and Distribution Agreement and shall, include without limitation, any subsidiary, or any joint venture in which Licensee participates as a joint venturer, and will include any current or future Affiliate.

1.2 "Change of Control" shall have the meaning ascribed to it in the Separation and Distribution Agreement.

1.3 “Confidential Information” means all materials, trade secrets, or other Intellectual Property and information, including, without limitation, proprietary information and materials (whether or not patentable) regarding the Technology which is disclosed at any time by Licensor to Licensee under this Agreement, including without limitation the Know-How and Trade Secrets.

1.4 “Improvement” means non-de-minimis improvements made to a Technology.

1.5 “Intellectual Property” means all works, including literary works, pictorial, graphic and sculptural works, architectural works, works of visual art, and any other work that may be the subject matter of copyright protection; advertising and marketing concepts; trademarks; information; data; formulas; designs; models; drawings; computer programs; including all documentation, related listings, design specifications, and flowcharts, trade secrets, and any inventions including all business processes, manufactures and compositions of matter and any other invention that may be the subject matter of patent protection; and all statutory protection obtained or obtainable thereon.

1.6 “Know-How and Trade Secrets” means proprietary know-how and trade secrets relating to the Licensed Products including, without limitation, the “R Nos.” set forth in Schedule 4 and “C Alloys” set forth in Schedule 5.

1.7 “Licensed Products” shall mean: (i) IDS and IDDA Products (as defined in Schedule 1), (ii) NEWT Processes and Products (as defined in Schedule 2), and (iii) Miscellaneous Products (as defined in Schedule 3).

1.8 “Licensor Patent Rights” means the patent applications (including provisional patent applications and PCT patent applications), patents and invention reports listed on Schedule 4 hereto, as well as the inventions described therein, all foreign equivalents (unless otherwise limited by the scope of the applicable license grant), divisional applications and continuation applications, or continuations-in-part applications of such patent applications, all patents issuing from such applications, divisional applications and continuation applications, or continuations-in-part applications, and any reexamination or reissue patents of any such patents.

1.9 “Technology” means, with respect to Licensed Products, the Licensor Patent Rights and the Know-How and Trade Secrets.

1. 10 “Valid Claim” means a claim of any unexpired patent which shall not have been withdrawn or canceled, nor held invalid by a court of competent jurisdiction in an unappealed decision.

Article 2. Grant of Rights.

2.1 License Grants. Subject to the terms and conditions of this Agreement and to the restrictions and four (4) year duration set forth in Section 5.7 of the Separation and Distribution Agreement, Licensor hereby grants to Licensee and Licensee's Affiliates and Licensee hereby accepts on behalf of itself and its Affiliates the licenses for the Licensed Products as described in Schedules 1, 2, 3, and 5. In addition to the other licenses set forth herein, for the sole purpose of enabling Licensee to perform its obligations as the licensor pursuant to that Technology License Agreement for Rolling Mill made by and between Alcoa Inc. and Saudi Arabian Mining Co. ("Ma'aden") and dated December 20, 2009 (such agreement has been or will be assigned to Licensee), Licensor grants to Licensee a non-exclusive, fully paid-up, royalty-free license for all purposes necessary for Licensee to perform its obligations under those agreements with respect to Technology licensed pursuant to the those agreements as of the Effective Date. To the extent that sublicensing is permitted in the foregoing license grants, Licensee shall be liable to Licensor for any breaches of this Agreement by any permitted sublicensees. In the event that an Affiliate ceases to have the status of an Affiliate (whether as a result of a divestiture or otherwise), the successor in interest to such Affiliate may retain licenses granted to the prior Affiliate to the extent that such licenses pertained to facilities in existence prior to the change in Affiliate status, with no unilateral ability for such successor in interest to expand the scope of a license to any additional facilities, new or existing. Any such successor in interest will be bound by the terms of this Agreement.

2.2 Improvements. There is no requirement by either party to share or disclose to the other party Improvements that a party makes to the Technology in connection with the Licensed Products. Licensee shall have the right during the term of this Agreement and always subject to the terms herein, including, without limitation, the terms of Article 7, to modify, improve and otherwise create derivative works of the Technology applicable to Miscellaneous Products. For the purpose of this Agreement any such Licensee modification, improvement or creation of derivative work using the Technology shall be considered an Improvement.

Article 3. Maintenance and Support. Licensee is solely responsible for providing all maintenance and support to its customers of the Licensed Products. Licensor has, and shall have, no obligation to provide any maintenance or support to Licensee or any of Licensee's customers with respect to any Technology and/or Licensed Products.

Article 4. Patent Prosecution. The filing, prosecution, and maintenance of all Licensor Patent Rights shall be the primary responsibility of Licensor. In the event that Licensor elects to abandon any Licensor Patent Rights applicable to the Licensed Products, Licensor shall notify Licensee in writing and shall assign such Licensor Patent Rights to Licensee upon request without further consideration.

Article 5. [Reserved].

Article 6. Confidential Information.

6.1 Treatment of Confidential Information. Licensee shall maintain the Confidential Information in confidence, using appropriate access control and physical security measures (including without limitation a "vault" system as currently utilized by Alcoa Inc.) to safeguard the confidentiality thereof and shall not disclose, divulge or otherwise communicate such Confidential Information to others, except to exploit the Confidential Information for its own internal use, or use it for any purpose, except pursuant to, and in order to carry out, the terms and objectives of this Agreement, and hereby agrees to exercise commercially reasonable precautions to prevent and restrain the unauthorized disclosure of such Confidential Information by any of its directors, officers, employees, consultants, subcontractors, sublicensees, or agents. Prior to disclosure of Confidential Information to Licensee's directors, officers, employees, consultants, subcontractors, sublicensees, or agents, Licensee will enter into written agreements with such parties that contain restrictions on the disclosure of confidential information that are at least as restrictive as the terms and conditions of this Agreement. With respect to Know-How and Trade Secrets, the obligations of confidentiality and nondisclosure imposed on the Licensee by this Agreement shall continue until the occurrence of one of the conditions set forth in Section 6.2. With respect to other forms of Confidential Information, the obligations of confidentiality and nondisclosure imposed on the Licensee by this Agreement shall extend for the longer of (a) two (2) years from the date of termination of this Agreement or (b) until the occurrence of one of the conditions set forth in Section 6.2. Licensor and Licensee also agree to maintain the terms and conditions of the Agreement in confidence in accordance with this Section 6.1 for so long as this Agreement remains in full force and effect.

6.2 Release of Obligations. The obligations of Licensee, and of its Affiliates' directors, officers, employees and agents, with respect to any Confidential Information disclosed thereto by Licensor pursuant to this Agreement shall cease if Licensee can establish to the satisfaction of Licensor or, failing agreement by Licensor, of a court of competent jurisdiction (provided it is a court of last resort, the Parties have agreed to abandon all appeals or the time for filing an appeal has expired) that the Confidential Information (a) was legally known to or in the possession of Licensee, without obligation of confidentiality or non-use, at the time of disclosure to Licensee by Licensor; (b) legally is or has become part of the public domain through no fault of Licensee; (c) has been disclosed to Licensee by a third party on a non-confidential basis and

without breaching any contractual, confidential or fiduciary obligation to Licensor or any law; or (d) is required to be disclosed pursuant to law or valid court order, provided that Licensee promptly notifies Licensor of such required disclosure and reasonably cooperates in any action by Licensor to limit the scope of the required disclosure. A general disclosure in the public domain, or possession by Licensee of general information, will not cause more specific (but related) information to be excluded as Confidential Information under one of the above exceptions; similarly, a combination of several pieces of information, where each piece of information individually is in the public domain or in the possession of Licensee, will not operate to exempt the combination as Confidential Information unless the combination itself is in the public domain.

6.3 Ownership and Return of Confidential Information. All Confidential Information disclosed pursuant to this Agreement, together with all copies, reproductions, summaries, evaluations, analyses, notes, reports or other records created by Licensee in respect of the Confidential Information and all other information, know-how, data and materials generated by the use of the Confidential Information shall be treated as Confidential Information of Licensor, shall be the sole and exclusive property of Licensor and shall be returned to Licensor by Licensee forthwith upon written request. Notwithstanding the above, one copy of such material may be retained in the legal files of Licensee solely for compliance purposes.

Article 7. Acknowledgement and Obligations.

7.1 Ownership. Licensor will retain and own all right, title, and interest in and to the Licensor Patent Rights Know-How and Trade Secrets, including, for the avoidance of doubt, any Improvements made by Licensor. Licensee acknowledges the validity and ownership by Licensor of the Technology. This Agreement shall in no way be construed to grant Licensee any ownership rights in any of the Technology.

7.2 Third Party Infringement. Licensee shall promptly report in writing to Licensor during the term of this Agreement any: (a) known infringement or suspected infringement of any of the Licensor Patent Rights; or (b) unauthorized use or misappropriation of the Know-How and Trade Secrets by a third party of which it becomes aware, and shall provide Licensor with all available evidence supporting the infringement, suspected infringement or unauthorized use or misappropriation. Licensor shall have the sole and exclusive right to bring an infringement action or proceeding against any infringing third party, and, in the event that Licensor brings such an action or proceeding, Licensee shall cooperate and provide full information and reasonable assistance to Licensor and its counsel, at Licensor’s expense, in connection with any such action or proceeding.

Article 8. Representations and Warranties, Limitations of Liability and Disclaimers.

8.1 Mutual Representations. Each party hereto represents and warrants to the other that: (a) it has the full right and power to enter into and fully perform this Agreement in accordance with its terms; (b) this Agreement constitutes a legal, valid and binding agreement of such party, enforceable against such party in accordance with its terms; (c) it will comply with all applicable laws and regulations in the exercise and performance of its rights and obligations under this Agreement; and (d) its execution, delivery and performance of this Agreement throughout its duration: (i) does not require consent from any third party; (ii) will not violate (with the lapse of time or giving of notice or both) rights granted by such party to any third party or violate or otherwise interfere with the provisions of any agreement to which such party is a party or otherwise bound; (iii) will not preclude such party from complying with the provisions hereof; and (iv) will not violate any applicable law or regulation or judicial order.

8.2 No Warranty. Licensor, by this Agreement, makes no warranties or guarantees, either express or implied, arising by law or otherwise with regard to the Technology, the Licensor Patent Rights, the Know-How and Trade Secrets or Licensed Products. In particular, Licensor assumes no obligation and makes no representations or warranties hereunder, express or implied, in law or in fact, with respect to the utility, quality or characteristics of the Technology or any use or embodiment thereof or with respect to the use of any Licensed Product or method within the Licensor Patent Rights, or with respect to whether such Licensed Products or methods or any embodiments or modifications thereof would be in compliance with any federal, state or local laws, regulations, standards or criteria with respect to any claim which may arise in connection with the sale or use of Licensed Products pursuant to this Agreement, or with respect to the practice of any methods within the Licensor Patent Rights. LICENSOR SPECIFICALLY DISCLAIMS, AND WILL HAVE NO OBLIGATION OR LIABILITY FROM THIS AGREEMENT WITH REGARD TO THE LICENSOR PATENT RIGHTS, KNOW-HOW OR LICENSED PRODUCTS FOR ANY (1) IMPLIED WARRANTY OF MERCHANTABILITY; (2) IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; (3) IMPLIED WARRANTY OF NONINFRINGEMENT; AND (4) IMPLIED WARRANTY OF ANY OTHER TYPE.

8.3 LIMITATION OF LIABILITY. TO THE MAXIMUM EXTENT PERMITTED BY LAW, LICENSOR DISCLAIMS AND SHALL HAVE NO OBLIGATION OR LIABILITY TO LICENSEE FOR ANY TYPE OF INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY BREACH OF WARRANTY OR OTHERWISE UNDER THIS AGREEMENT (WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE OR BREACH OF STATUTORY DUTY) OR OTHERWISE) EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER ARISING UNDER THEORY OF CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR OTHERWISE.

Article 9. Indemnification.

9.1 Indemnification by Licensee. Licensee will indemnify and hold Licensor harmless from and against any and all claims, damages, liabilities, losses, costs and expenses, including, without limitation, legal expenses and reasonable counsel fees, arising out of or incidental to or in any way resulting from: (a) Licensee’s commercialization, and any customer’s use, of Licensed Products; (b) Licensee’s unauthorized use and/or commercialization of the Technology and Licensed Products, and (c) any personal injury, death or property damage that arises out of or relates to the sale of Licensed Products.

9.2 Indemnification Procedure. After receipt by Licensor of a notice of commencement of any action involving the subject matter of the foregoing indemnity provisions under Section 9.1, Licensor will promptly notify Licensee of the commencement thereof. Failure by Licensor to so notify Licensee of any such claim shall not relieve Licensee of any such duty so to indemnify. Upon proper notification, Licensee shall have the right, but not the obligation, to control the defense of Licensor against any such third-party claims, utilizing counsel chosen in Licensee’s discretion, provided that Licensor may participate in any such defense, at its own expense, by separate counsel of its choice, and further provided that any such participation shall not limit Licensee’s right to control such defense. Notwithstanding anything contained in the foregoing sentence to the contrary, Licensee (a) shall not be entitled to have sole control over any third party claim that seeks an order, injunction or other equitable relief against Licensor; or any action that is the subject of such third party indemnification claim in which both Licensee and Licensor are named as parties and either Licensor or Licensee determines with advice of counsel that there may be one or more legal defenses available to it that are different from or additional to those available to the other party or that a conflict of interest between such parties may exist in respect of such action, and (b) shall obtain the prior written approval of Licensor before ceasing to defend against any third party indemnification claim or entering into any settlement, adjustment or compromise of such claim involving injunctive or similar equitable relief being asserted against Licensor. Licensor shall cooperate with Licensee in the provision of any such defense by providing to Licensee all such information, assistance and authority as may reasonably be requested by Licensee.

Article 10. Term and Termination.

10.1 Term. This Agreement shall commence upon the Effective Date and continue until terminated as set forth in this Article 10.

10.2 Termination for Breach. Licensor and Licensee will be entitled to terminate this Agreement by written notice to the other party in the event the other party is in breach of any of its obligations hereunder and shall fail to remedy any such default within sixty (60) days after notice thereof by the non-breaching party.

10.3 Termination for Patent Expiration. The licenses granted under this Agreement shall terminate with respect to the Licensor Patent Rights upon the expiration of the last issued patent of the Licensor Patent Rights. The licenses granted under this Agreement with respect to Know-How and Trade Secrets shall continue notwithstanding the expiration of the Licensor Patent Rights.

10.4 [Reserved]

10.5 Survival of Obligations; Return of Confidential Information. Notwithstanding any expiration or termination of this Agreement, Articles 1, 5, 6, 7, 8, 9, this Section 10.5 and Article 11 shall survive and continue to be enforceable as set forth herein. No termination of this Agreement, in whole or in part, shall affect Licensor's rights to reports and examination of Licensee's books until all required reports have been made. Upon any expiration or termination of this Agreement, Licensee shall promptly return to Licensor all Confidential Information, and all copies thereof.

Article 11. Miscellaneous.

11.1 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of New York without regard to its conflicts of law principles.

11.2 Jurisdiction and Venue. Each of the parties (a) submits to the exclusive jurisdiction of any state or federal court sitting in the State of New York, county of New York for any action or proceeding arising out of or relating to this Agreement, (b) agrees that all claims in respect of the action or proceeding may be heard and determined in any such court, and (c) agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the parties hereto waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety or other security that might be required of any other party with respect thereto. Each party agrees that a final judgment in any action or proceeding so brought will be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or at equity.

11.3 Waiver. The waiver by any party of a breach or a default of any provision of this Agreement by any other party shall not be construed as a waiver of any succeeding breach of the same or any other provision, nor shall any delay or omission on the part of a party to exercise or avail itself of any right, power or privilege that it has or may have hereunder operate as a waiver of any right, power or privilege by such party.

11.4 Waiver of Jury Trial. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT OF TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY MATTER ARISING HEREUNDER.

11.5 Notices. Any notice or other communication under this Agreement shall be effective when delivered in person or, if mailed, when deposited in the mail by registered or certified mail, return receipt requested or, if transmitted by facsimile, when faxed by means confirming receipt, addressed to the other party as follows:

If to Licensor:

Arconic Inc.
201 Isabella Street
Pittsburgh, PA 15212
Attn.: General Counsel

If to Licensee:

Alcoa USA Corp.
201 Isabella Street
Pittsburgh, PA 15212
Attn.: General Counsel

11.6 No Agency. Nothing herein shall be deemed to constitute Licensor, on the one hand, or Licensee, on the other hand, as the agent or representative of the other, or as joint venturers or partners for any purpose. Neither Licensor, on the one hand, nor Licensee, on the other hand, shall be responsible for the acts or omissions of the other. No party will have authority to speak for, represent or obligate the other party in any way without prior written authority from such other party.

11.7 Entire Agreement. This Agreement contains the full understanding of the parties with respect to the subject matter hereof and supersedes all prior understandings and writings relating thereto. No waiver, alteration or modification of any of the provisions hereof shall be binding unless made in writing and signed by the parties.

11.8 Headings. The headings contained in this Agreement are for convenience of reference only and shall not be considered in construing this Agreement.

11.9 Severability. In the event that any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable because it is invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected and the invalid provision shall be severed herefrom.

11.10 Assignment. Subject to Section 2.1, this Agreement may not be assigned by Licensee without the consent of Licensor which consent shall not be unreasonably withheld. Notwithstanding the foregoing, no such consent of Licensor is required under this Agreement in the event of a Change of Control of Licensee. Change of Control of Licensee is subject to the requirements of Section 10.3 of the Separation and Distribution Agreement.

11.11 Export Control and Requirements. Licensee agrees to comply with all applicable U.S. export control laws and regulations, specifically including, but not limited to, the requirements of the Arms Export Control Act, 22 U.S.C. 2751-2794, including the International Traffic in Arms Regulation (ITAR), 22 C.F.R. 120 et seq.; and the Export Administration Act, 50 U.S.C. 2401-2420, including the Export Administration Regulations, 15 C.F.R. 730-774; including the requirement for obtaining any export license or agreement, if applicable. Without limiting the foregoing, Licensee agrees that it will not transfer or disclose any information it receives from Licensor that constitutes an export controlled item, data, or service to foreign persons employed by or associated with, or under contract to Licensee or Licensee's suppliers, without the authority of an export license, agreement, or applicable exemption or exception. Licensee shall immediately notify Licensor if it is, or becomes, listed in any Denied Parties List or if Licensee's export privileges are otherwise denied, suspended or revoked in whole or in part by any U.S. Government entity or agency. Licensee, whether U.S. or foreign, engaged in the business of brokering, exporting or manufacturing (whether exporting or not) defense articles or furnishing defense services, or related technical data as defined on the United States Munitions List 22 C.F.R. Part 121, represents that it is registered with the Office of Defense Trade Controls as required by the ITAR.

11.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of such together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Licensee has caused this Agreement to be executed in its name by its properly and duly authorized officer or representative and Licensor has executed this Agreement as of the date first above written.

ALCOA INC.

By: /s/ Max Laun
(Signature)

Name: Max Laun
(Printed)

Title: Vice President & General Counsel

ALCOA USA CORP.

By: /s/ John Kenna
(Signature)

Name: John Kenna
(Printed)

Title: Vice President - Tax

[Signature Page to Arconic Inc. to Alcoa USA Corp. License Agreement]

SCHEDULE 1

IDS AND IDDA PRODUCTS

"IDS and IDDA Products" shall mean certain proprietary in-duct scrubber and Improved Dilute Dual Alkaline ("IDDA") products embodying the IDS and IDDA Technology as set forth in Schedule 4.

The license grant with respect to Technology pertaining to the IDS and IDDA Products is a worldwide, non-exclusive, and royalty-free right and license (with no right to sublicense) to make and have made, to use and have used, to export and have exported, and to import and have imported the IDS and IDDA Products and to practice and use the Technology applicable to the IDS and IDDA Products, as necessary to install the IDS and IDDA Products at any current or future Licensee facility, including any joint ventures of which Licensee becomes a part.

At Licensee's request, if Licensee requires construction, start-up or ongoing maintenance assistance at a new or existing Licensee site (including a joint venture site), Licensee and Licensor will use commercially reasonable efforts to enter into a commercial, arm's-length agreement for Licensor to provide these services to Licensee. Licensee and Licensor will act in good faith in negotiating such an agreement and the agreement will provide (in addition to other terms and conditions normal for a contract of such type): (a) that the fee payable by Licensee to Licensor for the services will be at Licensor's cost plus a reasonable margin; and (b) Licensor will ensure that appropriate resources are available to assist in the provision of any such services per the commercial agreement.

Licensor will provide Licensee with access to complete design, engineering and electrical drawings along with test data files with respect to the IDS and IDDA Technology generated prior to the Effective Date. All such drawings and data will be considered "Confidential Information" within the meaning of this Agreement.

SCHEDULE 2

NEWT PROCESSES AND PRODUCTS

“NEWT Processes and Products” shall mean certain proprietary natural engineered wastewater treatment processes and products embodying the NEWT Technology as set forth in Schedule 4.

The license grant with respect to Technology pertaining to NEWT Processes and Products is a worldwide, non-exclusive, and royalty-free right and license (with no right to sublicense) to make and have made, to use and have used, to export and have exported, and to import and have imported NEWT Processes and Products and to practice and use the Technology applicable to NEWT Processes and Products, as necessary to install the NEWT Products at any current or future Licensee facility, including any joint ventures of which Licensee becomes a part.

At Licensee’s request, if Licensee requires construction, start-up or ongoing maintenance assistance at a new or existing Licensee site (including a joint venture site), Licensee and Licensor will use commercially reasonable efforts to enter into a commercial, arm’s-length agreement for Licensor to provide these services to Licensee. Licensee and Licensor will act in good faith in negotiating such an agreement and the agreement will provide (in addition to other terms and conditions normal for a contract of such type): (a) that the fee payable by Licensee to Licensor for the services will be at Licensor’s cost plus a reasonable margin; and (b) Licensor will ensure that appropriate resources are available to assist in the provision of any such services per the commercial agreement.

Licensor will provide Licensee with access to complete design, engineering and electrical drawings along with test data files with respect to the NEWT Technology generated prior to the Effective Date. All such drawings and data will be considered “Confidential Information” for the purposes of this Agreement.

Licensor may purchase bauxite residue from Licensee at cost for non-Licensee projects.

SCHEDULE 3:

MISCELLANEOUS PRODUCTS

"Miscellaneous Products" means products made using miscellaneous proprietary methods and/or processes, including but not limited to R nos. set forth in Schedule 4 and any and all material, product, service, procedure, or kit (including work-in process) whose manufacture, use, or sale practices any Valid Claim or pending claim within the Licensor Patent Rights or is based on or otherwise uses any of the Technology, including without limitation, any product made using the methods claimed in any issued or pending claim within the Licensor Patent Rights as set forth in Schedule 4.

The license grant with respect to Technology pertaining to Miscellaneous Products is a worldwide, non-exclusive, and royalty-free right and license (with no right to sublicense) to make and have made, to use and have used, to sell and have sold, to offer for sale and have offered for sale, to export and have exported, and to import and have imported Miscellaneous Products and to practice and use the Technology applicable to Miscellaneous Products, unless otherwise set forth in this Agreement.

The Restricted R Nos. (defined below) are limited to use in any research, engineering or rolling facility of Licensee or an Affiliate of Licensee in existence as of the Effective Date, i.e., the Technology associated with those Restricted R Nos. may not be used at any other facility by Licensee or an Affiliate of Licensee or any other facility by any successor in interest of Licensee or an Affiliate of Licensee and further may not be used in any joint venture in which Licensee or an Affiliate of Licensee participates as joint venturer. For clarity, however: (i) Licensee or an Affiliate of Licensee can use the output and/or results of the Technology created using the Restricted R Nos. at Licensee's or Affiliate's other facilities; and (ii) License may also, on a one-time basis, move its use from that facility known prior to the Effective Date as Alcoa Technical Center and located at 100 Technical Drive, Alcoa Center, PA 15069 to another research and engineering facility (new or existing) that is one hundred percent (100%) owned by Licensee.

"Restricted R Nos." means 1104 through 1109; and 1111.

Licensor grants to Licensee and its Affiliates a non-exclusive license, without the right to sublicense except to any joint venture in which Licensee participates as a joint venturer, to use R No. 656 in Licensee's rolling mill facilities, such license not to include the right to use R No. 656 for Automotive Sheet Products or Commercial Transportation Products in North America.

Licensor agrees not to use, or to license, R No. 656 for the manufacture of Packaging Products in North America. Licensor further agrees not to license R No. 656 for use in ingot based mills anywhere worldwide.

Notwithstanding the foregoing: (i) Licensor may perform its obligations as the licensor pursuant to those certain agreements: (a) made by and between Alcoa Inc. and Alcoa Bohai Aluminum Industries Company Limited and dated as of January 1, 2012; and (b) made by and between Alcoa Inc. and Open Joint Stock Company Samara Metallurgical Plant (now known as Joint Stock Company Arconic SMZ), and dated as of August 22, 2006; (ii) whether Licensor retains that certain agreement made by and between Alcoa Inc. and Kobe Steel Ltd. and dated as of October 1, 2003 ("Kobe Agreement") or the Kobe Agreement is assigned to Licensee, the party that retains or is assigned ownership of the Kobe Agreement will be able to perform its obligations as the licensor under the Kobe Agreement, including any extension or renegotiation thereof, including the right, if assigned to Licensee, to sublicense its rights for the sole purpose of performing its obligations under the Kobe Agreement; and (iv) Licensor may in any event fulfill any contractual commitments to Licensee.

For purposes of the licenses granted in connection with R No. 656, the following definitions will apply:

"Automotive Sheet Products" means materials used in a variety of components and assemblies that are utilized to construct a completed vehicle; applications include parts of the Body-in-White (BIW) structure, the closure panels (doors, hoods, fenders, deck lids and roofs), the engine compartment, the passenger compartment, the exhaust and supporting heat management systems (including brazing sheet) and miscellaneous bracketry/ reinforcements; typical alloys are the 5XXX (non-heat treatable) and 6XXX (heat treatable) alloy families; structural applications (and some closure panels) also typically include the requirement for the sheet surface to be chemically treated prior to the vehicle assembly process; and it includes automotive sheet material manufactured using both the Direct Chill Ingot manufacturing process as well using the Micromill™ alloys and process, and shall further include hot strip for supply and further production into Automotive Sheet Products. "Automotive Sheet Products" shall not include materials sold to the industrial/distribution market and potentially re-sold for non-Body-in-White (BIW) structures and non-structural purposes.

"Commercial Transportation Products" means any self-propelled or towed vehicle used on public highways or railways in interstate commerce to transport passengers or property when: 1) The vehicle has a gross vehicle weight rating or gross combination weight rating of 10,001 or

more pounds; or 2) The vehicle is designed to transport more than 15 passengers, including the driver; or 3) The vehicle is used in the transportation of hazardous materials in a quantity requiring placarding under regulations issued by the Secretary of Transportation under the Hazardous Materials Transportation Act (49 U.S.C. App. 1801-1813). (49CFR350) (49CFR390). Commercial Transportation Products shall include (i) 5182 alloy consumer transportation sheet products above .025 gauge; (ii) 1xxx, 3003 and 5052 alloys consumer transportation products above .050 gauge (excluding however 1xxx, 3003 and 5052 alloys consumer transportation sheet products in 0-temper which shall have no restriction); and (iii) hot strip for supply and further production into Commercial Transportation Products.

"Packaging Products" means (A) end and tab stock, (B) can bottle stock and closure sheet, (C) food can stock, (D) lithographic sheet; (E) can body stock, (F) any re-roll, rolling ingot or other semi-finished product to produce any of the products listed in (A) through (F) and (G) closure sheet, (H) industrial sheet products in alloys 1xxx, 3003, 5052 less than or equal to .050 gauge and less than 63" wide and (I) industrial sheet products in alloy 5182 less than or equal to .025 gauge and less than 63 inches wide.

SCHEDULE 4:

LICENSOR PATENT RIGHTS; KNOW-HOW AND TRADE SECRETS

[See attached]

SCHEDULE 5:

C ALLOYS

C Alloys means certain proprietary alloys described in Schedule 4.

The license grant with respect to Technology pertaining to C Alloys is a worldwide and non-exclusive, royalty-free right and license (including the right to sublicense) to make and have made, to use and have used, to sell and have sold, to offer for sale and have offered for sale, to export and have exported, and to import and have imported the C Alloys and to practice and use the Technology applicable to the C Alloys for all purposes other than commercial truck wheels and commercial wheel hubs having carrying capacity greater than five tons and using EVERCAST alloy flow path variants.

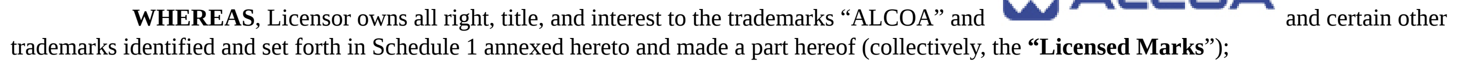
Exhibit 2.7

EXECUTION VERSION

TRADEMARK LICENSE AGREEMENT

THIS TRADEMARK LICENSE AGREEMENT (this "**Agreement**"), made and entered into as of the 31st day of October 2016 (the "**Effective Date**"), by and between **ALCOA USA CORP.** a corporation organized under the laws of Delaware ("**Licensor**") and **ALCOA INC.,** a corporation organized under the laws of Pennsylvania ("**Licensee**").

WHEREAS, Licensor owns all right, title, and interest to the trademarks "ALCOA" and

and certain other  trademarks identified and set forth in Schedule 1 annexed hereto and made a part hereof (collectively, the **"Licensed Marks**");

WHEREAS, Licensor, Licensee, and Licensee's Spectrochemical Standards, Wheels and other businesses formerly operated as, or as businesses of, Alcoa Inc.;

WHEREAS, Licensor and Licensee are now two, separate, publically traded companies;

WHEREAS, Alcoa Upstream Corporation, the parent of Licensor, and Alcoa Inc. entered into a Separation and Distribution Agreement having an effective date of November 1, 2016 ("Separation and Distribution Agreement"); unless specifically defined in this Agreement, any capitalized term in this Agreement shall have the meaning set forth in the Separation and Distribution Agreement.

WHEREAS, Licensee's Spectrochemical Standards business continues to sell, and offer for sale spectrochemical standards in existence and bearing the Licensed Marks as of the Effective Date ("**Spectrochemical Standards Products**") (the license terms of which are set forth in Schedule 2);

WHEREAS, Licensee's wheels and related businesses continue to manufacture, sell, and offer for sale Wheel Products as defined in Schedule 4 ("**Wheel Products**"), and other products ("**Downstream Products**") as set forth in Schedule 3;

Spectrochemical Standards Products, Wheel Products, and Downstream Products are collectively referred to herein as "**Licensed Products**";

WHEREAS, Licensee wishes to obtain from Licensor, subject to the terms and conditions set forth in this Agreement, the right and license to use, have used, manufacture, have manufactured, sell, have sold, advertise, have advertised, import, have imported, export, have exported, offer for sale, and have offered for sale the Licensed Products using the Licensed Marks (the "**Licensed Purpose**");

WHEREAS, Licensor is willing to grant such rights, upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. **GRANT AND SCOPE OF LICENSE.**

1.1 **Grant of License.** Licensor hereby grants to Licensee the limited licenses to use and have used the Licensed Marks: (i) for the Licensed Products as set forth on Schedules 2 through 4; and (ii) as set forth on Schedule 5, concerning agreements entered into by Alcoa Inc. prior to the Effective Date ("**Existing Agreements**") for a transitional period set forth in Schedule 5. For the avoidance of doubt, Licensor also grants to Licensee and its subsidiaries and affiliates a non-exclusive, worldwide royalty-free license for continued use of the Licensed Marks for the production and sale of inventory containing the Licensed Marks applied to such products during the Transition Period as set forth in section 8.2 of the Separation and Distribution Agreement and in Schedule 6 of this Agreement. Licensee will not, however, use the Licensed Marks except: (i) in connection with those products identified in Schedules 2 and 4; and/or (ii) for the production and sale of inventory as provided in this Section 1.1 and in Section 8.2 of the Separation and Distribution Agreement and Schedule 6 of this Agreement. For avoidance of doubt, to the extent that any of the licenses granted by the terms of this Agreement include any right to sublicense, such right to sublicense shall extend to Licensee's subsidiaries and joint venturers.

1.2 **Goodwill.** Licensee expressly recognizes and acknowledges that its use of the Licensed Marks shall inure solely to the benefit of Licensor, and shall not confer on Licensee any ownership rights to the Licensed Marks. Licensee agrees and covenants that it shall not challenge, contest, or take any actions inconsistent with Licensor's exclusive rights of ownership of the Licensed Marks.

1.3 **Trademark Notices.** All print and electronic displays of the Licensed Marks by Licensee shall include at Licensor's option, a notice to the effect that the Licensed Marks is owned by Licensor and used by Licensee under license from Licensor.

1.4 **Licensee Cooperation.** Licensee agrees to reasonably cooperate with Licensor in achieving registration of the Licensed Marks worldwide, and in maintaining and protecting existing registrations therefor at Licensor's sole expense. Licensee shall execute any and all documents which Licensor may reasonably request in support of such registrations, and, at Licensor's request, Licensee shall provide use evidence, testimony, and documentation that may be required in any ex parte or inter partes administrative proceedings and prosecutions, maintenance and renewals involving registrations of the Licensed Marks, at Licensee's sole expense.

1.5 **Quality Control, Licensor Approvals.** Licensor as owner of the Licensed Marks shall have the right at all times to control and approve the nature and quality of the Licensed Products, and to inspect Licensee's business operations upon reasonable prior notice for the purpose of ensuring that a high level of quality of the Licensed Products is being maintained by Licensee. At Licensor's reasonable request during each calendar year, Licensee

shall submit samples to Licensor, at no cost to Licensor, and shall not materially depart therefrom without Licensor's prior express written consent. The Licensed Products, as well as all promotional, packaging and advertising material relative thereto, shall include all appropriate legal notices as required by Licensor. No more frequently than once per year, a third party auditor chosen by Licensor and approved by Licensee, such approval not to be unreasonably withheld, shall be entitled at any time on reasonable notice to the Licensee to enter, during regular business hours, any premises used by the Licensee or its manufacturers for the manufacture, packaging or storage of the Licensed Products, to inspect such premises, all plant, workforce and machinery used for manufacture, packaging or storage of Licensed Products and all other aspects of the manufacture, packaging and storage of Licensed Products ("Access Rights"). Prior to exercising such Access Rights, the third party auditor shall enter into a nondisclosure agreement with Licensee that, among other terms deemed acceptable by Licensee and such third party auditor, shall: (a) limit the content of any report made by the third party auditor to Licensor to a description of the manner in which, and the conditions under which, the Licensed Marks is used by Licensee or its manufacturers; and (b) prevent the disclosure of any of Licensee's trade secrets and/or Confidential Information. To the extent reasonably practicable, all Licensed Products shall include notices on labeling and packaging for the Licensed Products stating that the Licensed Marks is owned by Licensor and used by Licensee under license from Licensor. The Licensed Products shall be of a quality commensurate with previous production or the samples approved by Licensor. If the quality of a class of the Licensed Products falls below such standards, Licensee shall use commercially reasonable efforts to restore such quality. In the event that Licensee has not taken appropriate steps to restore such quality within one-hundred twenty (120) days after notification by Licensor, Licensor shall have the right to terminate this Agreement.

1.6 **Compliance with Trademark Usage Guidelines.** Licensee agrees to comply with Licensor's trademark usage guidelines and any other policies and requirements applicable to the Licensed Marks.

2. Enforcement of Intellectual Property.

2.1 **Third Party Infringement.** In the event that Licensee becomes aware that any third party is infringing the Licensed Marks, Licensee shall promptly notify Licensor and provide pertinent details. Licensor shall have the right in its sole discretion to bring a legal action for infringement against the third party, together with the right to enforce and collect any judgment thereon. If Licensor elects to exercise such right, Licensee shall, at Licensor's request, provide reasonable assistance to Licensor, at the sole expense of Licensor. In the event that Licensor declines to bring a legal action for infringement against a third party identified by Licensee, Licensee shall have the right to bring a legal action for infringement against the third party upon receiving the prior written approval of Licensor, such approval not to be unreasonably withheld.

3. Indemnification.

3.1 Licensee shall defend, indemnify and hold harmless Licensor and its officers, directors, employees, agents, corporate subsidiaries, parents, and affiliates (**"Licensor Indemnitees"**) from and against any and all demands, claims, actions or causes of action, assessments, deficiencies, damages, losses, liabilities and expenses (including, without

limitation, reasonable expenses of investigation and attorneys' fees and expenses), incurred in conjunction with or arising out of or relating to any third-party claim concerning the Licensed Products and any acts or omissions of Licensee, including without limitation Licensee's performance of its obligations under this Agreement. The Licensor Indemnitees agree to cooperate with Licensee, at Licensee's expense, to provide copies of any documents or materials reasonably requested by Licensee in support of its defense of the Licensor Indemnitees.

4. TERM AND TERMINATION.

4.1 **Term.** The Term of this Agreement will commence on the Effective Date and shall continue for the time periods set forth in Schedules 2 through 4 and Schedule 5 unless sooner terminated in accordance with the terms of this Agreement.

4.2 **Termination for Breach.** Licensor and Licensee will be entitled to terminate this Agreement by written notice to the other party in the event the other party is in material breach of any of its obligations hereunder and shall fail to remedy any such default within one hundred twenty (120) days after notice thereof by the non-breaching party.

4.3 **Termination Upon Bankruptcy.** Either party may terminate this Agreement by written notice to the other in the event of: (a) the other party's making assignment for the benefit of its creditors or filing a voluntary petition under any bankruptcy or insolvency law, under the reorganization or arrangement provisions of the United States Bankruptcy Code, or under the provisions of any law of like import; or (b) the filing of an involuntary petition against the other party under any bankruptcy or insolvency law, under the reorganization or arrangement provisions of the United States Bankruptcy Code, or under any law of like import; or (c) the appointment of a trustee or receiver for the party or its property.

4.4 **Survival of Obligations; Return of Confidential Information.** Notwithstanding any expiration or termination of this Agreement, Sections 1.4, 3.1, 4.4, 5.1, 5.2, and 6.1 through 6.10 shall survive and continue to be enforceable as set forth herein. Upon any expiration or termination of this Agreement, Licensee shall promptly return to Licensor, or at Licensor's direction, destroy all confidential information and all copies thereof in Licensee's possession.

5. REPRESENTATIONS AND WARRANTIES.

5.1 Licensor represents and warrants to Licensee that Licensor's performance of its obligations under this Agreement is not in conflict with, and will not result in a breach of or constitute a default under, any other contract, instrument, rule of law or order of any court or governmental agency to which Licensor is a party or by which Licensor is bound.

5.2 Licensee represents and warrants to Licensor that Licensee's performance of its obligations under this Agreement are not in conflict with, and will not result in a breach of or constitute a default under, any other contract, instrument, rule of law or order of any court or governmental agency to which Licensee is a party or by which Licensee is bound.

6. MISCELLANEOUS.

6.1 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to its conflicts of law principles.

6.2 **Waive**r. The waiver by any party of a breach or a default of any provision of this Agreement by any other party shall not be construed as a waiver of any succeeding breach of the same or any other provision, nor shall any delay or omission on the part of a party to exercise or avail itself of any right, power or privilege that it has or may have hereunder operate as a waiver of any right, power or privilege by such party.

6.3 **Waiver of Jury Trial.** To the fullest extent permitted by applicable law each party hereby irrevocably waives all right of trial by jury in any action, proceeding, claim, or counterclaim arising out of or in connection with this Agreement or any matter arising hereunder.

6.4 **No Agency.** Nothing herein shall be deemed to constitute Licensor, on the one hand, or Licensee, on the other hand, as the agent or representative of the other, or as joint venturers or partners for any purpose. Neither Licensor, on the one hand, nor Licensee, on the other hand, shall be responsible for the acts or omissions of the other. No party will have authority to speak for, represent or obligate the other party in any way without prior written authority from such other party.

6.5 **Entire Agreement.** This Agreement and the Separation and Distribution Agreement together contain the full understanding of the parties with respect to the subject matter hereof and supersedes all prior understandings and writings relating thereto. No waiver, alteration or modification of any of the provisions hereof shall be binding unless made in writing and signed by the parties.

6.6 **Headings.** The headings contained in this Agreement are for convenience of reference only and shall not be considered in construing this Agreement.

6.7 **Notices.** All notices required or permitted hereunder will be in writing and will be deemed effectively given: (a) upon personal delivery to the party to be notified, (b) when sent by confirmed facsimile transmission if sent during normal business hours of the recipient; if not, then on the next business day, (c) five (5) days after having been sent by registered or certified mail, return receipt requested, postage prepaid, or (d) one (1) day after deposit with a nationally recognized overnight courier, specifying next day delivery, with written verification of receipt. All communications will be sent to the party to be notified at the address as set forth below or at such other address as such party may designate by written notice to the other parties hereto. Notices shall be provided to the addresses set forth below:

If to Licensor:

Arconic Inc.
201 Isabella Street
Pittsburgh, PA 15212
Attn.: General Counsel

If to Licensee:

Alcoa USA Corp.
201 Isabella Street
Pittsburgh, PA 15212
Attn.: General Counsel

6.8 **Severability.** In the event that any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable because it is invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected and the invalid provision shall be severed herefrom.

6.9 **Assignment.** This Agreement may not be assigned or otherwise transferred by Licensee in any manner without the prior written consent of Licensor in its sole discretion, including without limitation by operation of law, a change of control, merger, acquisition, or otherwise. Licensor may freely assign any or all of its rights or obligations under this Agreement. Subject to the foregoing, this Agreement will inure to the benefit of and will be binding on the parties hereto and their respective permitted assigns.

6.10 **Counterparts**; **Images Signatures.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of such together shall constitute one and the same instrument. Scanned PDF copies of signatures and facsimile copies of signatures may be deemed original signatures.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective authorized officers as of the Effective Date.

ALCOA USA CORP.

By /s/ John Kenna
Name: John Kenna
Title: Vice President - Tax

ALCOA INC.

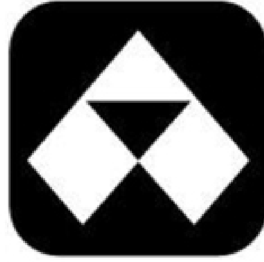
By /s/ Max Laun
Name: Max Laun
Title: Vice President & General Counsel

[Signature Page to Alcoa USA Corp. to Arconic Inc. Trademark License Agreement]

SCHEDULE 1:

LICENSED MARKS

ALCOA



SCHEDULE 2

SPECTROCHEMICAL STANDARDS PRODUCTS

The license granted to use the Licensed Marks in conjunction with the sale of inventory of Spectrochemical Standards Products existing as of the Effective Date and is exclusive, worldwide, and royalty-free and includes no right to sublicense.

The term of the license granted for Spectrochemical Standards Products is five (5) years from the Effective Date, subject to Licensee's right to one additional renewal term of five (5) years, exercisable upon written notice by Licensee.

For the avoidance of doubt, the license granted herein shall not include any right for Licensee to use any corporate name, fictitious name, or other corporate identifier that includes or comprises the Licensed Marks. Nothing herein shall be construed as prohibiting Licensee from making factually accurate statements concerning its contractual relationship with Licensor, provided that the wording of such statements shall be subject to Licensor's prior written approval, such approval not to be unreasonably withheld.

SCHEDULE 3

DOWNSTREAM PRODUCTS

"Downstream Products" shall mean all product types sold by the Parent Group in connection with the Parent Business (as those terms are defined in the Separation and Distribution Agreement) before the Effective Date.

The license granted to use and have used the Licensed Marks with respect to, and in conjunction with the manufacture, offer for sale, sale, importation, and exportation of, Downstream Products is exclusive, worldwide, and royalty-free and includes the right to sublicense to Licensee's subsidiaries and affiliates in order to protect against the use of the Licensed Marks by third parties, by Licensor, or by acquirers of Licensor or the Licensed Marks in competition with Licensee.

The term of the license granted for Downstream Products is twenty (20) years from the Effective Date.

Licensor will not itself use, nor permit or license others to use, the Licensed Marks or similar names or trademarks for products sold in competition with Licensee's Downstream Products, except in connection with MRC Products and Warrick Products as defined below.

The license granted herein shall not include any right for Licensee to use any corporate name, fictitious name, or other corporate identifier that includes or comprises the Licensed Marks. Nothing herein shall be construed as prohibiting Licensee from making factually accurate statements concerning its contractual relationship with Licensor, provided that the wording of such statements shall be subject to Licensor's prior written approval, such approval not to be unreasonably withheld.

"MRC Products" means can body stock, can end and tab stock, and hot-rolled strip for finishing into automotive sheet on adjacent Ma'aden and Licensor owned automotive assets.

"Warrick Products" means can body stock (narrow width), can end and tab stock, can bottle stock, food can stock, industrial sheet, lithographic sheet, and any other rolled aluminum products with the exceptions of (1) Automotive Sheet; and (2) hot strip for supply and further production into Automotive Sheet; and (3) brazing sheet; and (4) 5182 alloy Industrial/CT sheet products above .025 gauge; and (5) 1xxx, 3003 and 5052 alloys Industrial/CT sheet products above .050 gauge, with the exception off 1xxx, 3003 and 5052 alloys Industrial/CT sheet products in 0-temper, which has no restriction, or intermediate products intended to be used to produce these products.

SCHEDULE 4

WHEEL PRODUCTS

"Wheel Products" means wheels, hubs, related accessories, and fifth wheel products for commercial transportation.

The license to use and have used the Licensed Marks with respect to, and in conjunction with the manufacture, offer for sale, sale, importation, and exportation of, Wheel Products is an exclusive, worldwide, royalty-free right and license, including the right to sublicense, including without limitation to all wheels businesses as operated by subsidiaries of Alcoa Inc. as of the date of the Separation and Distribution Agreement.

The Term of the license for Wheel Products shall be twenty-five (25) years from the Effective Date, subject to Licensee's right to renew for subsequent terms of twenty-five (25) years each, with renewal being conditioned upon Licensee's wheels business making continued investment in the Alcoa brand in the amount of a minimum average percentage of one-half percent (½%) of Wheel Products business total revenue spent on marketing/sales related to the brand, for the five (5) years prior to each renewal. Marketing and sales expense includes all spending on advertising, trade shows, product displays, signage, customer event support, sales tools (e.g., wheel slice samples), sponsorships, memberships (e.g., American Trucking Associations, National Trailer Dealers Association), sales literature, apparel, promotional items (pens, flash-lights, key-chains, etc.) and sales/marketing labor and travel and entertainment costs. This includes spending on all traditional and social media, hard copy, electronic and virtual (e.g., websites). Licensor's third party auditor shall have Access Rights under Section 1.5 to confirm the calculation of marketing/sales spending related to the brand.

If Licensee ceases use of the Licensed Marks for Wheel Products, or if a business using the Licensed Marks for Wheel Products is sold to a third party detrimental to Licensor (such as a direct competitor of Licensor), the right to use the Licensed Marks for such divested business will terminate fifteen (15) years after cessation of use or sale of the business, unless an extension is mutually agreed between Licensor and Licensee or the acquiring party. Licensee will retain the license for the Licensed Marks for its non-divested businesses that continue to use the Licensed Marks.

If Licensee's business that makes fifth wheel products is not under joint control or ownership with the business that makes other Wheel Products, the license with respect to use of the Licensed Marks on fifth wheel products shall be extinguished, unless mutually agreed between Licensor and Licensee.

If Licensor abandons the Alcoa name or the Licensed Marks, the license will immediately become perpetual or ownership of the rights will immediately transfer to Licensee for use in connection with its Wheel Products.

The license granted with respect to Wheel Products shall include the right: (i) to advertise and sell Wheel Products on websites used by Alcoa Inc.'s wheels business as of the date of the Separation and Distribution Agreement, including without limitation via the domain names listed at the end of this Schedule 4; (ii) to continue using ALCOA WHEELS branding on Wheel Products consistent with past uses of the Licensed Marks by Licensor, including without limitation via the advertising and sale of existing inventory of Wheel Products without the need to affix new labeling to such existing inventory of Wheel Products.

The license granted herein shall not include any right for Licensee, nor any sublicensee, to use any corporate name, fictitious name, or other corporate identifier that includes or comprises the Licensed Marks. Nothing herein shall be construed as prohibiting Licensee from making factually accurate statements concerning its contractual relationship with Licensor, provided that the wording of such statements shall be subject to Licensor's prior written approval, such approval not to be unreasonably withheld.

List of Domain Names:

alcoaaccessories.com
alcoa-accessories.com
alcoaaccessories.com.au
alcoacamorim.com
alcoacamorims.com
alcoacamowheel.com
alcoacamowheels.com
alcoafleet.com
alcoafleet.eu
alcoaintire.com
alcoaintiremanagementsystem.com
alcoarims.com
alcoarodas.com
alcoarodas.com.br
alcoaspecialtywheels.com
alcoastrength.com
alcoawheel.com
alcoawheel.eu
alcoawheelaccessories.com
alcoawheelproducts.asia
alcoawheels.asia
alcoawheels.biz
alcoawheels.co.uk
alcoawheels.com
alcoawheels.dk

alcoawheels.es
alcoawheels.eu
alcoawheels.fi
alcoawheels.fr
alcoawheels.info
alcoawheels.it
alcoawheels.no
alcoawheels.org
alcoawheels.pl
alcoawheels.ru
alcoawheels.se
alcoawheelsandforgedproducts.eu
alcoawheelseurope.com
alcoawheelsik.asia
alcoawheelsplus.com
rodasalcoa.com.br
rodasdealuminio.com.br

SCHEDULE 5:

EXISTING TRADEMARK LICENSES

Licensor licenses Licensee rights under the Licensed Marks for the sole purposes of sublicensing any third party that is licensed to use the Licensed Marks business as of the date of the Separation and Distribution Agreement in connection with any Licensee related business. The term of this license will be one (1) year.

SCHEDULE 6:

USE OF LICENSED MARKS FOR CERTAIN TRANSITIONAL PURPOSES RELATING TO DISPOSITION OF EXISTING INVENTORY AND PACKAGING

Consistent with the terms of Section 8.2 of the Separation and Distribution Agreement, Licensor hereby grants to Licensee a non-exclusive, sublicenseable, worldwide and royalty-free license to use and have used the Licensed Marks during the Transition Period for the following purposes and limited time periods:

1. For six (6) months after the Effective Time for the continued manufacturing of current products and packaging bearing the Licensed Marks where such manufacturing creates the Licensed Marks using individual, continuous, and/or semi-continuous markings such as, for example, vibro peen, roller marking, inkjet, and other similar markings.

2. For the continued manufacturing of current products and packaging bearing the Licensed Marks where such manufacturing creates the Licensed Marks using steel and/or roll stamps (or other similar tooling) in use as of the Effective Time for the sooner to occur of: (a) one (1) year after the Effective Time; or (b) the ordering of new steel and/or roll stamps (or other similar tooling) or the refurbishing or working of steel and/or roll stamps (or other similar tooling) that were in use as of the Effective Time.

3. For the continued manufacturing of current products and packaging bearing the Licensed Marks where such manufacturing creates the Licensed Marks using raised or depressed characters created by a die or forming process in use as of the Effective Time for the sooner to occur of: (a) five (5) years after the Effective Time; or (b) the ordering of new dies or the refurbishing or working of dies that were in use as of the Effective Time.

4. For continued shipping of inventory of products bearing the Licensed Marks and in existence at the Effective Time and created during the time periods set forth in paragraphs 1-3 above, for the longer of three (3) years after: (a) the Effective Time; or (b) the manufacture of such products during the time periods set forth in paragraphs 1-3 above , provided, however, that Licensee agrees to ship such products bearing the Licensed Marks on a “first-in-first-out”(“FIFO”) basis.

5. For sales of products in packaging bearing Licensed Marks and in existence as of the Effective Time and created during the time periods set forth in paragraphs 1-3 above for the later of one (1) year after: (a) the Effective Time; or (b) the manufacture of such packaging created during the time periods set forth in paragraphs 1-3 above , provided, however, that Licensee agrees to ship such packaging bearing the Licensed Marks on a “first-in-first-out”(“FIFO”) basis. Thereafter, Licensee shall cause to be applied to any remaining packaging bearing Licensed Marks permanent labels covering the Licensed Marks and displaying other marks such as ARCONIC.

Exhibit 2.8

ARCONIC INC./ALCOA WARRICK LLC
TOLL PROCESSING AND SERVICES AGREEMENT
FOR CAN SHEET PRODUCTS

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ARCONIC INC./ALCOA WARRICK LLC
TOLL PROCESSING AND SERVICES AGREEMENT
FOR CAN SHEET PRODUCTS

THIS TOLL PROCESSING AND SERVICES AGREEMENT FOR CAN SHEET PRODUCTS (“Agreement”) is entered into as of this 31st day of October, 2016 (“Effective Date”) by and between **ARCONIC INC**., a Pennsylvania corporation, formerly known as Alcoa Inc. (“Arconic”) and **ALCOA WARRICK LLC**, a Delaware corporation (“Alcoa”). Arconic or Alcoa can be referred to as “Party” individually or “Parties” together.

RECITALS:

WHEREAS, Arconic owns and operates manufacturing facilities in Alcoa, Tennessee (“Tennessee Operations”) which are capable of producing can sheet coiled products; and

WHEREAS, Alcoa desires to purchase and Arconic desires to provide toll processing services to produce can sheet products in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE 1
DEFINITIONS AND SCHEDULES

Section 1.1 Definitions. When used in this Agreement, the capitalized terms shall have the meanings set forth on Schedule A.

Section 1.2 Schedules. Schedules A through J are attached hereto, made part hereof, and incorporated by reference herein.

ARTICLE 2
OBLIGATIONS OF THE PARTIES - TOLL PROCESSING SERVICES

Section 2.1 Obligations of the Parties - Toll Processing Services. Arconic agrees to provide, and Alcoa agrees to purchase, Toll Processing Services to produce Can Sheet Products, and Alcoa agrees to supply all Raw Materials, all in accordance with the terms of this Agreement.

Section 2.2 Slab Sales. In addition to the Toll Processing Services outlined herein, Arconic may sell to Alcoa and Alcoa may purchase from Arconic primary aluminum products in the form of slab manufactured at Arconic's Tennessee Operations. None of the terms and conditions set forth in this Agreement shall apply to such slab sales. All terms and conditions of sale for slab purchases, including pricing, payment and volume, shall be as set forth in the Master Agreement for the Supply of Primary Aluminum between the Parties of even date herewith, mutatis mutandis (as if Arconic were Alcoa and Alcoa were Arconic).

ARTICLE 3
TERM

Section 3.1 Term of Agreement. The term of this Agreement (the "Term") will commence on the Effective Date and continue through December 31, 2018, unless sooner terminated as agreed to by the Parties in writing or as provided in this Agreement (the "Term").

ARTICLE 4
QUANTITIES OF CAN SHEET PRODUCTS; ORDERS; LEAD TIMES

Section 4.1 Can Sheet Product Quantities. Each year during the Term, Arconic will Toll Process for Alcoa, and Alcoa will have Toll Processed by Arconic, in conformance with (i) the Specifications set forth in Schedule B attached hereto and otherwise as designated by Alcoa as provided herein, and (ii) the other provisions of this Agreement, the quantity of Can Sheet Products set forth on Schedule C ("Purchase Quantity"). Alcoa's obligation to take, and Arconic's obligation to supply, Can Sheet Products in the Purchase Quantity is subject to the Tolerance.

Section 4.2 Forecasting. Alcoa agrees to provide annual and monthly forecasts to Arconic as provided on Schedule D.

Section 4.3 Firm Releases and Lead Times. During the Term, Alcoa will issue specific and firm releases to Arconic for shipment requests and delivery of Can Sheet Products, specifying the quantities and Specifications of Can Sheet Products ordered, the destination (Alcoa Delivery Locations or Alcoa Facility) and the requested Shipment Dates, all in accordance with Schedule D.

Section 4.4 Shortfalls. If at any time during the Term of this Agreement either Party reasonably anticipates any Shortfalls, then regardless of cause that Party shall notify the other Party as soon as practicable and the Parties will work together reasonably and in good faith to minimize the impact of any such anticipated Shortfalls, as further provided in Schedule D.

Section 4.5 Inventory Record. During the Term and as agreed to by the Parties, Arconic will keep and maintain accurate records of all Raw Materials, WIP, Scrap and finished Can Sheet Products at Tennessee Operations and the Maryville Facility.

ARTICLE 5
TOLL PROCESSING FEES AND PAYMENT TERMS

Section 5.1 Toll Processing Fees. As compensation for Arconic's Toll Processing Services, Alcoa will pay to Arconic in USD the Toll Processing Fees in accordance with the payment terms and other provisions set forth on Schedule F ("Toll Processing Fees").

ARTICLE 6
RAW MATERIALS - DELIVERY, INSPECTION, WEIGHTS AND STORAGE

Section 6.1 Supply and Delivery of Raw Materials. Alcoa shall transport and deliver (or arrange to have transported and delivered), at Alcoa's sole cost and expense, all Raw Materials to Tennessee Operations and the Maryville Facility needed by Arconic to perform the Toll Processing Services requested by Alcoa hereunder in accordance with the forecasts referenced in Schedule H. All Raw Materials (including Prime, RSI, Class Scrap, UBC and Molten Metal) shall conform with the Raw Material Specifications for each permitted Raw Material and be from suppliers or sources approved for deliveries to Tennessee Operations.

Section 6.2 Process for Arconic receiving Raw Materials delivered by New Alcoa. Arconic will receive, weigh and test the Raw Materials in accordance with the Raw Materials Specifications and the receiving and test practices attached as Schedule G. Arconic will perform visual inspections and required testing of all Raw Materials received from Alcoa as provided on Schedule G.

Section 6.3 Storage and Commingling of Raw Materials. Arconic shall offer, for Alcoa's review and approval, storage space at Tennessee Operations in accordance with this Section 6.3 and Schedule H. This storage space shall be reasonably suitable for the safe, secure and proper storage of the Raw Materials and consistent with generally accepted industry practices for the storage of such materials ("Raw Material Store"). Arconic will also provide reasonable access and ingress and egress to Alcoa and its agents and contractors, and in connection therewith, Alcoa agrees on behalf of itself and its agents and contractors that any persons who enter Tennessee Operations or the Maryville Facility will comply with the facility's health and safety requirements and other applicable Arconic policies which are communicated by Arconic to such persons. Arconic shall keep all Raw Materials segregated from its other materials and readily identifiable as the property of Alcoa until the Raw Materials are removed from the Raw Material Store.

ARTICLE 7
MANUFACTURING PROCESS AND CAN SHEET PRODUCTS

Section 7.1 Product Specifications. Arconic shall produce Can Sheet Products meeting the Product Specifications. Changes to Product Specifications will be handled as provided on Schedule I.

Section 7.2 Product Quality. At all times during the Term, Arconic agrees to maintain and abide by the quality practices for Can Sheet Products in effect as of the Effective Date and included on Schedules B and I.

Section 7.3 Outbound Transportation of Can Sheet Products. Alcoa will source and pay for all outbound transportation of Can Sheet Products from Tennessee Operations to the designated Alcoa Delivery Location, including selection of carrier (rail or truck), contracts with the carriers, shipping paperwork, monitoring and status and transportation claims. Arconic will provide labor and the sufficient dock schedules to handle all scheduling and logistics for all daily volumes of Can Sheet Products to be shipped from Tennessee Operations to the designated Alcoa Delivery Location.

ARTICLE 8
TITLE; RISK OF LOSS; POSSESSION; INSURANCE

Section 8.1 Risk of Loss and Title.

(a) Title. The legal title to all Raw Materials, WIP, Scrap and Can Sheet Products shall at all times remain with Alcoa. Arconic shall execute such documents as may be reasonably requested by Alcoa confirming that Alcoa has legal title to, and subject to the provisions of this Agreement, the exclusive right to possession of, the Raw Materials, WIP, Scrap and Can Sheet Products.

(b) Risk of Loss. Risk of loss or damage of Raw Materials shall remain with Alcoa until such time as Arconic begins to move the particular unit of Raw Materials for processing or such Raw Materials are received by Arconic into Arconic's production system, whichever occurs first, at which time risk of loss or damage shall shift to Arconic. Thereafter, Arconic will have the risk of loss, and be responsible, for the custody, care, and control of Raw Materials delivered to it for Toll Processing until the finished coils of Can Sheet Products are loaded by Arconic for shipment to the Alcoa Delivery Locations.

Section 8.2 Insurance.

(a) Property Insurance. At all times during the term of this Agreement, Arconic shall carry property and casualty insurance, and Arconic shall cause endorsements to be made to its insurance policies to provide such rights to Alcoa. This insurance will be in an amount sufficient to repair or replace Arconic's production capabilities used to perform Toll Processing Services in the event of loss or damage resulting from an insurable event.

(b) Liability Insurance. At all times during the term of this Agreement, Arconic shall carry occurrence-based Comprehensive General Liability insurance, including products liability and contractual liability insurance, in the amounts commensurate with its business and risks associated therewith, for bodily injury and property damage.

(c) Written Certification. Upon Alcoa's request, Arconic will timely provide written certification, reasonably acceptable to Alcoa, certifying the material terms of its policies of insurance.

ARTICLE 9
WARRANTY AND LIABILITY

Section 9.1 Warranties, Liabilities and Indemnification. The warranties, liabilities and indemnification of the Parties are as provided on Schedule J.

ARTICLE 10
TERMINATION

Section 10.1 Termination. Notwithstanding the provisions of Section 3.1 above, this Agreement may be terminated, in whole or in part, in accordance with Schedule J.

ARTICLE 11
INTELLECTUAL PROPERTY; USE OF TRADEMARKS

Section 11.1 Trademark and Copyright Intellectual Property License. Subject to the terms and conditions of this Agreement, Alcoa: (a) represents and warrants that it is either the owner of, or a licensee with a sublicenseable license to, the Alcoa Trademark; (b) has the ability to grant licenses to the Alcoa Trademark; and (c) grants to Arconic a non-exclusive and non-transferable, royalty-free license to use the Alcoa Trademark solely for the purpose of marking finished Can Sheet Products with the “Alcoa” Trademark prior to shipment to Alcoa Customers.

Section 11.2 Arconic’s Use of Product Specifications and Related Intellectual Property. For the sole purpose of Arconic being able to perform its obligations under this Agreement, Alcoa grants Arconic the right to use the Product Specifications and any related intellectual property required to supply Can Sheet Products to Alcoa for the Term of the Agreement.

Section 11.3 No License. Except as expressly provided for under the terms of this Agreement, the Separation and Distribution Agreement or the Intellectual Property Agreement, Arconic acknowledges that it shall acquire no other right, title or interest (including any license rights or rights of use) in any intellectual property which is owned or licensed by Alcoa, by reason of this Agreement.

ARTICLE 12
PROPRIETARY INFORMATION; CONFIDENTIALITY

Section 12.1 Obligations of Confidentiality. Any and all Proprietary Information disclosed by either Party to the other pursuant to the terms of this Agreement, will:

(a) at all times remain the property of the disclosing Party; and

(b) be retained in confidence by the receiving Party, revealed only on a confidential basis to its employees who have a need to know, and not disclosed to any other party without the disclosing Party's prior approval unless otherwise agreed herein; and

(c) be used by the receiving Party only for the purpose of performing its obligations under this Agreement; and

(d) to the extent contained in documented form, be maintained in secure files while in the receiving Party's possession and, unless otherwise agreed to herein, be returned to the disclosing Party or destroyed by the receiving Party at any time so requested by the disclosing Party.

Section 12.2 Level of Care. Each Party commits to use all reasonable efforts to ensure that both it and its employees comply with the obligations of Section 12.1, but under no circumstances less care than each Party uses with respect to its own Proprietary Information.

ARTICLE 13
MISCELLANEOUS

Section 13.1 Notices. All notices required or permitted to be given under or pursuant to this Agreement shall be in writing and shall be deemed to have been properly delivered when sent by registered or certified mail, postage prepaid, or by facsimile, addressed to the Party to whom it was sent at the address of such Party set forth below or at such other address as the Party shall subsequently designate to the other in writing by notice given in accordance with this Section 13.1:

If to Arconic:

Arconic Inc.
4879 State Street
Bettendorf, Iowa 52722
Attention: President, Aerospace and Automotive Products
Facsimile: 1-563-459-3097

With a copy to:
Arconic Inc., Legal Department
201 Isabella Street
Pittsburgh, Pennsylvania 15212
Attn: Coralyn M. Benhart
Facsimile: 1-412-553-4064

If to Alcoa:

Alcoa Warrick LLC
P.O. Box 10 Highway 66
Newburgh, Indiana 47629
Attn: President, Alcoa Rolled Products
Facsimile: 1-812-853-4048

With a copy to:
Alcoa Corporation, Legal Department
201 Isabella Street
Pittsburgh, Pennsylvania 15212
Attn: Claire E. Miller
Facsimile: 1-412-553-4064

Section 13.2 Force Majeure. If the performance of this Agreement by either Party is delayed, curtailed, interrupted or prevented due to an event of Force Majeure, said Party shall be excused from performance under this Agreement (other than the payment of monies owing or becoming due hereunder) for as long as such circumstances shall continue to cause such delays, curtailment, interruption or prevention of performance, whether for one or more of the above causes, and thereafter such performance shall be resumed as soon as practicable after such event or events are remedied, and as further provided in Schedule J. The Party invoking this remedy shall give written notice to the other Party within ten days after the occurrence of an event of Force Majeure, stating, insofar as known, the impact of the Force Majeure event on its facilities and on its ability to perform hereunder. The Party giving such notice shall exercise due diligence to eliminate or remedy the event of Force Majeure and shall notify the other Party when the disability is remedied or removed.

Section 13.3 Further Assurances. Subject to the terms of this Agreement, each Party shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 13.4 Integration. The Agreement (including references herein to other agreements) and the Schedules hereto constitute the entire agreement and understanding of the Parties with respect to the subject matter hereof. This Agreement may not be released, discharged, abandoned, changed, modified, amended or altered in any manner except by an instrument in writing signed by a duly authorized officer or agent of each of the Parties hereto.

Section 13.5 Independent Contractor. In the performance of Toll Processing Services under this Agreement, Arconic shall be an independent contractor, acting in its own name and on its own behalf. This Agreement does not create the relationship of agent, employer or employee, partnership or a joint venture as between the Parties. Each Party is solely responsible for its personnel, and will hold the other Party harmless from any liability arising in connection therewith. Payment of salaries, indemnities, occupational hazards, or any other obligation or benefit based on the local labour laws or the local social or welfare laws with respect to the employees of a Party, are for the sole account of such Party, and no other Party may be considered for any reason whatsoever as a direct or substitute employer.

Section 13.6 Waivers. The failure of either Party to enforce at any time any or all of the provisions of this Agreement or to exercise any right which is herein provided shall in no way be construed to be a waiver of such provision or provisions nor in any way to affect the validity of this Agreement or any part hereof or the right of either Party to enforce thereafter each and every such provision and to exercise each and every such right. No waiver of any breach of this

Agreement shall be held to be a waiver of any other or subsequent breach. Nothing shall constitute, or have the effect of, a waiver except an instrument in writing signed by a duly authorized officer or agent of the Party against whom such waiver is sought to be enforced and which expressly, and not impliedly, waives a right or rights hereunder.

Section 13.7 Counterparts. This Agreement may be signed in counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument.

Section 13.8 Headings. The section headings contained in this Agreement are for convenience of reference only and will not affect in any way the meaning or interpretation of this Agreement.

Section 13.9 Successors and Assigns and Assignment. Except as otherwise expressly provided herein, this Agreement shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns. Neither this Agreement, nor the rights and obligations of the Parties herein contained may be assigned without the prior written consent of the non-assigning Party. This Agreement will be binding on the successors and permitted assigns of the Parties.

Section 13.10 Amendments. This Agreement may be amended or modified only by an instrument in writing duly executed by an authorized signatory of each of the Parties hereto.

Section 13.11 Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction and which is not material to implementing the intentions of the Parties will, as to such jurisdiction, be ineffective only to the extent of such prohibition or unenforceability, without invalidating the remaining provisions or affecting the validity or enforceability of any provision in any other jurisdiction.

Section 13.12 Compliance with Applicable Laws. The Parties agree to comply, in all material respects, with all laws and regulations applicable to the performance of this Agreement, including without limitation laws related to health and safety matters.

Section 13.13 Governing Law. This Agreement will be governed and construed in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law thereof.

Section 13.14 Dispute Resolution**.** In the event of any controversy, dispute or claim (a "Dispute") arising out of or relating to any Party's rights or obligations under this Agreement (whether arising in contract, tort or otherwise), calculation of the Toll Processing Fees or otherwise arising out of or relating in any way to this Agreement (including the interpretation or validity of this Agreement), the Parties will negotiate in good faith for a reasonable period of time (not less than thirty (30) days) to resolve the Dispute. If the Parties are unable to resolve the Dispute, then such Dispute will be handled in accordance with the procedures in Schedule J.

[Signature page to follow]

[Signature Page for Arconic Inc./Alcoa Warrick Llc
Toll Processing And Services Agreement For Can Sheet Products]

IN WITNESS WHEREOF, the Parties have caused this Toll Processing and Services Agreement to be executed by their duly authorized representatives as of the date and year first above written.

ALCOA INC.

By: /s/ Max Laun

Title: Vice President & General Counsel

ALCOA WARRICK LLC

By: /s/ Edmund M. Hemmersbach

Title: Vice President, Alcoa Warrick LLC

Exhibit 2.9

EXECUTION VERSION

PROJECT ELEVATION – PRIMARY ALUMINUM LTA

MASTER AGREEMENT FOR THE SUPPLY OF PRIMARY ALUMINUM

This **MASTER AGREEMENT FOR THE SUPPLY OF PRIMARY ALUMINUM** ("Agreement"), dated October 31, 2016, is made by and between Alcoa Upstream Corporation, a Delaware corporation, and its Affiliates ("Seller") and Alcoa Inc., a Pennsylvania corporation and its Affiliates ("Buyer").

WHEREAS, Seller wishes to sell primary aluminum products to Buyer and Buyer wishes to purchase such products from Seller; and

WHEREAS, the parties wish that the terms of this Agreement be utilized by Seller Affiliates (as defined below) and Buyer Affiliates if such Affiliates choose to participate in this Agreement by executing one or more Statements of Work (as defined below) which reference this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, Buyer and Seller, intending to be legally bound, agree as follows:

1. AGREEMENT. Seller agrees to sell and Buyer agrees to purchase Products (as defined below) pursuant to the terms set forth in this Agreement.

2. TERM. This Agreement shall commence on October 31, 2016 and terminate on the December 31, 2019. Notwithstanding the foregoing, the duration of any commitment of the Seller to sell Products or of the Buyer to purchase Products shall be specifically set forth in one or more Statements of Work (as defined below) and no commitment of any duration is deemed to be created by virtue of this Agreement alone.

3. STATEMENTS OF WORK. Seller and Buyer have negotiated this Agreement pursuant to which Buyer and Buyer Affiliates may purchase Products from Seller and Seller Affiliates pursuant to one or more statements of work referencing this Agreement, in the form of **Exhibit A** attached hereto, to be entered into between them setting forth the specific aluminum products to be purchased and sold (the "Products"), quantity, price and other commercial terms of their agreement (each a "Statement of Work" or "SOW"). For purposes of clarity, any commitment of the Seller to sell Products or of the Buyer to purchase Products shall be contained in one or more SOWs entered into between them and no such commitment is deemed to be created by virtue of this Agreement alone.

4. PARTIES. Buyer and Buyer Affiliates may purchase Products from Seller and Seller Affiliates in the United States and any other countries where such parties may wish to transact business. The term "Affiliates" is defined as those subsidiaries or affiliates of Buyer or Seller that enter into this Agreement by executing one or more SOWs which reference this Agreement. Each executed SOW will apply solely to the performance of this Agreement by the entities that execute the relevant SOW. The terms of this Agreement and the applicable SOW will apply between Seller (or the applicable Seller Affiliate which executes the SOW) and Buyer (or the applicable Buyer Affiliate which executes the SOW) and in the case of Affiliates, all references to "Seller" or "Buyer" contained this Agreement shall be deemed to refer to the Seller Affiliate or Buyer Affiliate that has executed such SOW.

5. TERMS AND CONDITIONS. The terms and conditions governing each sale of Products in North America pursuant to this Agreement are set forth in **Exhibit B**. The terms and conditions governing each sale of Products in Europe pursuant to this Agreement are set forth in **Exhibit C**, Except as such terms and conditions may be expressly modified by an SOW (for application to such SOW only), the terms and conditions set forth in **Exhibit B** shall be deemed to apply to each SOW for the sale of Products in North America and the terms and conditions set forth in **Exhibit C** shall be deemed to apply to each SOW for the sale of Products in Europe.

6. INCORPORATION BY REFERENCE. Exhibit A, Exhibit B, and Exhibit C are attached hereto, made part hereof, and incorporated by reference herein. Furthermore, each executed SOW is deemed a part hereof and is incorporated by reference herein.

7. ENTIRE AGREEMENT. This Agreement, together with the exhibits hereto and each executed SOW, sets forth the entire agreement between Buyer and Seller with respect to the subject matter hereof and supersedes and overrides all prior negotiations, commitments and writings, including but not limited to terms and conditions contained in any documents provided by Seller or Buyer in connection with its obligations hereunder. Seller and Buyer acknowledge that purchase orders, sales acknowledgment forms and other standard documents may be utilized by the parties for purposes of convenience in the administration of this Agreement, however any terms and conditions contained therein are for informational purposes only and shall not vary the terms of this Agreement.

8. PRECEDENCE OF DOCUMENTS. In the event of any conflict between the documents comprising this Agreement, the order of precedence will be as follows:

A. This Agreement

B. The applicable SOW

C. The applicable Terms and Conditions

9. NOTICES. All notices required or permitted to be given pursuant to this Agreement, an SOW or any of the exhibits hereto shall be in writing and shall be valid and sufficient if dispatched by a) registered or certified mail, postage prepaid, in any post office in the United States; b) hand delivery; or c) overnight courier.

If to BUYER:

Arconic Inc.
201 Isabella St.
Pittsburgh, PA 15212
Attn: Chief Legal Officer

If to SELLER:

Alcoa Upstream Corporation
201 Isabella St.
Pittsburgh, PA 15212
Attn: Chief Legal Officer

Each party may change its address or other notice information in any respect, by giving written notice to the other party.

10. COUNTERPARTS. This Agreement may be executed in any number of counterparts, which together shall constitute one and the same document.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

SELLER		BUYER	
Alcoa Upstream Corporation		Alcoa Inc.	
By:	/s/ Jeffrey D. Heeter	By:	/s/ Max Laun
Name:	Jeffrey D. Heeter	Name:	Max Laun
Title:	Secretary	Title:	Vice President and General Counsel
Date:	10/31/2016	Date:	10-31-2016

[Signature Page for Master Agreement for the Supply of Primary Aluminum]

EXHIBIT A

FORM OF SOW

STATEMENT OF WORK

MASTER AGREEMENT FOR THE SUPPLY OF PRIMARY ALUMINUM

This SOW is made as of , 2016 by and between , a corporation with an office at (for purposes of this SOW, "Seller") and , a corporation with an office at (for purposes of this SOW, "Buyer"), pursuant to the terms of the Master Agreement for Supply of Primary Aluminum ("Master Agreement") dated October 31, 2016 by and between Alcoa Upstream Corporation and Alcoa Inc. Except to the extent expressly provided otherwise in this SOW, all the terms of the Master Agreement are incorporated by reference into this SOW. Any capitalized terms used but not defined in this SOW shall have the meaning ascribed to such terms in the Master Agreement.

AGREEMENT:	Pursuant to the terms set forth herein and in the Master Agreement and intending to be legally bound, Seller agrees to sell and Buyer agrees to purchase Products (as defined below).
PRODUCTS:	Primary aluminum, in grades and in the forms listed below (the "Products") [which meet the specifications set forth at Attachment 1 attached hereto]: ________________________________
QUANTITY:	Monthly quantity is metric tonnes (mt). Any additional volumes shall be subject to mutual agreement as to quantity and price.
DELIVERY PERIOD:	[November 1, 2016 –].
DECLARATIONS:	The monthly delivery volumes set forth above shall be fixed for each month during the contract delivery period, subject to any volume variances agreed in advance by Seller. Notwithstanding the foregoing, monthly delivery volumes shall be declared by Buyer to Seller in writing not later than the last working day of the month which is two months prior to the month of contractual delivery. For example, March 2018 delivery volumes must be declared not later than the last working day of January 2018.
PRICING:	The price for the Products shall be [the Platts Metals Week Midwest Transaction Price (MWTP) average for the month prior to the contractual month of delivery, plus].
PAYMENT TERMS:	Net [ ] days from the invoice date. The invoice date shall be the date upon which the relevant Products leave the Seller source facility and not the date of delivery to Buyer.
DELIVERY TERM:	Deliveries shall be made [INSERT INCOTERM] at (Incoterms 2010).

STATEMENT OF WORK – SPOT PURCHASE

MASTER AGREEMENT FOR THE SUPPLY OF PRIMARY ALUMINUM

This SOW is made as of , 2016 by and between , a corporation with an office at (for purposes of this SOW, “Seller”) and , a corporation with an office at (for purposes of this SOW, “Buyer”), pursuant to the terms of the Master Agreement for Supply of Primary Aluminum (“Master Agreement”) dated October 31, 2016 by and between Alcoa Upstream Corporation and Arconic Inc. Except to the extent expressly provided otherwise in this SOW, all the terms of the Master Agreement are incorporated by reference into this SOW. Any capitalized terms used but not defined in this SOW shall have the meaning ascribed to such terms in the Master Agreement.

AGREEMENT:	Pursuant to the terms set forth herein and in the Master Agreement and intending to be legally bound, Seller agrees to sell and Buyer agrees to purchase Products (as defined below).
PRODUCTS:	Primary aluminum, in grades and in the forms listed below (the “Products”) [which meet the specifications set forth at Attachment 1 attached hereto]:
QUANTITY:	Monthly quantity is metric tonnes (mt). Any additional volumes shall be subject to mutual agreement as to quantity and price.
DELIVERY PERIOD:	[November 1, 2016 –].
PRICING:	The price for the Products shall be [the Platts Metals Week Midwest Transaction Price (MWTP) average for the month prior to the contractual month of delivery, plus].
PAYMENT TERMS:	Net [ ] days from the invoice date. The invoice date shall be the date upon which the relevant Products leave the Seller source facility and not the date of delivery to Buyer.
DELIVERY TERM:	Deliveries shall be made [INSERT INCOTERM] at (Incoterms 2010).

EXHIBIT B

NORTH AMERICA

TERMS AND CONDITIONS OF SALE

1. **SHIPMENTS**: Seller shall use reasonable efforts to meet Buyer's requested shipping dates, but time shall not be of the essence for purposes of Seller's deliveries under this Agreement. The quantity tolerance applicable to each shipment made by Seller hereunder shall be +/- 3%. Seller may make partial shipments and may invoice for each such partial shipment separately. Should Buyer dispute Seller's shipping weight for any shipment, Buyer will promptly notify Seller in writing of the reasons for such dispute and provide to Seller all necessary documents to substantiate the difference and Buyer and Seller shall then promptly enter into good faith discussions to resolve such dispute in a timely manner.

2. **PAYMENT TERMS**: Payment must be received by Seller in full via electronic funds transfer (ACH or wire transfer), without set-off or other deduction, in accordance with the payment terms specified on the applicable SOW. If the payment due date falls on a day which is a Saturday, Sunday or legal holiday in Pittsburgh, Pennsylvania, then payment shall be due on the last business day immediately prior to such Saturday, Sunday or legal holiday. All pricing and payments hereunder shall be in USD and shall be made to the Seller bank account specified in the relevant invoice.

If reasonable grounds for insecurity arise with respect to due payment from Buyer or with respect to Buyer's financial condition generally, Seller may demand different terms of payment from those specified above, and may demand additional assurance of Buyer's due payment. If within the period stated in such demand, Buyer fails or refuses to agree to such different terms of payment or fails or refuses to give adequate assurance of due payment, Seller may, at its option, treat such failure or refusal as a repudiation of the portion of this Agreement which has not been fully performed or may resume production and may make shipment under reservation of possession or of a security interest and may demand payment against tender of documents of title.

3. **WARRANTY**: At the time of delivery to Buyer, Seller warrants (A) that the Products delivered pursuant to this Agreement shall conform to any mutually agreed specifications for such Products as set forth in the applicable SOW, (B) that Products described by recognized Aluminum Association designation will comply with ingot standards promulgated by the Aluminum Association and (C) that Seller will convey good title thereto. All warranty claims must be made in writing by Buyer to Seller within ninety (90) days following shipment of the Products to which such warranty claim relates. SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED (INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), EXCEPT SUCH AS IS EXPRESSLY SET FORTH HEREIN.

4. **LIMITATION OF LIABILITY**: Seller's liability and Buyer's exclusive remedy for any tender of nonconforming or defective Products or breach of warranty, is expressly limited to Seller's choice of (A) the replacement of nonconforming or defective Products with conforming Products at the delivery point, or (B) the repayment of that portion of the purchase price represented by nonconforming or defective Products. Such replacement or refund will be made upon return of the nonconforming or defective Products, which may be returned at Seller's cost only after inspection by Seller and receipt by Buyer of shipping instructions from Seller. Seller will not be liable for any incidental, consequential, indirect special, contingent, or punitive damages related to this Agreement, whether for (i) any breach of contract or warranty, whether based on theories of breach of warranty, breach of contract, tort, strict liability or otherwise; (ii) the tender of defective or nonconforming Products; or (iii) breach of any other provision of this Agreement; or (iv) any claim of any kind arising out of or relating to this Agreement or Seller's performance therewith. In any event, Seller's liability to Buyer will not exceed the purchase price for the Product on which such liability is based.

5. **FORCE MAJEURE**: Neither party shall be liable for any delay in performing or failure to perform its obligations (except for delay or failure to pay money when due) due to events of Force Majeure (as defined below). Failure to deliver or to accept delivery in whole or in part because of the occurrence of an event of Force Majeure shall not constitute a default hereunder or subject either party to liability for any resulting loss or damage. Both parties agree to use their respective reasonable efforts to cure any event of Force Majeure to the extent that it is reasonably possible to do so, it being understood that neither party shall be required to make any concession or grant any demand or request in order to bring to an end any strike, lockout or other industrial disturbance where such course is deemed inadvisable in its sole discretion. Upon the occurrence of an event of Force Majeure, the party affected by the event of Force Majeure shall promptly notify the other party hereto of such events and shall specify in reasonable detail the facts constituting such events of Force Majeure. "Force Majeure" means accidents to or breakdown or mechanical failure of machinery or equipment, however caused; strikes or other labor troubles; inability to obtain labor, transportation, raw materials, or energy, or failure of usual means of supply; fire; flood; war, declared or undeclared; insurrection; riots, acts of God or the public enemy; river conditions; and priorities, allocations, or limitations or other acts; required or requested by government or any subdivisions, bureaus or agencies thereof, or any other cause whatsoever whether or not of any nature of character mentioned above which is beyond the reasonable control of the affected party and which affects the performance by the affected party of the whole or part of its obligations under this agreement.

6. **TERMINATION**: Either party may terminate this Agreement by giving written notice to the other party if any of the following events occurs:

(i) the other party commits a material breach of this Agreement which has not been remedied within 30 days (10 days in the case of non-payment of monies due) of the receipt by such party of a notice specifying the breach and requiring its remedy; or

(ii) the other party ceases or suspends payment of, or is unable to pay, its debts as they come due, or any arrangement, compromise or composition in satisfaction of debts is proposed or entered into with respect to the other party, including but not limited to: (a) a winding-up order or bankruptcy order is made against such party, (b) such party passes a resolution or makes a determination for it to be wound up, (c) such party has appointed to it an administrator or an administrative receiver, or (d) an incumbrancer takes possession, or a receiver, manager or administrative receiver is appointed, of the whole or any part of such party's assets.

Upon termination of this Agreement for any reason, it is understood that any of the provisions of this Agreement that are expressed to take effect in whole or in part on or after termination, or are capable of having effect after termination, shall remain in full force and effect despite termination.

7. **INSPECTION**: Inspection, acceptance or rightful rejection of Products shall be made promptly by Buyer within ten (10) days after Buyer's receipt of Products. Buyer shall promptly notify Seller in writing if Buyer believes that any Products delivered hereunder are properly rejectable and hold such Products pending Seller's inspection.

8. **TAXES**: The prices do not include state or federal excise, sales or use, VAT or other taxes (if any) now in effect or hereafter levied by reason of this transaction. Any such taxes shall be for the Buyer's account.

9. **TITLE/RISK OF LOSS**: Risk of loss or damage to Products shall pass from Seller to Buyer at the time of delivery in accordance with the delivery term specified in the applicable SOW, and title transfer shall occur at the same time as risk of loss.

10. **PATENTS**: Seller agrees to indemnify Buyer against all court assessed damages (excluding consequential damages) and costs resulting from infringement of any United States

Letters Patent covering (A) standard commercial compositions offered for sale generally by Seller during the term of this Agreement; or (B) standard commercial forms, shapes or constructions offered for sale generally by Seller during the term of this Agreement, to the extent that such compositions, forms, shapes or constructions are supplied hereunder. Buyer agrees, for the Products delivered under this Agreement, to indemnify Seller against all court assessed damages (excluding consequential damages) and costs resulting from infringement of any United States Letters Patent to the extent that such infringement arises from designs, specifications or instructions furnished or required by Buyer and different from the matters embraced by (A) and (B) of the preceding sentence. Neither party shall be entitled to indemnification under this clause as to any claim of infringement concerning which it does not give the other party prompt notice in writing upon learning thereof and full opportunity, at the expense of such other party, to defend and dispose of such claim.

11. **INTERPRETATION**: This Agreement may not be waived, modified or supplemented in any manner whatsoever (including a course of dealing or of performance or usage of trade) except by a written document signed by the parties' authorized representatives. No single or multiple failure or delay in exercising any right or remedy under this Agreement will waive that party's subsequent right to require strict performance.

12. **SUCCESSORS/ASSIGNS**: The provisions of this Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns. Neither party may sell, assign, transfer, convey or delegate any of its rights or obligations under this Agreement without the prior written consent of the other.

13. **DRAFTING**: No provision of this Agreement shall be interpreted in favor of, or against, any of the parties to this Agreement by reason of the extent to which that party or its counsel participated in the drafting thereof.

14. **GOVERNING LAW**: This Agreement shall be construed in accordance with and governed by the internal substantive law of the State of New York regardless of the laws that might otherwise govern under principles of conflict of laws applicable thereto. The United Nations Convention on Contracts for the International Sale of Goods will not apply.

15. **SEVERABILITY**: If any provision of this Agreement is determined by a governmental entity to be invalid, void or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect and will in no way be affected, impaired or invalidated.

16. **MISCELLANEOUS**: Notwithstanding anything to the contrary contained in this Agreement, nothing in this Agreement is intended to confer on any person other than the parties to this Agreement or their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Buyer and Seller shall comply with all applicable laws in the performance of this Agreement, including national and international export and control regulations. Further, Buyer shall comply with all laws and regulations applicable to the use, sale, distribution, transfer, export, or re-export, directly or indirectly, of any Product, including the laws of the United States ("U.S.") and any other country in which Buyer or Seller undertakes any of the foregoing. Buyer will not transfer, export, or re-export, directly or indirectly, any Product to U.S. embargoed countries, or any nationals thereof, or to any other country subject to restriction under applicable laws and regulations, (including but not limited to those indicated by the U.S. Treasury Department and Buyer hereby warrants that it is not located in, under the control of, or a national or resident of any such country). Buyer will not transfer, export, or re-export, directly or indirectly any Product to any party listed by any applicable government or law as prohibited from receiving such products, and Buyer hereby represents that it is not on, or under control of any person or entity which is on any such list.

All Products supplied by Seller to Buyer that contain conflict minerals as defined by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Act) and U.S. Securities and Exchange Commission regulations implementing the Act will only come from sources that are not known by Seller, after due inquiry, to directly or indirectly finance or benefit armed groups or conflict, including in the Democratic Republic of the Congo or any adjoining country.

Unless otherwise agreed in writing, neither party will disclose the pricing or other terms of this Agreement to any third party (other than its subsidiaries or affiliates or as required by law or regulatory or judicial process).

If any index used to determine the price of products under this Agreement ceases to be available, the parties agree to promptly negotiate on a good faith basis a mutually satisfactory alternate price or reference.

EXHIBIT C

EUROPE

TERMS AND CONDITIONS OF SALE

1. **SHIPMENTS**: Seller shall use reasonable efforts to meet Buyer's requested shipping dates, but time shall not be of the essence for purposes of Seller's deliveries under this Agreement. The quantity tolerance applicable to each shipment made by Seller hereunder shall be +/- 3%. Seller may make partial shipments and may invoice for each such partial shipment separately. Absent manifest error, Seller's shipping weights will govern. Should Buyer dispute Seller's shipping weight for any shipment, Buyer will promptly notify Seller in writing of the reasons for such dispute and provide to Seller all necessary documents to substantiate the difference and Buyer and Seller shall then promptly enter into good faith discussions to resolve such dispute in a timely manner.

2. **PAYMENT TERMS**: Payment must be received by Seller in full via electronic funds transfer (ACH or wire transfer), without set-off or other deduction, in accordance with the payment terms specified on the applicable SOW. If the payment due date falls on a day which is a Saturday, Sunday or legal holiday in Madrid, Spain, then payment shall be due on the last business day immediately prior to such Saturday, Sunday or legal holiday. All pricing and payments hereunder shall be in Euros and shall be made to the Seller bank account specified in the relevant invoice.

If reasonable grounds for insecurity arise with respect to due payment from Buyer or with respect to Buyer's financial condition generally, Seller may demand different terms of payment from those specified above, and may demand additional assurance of Buyer's due payment. If within the period stated in such demand, Buyer fails or refuses to agree to such different terms of payment or fails or refuses to give adequate assurance of due payment, Seller may, at its option, treat such failure or refusal as a repudiation of the portion of this Agreement which has not been fully performed or may resume production and may make shipment under reservation of possession or of a security interest and may demand payment against tender of documents of title.

3. **WARRANTY**: At the time of delivery to Buyer, Seller warrants (A) that the Products delivered pursuant to this Agreement shall conform to any mutually agreed specifications for such Products as set forth in the applicable SOW, (B) that Products described by recognized Aluminum Association designation will comply with ingot standards promulgated by the Aluminum Association and (C) that Seller will convey good title thereto. All warranty claims must be made in writing by Buyer to Seller within ninety (90) days following shipment of the Products to which such

warranty claim relates. SELLER MAKES NO WARRANTY, EXPRESS OR IMPLIED (INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE), EXCEPT SUCH AS IS EXPRESSLY SET FORTH HEREIN.

4. **LIMITATION OF LIABILITY**: Seller's liability and Buyer's exclusive remedy for any tender of nonconforming or defective Products or breach of warranty, is expressly limited to Seller's choice of (A) the replacement of nonconforming or defective Products with conforming Products at the delivery point, or (B) the repayment of that portion of the purchase price represented by nonconforming or defective Products. Such replacement or refund will be made upon return of the nonconforming or defective Products, which may be returned at Seller's cost only after inspection by Seller and receipt by Buyer of shipping instructions from Seller. Seller will not be liable for any incidental, consequential, indirect special, contingent, or punitive damages related to this Agreement, whether for (i) any breach of contract or warranty, whether based on theories of breach of warranty, breach of contract, tort, strict liability or otherwise; (ii) the tender of defective or nonconforming Products; or (iii) breach of any other provision of this Agreement; or (iv) any claim of any kind arising out of or relating to this Agreement or Seller's performance therewith. In any event, Seller's liability to Buyer will not exceed the purchase price for the Product on which such liability is based.

5. **FORCE MAJEURE**: Neither party shall be liable for any delay in performing or failure to perform its obligations (except for delay or failure to pay money when due) due to events of Force Majeure (as defined below). Failure to deliver or to accept delivery in whole or in part because of the occurrence of an event of Force Majeure shall not constitute a default hereunder or subject either party to liability for any resulting loss or damage. Both parties agree to use their respective reasonable efforts to cure any event of Force Majeure to the extent that it is reasonably possible to do so, it being understood that neither party shall be required to make any concession or grant any demand or request in order to bring to an end any strike, lockout or other industrial disturbance where such course is deemed inadvisable in its sole discretion. Upon the occurrence of an event of Force Majeure, the party affected by the event of Force Majeure shall promptly notify the other party hereto of such events and shall specify in reasonable detail the facts constituting such events of Force Majeure. "Force Majeure" includes, but is not limited to, weather conditions, labor disputes, strike, lockout, accident, fire, Acts of God, or the Sovereign's enemies, epidemics, blockade, civil commotion, riots, crime, or any other unforeseeable event or if foreseeable, unavoidable (whether of a similar or dissimilar nature), rendering either of the parties unable to comply with the terms of this Agreement.

6. **TERMINATION**: Either party may terminate this Agreement by giving written notice to the other party if any of the following events occurs:

(i) the other party commits a material breach of this Agreement which has not been remedied within 30 days (10 days in the case of non-payment of monies due) of the receipt by such party of a notice specifying the breach and requiring its remedy; or

(ii) the other party files a bankruptcy or insolvency procedure without giving at least 15 days advance written notice of such filing to the non-affected Party, or knowing that a bankruptcy or insolvency procedure against the other party is being filed by a third-party, such other party does not give written notice to the non-affected party of such filing within three days maximum of this occurrence; or

(iii) the other party is in liquidation or a windup situation.

Upon termination of this Agreement for any reason, it is understood that any of the provisions of this Agreement that are expressed to take effect in whole or in part on or after termination, or are capable of having effect after termination, shall remain in full force and effect despite termination.

7. **INSPECTION**: Inspection, acceptance or rightful rejection of Products shall be made promptly by Buyer within ten (10) days after Buyer's receipt of Products. Buyer shall promptly notify Seller in writing if Buyer believes that any Products delivered hereunder are properly rejectable and hold such Products pending Seller's inspection.

8. **TAXES**: Each party shall be responsible to pay the taxes levied on it in accordance with the applicable legislation. Any applicable VAT shall be stated on Seller's invoice and shall be for the account of the Buyer.

9. **TITLE/RISK OF LOSS**: Risk of loss or damage to Products shall pass from Seller to Buyer at the time of delivery in accordance with the delivery term specified in the applicable SOW, and title transfer shall occur at the same time as risk of loss.

10. **INTERPRETATION**: This Agreement may not be waived, modified or supplemented in any manner whatsoever (including a course of dealing or of performance or usage of trade) except by a written document signed by the parties' authorized representatives. No single or multiple failure or delay in exercising any right or remedy under this Agreement will waive that party's subsequent right to require strict performance.

11. **SUCCESSORS/ASSIGNS**: The provisions of this Agreement shall be binding upon and inure to the benefit of the parties to this Agreement and their respective successors and permitted assigns. Neither party may sell, assign, transfer, convey or delegate any of its rights or obligations under this Agreement without the prior written consent of the other.

12. **DRAFTING**: No provision of this Agreement shall be interpreted in favor of, or against, any of the parties to this Agreement by reason of the extent to which that party or its counsel participated in the drafting thereof.

13. **GOVERNING LAW**: This Agreement shall be construed in accordance with and governed by the laws of Madrid, Spain regardless of the laws that might otherwise govern under principles of conflict of laws applicable thereto. The United Nations Convention on Contracts for the International Sale of Goods will not apply.

14. **SEVERABILITY**: If any provision of this Agreement is determined by a governmental entity to be invalid, void or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect and will in no way be affected, impaired or invalidated.

15. **MISCELLANEOUS**: Notwithstanding anything to the contrary contained in this Agreement, nothing in this Agreement is intended to confer on any person other than the parties to this Agreement or their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement.

Buyer and Seller shall comply with all applicable laws in the performance of this Agreement, including national and international export and control regulations. Further, Buyer shall comply with all laws and regulations applicable to the use, sale, distribution, transfer, export, or re-export, directly or indirectly, of any Product, including the laws of the United States ("U.S.") and any other country in which Buyer or Seller undertakes any of the foregoing. Buyer will not transfer, export, or re-export, directly or indirectly, any Product to U.S. embargoed countries, or any nationals thereof, or to any other country subject to restriction under applicable laws and regulations, (including but not limited to those indicated by the U.S. Treasury Department and Buyer hereby warrants that it is not located in, under the control of, or a national or resident of any such country). Buyer will not transfer, export, or re-export, directly or indirectly any Product to any party listed by any applicable government or law as prohibited from receiving such products, and Buyer hereby represents that it is not on, or under control of any person or entity which is on any such list.

All Products supplied by Seller to Buyer that contain conflict minerals as defined by Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Act) and U.S. Securities and Exchange Commission regulations implementing the Act will only come from sources that are not known by Seller, after due inquiry, to directly or indirectly finance or benefit armed groups or conflict, including in the Democratic Republic of the Congo or any adjoining country.

Unless otherwise agreed in writing, neither party will disclose the pricing or other terms of this Agreement to any third party (other than its subsidiaries or affiliates or as required by law or regulatory or judicial process).

If any index used to determine the price of products under this Agreement ceases to be available, the parties agree to promptly negotiate on a good faith basis a mutually satisfactory alternate price or reference.

Exhibit 2.10

[THIS LEASE IS NOT TO BE RECORDED]

MASSENA LAND LEASE AGREEMENT

by and between

Alcoa Inc., Lessor

and

Alcoa USA Corp., Lessee

Dated: As of October 31, 2016

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MASSENA LAND LEASE AGREEMENT

This MASSENA LAND LEASE AGREEMENT ("**Land Lease**") is made as of October 31, 2016, by and between **Alcoa Inc.**, a Pennsylvania corporation, ("**Lessor**"), and **Alcoa USA Corp.**, a Delaware corporation ("**Lessee**," each of the Lessor and Lessee, and their respective successors and permitted assigns of this Land Lease being referred to herein as a "**Party**," and collectively, the "**Parties**").

RECITALS

WHEREAS, Lessor is the owner of the real property more particularly described on Exhibit 2.1(a) attached ("**Property**"), including the premises shown thereon as the Leased Premises ("**Leased Premises**");

WHEREAS, prior to that certain Separation and Distribution Agreement dated [as of **October 31**, 2016] by and between Alcoa Inc. and Alcoa Upstream Corporation ("**Separation Agreement**"), each Party or its predecessor in interest operated their separate business operations on a portion of the Property, including Lessee's business on the Leased Premises;

WHEREAS, pursuant to the Separation Agreement [and except for a certain office building (Building 60) and the fixtures and building systems therein, and for certain wells, as acknowledged in writing between the parties], Lessor has conveyed to Lessee all of its right, title and interest in and to, and Lessee, acquired and is the owner of, all of (a) the surface and subsurface buildings, structures, fixtures and improvements (including aboveground and underground storage tanks), pipelines, pumps, conduits, wells, cisterns, drainage ditches, detention ponds, roadways, driveways, walkways, sidewalks, parking lots and asphalt areas, and all other installations and improvements (or portions thereof) on, over, under or above the Leased Premises (collectively, "**Initial Improvements**" (the major Initial Improvements being generally as described and/or shown on Exhibit 2.1(a) attached), together with all other or additional buildings, structures, fixtures and improvements which may hereafter be installed, constructed, or created by or on behalf of Lessee, and all additions, alterations, modifications and substitutions and replacements of or in connection with any of the foregoing, collectively, "**Improvements**"), and (b) all Initial Equipment (as hereinafter defined), and together with all additions, alterations, modifications, substitutions and replacements thereof which may hereafter be installed, constructed or created by or on behalf of Lessee, collectively, "**Equipment**"), including, without limitation, all those buildings, improvements, facilities and equipment described on Exhibit 2.1(a), but expressly excluding and subject to the provisions hereof with respect to the Shared Facilities (as hereinafter defined); and

WHEREAS, Lessor has agreed to lease the Leased Premises to Lessee and Lessee has agreed to take and hire the Leased Premises from Lessor on all of the terms, covenants, provisions and conditions as are more fully set out below.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt whereof is hereby acknowledged by each of the Parties, the Parties hereto agree as follows:

ARTICLE 1

DEFINITIONS AND EXHIBITS

1.1 Definitions.

"**Access Roads**" means those roads and driveways (or portions thereof) within the Property that provide access to and from the Leased Premises, and any Lessor Remaining Property or any public roads or highways the Shared Facilities and any other Common Areas or portions of the Property used or leased by Lessee in accordance with this Land Lease, as described on Exhibit 6.9. The designation in this Lease of a road or driveway as an "Access Road" shall not ipso facto create any rights to widen any such road or driveway which is located wholly within the boundaries of the Leased Premises and does not create any rights to physically connect to any roads or driveways which are located on the Lessor Remaining Property.

"**Action**" means any claim, action, suit, arbitration, litigation or proceeding.

"**Actual Fully Loaded Cost**" means all direct, indirect, fixed and variable costs associated with providing or producing any goods, services, products and facilities, including, without limitation, (a) with respect to all labor costs, hourly wages or salaries, bonuses, state and federal taxes (including payroll taxes), health and dental insurance, workmen's compensation, paid leave and other fringe benefits, and (b) with respect to goods and products, unit costs, packaging, transportation and insurance, but (c) excluding any general administrative or overhead costs.

"**Actual Site Work Completion Date**" shall have the meaning set forth in Section 5.2(c)(ii).

"**Actual Smelter Closure Date**" shall have the meaning set forth in Section 5.2(b)(ii).

"**Additional Rent**" shall mean all costs, fees, expenses, charges and other amounts, in addition to Fixed Rent and Pass Through Costs, now or hereafter required to be paid by Lessee pursuant to this Land Lease, including, without limitation, by reason of all of Lessee's indemnities in favor of Lessor herein.

"**Affiliate**" means, when used with respect to any corporation, limited liability company, or partnership, any person which, directly or indirectly, controls or is controlled by or is under common control with such corporation, limited liability company or partnership. For the purposes of this definition, "**control**" (including the correlative meanings of the terms "**controlled by**" and "**under common control with**"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person through the ownership of voting securities, partnership interests or other equity interests.

"**Agent**" means, with respect to either Lessor or Lessee, their respective authorized agents, representatives, attorneys, contractors, and vendors, together with the Parties' respective lessees (other than Lessee), sublessees and licensees.

"**Agreed Adjustment**" shall have the meaning set forth in Section 4.1(c)(ii).

“**Alterations**” shall have the meaning set forth in Section 8.1(a).

“**Annual Budget**” shall have the meaning set forth in Section 7.2(a).

“**Annual Summary Statement**” shall have the meaning set forth in Section 4.1(c)(ii).

“**Anticipated Site Work Completion Date**” shall have the meaning set forth in Section 5.2(c)(i).

“**Anticipated Smelter Closure Date**” shall have the meaning set forth in Section 5.2(b)(i).

“**Applicable Laws and Other Requirements**” means (a) any Laws, including, without limitation, any Environmental Laws; (b) all terms and conditions of any insurance policy covering the Leased Premises, whether maintained by Lessor or Lessee; (c) all applicable requirements of a Party’s casualty insurance policy (or ISO provisions applicable thereto) which are binding upon the Leased Premises or upon Lessor or Lessee with respect to the Leased Premises or the Property; and (d) all future amendments, additions, supplements, replacements and/or substitutions for any item described in the preceding subdivisions (a) through (c), and all future Laws which, when effective, fall within this definition of Applicable Laws and Other Requirements.

“**Applicable Remediation Standards**” means the standards allowed consistent with a cost-effective remedy with respect to any Environmental Condition which satisfy the publicly promulgated requirements of Environmental Law and as promulgated or negotiated with the applicable Governmental Authorities with respect to the satisfactory completion of Remedial Action with respect to such Environmental Condition. The Lead Party shall ensure that all Remedial Action and other remediation and compliance activities are performed up to but not beyond general standards applicable to industrial uses and applicable law, making full use, where appropriate, of engineering, institutional, or other controls and risk-based corrective action. Although the Lead Party may elect to take additional Remedial Action, if it elects to do so, it shall be at the sole expense of the Lead Party. The Lead Party shall propose, and the Non-Lead Party shall cooperate so as to implement deed restrictions, engineering and other institutional controls, and risk-based corrective action to satisfy the respective Parties’ obligations regarding any Environmental Conditions or Remedial Action, provided that such deed restrictions, engineering and other institutional controls do not materially limit or materially increase the cost of the Non-Lead Party’s ongoing and future operations or materially limit the Non-Lead Party’s ability to expand industrial or commercial operations or sell such the Leased Premises or the Property for industrial or commercial use in the future.

“**Auditor**” shall have the meaning set forth in Section 4.1(d).

“**Business Day**” means a day other than Saturday, Sunday or any day on which banks located in the State of New York are authorized or obligated to close.

“**Cap**” shall have the meaning set forth in Section 9.2(d)(iv).

“**Change of Control**” means, with respect to a Party, (i) the direct or indirect sale, conveyance, assignment, transfer or other disposition, voluntarily or involuntarily, including by Operation of

Law (as hereinafter defined), to one or more third parties, in a single transaction or series of related transactions, of more than fifty percent (50%) (in the aggregate) of such Party's voting stock or other beneficial interests in such Party or the voting stock or other beneficial interests of such Party's direct or indirect shareholders, or (ii) a direct or indirect, including by Operation of Law change in the Control over such Party.

"**Combined Environmental Conditions**" means those Environmental Conditions that require Remedial Action and are listed on Exhibit 9.2(b) attached, or are otherwise agreed by the Parties or identified after the Effective Date, which were, or may, subsequent to the Effective Date, be, jointly caused or contributed to by a Lessee Environmental Condition and a Lessor Environmental Condition. The status of a Combined Environmental Condition listed on Exhibit 9.2(b) or hereafter agreed by the Parties or Lessee Identified as a Combined Environmental Condition is solely a matter between the Parties and not for the benefit of any third party (including any Governmental Entity). The non-Lead Party shall pay its reasonably allocable share of Combined Environmental Liabilities whether incurred or imposed during or after the expiration or termination of the Term, within thirty (30) days of the Lead Party's invoice therefor in reasonable detail if not separately billed as Pass Through Costs or otherwise paid by the non-Lead Party. No third party shall be entitled to the benefits of or to enforce any of the provisions with respect to the Combined Environmental Conditions or Combined Environmental Liabilities. Without limiting any other provision in this Land Lease, the Parties acknowledge and agree that it is the express intention and agreement of the Parties that this Land Lease, and all agreements, covenants, terms, conditions and obligations of the Parties under this Land Lease (and the performance or observance of each and all of the same) with respect to any Combined Environmental Conditions, Combined Environmental Liabilities and/or all Combined Environmental Conditions Remediation, are and shall remain subject at all times to the terms and conditions of any and all Joint Environmental Defense Agreements, including, without limitation, all privileges and protections of joint defense and communications to the greatest extent remitted under applicable Laws.

"**Combined Environmental Conditions Remediation**" means any program, action plan or other agreement, understanding or undertaking by or between Lessor and Lessee (and any third party, including any Governmental Entity) for the purpose of remediating or addressing any Combined Environmental Conditions or any Combined Environmental Liabilities, including, without limitation, any Joint Environmental Defense Agreement in connection therewith.

"**Combined Environmental Liabilities**" means all Environmental Liabilities with respect to any Combined Environmental Conditions.

"**Common Area Costs**" means all costs, expenses and other expenditures of any nature whatsoever, foreseen or unforeseen, ordinary or extraordinary, (including capital expenditures) incurred in connection with the administration, supervision, management, enforcement, billing, construction supervision, records management, repair, maintenance, alteration, improvement, replacement, insurance, design, building and zoning code compliance, control and security for or with respect to the Common Areas.

"**Common Areas**" means collectively, (a) the Access Roads, (b) the Site Amenities and (c) such other areas within the Property that are identified as "Common Areas" on Exhibit 2.1(a) and on Exhibit 6.10 annexed hereto or which may be designated as "Common Areas" by mutual agreement of the Parties from time to time.

"**Control**" means the direct or indirect right, power or authority (whether or not implemented or exercised) to exercise control over or determine or direct, or cause the direction of (including both affirmative action and power of veto) the management or policies of Lessee on a day-to-day basis or on a general or strategic level.

"**Controlling Person**" means any (i) Person(s) which, directly or indirectly (including through one or more agents or intermediaries), Controls Lessee, including any partners, shareholders, principals, members, managers, directors, trustees and/or beneficiaries of any such Person(s) to the extent the same Control Lessee, and (ii) Person(s) which Control(s), directly or indirectly, voluntary or involuntary, including by Operation of Law (including through one or more agents, representatives or intermediaries), any other Controlling Person(s) of Lessee.

"**CPI**" means, as of any date, the current United States Department of Labor, Bureau of Labor Statistics Consumer Price Index, United States Average, "All Items" (1982-84=100); provided, however, that if compilation of the CPI is discontinued or transferred to any other governmental department or bureau, then the index most nearly the same as the CPI shall be used as reasonably chosen by Lessor.

"**CPI Escalation**" means an increase in Fixed Rent by an amount equal to the product of (A) the Fixed Rent for the immediately preceding twelve (12)-month period (as increased by all prior increases in the CPI), and (B) the increase in CPI during such immediately preceding twelve (12)-month period; provided, however, that the CPI Escalation shall never be less than zero.

"**Credit Rating Agency**" means Moody's Investors Services, Inc., Standard & Poor's or Fitch Ratings, or any national credit rating agency which is the successor to any of the foregoing and which is generally recognized for purposes of public rating of the issuances or offerings of major financial institutions.

"**Default Rate**" means a fluctuating interest rate equal at all times to the prime rate of interest announced publicly from time to time by Citibank, N.A. (or its successor or another major money center commercial bank agreed to by the parties), plus three percent (3%), but in no case higher than the maximum rate of interest permitted by applicable Laws ("**Permissible Rate**"). If either Party shall ever receive any payment (whether demanded as interest, fees, charges or any other designation) in an amount greater than the Permissible Rate, such payment and the receipt by such Party shall be deemed to be an advance payment on account of all other costs, expenses, fees and charges payable by another Party under this Land Lease, and such Party shall hold such payment in excess of the Permissible Rate and apply the same to all such other costs, fees, expenses and charges which next become due and payable under this Land Lease.

"**Dispute**" shall have the meaning set forth in Section 15.6.

"**Effective Date**" means the date of this Land Lease.

"**Environment**" means soil, land, surface or subsurface strata, surface waters, groundwaters, sediments, and indoor and outdoor air.

“**Environmental Condition**” means the existence of a “Recognized Environmental Condition” or any condition which requires Remedial Action as now or hereafter recognized or provided under Environmental Laws, including, without limitation, the Release of a Regulated Substance or the presence of a Regulated Substance as the result of a Release on, in, under, above or within any property.

“**Environmental Laws**” means any Laws relating to the pollution, preservation or protection of the Environment, health and safety (including under the Occupational Safety and Health Act, or natural resources (including, without limitation, soil, water or outdoor or indoor air), including, without limitation, the generation, manufacture, use, handling, transportation, treatment, storage, disposal, or Release of any Regulated Substance.

“**Environmental Liabilities**” shall mean any and all Losses or Liabilities under or arising out of or in connection with any Environmental Laws or arising out of any Environmental Condition, including, without limitation, those consisting of or arising out of any: (a) duty imposed by, breach of or noncompliance with any Environmental Law; (b) Remedial Action; (c) bodily injury or death, property damage or other Liabilities of any other Person arising from any Environmental Condition; (d) injury to, destruction of or loss of natural resources, or costs of any natural resource damage assessments, penalties, fines or damages arising from any Environmental Condition; (e) production, management, use, generation, manufacture, labeling, registration, storage, treatment, transporting, disposal, discharge, spilling, leaking, emitting, injecting, escaping, abandoning, dumping, release or other handling or disposition generation of Regulated Substances.

“**Environmental Permit**” shall mean any Permit required or issued to operate the Lessor Business or the Lessee Business or occupy or use the Leased Premises or the Property or any portion thereof under any applicable Environmental Laws.

“**Equipment**” shall mean (except as any such items are expressly reserved to the Lessor), all equipment, machinery, vehicles, fixtures and other items of property of whatsoever nature, including all components thereof, that are now or hereafter located in, on, under, above or used in connection with and installed on or affixed or incorporated into the Leased Premises or the Improvements, together with all replacements, substitutions, modifications, alterations and additions thereto, and other items of real and/or personal property, including all components thereof, now and hereafter located in, on or used in connection with, and installed on or affixed to or incorporated into the Improvements, including but not limited to all Smelter Equipment, furnaces, boilers, heaters, ovens, smokestacks, all electrical, heating, plumbing, lighting, ventilating, and refrigerating equipment and all other air-cooling and air-conditioning and HVAC equipment, all incineration, air- and water-pollution-control, waste-disposal equipment, systems and apparatus, and all security systems, sprinkler systems and fire- and theft-protection equipment, pneumatic tubes, conveyor belts, hoists, cranes, elevators, escalators and lifts.

“**Event of Default**” shall have the meaning set forth in Section 15.1.

“**Excluded Costs**” shall mean costs for (i) repair, replacements and general maintenance to the extent fully paid by proceeds of insurance or by Lessee or other third parties without cost or expense to Lessor (net of Lessor’s cost and expenses of negotiation, adjustment, settlement and

recovery, including reasonable attorneys' fees); (ii) interest, amortization or other payments on loans to Lessor; (iii) commissions; (iv) any amount paid to an Affiliate of Lessor which exceeds the amount which would be paid for similar goods or services on an arm's-length basis between unrelated parties; and (v) any cost incurred by Lessor (exceeding costs or claims asserted by third parties) as a result of the sole negligence of Lessor, its employees, or agents.

"**Excluded Shared Facilities**" shall have the meaning set forth in Section 5.2(b)(A).

"**Existing Landfill**" shall have the meaning set forth in Section 5.2(a)(A).

"**Final Smelter Closure Date**" shall have the meaning set forth in Section 5.2(b)(ii).

"**Financial Assurance**" means a surety bond, bank guarantee or other third-party financial guarantee or credit enhancement, cash deposit, LOC or any other form of financial security which is reasonably acceptable to the Security Party and is issued by an Approved Financial Institution to secure the Secured Obligations of the Security Party.

"**Financial Statements**" means (i) for a Fiscal Year, consolidated statements of each Party and each Party's parent (if any) and its consolidated subsidiaries of income, stockholders' equity and cash flows for such period and the related consolidated balance sheet as at the end of such period, together with the notes thereto, all in reasonable detail and setting forth in comparative form the corresponding figures for the preceding Fiscal Year and prepared in accordance with GAAP and audited by an Independent Accountant, and (ii) for a fiscal quarter, consolidated statements of each Party's (and each Party's parent, if any) income, stockholders' equity and cash flows for such period and for the period from the beginning of the Fiscal Year to the end of such period and the related consolidated balance sheet as at the end of such period, together with the notes thereto, all in reasonable detail and setting forth in comparative form the corresponding figures for the corresponding period in the preceding Fiscal Year and prepared in accordance with GAAP; provided, however, that no Financial Statements shall contain any material nonpublic information.

"**Financial Test**" means, with respect to any Transferee, Guarantor or Controlling Person which is required to meet such test, that such Transferee, Guarantor or Controlling Person, as the case may be, has (calculated as of the date immediately following the consummation of any Transfer, after giving effect to all actual, committed or anticipated bridge or permanent financing or debt transactions in connection with the Transfer or reasonably contemplated within either (i) a credit rating of not less than BBB issued by a Credit Rating Agency.

"**Financial Trigger**" shall mean any of the following events or occurrences in respect of any Party or Guarantor, as the case may be, as applicable:

(a) Any Change of Control;

(b) Any Transfer (other than a Change of Control or a Permitted Sublease) of this Land Lease, the Improvements, Equipment or the Common Areas or Shared Facilities, or of a material portion of the Lessor Remaining Property (excluding the Common Areas or Shared Facilities);

(c) A material breach or default of any monetary obligation under this Land Lease (whether or not cured) exceeding (i) the amount of $10,000.00 in any one instance or (ii) the aggregate amount of $100,000.00 during the Term;

(d) Any material breach or default (whether or not cured) in the performance of any obligations in connection with (A) any Lessee Environmental Conditions, or (B) any Lessor Environmental Conditions which materially adversely affect the Leased Premises or the ability of Lessor to continue to provide all Common Areas or all Shared Services and Facilities for Lessee's use under this Land Lease; and

"**Fiscal Year**" means the fiscal year of either Party and either Party's parent (if any) for public or other reporting purposes.

"**Fixed Rent**" shall have the meaning set forth in Section 4.1.

"**Force Majeure**" means accidents, emergencies, acts of the public enemy, riot, strikes, insurrection, war, court order, requisition or order of governmental body or authority, general shortages or inability to obtain labor or materials at commercially reasonable rates, acts of God, fire, hurricanes, drought, flood or other severe weather conditions or other natural disasters, and other events, occurrences or causes outside of the reasonable control of any Party; provided, however, that the lack or insufficiency of or the inability to procure funds, financing or financial resources shall not be deemed to be an event of Force Majeure.

"**General Construction Requirements and Conditions**" shall mean those provisions as set forth on Exhibit 8.1(d) attached.

"**Governmental Entity**" shall mean any foreign, domestic, supranational, federal, territorial, state or local governmental entity, quasi-governmental entity, court, tribunal, judicial or arbitral body, commission, board, bureau, agency or instrumentality, or any regulatory, administrative or other department, agency, or any political or other subdivision, department or branch of any of the foregoing.

"**Grasse River Remediation Program**" means the current environmental remediation plans being negotiated between applicable governmental authorities and the Lessor, as the same may be modified or amended from time to time.

"**Guarantor**" means each guarantor from time to time of either Lessee's or Lessor's obligations under this Land Lease.

"**Improvements**" shall have the meaning set forth in the Recitals.

"**Initial Improvements**" shall have the meaning set forth in the Recitals.

"**Initial Term**" shall have the meaning set forth in Section 3.1.

"**Inspecting Party**" shall have the meaning set forth in Section 9.8(a).

"**Inspections**" shall have the meaning set forth in Section 9.8(a).

"**Interruption**" shall have the meaning set forth in Section 7.4(ii).

"**Joint Environmental Defense Agreement(s)**" means any and all agreements, undertakings or arrangements now or hereafter entered into by and between Lessor and Lessee (together with all amendments, modifications and supplements thereof) with respect to the joint or cooperative discussion, communication, discovery, collaboration, preparation, defense, negotiation, participation, implementation and all other matters of, involving or relating to any Combined Environmental Conditions, Combined Environmental Liabilities and/or Combined Environmental Conditions Remediation, including all protections and provisions for the Parties or with respect to all joint privilege, confidentiality and matters relating to the production or disclosure of attorney work product, attorney-client privilege or other documents or communications.

"**Land Lease**" shall have the meaning set forth in the Preamble.

"**Land Leased Premises**" shall have the meaning set forth in the Recitals, and as outlined as such in Exhibit 2.1(a) herein.

"**Law(s)**" means any law, statute, regulation, ordinance, rule, written and legally binding agency policy or guideline, civil or common law, judgment, order, decree, award, approval, concession, grant, franchise, license, agreement, directive, guideline, policy, requirement, or governmental restriction or any similar form of decision or approval of any Governmental Entity, and all amendments, modifications, supplements or additions thereto, whether in effect as of the date hereof or thereafter.

"**Lead Party**" shall have the meaning set forth in Section 9.4.

"**Lease Year**" means each calendar year (or portion thereof) during the Term.

"**Leased Premises**" shall mean the Land Leased Premises and the Office Leased Premises.

"**Lessee**" shall have the meaning set forth in the Preamble.

"**Lessee Alterations**" shall have the meaning set forth in Section 8.1(a)(ii).

"**Lessee Business**" means the operation of a primary aluminum smelter and casthouse and all directly related activities to support that operation.

"**Lessee Continuing Employees**" means the Lessee Employees who (a) were employees of Lessee or Lessee's Agents prior to the Effective Date and (b) worked on a full-time or part-time basis at the Leased Premises prior to the Effective Date.

"**Lessee Employees**" means the employees of Lessee and Lessee's Agents.

"**Lessee Environmental Condition**" means any Environmental Condition on or at the Leased Premises or Improvements, Lessor Remaining Property or Common Areas or migrating therefrom to the extent caused by Lessee, Lessee's Agents or the operation of the Lessee Business; or the acts or omissions of Lessor's predecessor in interest in connection with the operation of the forerunner of the Lessor Business or the operation of the forerunner of the Lessee Business, whether prior to or subsequent to the Effective Date, except for Lessee Environmental Conditions.

"**Lessee Indemnified Parties**" means Lessee, its successors and assigns, their members, managers, partners, shareholders, officers, directors, Agents, attorneys and representatives.

"**Lessee New Employees**" means the Lessee Employees who either (a) were not employees of Lessee or Lessee's Agents prior to the Effective Date, or (b) did not work on a full-time or part-time basis at the Leased Premises prior to the Effective Date.

"**Lessee's Indemnified Matters**" shall have the meaning set forth in Section 11.1.

"**Lessee's Share**" means, with respect to any and all Pass Through Costs, Combined Environmental Liabilities and any and all other costs, fees, expenses and charges which are incurred, paid or provided by Lessor but for which Lessee is obligated to pay or reimburse to Lessor all or a portion thereof as provided in this Land Lease, the specific share payable by Lessee with respect to each of the categories or items of costs, fees, expenses and charges as calculated or determined in accordance with Exhibit 4.1(b); provided, however, that where the Lessee's Share for any particular category or classification of costs, fees, expenses and charges is not otherwise specified or provided on Exhibit 4.1(b), the Lessee's Share shall be determined by Lessor in an equitable manner in good faith in accordance with the general principles set forth on Exhibit 4.1(b).

"**Lessor**" shall have the meaning set forth in the Preamble.

"**Lessor Business**" means the operation of an aluminum extrusion and rod plant facility and all directly related activities to support those operations

"**Lessor Default**" shall have the meaning set forth in Section 15.5.

"**Lessor Employees**" means persons employed by Lessor or any of its subsidiaries or affiliated entities at the Property.

"**Lessor Environmental Condition**" means any Environmental Condition on or at the Leased Premises or on the Lessor Remaining Property or Common Areas or migrating therefrom to the extent caused by Lessor, Lessor's Agents or the operation of the Lessor Business or the acts or omissions of Lessor's predecessor in interest in connection with the operation of the forerunner of the Lessor Business or the operations of Lessor on the Property whether prior to or subsequent to the Effective Date, except for Lessee Environmental Conditions.

"**Lessor Indemnified Parties**" means Lessor and any Lessor's mortgagee or holder of any Lessor's deed of trust, and each of their respective successors and assignees, their members, managers, partners, shareholders, officers, directors, Agents, attorneys and representatives.

"**Lessor Inspection Notice**" shall have the meaning set forth in Section 5.2(c)(ii).

"**Lessor Non-Objection Permit**" means any Permit which requires Lessor to be a party to, to consents to, or to sign or join in the application therefor, for the sole and limited purpose of acknowledging that Lessor has no objection to the requested application of Lessee to construct Lessee Alterations which are otherwise in accordance with the requirements of this Land Lease, without any warranty, representation, covenant or liability of Lessor.

"**Lessor Remaining Property**" means the Property, excluding the Leased Premises.

"**Lessor's Screening Process**" shall have the meaning set forth in Section 6.2(a).

"**Liability**" or "**Liabilities**" means all indebtedness, obligations, responsibilities, and other liabilities (or claims or contingencies that have not yet become liabilities), losses, claims or demands, including by Operation of Law or with respect to or arising under any Applicable Laws and Other Requirements, absolute, accrued, matured, or contingent (or based upon any contingency), known or unknown, fixed or otherwise, or whether due or to become due, including any fines, penalties, judgments, awards or settlements respecting any judicial, administrative or arbitration proceedings or other Actions or any damages (including all actual, compensatory, liquidated, and punitive, damages, but subject to any limitations on punitive, speculative or consequential damages, losses of use and losses or diminution of economic benefit as hereinafter provided).

"**Licenses**" shall have the meaning set forth in Section 6.10(c).

"**LOC**" means an irrevocable, clean letter of credit issued to Lessor or Lessee, as beneficiary, by a recognized financial institution reasonably acceptable to Lessor or Lessee as beneficiary ("**Security Beneficiary**"), as the case may be, which shall: (i) be in an amount equal to the Indemnity Amount, (ii) be for a term of not less than three (3) years and automatically renewed for successive periods of not less than one (1) year unless the issuing bank gives written notice of non-renewal to the beneficiary not less than sixty (60) days prior to expiration, (iii) permit partial draws, and (iv) otherwise substantially be in the form of Exhibit 16.2(b) attached, with such other terms and conditions as are reasonably satisfactory to the Beneficiary. Unless the Beneficiary shall otherwise agree, the LOC shall be issued by any of the institutions specified by name or meeting the requirements as listed on Exhibit 16.2(a) ("**Approved Financial Institutions**"). The "**Indemnity Amount**" means an amount ("**Base Environmental Amount**") reasonably estimated to be sufficient to secure all remaining obligations (including all indemnities under this Land Lease) with respect to all Environmental Liabilities of the Party providing the LOC for the remainder of the Term from and after the occurrence of any Financial Trigger (collectively, "**Secured Obligations**"). As of the Effective Date, the Parties have agreed that the Indemnity Amount for each Party is the amount as set forth in a separate agreement between them, subject to increase or decrease in the Base Environmental Amount from time to time as may be mutually agreed by the Parties, or if the Parties do not agree, as may be otherwise reasonably estimated by the Security Party based upon reasonably detailed supporting documentation provided by the Security Party at the time of the issuance of any LOC or any other Financial Assurance.

"**Losses**" means all damages, losses, Liabilities, fees, interest, claims, costs and expenses, including reasonable attorneys' fees and expenses and reasonable amounts paid in investigation,

determining, evaluating, defense or settlement of the foregoing, whether incurred or suffered directly by Lessor or Lessee or suffered by Lessor or Lessee pursuant to its respective Liability to a third party (including any Governmental Entity) therefor.

"**Material Unreimbursed Implementation Cost**" means any unreimbursed out-of-pocket cost or expense incurred by a Party in connection with any institutional or engineering control (for example, the cost of inspecting and maintaining a cap above contaminated soil, or of maintaining a monitoring well system), in excess of the otherwise expected cost or expense of operating and maintaining the facilities for which such Party is responsible and operating such Party's Business at the Property, where such unreimbursed out-of-pocket cost exceeds $10,000 per year in the aggregate. Material Unreimbursed Implementation Cost does not include (1) any cost or expense that would have been incurred by the Lessee or Lessor for normal operation and maintenance of their respective Business or facilities; (2) any cost that would have been incurred to satisfy a Party's other obligations under this Land Lease or the Separation Agreement; or (3) any costs or expenses that are the responsibility of the Lessee under Section 5.2.

"**Most Dependent User**" means, in respect to any shared utility or service, the party that relies on said utility or service to a larger extent than the other party, and therefore is most dependent on the utility or service being adequately maintained and operated.

"**New Environmental Conditions**" shall have the meaning set forth in Section 9.2(a).

"**New Improvements**" shall have the meaning set forth in Section 8.1(a).

"**Non-Monetary Defaults**" shall have the meaning set forth in Section 15.1(i)(ii).

"**NYDEC Consent Order**" means that certain 1990 Consent Order (Index #A6-0234-90-05) between Alcoa Inc. and New York Department of Environment Conservation ("**NYDEC**") and all ancillary documents and reports therein or in connection therewith, as the same may be modified or amended from time to time.

"**NYPA Agreements**" means those certain agreements between Alcoa Inc. and New York Power Authority ("**NYPA**"), as amended June 22, 2016, as the same may be modified or amended from time to time.

"**Offer**" shall have the meaning set forth in Section 14.3(c)(i).

"**Offer Notice**" shall have the meaning set forth in Section 14.3(c)(i).

"**Offer Period**" shall have the meaning set forth in Section 14.3(c)(i).

"**Offered Interest**" shall have the meaning set forth in Section 14.3(c).

"**Offering Party**" shall have the meaning set forth in Section 14.3(c).

"**Office Leased Premises**" means Building 60 (Main Office) consisting of approximately 18,575 s.f. of space as shown on the attached Exhibit 2.1(a), as well as 1,200 s.f. of space located in Building 1 (clockhouse).

"**Operation of Law**" means and includes assignments or other transfers of rights, interests or property by court order, bankruptcy-related transfers, and transfers in connection with corporate mergers, reorganizations and consolidations.

"**Parties**" shall have the meaning set forth in the Preamble.

"**Party**" shall have the meaning set forth in the Preamble.

"**Party Confidential Information**" shall have the meaning set forth in Section 17.27(b).

"**Pass Through Costs**" shall mean those actual or estimated costs, expenses, fees and charges expended or incurred by Lessor with respect to the Leased Premises (in whole or in part) or under or in connection with this Land Lease in the applicable calendar year for or in respect of Utilities, insurance, maintenance and repairs, Real Property Taxes, Shared Services and Facilities Costs, Common Area Costs, Combined Environmental Liabilities which are not separately billed to Lessee, and all other applicable costs, expenses, fees (including, but not limited to, legal, administration, and accounting fees) and charges to the extent provided under this Land Lease, as to which costs, expenses, fees and charges Lessee shall pay the Lessee's Share; provided, however, that to the extent the actual amount of any Pass Through Costs are not available or have not been determined as of the date of any billing therefor, the same shall be reasonably estimated by Lessor and designated by Lessor on all statements to Lessee as "**Estimated Pass Through Costs**." For the avoidance of doubt, Pass Through Costs shall neither include Excluded Costs, nor items excluded in this Lease from other components of the above costs (e.g., income taxes are excluded from the definition of "Real Estate Taxes".). Pass Through Costs are shown on Exhibit 4.1(b).

"**Permits**" means all licenses, permits, franchises, approvals, registrations, certificates, authorizations, consents or orders of, or filings with, any Governmental Entity, including Zoning Permits, necessary for the conduct by Lessee of the Lessee Business at the Leased Premises or necessary for Lessee Alterations in accordance with Article 8 herein, in each case, in compliance with Applicable Laws and Other Requirements, including, without limitation, Environmental Laws.

"**Permitted Sublease**" shall have the meaning as set forth in Section 14.1(b)(iii).

"**Person**" shall mean an individual, partnership (general or limited), corporation, limited liability company, joint venture, association or other form of business organization (whether or not regarded as a legal entity under applicable Law), trust or other entity or organization, including a Governmental Entity or works council.

"**Petroleum Product**" means gasoline, diesel fuel, motor oil, waste or used oil, heating oil, kerosene and any other product or material containing any function or component of or derived from petroleum.

“**Phase I**” and “**Phase II” Reports**” mean with respect to the Property, the Leased Premises or any Environmental Conditions, all (a) noninvasive and nonintrusive preliminary environmental assessments or reports (“**Phase I Reports**”), and (b) all invasive or intrusive environmental investigations, assessments or reports (including all invasive tests and laboratory analyses) of all Environmental Conditions disclosed in or as recommended in any Phase I Reports or which are otherwise disclosed by or to any Party (“**Phase II Reports**”). All Phase I and Phase II Reports shall be performed and certified by environmental engineers (and all laboratory tests and analyses shall be performed by recognized environmental testing laboratories) duly licensed in the State of New York (and, where applicable, under Environmental Laws), and shall be certified to both Parties.

“**Post-Lease Termination Remediation**” shall have the meaning set forth in Section 5.2(b)(B).

“**Pre-Existing Environmental Conditions**” shall have the meaning set forth in Section 9.2(a).

“**Property**” means all of the real property owned by Lessor as set forth in Exhibit 2.1(a) and located at “Alcoa West”, County Route 42, Massena, New York, (and to the extent hereafter mutually designated by the parties in writing, certain additional land that Lessor may acquire in the future that is currently owned by APGI), and all buildings, structures and other improvements thereon owned by Lessor (including all Shared Facilities), together with all future improvements constructed by Lessor on the Property after the date of this Land Lease, subject to this Land Lease and excluding the Equipment and Improvements and other improvements constructed by Lessee or its predecessor business on the Leased Premises.

“**Proposed Annual Budget**” shall have the meaning set forth in Section 7.2(a).

“**Proposing Party**” shall have the meaning set forth in Section 14.3(c).

“**Real Property Taxes**” means all taxes, assessments, levies, payments in lieu of taxes, and other charges of any kind or nature whatsoever, general and special, foreseen and unforeseen (including all installments of principal and interest required to pay any existing or future general or special assessments for public improvements, services or benefits, and any increases resulting from reassessments resulting from a change in ownership, new construction, or any other cause), now or hereafter imposed by any governmental or quasi-governmental authority or special district having the direct or indirect power to tax or levy assessments, which are levied or assessed against, or with respect to the value, occupancy or use of all or any portion of the Property (as now constructed or as may at any time hereafter be constructed, altered or otherwise changed) or Lessor’s interest therein, the fixtures, equipment and other property deemed by the local Governmental Entity to be part of the real property for real estate tax purposes, the gross receipts, income, or rentals from the Property, or the use of Shared Facilities, Common Areas, parking areas, public utilities, or energy within the Property, or Lessor’s business of leasing the Property. If at any time during the Term the method of taxation or assessment of the Property prevailing as of the Effective Date shall be altered so that in lieu of or in addition to any Real Property Taxes described above there shall be levied, assessed or imposed (whether by reason of a change in the method of taxation or assessment, creation of a new tax or charge, or any other cause) an alternate or additional tax or charge (i) on the value, use or occupancy of the Property or Lessor’s interest therein, or (ii) on or measured by the gross receipts, income or rentals from

the Property, on Lessor's business of leasing the Property, or computed in any manner with respect to the operation of the Property, then any such tax or charge, however designated, shall be included within the meaning of the term "Real Property Taxes" for purposes of this Land Lease. If any Real Property Tax is based upon property or rents unrelated to the Property, then only that part of such Real Property Taxes that is fairly allocable to the Property shall be included within the meaning of the term "Real Property Taxes." For the avoidance of doubt, "Real Property Taxes" shall include all increases in real property taxes or assessments attributable to alterations, improvements, and additions to all Shared Facilities and Common Areas. Notwithstanding the foregoing, the term "Real Property Taxes" shall not include excess profits taxes, doing business taxes, franchise taxes, gift taxes, capital stock taxes, inheritance and succession taxes, transfer taxes, mortgage or intangible taxes or fees, estate taxes, federal, state or local income taxes, fines, penalties and interest due to the delinquent payment of Lessor of any tax or assessment and other taxes to the extent applicable to Lessor's general or net income from all sources. "Real Property Taxes" shall also include any costs and expenses incurred by Lessor in connection with appealing and/or contesting any Real Property Taxes, but shall not include any real property taxes or assessments which are separately assessed and billed to Lessee for or on account of the Improvements and Equipment.

"**Regulated Asbestos Containing Material**" means regulated asbestos containing material as defined by 40 C.F.R. Section 61.141.

"**Regulated Substance**" means any (a) "hazardous substance" or "hazardous material" as defined by any Environmental Laws; (b) any petroleum or Petroleum Product, oil or waste oil; (c) any asbestos or polychlorinated biphenyls; (d) any hazardous material, toxic substance, toxic pollutant, solid waste, municipal waste, industrial waste, hazardous waste, explosive, ignitable, corrosive, flammable or radioactive material, or any other pollutant or contaminant or words of similar meaning and regulatory effect under any applicable Environmental Laws; and (e) any other chemical, material, waste or substance (whether solid, liquid or gaseous or a combination thereof) exposure to which or whose generation, manufacture, storage, discharge, emission, disposal, transportation or Release is prohibited, limited, or regulated, or for which Liability or standards of conduct may be imposed, under any applicable Law. "Regulated Substance" includes any mixture or solution of the foregoing, and all derivatives or synthetic substitutes of the foregoing.

"**Release**" means any release, spill, emission, discharge, leaking, pumping, pouring, dumping, injection, deposit, disposal, dispersal, leaching, percolation or migration of a Regulated Substance into the Environment, including without limitation the abandonment or discarding of barrels, containers and other receptacles containing (or which at any time contained) any Regulated Substance, or human exposure to, a Regulated Substance.

"**Remedial Action**" means any and all actions to (a) investigate, evaluate, monitor, test, clean up, remediate, remove, dispose of, treat, contain or in any other way address or ameliorate any Regulated Substance in the Environment, (b) prevent the Release or threat of Release or minimize the further Release of a Regulated Substance, including so it does not migrate or endanger public health or welfare or the Environment, and (c) perform pre-remedial studies, tests and investigations and post-remedial monitoring, testing, evaluation, maintenance and care. The term "Remedial Action" includes, without limitation, any action which constitutes a "removal",

"remedial action" or "response" as defined by Section 101 of CERCLA, 42 U.S.C. Section 9601(23), (24), and (25); and a "corrective action" as defined in RCRA, 42 U.S.C. Section 6901 *et seq*.

"**Remedial Action Required by Law**" means (1) any Remedial Action required by an injunction, order, consent order, consent decree, consent to any action plan, settlement or agreement with any Governmental Entity, condition in a Permit, demand, directive, notice of responsibility or notice of violation issued by a Governmental Entity having jurisdiction, or otherwise required by any applicable Environmental Law; or (2) any Remedial Action which is otherwise required to achieve compliance with any Applicable Remediation Standards.

"**Removal and Remediation Termination Date**" shall have the meaning set forth in Section 5.2(c).

"**Rendering**" shall have the meaning set forth in Section 14.3(c)(i).

"**Renewal Term(s)**" shall have the meaning set forth in Section 3.1.

"**Rent**" means, collectively, Fixed Rent, Pass Through Costs, Additional Rent, and all other fees, interest, costs, expenses, charges and amounts of whatsoever nature payable by Lessee to Lessor pursuant to this Land Lease, including all Losses for which Lessee is responsible.

"**Required Regulated Substance Records**" means the following records for Regulated Substances used, stored, produced, released, or present at the Leased Premises:

(i) Material Safety Data Sheets ("**MSDS**") for all materials where the employer is required to obtain and maintain such MSDS information under the Occupational Safety and Health Act, 29 U.S.C. § 651-678;

(ii) Emergency and Hazardous Chemical Inventory data to the extent required under the Emergency Planning and Community Right to Know Act (including regulations promulgated thereunder, "**EPCRA**") § 312, 42 U.S.C. § 11022;

(iii) Toxic Chemical Release Inventory data to the extent required under EPCRA § 313, 42 U.S.C. § 11023;

(iv) Air emission inventory data as required under the federal Clean Air Act or equivalent state laws, and applicable regulations and permit conditions;

(v) Discharge monitoring reports and wastewater monitoring data, as required pursuant to the federal Clean Water Act, state water quality and water pollution control laws, and applicable regulations and permit conditions;

(vi) Manifests for all hazardous or other special wastes requiring such manifests under applicable laws and regulations, shipped from or received at the Leased Premises;

(vii) Hazardous waste biennial reports as required under 40 C.F.R. § 262.41, and any more frequent similar reports required under state regulations (e.g., 25 Pa. Code § 262.41); and

(viii) Waste determinations rendered pursuant to 40 C.F.R. § 262.11 and similar state regulations;

(ix) Chemical analyses of wastes as required under federal or state waste management rules;

(x) Non-hazardous industrial or other solid waste reports and records as required under applicable Environmental Laws; and

(xi) Any other record concerning Regulated Substances that must be maintained by a site owner or operator under applicable Environmental Law.

"**Review Criteria**" shall mean factors that have or may reasonably have a detrimental impact on or cause physical interference with (i) in the case of review by Lessor, the Property, the operations of the Property, or the community surrounding the Property, and (ii) in the case of review by Lessee, the Leased Premises or the operations of the Leased Premises. Review Criteria shall include, but not be limited to, for example, traffic, excess burden on Utilities, Access Roads and infrastructure, zoning compliance, public safety, environmental controls and remediation, and ongoing compliance with Applicable Laws and Other Requirements.

"**Rules and Regulations**" means the rules and regulations for the Leased Premises and/or the Property set forth on Exhibit 6.3 hereto, as amended or modified by Lessor from time to time, subject to and in accordance with the terms of this Land Lease.

"**Secured Party**" means any ground lessor, mortgagee, trustee, lender or other holder or beneficiary of a Security Instrument.

"**Security Instrument**" means (a) all ground leases or underlying leases that may now exist or hereafter be executed affecting the Property or any portion thereof, (b) the lien of any mortgage, deed of trust or other security instrument that may now exist or hereafter be executed in any amount for which the Property or any portion thereof, any ground leases or underlying leases, or Lessor's interest or estate therein is specified as security, and (c) all modifications, renewals, supplements, consolidations and replacements thereof.

"**Security Notice**" shall have the meaning set forth in Section 16.2(a).

"**Security Party**" shall have the meaning set forth in Section 16.2(a).

"**Security Protocols**" means the security protocols for the Leased Premises and/or the Property set forth on Exhibit 6.2 hereto, as amended or modified by Lessor from time to time, subject to and in accordance with the terms of this Land Lease.

"**Shared Facilities**" means all equipment, machinery, fixtures, improvements, structures, facilities, all Common Areas, Access Roads and Amenities, installations, pipelines, pumps, wastewater, waste treatment, sewage and other systems, electrical transformers and systems, cable and fiber optic systems, drainage systems, and all other real or planned property and facilities which are located wholly or partially on the Lessor Remaining Property and/or partly on the Leased Premises, which are provided or made available by Lessor or Lessee and are used or useful in both the Lessor or Lessee Business, as more particularly described on Exhibit 7.2(A-N).

“**Shared Permits**” shall have the meaning set forth in Section 6.6(b).

“**Shared Services**” means all goods and services which are provided by Lessor to Lessee, by Lessee to Lessor, or to the Leased Premises (or the Leased Premises and the Property), as more particularly described on Exhibit 7.2(A-N).

“**Shared Services and Facilities**” means the Shared Facilities and the Shared Services.

“**Shared Services and Facilities Costs**” means all costs, expenses, fees and charges of whatsoever nature for or in connection with the providing, contracting, securing, issuing, establishing, servicing, maintaining, repairing, improving, managing and/or administering all Shared Services and Facilities.

“**Significant Change**” means any significant change in Lessee’s or Lessor’s manner of use of the Leased Premises (by Lessee) or the Lessor Remaining Property (by Lessor) and/or the conduct thereon of the Lessee Business or the Lessor Business, respectively, that is reasonably likely to have a material adverse impact based on the Review Criteria of any Party.

“**Site Amenities**” means Building 1, the guard house facility located at the Lessor’s main entrance gate, which shall be utilized by a third party security firm which provides services to both Lessor and Lessee.

“**Site Plan**” means the plan attached as Exhibit 2.1(a) hereto.

“**Site Remediation**” shall have the meaning set forth in Section 5.2(b)(A).

“**Site Removal**” shall have the meaning set forth in Section 5.2(b)(A).

“**Site Removal, Remediation and Restoration Work**” shall have the meaning set forth in Section 5.2(b)(A).

“**Site Restoration**” shall have the meaning set forth in Section 5.2(b)(A).

“**Smelter**” means the existing smelter building and the primary and ancillary Improvements necessary to the operation of the smelter, all building, improvements, equipment and related assets, liabilities, and infrastructure related to the operation of the aluminum smelting process that operates on the Leased Premises.

“**Smelter Closure Notice(s)**” shall have the meaning set forth in Section 5.2(b)(ii).

“**Taking**” shall have the meaning set forth in Section 13.1.

“**Term**” shall have the meaning set forth in Section 3.1.

“**Termination Date**” means the date of expiration or earlier termination of the Term for whatsoever reason in accordance with this Land Lease.

"**Transmission Lines**" shall have the meaning set forth in Section 6.4(f).

"**Transfer**" shall have the meaning set forth in Section 14.1(a)(ii)(c).

"**Transferee**" shall have the meaning set forth in Section 14.1(a).

"**Utilities**" shall mean electricity, natural gas, water, heat, light, power, sewer, telephone, and other data and telecommunications services, sprinkler services, snow and ice removal, refuse and trash collection, storm and sanitary sewers, radios and other utilities from time to time provided to, and/or used or consumed at, the Leased Premises.

"**Wastewater**" means all industrial wastewaters (other than storm water runoff and domestic sewage) generated within the Leased Premises.

"**Zoning Permit**" shall mean any approval, variance, conditional use permit, exception or other approval or consent from, or development agreement with, the Town of Massena department of planning and zoning, or, if applicable, similar departments of the Village of Massena, the County of St. Lawrence, or any other Governmental Entity having jurisdiction over zoning matters.

1.2 Exhibits.

The following Exhibits are attached to and made a part of this Land Lease:

Exhibit 2.1(a) – Site Plan of the Property showing the location of the Leased Premises (inclusive of the Office Leased Premises) and Common Areas including the Access Roads
Exhibit 4.1(b) – Pass Through Costs
Exhibit 5.2(b)(A) – Excluded Shared Facilities
Exhibit 6.2 – Security/Fire Protocols
Exhibit 6.3 – Rules and Regulations
Exhibit 6.6(b)(i) – Shared Permit Allocations
Exhibit 6.6(b)(iv) – Air Exclusion Zone
Exhibit 6.8 – Site Amenities – Guard House
Exhibit 6.9 – Access Roads
Exhibit 6.10 – Common Areas
Exhibit 7.2(a) – Annual Budget (1st Year)
Exhibit 7.2 – Description of Shared Services and Facilities to be provided by Lessor or Lessee
Exhibit 7.2(A) – Potable Water
Exhibit 7.2(B) – Process Water
Exhibit 7.2(C) – Natural Gas
Exhibit 7.2(D) – Wastewater
Exhibit 7.2(E) – Railroad
Exhibit 7.2(G) – SPDES Sampling and Reporting
Exhibit 7.2(H) – Waste Services
Exhibit 7.2(I) – Remediation Sites
Exhibit 7.2(J) – Property Tax
Exhibit 7.2(K) – Office Space and Records
Exhibit 7.2(L) – Petroleum Bulk Storage License and Spills
Exhibit 7.2(M) – Shared Roads
Exhibit 7.2(N) – Truck Scales
Exhibit 8.1(d) – General Construction Requirements and Conditions
Exhibit 9.2(b) – Lessee Environmental Conditions
Exhibit 9.2(b) – Lessor Environmental Conditions
Exhibit 9.2(b) – Combined Environmental Conditions
Exhibit 16.2(a) – Approved Financial Institutions
Exhibit 16.2(b) – Standard Letter of Credit

ARTICLE 2

LEASED PREMISES

2.1 Grant of Lease.

(a) Lessor hereby leases and demises to Lessee, and Lessee hereby leases, takes and hires from Lessor, the Leased Premises, on all of the terms, conditions, covenants and provisions contained herein.

(b) Lessor and Lessee hereby acknowledge and agree that the Improvements and Equipment are owned by Lessee and not by Lessor; provided, however, that at the expiration or sooner termination of the Term, all Improvements and Equipment then remaining on the Leased Premises shall in the absence of any express contrary written notice from Lessor, be demolished and/or removed at Lessee's sole cost and expense.

ARTICLE 3

TERM

3.1 Term.

The term of this Land Lease ("**Term**") shall consist of (a) an initial term ("**Initial Term**") of twenty (20) years commencing on the Effective Date and expiring at 11:59 PM on the last day of the calendar month in which the twentieth (20th) anniversary of the Effective Date occurs, plus (b) the Renewal Terms (as hereinafter defined and if exercised in accordance with this Lease), unless sooner terminated or further extended as hereinafter provided.

So long as (a) at the commencement of each such "Renewal Term" (as defined below) this Land Lease is in full force and effect, (b) Lessee is not in breach or default of any of its payment obligations, and is not otherwise in material breach or default of any of its other obligations, under this Land Lease, and (c) Improvements, or contemplated improvements (for which the Lessee has either received (1) a currently effective building permit or (2) site plan approval from any applicable Governmental Entity), have or will have a useful life (determined according to GAAP) exceeding the length of the Term as renewed; then the Term of this Land Lease may, at Lessee's option, exercised in each instance by written notice delivered to Lessor at least one hundred eighty (180) days prior to the expiration of the then-current Term, be automatically extended and renewed for three (3) successive renewal terms of ten (10) years each (each, a "**Renewal Term**," and, collectively, "**Renewal Terms**"). The first Renewal Term will commence at the time of the expiration of the immediately preceding Initial Term and each

succeeding Renewal Term to commence on the tenth (10th) anniversary of the commencement of the preceding Renewal Term and to end at 11:59 PM on the date immediately preceding the tenth (10th) anniversary of the then-current Renewal Term. Provided, further, however, that if any Smelter Closure Notice has been given prior to the commencement of any Renewal Term but the Site Removal, Remediation, and Restoration has not been completed, the immediately succeeding Renewal Term shall be only for such duration sufficient to complete the Site, Removal, Remediation and Restoration Work in accordance with the provisions of Section 5.2(b)(B) hereof, not to exceed 3 years plus any extensions as provided under this Lease. If Lessee desires to further extend or renew the Term after the expiration of the last Renewal Term, the Parties agree to negotiate in good faith on mutually acceptable terms and conditions for any such further extension or renewal.

3.2 Holding Over.

If Lessee fails to vacate and surrender the Leased Premises in accordance with this Land Lease after the expiration or sooner termination of the Term (including the completion of all Site Removal, Remediation and Restoration Work, other than Post-Lease Termination Remediation), Lessee shall be a lessee at will or at sufferance, and Lessee shall pay, in addition to all other Rent and other sums then due Lessor, a daily base rental equal to two hundred percent (200%) of the Fixed Rent in effect for the Leased Premises on the Termination Date, computed on a monthly basis for each month or part thereof during such holdover, even if Lessor expressly consents to such holdover (which consent shall be effective only if in writing). All other payments to Lessor of all costs, expenses, fees and charges payable by Lessee shall continue under the same terms and conditions of this Land Lease. In addition, Lessee shall be liable for all Losses (which shall include without limitation all of the same) arising with respect to or in connection with any delay, suspension, inability to perform or breach or default by or on behalf of Lessor with respect to any releasing or development plans or obligations of Lessor in anticipation of Lessee’s timely vacating and surrender of the Leased Premises) incurred by Lessor as a result of such holding over. No holding over by Lessee, whether with or without consent of Lessor, shall operate to otherwise extend this Land Lease or modify Lessee’s obligations hereunder except as expressly provided in this Lease, and this Section 3.2 shall not be construed as consent for Lessee to retain possession of the Leased Premises or to otherwise vary any obligations of Lessee under this Land Lease.

3.3 Survival of Obligations.

All obligations and liabilities of Lessee that are not fully performed, determined or liquidated as of the Termination Date shall survive expiration or sooner termination of this Land Lease so long as necessary to fully effectuate their purpose.

ARTICLE 4

FIXED RENT; ADDITIONAL RENT; PASS THROUGH COSTS

4.1 Fixed Rent.

(a) From and after the Effective Date through the last day of the tenth (10th) Lease Year, the annual Fixed Rent for (i) the Land Leased Premises shall be calculated based on the market value of Six Hundred Eighty Five Dollars ($685.00) per acre of Leased Premises, with the annual rent as of the Effective Date of the Lease equal to 1/10th of this amount per annum, fixed for ten (10) years, as such acreage is determined by Lessor per survey, and (ii) the Office Leased Premises shall be calculated based on a rate of $5.00 per square foot per year, or $92,875 per year, as well as $3,000 per year related to the use of Building 1 (clockhouse), (together, the "Fixed Rent"), payable in advance in annual installments on the first day of each January during the Term in accordance with Section 4.3 hereof. From and after the tenth (10th) Lease Year through the end of the Term, the Fixed Rent during each Lease Year (as previously increased by all prior CPI Escalation) shall be increased by the CPI Escalation. Fixed Rent (and all other monthly or other periodic fixed costs, expenses or charges payable under this Land Lease) shall be prorated for partial calendar months or years. In the event that Lessee disagrees with Lessor's calculation of acreage for the Leased Premises, Lessee may, at its sole cost and expense, obtain a certified survey prepared in accordance with ALTA standards, and a title insurance policy issued by a reputable national title insurance company certifying such acreage of the Leased Premises. If the amount of acreage determined as set forth herein, differs from Lessor's calculations, the Fixed Rent will be adjusted for future Lease Years, but there will be no retroactive adjustment of Fixed Rent.

(b) In addition to Fixed Rent, on the first (1st) day of each calendar month during the Term, Lessee shall pay Additional Rent in the amount of Lessee's Share of the Pass Through Costs, as such "Lessee's Share" is calculated or set forth on Exhibit 4.1(b) attached.

(c) Pass Through Costs shall be billed as follows:

(i) Each month, Lessor shall invoice Lessee for Lessee's Share of the actual amount incurred with respect to the Pass Through Costs which are then-known to Lessor and/or for costs, expenses, fees and charges for which Lessor has estimated any Estimated Pass Through Costs for the immediately prior month (and for all previous months in which costs, expenses, fees and charges were incurred and for which actual amounts (including revisions or corrections of previous estimates) have since been determined by Lessor). In addition to providing the above monthly invoices, Lessor shall make itself or an authorized representative of Lessor reasonably available to answer questions by Lessee and to provide reasonable backup documentation upon Lessee's reasonable request concerning individual items of Pass Through Costs or Lessee's Share thereof as shown on Lessor's monthly invoices.

(ii) Pursuant to the applicable Exhibits, Pass Through Cost estimates on a rolling three year basis, as well as expected capital and major expense work will be delivered to the other Party by the applicable Most Dependent User as applicable by each

June 1st, during the Lease Term. With respect to such estimates, Lessor shall make itself or an authorized representative of Lessor reasonably available for a period of thirty (30) days after delivery to answer questions by Lessee and to provide reasonable backup documentation upon Lessee's/Lessor reasonable request concerning individual items of Pass Through Costs and Lessee's Share thereof. Within thirty (30) days, (subject to Lessee's audit rights in Section 4.1(d) below), following delivery by Lessor to Lessee (or vice versa depending on the applicable "Most Dependent User") for any calendar year, either Party shall inform the other if such Party believes an adjustment is necessary. The Parties shall make any agreed adjustment ("**Agreed Adjustment**"), by (A) Lessee promptly paying to Lessor the amount of any deficiency in Lessee's Share of Pass Through Costs for such calendar year, or (B) Lessor applying any excess amount of Pass Through Costs paid by Lessee for such calendar year against Lessee's Share of Pass Through Costs next becoming due; provided, however, if the Term will expire before any such credit can be fully utilized, or if the Term has already expired, Lessor shall first deduct from any such excess any other amounts owed by Lessee to Lessor under this Land Lease (including all Losses by reason of any default or Event of Default by Lessee under this Land Lease and all reasonable reserves for any unperformed or contingent obligations of Lessee, including without limitation all Post-Lease Termination Environmental Costs, and Lessor shall then promptly reimburse Lessee for any such remaining excess amount; provided, further, however, that any Agreed Adjustment shall not be further subject to Lessee's audit rights in Section 4.1(d) below. Lessee's rights in Section 4.2(b) shall survive the expiration or other termination of this Land Lease, and if the Term shall expire or shall otherwise terminate on a day other than the last day of a calendar year, Lessee's Share of the actual Pass Through Costs shall be prorated in the proportion which the number of days in such calendar year preceding such expiration or termination bears to 365.

(d) Within thirty (30) days following Lessee's receipt of an Annual Summary Statement for any calendar year during the Term, Lessee may give notice to Lessor that it wishes to exercise its audit rights, so that Lessee's Auditor (as defined below), at Lessee's sole cost and expense, may audit such books and records of Lessor relating to the Pass Through Costs paid by Lessee with respect to such applicable calendar year (other than any Agreed Adjustment) as set forth below. Any such audit will be conducted during normal business hours, upon not less than twenty (20) days' prior written notice to Lessor, and Lessor shall have the right to have its personnel or representatives present at all times during such audit. If Lessee fails to object to the calculation of Pass Through Costs on an Annual Summary Statement by providing such notice to Lessor within such 30-day period, then Lessee shall have irrevocably waived its right to object to the calculation or payment of any Pass Through Costs and Lessee's Share thereof for the calendar year in question and the calculation of Pass Through Costs and Lessee's Share thereof set forth on such Annual Summary Statement shall be final and binding on Lessee for any and all purposes. Subject to the foregoing and upon the execution of a customary confidentiality agreement with Lessor by Lessee and any Auditor, Lessor will (i) give an Independent Accountant retained by Lessee at its sole cost and expense ("**Auditor**") reasonable access to the books and records of Lessor and its Affiliates at its offices to the extent relating to the computation of Pass Through Costs and Lessee's Share thereof in the Annual Summary Statement for such calendar year, (ii) furnish to the Auditor such financial information and data to the extent relating to the calculation of such amounts as the Auditor may reasonably request

and (iii) subject to the provisions of Section 4.1(c), instruct the appropriate officers and employees of Lessor and its Affiliates to reasonably cooperate with the Auditor in connection with its investigation of any such amounts. Any such audit of the books and records of Lessor or its Affiliates pursuant to this Section 4.1 shall be performed only by such Auditor (and not by Lessee). The Auditor shall not be engaged on a contingency basis. For the avoidance of doubt, Lessor and Lessee agree that if such audit reveals that an error was made in Pass Through Costs previously paid by Lessee, then Lessor shall refund to or reimburse by credit to Lessee any overpayment thereof, or Lessee shall pay to Lessor any underpayment of Pass Through Costs, as the case may be, in the same manner as provided in Section 4.1(b).

(e) Lessee agrees that any permitted audit undertaken by Lessee pursuant to this Section 4.1 shall be conducted in such a manner as not to interfere with the business operations of Lessor and its Affiliates. Lessee and its representatives shall not communicate with any employees of Lessor and its Affiliates, without the prior written consent (including via email) of an authorized employee of Lessor (not to be unreasonably withheld); provided, however, that subject to Applicable Laws or Other Requirements, Lessor and Lessee shall establish reasonable protocols for communications with Lessor's employees to facilitate the provision of the audit rights of Lessee set forth in this Section 4.1. Notwithstanding anything to the contrary in this Land Lease, neither Lessor and its Affiliates, nor any of their officers, directors or employees, shall be required to discuss, provide access to or disclose (1) personnel records relating to individual performance or evaluation records or medical histories (other than occupational histories), (2) information where, upon the reasonable advice of counsel, such access or disclosure would jeopardize the attorney-client privilege of such party or contravene any Applicable Laws or Other Requirements or obligation of confidentiality to a third party, (3) proprietary information of Lessor or its affiliates, (4) information of a classified, secret or other protected and restricted nature, or (5) material non-public information. Lessor and Lessee shall endeavor in good faith to make appropriate substitute disclosure arrangements, if practicable and without cost or liability to Lessor, in a manner that does not give rise to any of the circumstances referred to in the preceding sentence.

4.2 Additional Rent and Rent Adjustments.

Lessee shall pay all Additional Rent due under this Land Lease at such times and in such amounts as are required pursuant to this Land Lease.

4.3 Method of Payment.

All Fixed Rent shall be due and payable on the first day of each January during the Term. All Additional Rent shall (unless otherwise expressly provided herein) be due and payable on the first day of each calendar month during the Term without prior demand and (unless otherwise expressly provided herein) shall be prorated for interim months and partial months (as the case may be) at the beginning or end of the Term. All other payments (including Additional Rent) shall be due and payable within thirty (30) days after Lessee's receipt of Lessor's invoice. All payments of Rent shall be made, except as otherwise expressly provided in this Land Lease, without offset, deduction, credit, abatement, reduction or counterclaim of any kind, in lawful money of the United States of America. Without limiting the foregoing, to the fullest extent now or hereafter permitted by applicable Laws, Lessee shall not have, and hereby unconditionally

waives and relinquishes, any right to deposit any disputed Rent in court or pursuant to any court-ordered escrow or with any court-appointed receiver, master or trustee. All payments of Rent shall be made at Lessor's address or precedent to wire transfer instructions as Lessor shall designate by notice to Lessee from time to time.

4.4 Late Charges; Interest.

If any amount due under this Land Lease is not paid within five (5) days after the date it becomes due, late charges shall be assessed on the delinquent amount, as follows: (a) the late fee for the month in which the delinquent payment becomes due shall be three percent (3%) of the delinquent amount; and (b) if the delinquent payment is not paid in full within five (5) days after the date on which it became due, then beginning on the next day, interest shall accrue at the Default Rate on all delinquent amounts (including late fees) until the date that all delinquent amounts have been paid in full. The parties agree that such late charge and interest represent a fair and reasonable estimate of the costs and expenses that Lessor will incur by reason of such late payment by Lessee. The late charge and interest shall be deemed to be Rent, and the right to require it shall be in addition to all of Lessor's other rights and remedies for a payment failure of Lessee.

4.5 Sales Tax.

In addition to all other amounts payable by Lessee to Lessor pursuant to this Land Lease or otherwise, Lessee shall be responsible for and shall pay any sales, use, rent, consumption or similar taxes or assessments (including any penalties, interest or additional amounts imposed with respect thereto), imposed on or with respect to Rent, any other fees, charges and amounts payable by Lessee to or on behalf of Lessor pursuant to this Land Lease and any other fees, charges and amounts payable by Lessee to Lessor for any separately stated services that are provided under this Land Lease (including, but not limited to, any payments for Shared Facilities, facilities or services, described in Section 6.6(b), 6.8, 6.9, 6.10 or 7.2).

4.6 No Accord and Satisfaction.

All payments made by Lessee to Lessor hereunder shall be treated as payments on account. Lessor may accept Lessee's late payment or any partial payment of any amount Lessor claims is due under this Land Lease without prejudice to Lessor's rights to exercise all rights and remedies for late payment or partial payment and/or to pursue and collect the balance due. No endorsement or other statement on any check or accompanying notice (including such words as "under protest" or "with full reservation of rights" or words with similar import) shall be construed to create an accord and satisfaction or otherwise compromise the amount Lessor claims is due or any other right or remedy of Lessor hereunder. Lessor's acceptance of any payment after it has become due and payable shall not discharge any liability of Lessee for any Losses suffered or incurred by Lessor or excuse any delays with respect to future payments or constitute a waiver of any of Lessor's rights or remedies under this Land Lease. Lessee's covenants and agreements to lease the Leased Premises and pay Rent and all other sums payable under this Land Lease are independent of any other covenant, agreement or term of this Land Lease to be performed by Lessor.

ARTICLE 5

CONDITION OF PREMISES

5.1 As-Is, Where-Is, With All Faults Condition.

By reason of the operation of the forerunner of the Lessee Business on the Leased Premises prior to the Effective Date, Lessee is fully familiar with all physical and environmental conditions affecting the Leased Premises, Improvements and Equipment, as well as the Shared Facilities and Common Areas. The Leased Premises, as well as the Shared Facilities and Common Areas, shall be delivered, or made available by Lessor, and accepted by Lessee on the Effective Date in an "AS-IS, WHERE-IS, WITH ALL FAULTS" condition subject to Lessor's express obligations hereunder, and the taking of possession of the Leased Premises by Lessee shall be conclusive evidence thereof. Lessee acknowledges and agrees that (a) it has inspected and accepts the Leased Premises, Shared Facilities and Common Areas in an "AS-IS, WHERE-IS, WITH ALL FAULTS" condition, and (b) except as expressly provided herein, Lessor has made no warranty, representation, promise, covenant, or agreement, expressed or implied, under current and Applicable Laws, with respect to Environmental Conditions or any other physical conditions at the Property or the Leased Premises or the merchantability or fitness for any particular purpose of the Leased Premises, the Improvements or the Equipment, (c) except as expressly provided herein, no representations as to the state of repair of the Leased Premises, Shared Facilities and Common Areas nor have any promises to alter, remodel or improve the Leased Premises, Shared Facilities or Common Areas, been made by Lessor, and (d) in no event shall Lessor have any obligation for any defects, patent or latent, in the Leased Premises or any Shared Facilities or Common Areas or any limitation on their use, except as expressly provided herein.

5.2 Site Removal, Remediation and Restoration; Surrender of Leased Premises.

(a) Prior to the expiration or sooner termination of this Land Lease (including by reason of default or breach of this Land Lease as provided hereunder), subject to the further provisions hereof, Lessee shall perform and pay for at its sole cost and expense all Site Removal, Remediation and Restoration Work (as hereinafter defined), and surrender and deliver the Leased Premises to Lessor in such condition as is in accordance with generally accepted industry standards for industrial users; provided, however, that if this Land Lease shall be terminated by Lessor in accordance with Section 15.2(a) of this Lease prior to completion of the Site Removal, Remediation and Restoration Work, Lessee shall continue to remain liable for the performance and payment of all costs and expenses of the Site Removal, Remediation and Restoration Work, and Lessor shall have the option in its sole discretion to perform any or all Site Removal, Remediation and Restoration Work at Lessee's sole cost and expense and Lessee shall reimburse Lessor on demand for all such costs and expenses.

(b) Lessee shall give Lessor prompt written notice of (i) the date Lessee intends to permanently cease active operations of the Smelter ("**Anticipated Smelter Closure Date**"), which notice shall be given not less than one (1) year prior to the actual date of permanent cessation of such active operations where feasible, and (ii) the actual date of permanent cessation of such active operations ("**Actual Smelter Closure Date**," such notices being referred to, collectively, as the "**Smelter Closure Notices**," and individually, a "**Smelter Closure Notice**").

For purpose of this Land Lease, notwithstanding the absence of a Smelter Closure Notice, the Actual Smelter Closure Date shall be deemed to have occurred on the date which is five (5) years after Lessee's operations have ceased at the Leased Premises ("**Final Smelter Closure Date**"), unless Lessee elects in writing to accelerate the Final Smelter Closure Date, subject to the further provision hereof. Unless this Lease is terminated sooner, the Termination Date of this Lease shall occur on the date which is the earlier of (1) three (3) years after the Final Smelter Closure Date, plus any extensions thereof as provided in this Lease, as the same may be accelerated by Lessee, or (2) one (1) year and one (1) day after the Removal and Remediation Termination Date (as hereinafter defined), unless Lessee expressly waives its rights set forth in 5.2(d) in which case, the Removal and Remediation Termination Date.

(A) On or before the Final Smelter Closure Date (whether or not Lessee has given either or both Smelter Closure Notices), Lessee shall, in accordance with all applicable Laws, including Environmental Laws, and all the General Construction Requirements and Conditions, proceed with diligence and dispatch (and in any event complete prior to the Termination Date) at its sole cost and expense to: (x) dismantle, demolish, raze, remove the Smelter and all Equipment and Improvements relating thereto and all other Equipment and Improvements and all other real or personal property owned, leased, installed, used by Lessee or located on the Leased Premises (specifically excluding any Shared Facilities or portion thereof located on the Leased Premises from time to time unless directed in writing to do so by Lessor, collectively, "**Excluded Shared Facilities**"), together with (1) all equipment, raw materials, intermediate product, final product, and maintenance chemicals, including oils (2) any and all other Regulated Substances or materials contained in any tanks, piles, packages, containers or other accumulations, and (3) all waste, waste materials, rubbish, and debris, including construction debris (collectively, "**Site Removal**"); (y) take all Remedial Actions and otherwise remediate all Recognized Environmental Conditions as disclosed by all Phase I and Phase II Reports in connection with the Smelter or otherwise constituting obligations of Lessee under the Lease, including closure and removal of all underground and above-ground storage tanks and ancillary pipelines, dispensers and other related equipment ("**Site Remediation**"); and (z) restore the entire Leased Premises, both surface and subsurface, to a vacant condition as agreed to and approved by Lessor in such condition as is in accordance with generally accepted industry standards for industrial users and that is consistent with applicable Environmental Laws and Applicable Remedial Standards, and with the Leased Premises as a whole in condition reasonably suitable for further industrial use, including sale, use or development by Lessor (but expressly excluding all Excluded Shared Facilities (unless otherwise directed by Lessor) and any of the foregoing items (if any) that may be required to remain by applicable Laws), collectively, "**Site Restoration**," and together with Site Removal and Site Remediation, collectively, "**Site Removal, Remediation and Restoration Work**"). If requested in writing by Lessee, Lessee may use the existing landfill site on the Lessor Remaining Property ("**Existing Landfill**") for disposal of hazardous and PCB wastes, subject to all Environmental Laws and all then-existing rules, regulations and procedures adopted by Lessor and governing Lessor's use of such landfill site.

(B) Prior to the commencement of any Site Removal, Remediation and Restoration Work, Lessee shall submit plans and specifications (including all current Phase I Reports and Phase II Reports, dated not earlier than six (6) months prior to such commencement where feasible and all Remedial Action plans and procedures with respect to all Site

Remediation, including Post-Lease Termination Remediation, as hereinafter defined), and the names of all professionals, consultants, contractors and vendors intended to be used by Lessee, for the prior approval of Lessor, which approval shall not be unreasonably delayed or withheld. All Site Removal, Remediation and Restoration Work shall be completed as soon as reasonably practical but in no event later than three (3) years after the Actual Smelter Closure Date; provided, however, that if any Site Removal, Remediation and Restoration Work (other than ongoing monitoring and testing) is not capable of being completed within such three (3)-year period despite all Lessee's reasonable best efforts (including delays in approvals of any Governmental Entity), Lessor shall agree to extend the Termination Date for such portion of the Leased Premises, for such reasonable purposes and for such reasonable time, as shall be necessary to complete the Site Removal, Remediation and Restoration Work with diligence and dispatch. Thereafter, if and to the extent required by any Governmental Entity) Lessor shall grant Lessee a nonexclusive easement on terms and conditions reasonably satisfactory to Lessor (including (i) full indemnity and insurance protections for Lessor for all Losses, including any loss, liability or injury to any person or property or any Governmental Authority, and (ii) reasonable financial assurances for the performance, completion and indemnification with respect to all such Site Removal and Remediation), for the limited purpose to install, maintain, monitor and test, and to perform additional attenuation and remediation activities that are necessary to complete such Site Remediation in accordance with the Site Remediation plans previously approved by Lessor as soon as reasonably practicable after the expiration such three (3)-year period (as extended). Any Site Remediation which is required after the Termination Date (as so extended) is referred to as "**Post-Lease Termination Remediation**."

(c) Lessee shall give Lessor prompt written notice of (i) the date Lessee anticipates completing all Site Removal, Remediation and Restoration Work ("**Anticipated Site Work Completion Date**") and the reasonably projected time frame for the completion of any Post-Lease Termination Remediation and (ii) the actual date of completion thereof (excluding any Post-Lease Termination Remediation, which shall be identified in such notice in reasonable detail together with an anticipated time frame for completion thereof), together with all current Phase I and Phase II Reports dated not earlier than two (2) months prior to submission, confirming the absence of any Environmental Conditions and confirming all approvals as required by Environmental or other Regulatory Agencies ("**Actual Site Work Completion Date**"). Within thirty (30) Business Days after receipt of the notice of Actual Site Work Completion Date, Lessor shall inspect the Site Removal, Remediation and Restoration Work and shall give Lessee written notice ("**Lessor Inspection Notice**") whether Lessor accepts the Work, or whether it rejects the Work and/or requires any further or supplemental Phase I or Phase II Reports or confirmatory sampling (and if so, specifying in reasonable detail the reasons therefor). If Lessor fails to give Lessee a Lessor Inspection Notice, Lessor shall be deemed to have accepted the completion of the Site Removal, Remediation and Restoration Work. If Lessor accepts (or is deemed to have accepted) the Site Removal, Remediation and Restoration Work, the Land Lease shall terminate on the date set forth in Lessor's notice of acceptance ("**Removal and Remediation Termination Date**"), which shall be not less than sixty (60) days nor more than one hundred twenty (120) Business Days after the date of Lessor's notice, and shall surrender the Leased Premises as provided herein If Lessor rejects the Site Removal, Remediation and Restoration Work, Lessor shall notify Lessee in writing of the specific deficiencies giving grounds for the rejection. Lessee shall promptly correct and complete all legitimate deficiencies specified in the Lessor Inspection Notice, and the same procedure shall

apply as set forth with respect to Lessee's initial notification of completion of the Site Removal, Remediation and Restoration Work. If Lessor is required to and fails to provide to Lessee any of the foregoing notices, Lessor shall be deemed to have accepted the Smelter Removal and Remediation Work.

(d) Notwithstanding the foregoing, if at any time within one (1) year prior to the Final Smelter Closure Date, Lessee provides Lessor with a written plan in reasonable detail for the resumption of active production of operations of the Smelter, together with financial projections for the costs thereof and reasonable assurances of the financial capability of Lessee to resume active production operations, Lessee shall have the right, with Lessor's reasonable approval, to re-open the Smelter for the remainder of the Term on or before the expiration of said one (1)-year period. Notwithstanding the foregoing, following any permanent cessation of active operations of the Smelter, Lessee shall remain obligated to comply with all maintenance and repair obligations and with all Applicable Laws and Other Requirements, and all other terms and conditions of this Land Lease, including all Site Removal, Remediation and Restoration Work.

ARTICLE 6

USE OF PREMISES

6.1 Permitted Use.

(a) Lessee shall use the Leased Premises solely for the operation of the Lessee Business and all industrial uses in connection therewith, and all other lawful uses in accordance with Applicable Laws and Other Requirements, subject to the further provisions hereof; provided, however, that as long as Lessor or its Affiliates are operating all or a portion of the Lessor Business on the Lessor Remaining Property, Lessee shall not materially change or alter the overall industrial use of the Leased Premises or any portion thereof if said change in use would (i) result in a Significant Change in Lessee's Operations of the Leased Premises, (ii) materially adversely impact the Lessor Business as conducted on the Lessor Remaining Property, including, without limitation, adding to or increasing any costs, expenses, fees or charges of Lessor's use or operation of the Lessor Remaining Property, including any increased Environmental Liabilities (whether or not subject to reimbursement according to any Lessee's Share), or (iii) materially increase the cost of compliance with Lessee's obligations under this Land Lease, including the Site Removal, Remediation and Restoration Work and Lessee's Indemnity or any Lessee Environmental Condition.

(b) Neither Lessor (so long as Lessee or its Affiliates are operating all or a portion of the Lessee Business on the Leased Premises) nor Lessee shall undertake a Significant Change in their respective operations at the Lessor Remaining Property or the Leased Premises, as the case may be, without the prior written approval of the other Party, not to be unreasonably withheld or delayed, based on Review Criteria; provided that, in granting or denying approval or setting any conditions for its approval, the approving Party's reasonable discretion shall include consideration of commercially reasonable measures that can be implemented, either at the requesting Party's cost or without undue burden or expense, to mitigate or address any objections or concerns of the approving Party with respect to such Significant Change; provided further, that, for the avoidance of doubt, nothing in this Section 6.1(b) shall obligate the approving Party to incur any significant cost or expense in connection with such mitigation measures.

(c) Lessee shall not (i) violate the terms of any certificate of occupancy or other Permit for or relating to the Leased Premises or the Improvements or Equipment; (ii) cause injury or damage to or impair the proper utilization of, all or any portion of the Leased Premises or any Common Areas or Shared Facilities; (iii) take any action or refrain from taking any action that constitutes a violation of Applicable Laws and Other Requirements (including any covenant, condition or restriction of record or that affects the Leased Premises or the Property); (iv) exceed the load bearing capacity of the floors of the Leased Premises; (v) take any action or refrain from taking any action that would impair the character, reputation or appearance of the Leased Premises or the Property, or disrupt the operations of Lessor or other lessees or users of Lessor's Remainder of the Property; (vi) subject to Section 6.12, permit a lien to attach to the Leased Premises or the Improvements or Equipment or Property or take any action that results in, or to refrain from taking any action that does not prevent, the Leased Premises or the Property or the Improvements or Equipment being or becoming subject to any encumbrance; or (vii) except as expressly permitted under this Land Lease, store waste on the Leased Premises in excess of the time period required under Applicable Laws and Other Requirements or the Rules and Regulations. Lessee shall use the Leased Premises at its own risk and Lessor shall have no responsibility or liability for any loss of or damage to any Improvements, Equipment or any other Lessee's property or with respect to any Lessee Employees, Lessee's Agents or invitees, except to the extent such loss or damage is caused by Lessor's or any Lessor Agent's willful misconduct or gross negligence or a violation of Lessor's obligations under this Land Lease, subject to Sections 6.4(a)(ii) and 7.4.

(d) Neither Lessee nor Lessee's Agents shall dig, excavate or otherwise penetrate the ground at, under or around the Leased Premises or at any other location on the Property without the approval of Lessor, which approval shall not be unreasonably withheld or delayed, based on Lessor's Review Criteria.

6.2 Security.

(a) Lessee shall give prior written notice to Lessor setting forth the full and accurate name of each Lessee New Employee, stating that such employee is a citizen or permanent resident of the United States, and other identifying information customarily required by Lessor from third-party contractors at the Property and verifying that such Lessee New Employee has satisfied the screening and other standards issued from time to time by Lessor ("**Lessor's Screening Process**"), which standards have been provided to Lessee. Each Lessee Employee shall have their own active and valid security badges to be permitted onto the Property or any part thereof, or otherwise shall be processed as a visitor and escorted at all times on the Leased Premises by a Lessee Employee with an active and valid security badge. No individual without an active and valid security badge shall be permitted onto the Property or any part thereof at any time without being processed as a visitor by Lessor's security staff. Lessee, Lessee's Agents and Lessee Employees shall only have access to the Leased Premises and the Common Areas and to no other locations on the Property.

(b) Lessor has established Security Protocols with respect to the Property, including, without limitation, those set forth on Exhibit 6.2 hereto to: (A) protect its personnel and assets, including confidential or proprietary business information; (B) maintain security on the Property; and (C) implement emergency preparedness and management protocols for the Property (including fire protection, health, safety and environmental, and electrical and technical safety standards). Lessee shall cause all of Lessee's Agents and Lessee Employees to comply with such Security Protocols throughout the Term. Lessor shall have the right to amend, modify and supplement such Security Protocols in Lessor's good-faith judgment; provided that (x) Lessor shall promptly provide Lessee with any such amended, modified or supplemented Security Protocols, and (y) except to the extent Lessor deems such changes necessary to respond to a security threat with respect to the Property (including the threat of terrorism, which does not have to be specific to the Property), or to comply with Applicable Laws and Other Requirements, such changes do not materially and unreasonably interfere with access to the Leased Premises or the use thereof for the Lessee Business, or materially and unreasonably either increase Lessee's obligations or decrease Lessee's rights under this Land Lease, without Lessee's consent (which consent shall not be unreasonably withheld, delayed or conditioned). Once Lessee has been provided with such amended, modified or supplemented Security Protocols, Lessee and Lessee's Agents and Lessee Employees shall comply therewith.

(c) Lessee shall provide security for the safety of Lessee's Property and Lessee Employees, visitors, guests and invitees within the Leased Premises. Lessee may, at its sole cost and expense, install its own security systems and equipment within, or at the entrances to, the Leased Premises, including card readers, surveillance cameras and other systems; provided that Lessee's security systems and procedures do not conflict with Lessor's security requirements and procedures or interfere with Lessor's right of access under Section 17.3 or otherwise provided in this Land Lease.

(d) Each time that Lessor sends written notice to Lessee of Lessee's breach of Section 6.2(a) or (b), Lessee shall within five (5) Business Days meet with a representative of Lessor, and Lessor and Lessee shall work together in good faith to create a plan to avoid further breaches of this Section 6.2.

(e) To the extent of any inconsistency, ambiguity or conflict between the provisions of Sections 6.2 and 6.3 (including Exhibits 6.2 and 6.3), Section 6.2 and Exhibit 6.2 shall govern.

6.3 Rules and Regulations.

Lessee shall observe and comply in all material respects with the Rules and Regulations set forth on Exhibit 6.3 hereto and any other future Rules and Regulations adopted from time to time by Lessor. Upon any amendment, modification or supplement to the Rules and Regulations after the Effective Date, Lessor shall promptly provide Lessee with such updated Rules and Regulations, and Lessee shall observe and comply (and cause Lessee's Agents, Lessee Employees and Lessee's guests and invitees to comply) with such updated Rules and Regulations following receipt thereof; provided that except to the extent such changes to the Rules and Regulations are, in Lessor's good faith judgment, necessary to respond to a material security threat with respect to the Property (including the threat of terrorism, which does not have to be specific to the Property) or to comply with Applicable Laws and Other Requirements;

no amendment, modification or supplement to the initial Rules and Regulations shall unreasonably interfere with access to the Leased Premises or the use thereof for the Lessee Business, or unreasonably increase Lessee's obligations or decrease Lessee's rights under this Land Lease, without Lessee's consent (which consent shall not be unreasonably withheld, delayed or conditioned). Once Lessee has been provided with such amended, modified or supplemented Rules and Regulations, Lessee and Lessee's Agents and Lessee Employees shall comply therewith.

6.4 Utilities, Shared Services and Facilities.

(a) To the extent the same are separately metered as of the Effective Date or thereafter, Lessee shall timely pay for all Utilities used on or at the Leased Premises, all maintenance or repair charges for Utilities, and any storm sewer charges or other similar charges for Utilities imposed by any governmental Utility provider, together with any taxes, penalties, surcharges or the like pertaining to Lessee's use of such Utilities. To the extent any Utilities for the Leased Premises are separately metered (or if not separately metered, if any account is in the name of Lessor), all said utilities shall be charged through the Pass Through Costs.

(b) So long as no Event of Default shall be continuing, Lessor shall provide all Shared Services and Facilities as described on Exhibit 7.2 attached, subject to the provisions of Section 7.1(b).

Notwithstanding anything to the contrary:

(i) Either party (the "Non-Defaulting Party") shall have the option to terminate this Land Lease for the interruption or failure of Utilities or the material disruption or failure to provide Shared Services and Facilities to the Premises of the Non-Defaulting Party, only if (x) caused solely by the gross negligence or willful misconduct of the other party or its Agents, (y) it lasts for more than sixty (60) consecutive days, and (z) it materially prevents its Non-Defaulting Party's ability to conduct the Business of the Non-Defaulting Party and the Non-Defaulting Party does not actually conduct such Business on its Premises for more than sixty (60) consecutive days.

(ii) To the extent a Non-Defaulting Party is unable to reasonably conduct its Business in its Premises during an interruption or failure of Utilities or Shared Services or Facilities that lasts for more than fifteen (15) consecutive Business Days due to the other party's gross negligence, willful misconduct or violation of its obligations under this Land Lease, there shall be an equitable adjustment of financial liability with respect to that portion of the Premises that the Non-Defaulting Party is reasonably unable to use, and which the Non-Defaulting Party actually does not use, due to the other party's such acts or violation, until Utilities service or Shared Services and Facilities is materially restored.

(iii) Except as expressly provided in this Section 6.4, in no event shall any failure, suspension, delay or curtailment of any Utilities or Shared Services or Facilities (whether or not with the fault of Lessor or from any other cause) constitute a contractive or actual eviction of Lessee from the Leased Premises or give Lessee any right to terminate the Land Lease or offset against the Rent.

(c) Lessee shall not at any time overburden or exceed the capacity of the mains, feeders, ducts, conduits, sewers, pipelines, drainage or wastewater facilities or other facilities or Shared Services and Facilities by which Utilities or Shared Services and Facilities are supplied to, distributed in or serve the Leased Premises, and Lessee shall use all such equipment and facilities only in accordance with the specifications of any Utility provider or Lessor's property managers or engineers, as the case may be. If Lessee desires to install any equipment which requires additional Utility facilities or Utility facilities of a greater capacity than the facilities servicing the Leased Premises, Lessor's prior written approval shall be required. Lessee shall make any such request in writing to Lessor and Lessor shall reasonably review such request under Lessor's Review Criteria.

(d) During the Term, Lessee shall have the nonexclusive right to receive (at Lessee's sole cost and expense) Utility service through existing Utility pipes, conduits, wires, drainage culverts, and support and other related structures located on the Property and providing Utility service to, or drainage from, the Leased Premises; subject to the right of Lessor to relocate or alter such facilities without substantially interrupting or diminishing Utility service or drainage to Lessee. Likewise, Lessor shall have the right during the Term, to receive (at Lessor's sole cost and expense) Utility service through any existing Utility pipes, conduits, wires, drainage culverts, and support and other related structures located on the date of this Land Lease on the Leased Premises and providing Utility service to, or drainage from, the Property. Lessee shall cooperate with and assist Lessor in investigating utility and infrastructure problems.

(e) Lessor may, at its discretion, take all necessary steps to enable any Utility provider to provide service directly to the Leased Premises in the name of Lessee. If any Utility service is separately available to and separately metered for the Leased Premises, Lessee shall pay such cost directly to the Utility provider. Lessee agrees to make all reasonable effort to cause all Utilities to be separately metered, at Lessee's sole cost and expense, and billed directly to Lessee. Unless Lessee is entitled to receive invoices directly from the Utility provider for the amount of its separately metered use, Lessee's share of nonseparately metered Utilities shall be invoiced in the Pass Through Costs.

(f) Lessee shall be responsible at its sole cost and expense for the separation, installation, repair and maintenance of all telephone, cable, fiber optical and all other connections or transmission lines ("**Transmission Lines**") for voice or data transmission purposes throughout the Leased Premises. Subject to Section 6.1(e), any installation, repair and maintenance of such Transmission Lines wherever located in or above the ground on the Leased Premises or anywhere on, through or across the rest of Property, shall be subject to Lessor's reasonable review of such request under Review Criteria without unreasonable delay, and if approved, Lessor shall grant reasonable access to Lessee and Lessee's Agents for such approved work on the Property.

6.5 Compliance with Laws and Insurance Requirements.

(a) Lessee shall, at its sole expense (regardless of the cost thereof), comply with all Applicable Laws and Other Requirements (including, without limitation, Environmental Laws) pertaining to the Leased Premises or the Improvements or Equipment and Lessee's use and occupancy thereof. Lessee and Lessor shall each give prompt notice to the other party of any written notice it receives from any Governmental Entity of any alleged violation of any Applicable Laws and Other Requirements with respect to the Leased Premises or the Improvements or Equipment and the use or occupancy thereof. Lessee's obligations under this Section 6.5 apply whether or not any Governmental Entity has initiated or threatened action or litigation to enforce any Applicable Laws and Other Requirements. Lessee shall not do and, to the extent reasonably possible with the exercise of all reasonable best efforts, shall not permit or condone, any act or omission on the Leased Premises or the Improvements or Equipment, which subjects Lessor to any liability or responsibility for injury to persons, damage to property or to any other liability by reason of the violation of Applicable Laws and Other Requirements.

(b) Lessee will not use or permit the Leased Premises or the Improvements or Equipment to be used for any purpose or in any manner that would void or make voidable any Lessee's or Lessor's insurance, violate any applicable insurance company regulations or requirements, increase the insurance risk with respect to the Leased Premises or the Property, or cause the disallowance of any sprinkler credits. Following the Effective Date, if any increase in the cost of Lessor's insurance on the Leased Premises or the Property is caused by Lessee's change in use or occupancy of the Leased Premises, or failure to comply with the foregoing provisions of this Section 6.5(b), then Lessee shall pay the entire amount of such increase to Lessor as Additional Rent.

6.6 Permits.

(a) Except as provided in Section 6.6(b), Lessee shall be responsible for obtaining and maintaining in full force and effect any Permits necessary for its use of, activities at, or the conduct of the Lessee Business at, the Leased Premises, and otherwise in connection with Lessee's use and occupation of the Leased Premises or its leasehold interest in this Land Lease. On default of Lessee in obtaining and preserving any such necessary Permits in a timely manner, Lessor may, but shall not be required to, obtain and maintain such Permits on Lessee's behalf, and the documented out-of-pocket costs, fees, expenses and changes thereof shall constitute Additional Rent.

(b) Each of Lessor and Lessee acknowledge that certain Permits for Lessor's current facilities and operations at the Property (including without limitation, the Site Petroleum Storage License and the Site SPEDES Permit) are Permits that apply to operations at the entire Property or to operations on the Leased Premises and certain other portions of the Property. If and to the extent that such Permits are not divided between Lessor and Lessee, Lessor will continue to hold and maintain, and allow Lessee to reasonably participate in any future renewals or modifications of, such Permits ("**Shared Permits**"), and Lessee may conduct its uses, operations and activities on the Leased Premises under the authority of such Shared Permits, subject to the following terms and conditions:

(i) Responsibility for the operation and maintenance of related facilities, sampling, monitoring, reporting and other actions required under such Shared Permits shall be allocated as between Lessor and Lessee in the manner set forth on Exhibit 6.6(b)(i) hereto, and Lessee shall pay Lessor for the actual and reasonable costs of providing such services to be provided by Lessor.

(ii) Lessee shall be solely responsible for compliance with the emission or effluent limitations or other requirements set forth in the Shared Permits or under other Environmental Laws applicable to both Lessee's predecessor in interest's uses, activities and operations, and Lessee's uses, activities and operations, at the Leased Premises, including in respect of all applicable Pre-Existing Environmental Conditions. Lessee shall indemnify, defend and hold harmless the Lessor Indemnified Parties from and against all Losses arising from any violation of the Shared Permits or of any other Environmental Laws arising from or related to Lessee's uses, activities and operations at the Leased Premises or on any other portion of the Property (including the Common Areas and licensed access areas).

(iii) Lessor shall be solely responsible for compliance with the emission or effluent limitations or other requirements set forth in the Shared Permits or under other Environmental Laws applicable to both Lessor's predecessor in interest's uses, activities and operations, and Lessor's uses, activities and operations, at the Leased Premises or any other portion of the Property, including in respect of all applicable Pre-Existing Environmental Conditions. Lessor shall indemnify, defend and hold harmless the Lessee Indemnified Parties from and against all Losses arising from any violation of the Shared Permits or of any other Environmental Laws arising from or related to Lessor's uses, activities and operations at the Leased Premises or on any other portion of the Property (including the Common Areas and licensed access areas)

(iv) Neither Party shall operate their respective Business nor conduct or permit operations or activities on their respective properties that would be reasonably likely to jeopardize or impair any air exclusive zone or any other Permits of the other Party. Without limiting the foregoing, Lessor shall control all public access to the Leased Premises within the air exclusion zone as detailed on Exhibit 6.6(b)(iv) for purposes of maintaining the air exclusion zone in the Leased Premises thereafter.**]**

(c) Each of Lessor and Lessee acknowledge that certain Permits for the operations at the Leased Premises currently held by Lessor may need to be transferred or reissued to Lessee with the approval of the issuing Governmental Entities, but that such Government Entities may not approve transfer or reissuance of such Permits until after the Effective Date (if at all). Unless and until the issuing Governmental Entity transfers or reissues to Lessee any such Permit, Lessor agrees to continue to maintain such Permits to the maximum extent permissible under Applicable Laws and Other Requirements or otherwise allowed by the applicable Governmental Entity; provided that Lessee shall (A) promptly satisfy the corresponding obligations and liabilities for enjoyment of such Permit by Lessee after the Effective Date; (B) promptly pay all reasonable out-of-pocket costs and expenses incurred by Lessor or Lessor's Affiliates in providing such arrangements and taking such actions; and (C) Lessee shall indemnify Lessor in full from and against all Losses arising from any violation of the Permits or of any other Environmental Laws to the extent arising from or related to Lessee's utilization of any such Permit.

(d) Lessee acknowledges that any Permit for fuel tanks servicing the Leased Premises are not transferrable by Lessor.

6.7 Parking.

Lessee shall use parking areas and spaces located within the Improvements on the Leased Premises for its use and the use by Lessee Employees and Lessee's Agents for the Lessee Business. Lessee or Lessee's Agents shall not park their vehicles in any portion of the Property outside the Leased Premises, including any Access Roads or Common Areas. Lessor reserves the right to remove from the Property any vehicles that are on any part of the Property in violation of the Rules and Regulations. If Lessor elects, or is required by any Applicable Laws and Other Requirements, to limit or control parking in the Property outside the Leased Premises, whether by validation of parking tickets or any other method of assessment, Lessee agrees to participate in such validation or assessment program under such Rules and Regulations as are from time to time established by Lessor, and to promptly reimburse Lessor for all costs and expenses hereof.

6.8 Site Amenities.

Subject to Lessor's rights to close or modify the Site Amenities and the Common Areas in accordance with Section 6.10, and further subject to Section 7.1(b), Lessor grants to Lessee the nonexclusive, shared right to use the Site Amenities **[**as described on Exhibit 6.8 attached**]** available at the Property during such times as the Site Amenities are open and available to Lessor Employees, so long as: (a) the Site Amenities continue to be made available by Lessor to Lessor Employees at the Property or to other occupants at the Property in Lessor's sole discretion, and (b) Lessee or Lessee Employees and Lessee's Agents shall pay, at the time of use or at such other time as shall be specified by Lessor, the costs of such Site Amenities at the same rates charged to Lessor Employees or to other occupants at the Property for use of the Site Amenities (e.g., costs of food and purchases in the cafeteria and the club store, fees for use of the fitness center, charges of the credit union and reprographics print shop, etc.).

6.9 Access Roads.

(a) During the Term, subject to the further provisions hereof, Lessee shall have a nonexclusive ingress and egress easement over and across the Access Roads at all times (i.e., twenty-four (24) hours a day/seven (7) days a week). Lessee shall use the Access Roads as described on Exhibit 2.1(a) attached for the purpose of vehicular and pedestrian ingress from and egress (including, without limitation, the transportation of raw materials and other products related to the Lessee Business and Lessee's trucks, service vehicles and other related equipment) to and from the Leased Premises and the Common Areas. Nothing in the immediately preceding sentence or elsewhere in this Land Lease shall limit or restrict Lessor's activities or rights to build or install improvements and other structures on or along the Access Roads or to alter or improve Access Roads. If such activities of Lessor should restrict Lessee's and Lessee's Agents' use of the Access Roads in more than a *de minimis* manner, Lessor shall provide alternative access, pursuant to Section 6.9(c).

(b) Notwithstanding any provision hereof to the contrary, nothing herein shall restrict or limit Lessor's right to use the Access Roads jointly with Lessee, including, without limitation, Lessor's improvement thereof, increased use thereof or construction of new Access Roads. Lessor shall provide alternative access, pursuant to Section 6.9(c), if such activities materially restrict Lessee's and Lessee's Agents use of the Access Roads in more than a *de minimis* manner.

(c) Lessor shall have the right, from time to time, during the Term, in consultation with Lessee, but at Lessor's reasonable discretion, to relocate the Access Roads in whole or in part to any other location on the Property so long as (i) the new location of the Access Roads provides reasonable access to reach the Leased Premises, (ii) the new locations of the Access Roads allow them to reasonably serve their intended functions, and (iii) the new Access Roads are of similar quality to the original Access Roads (as existing as of the Effective Date). Upon any such relocation, the rights of Lessee pursuant to this Section 6.9 shall transfer, immediately, to the new locations, and Lessee shall have no further license, use, access or easement rights with respect to the old Access Road locations without the prior written approval of Lessor.

(d) Lessee shall not alter or perform any work of construction or improvement on, nor create any obstruction of, any Access Roads. Lessee shall not build or construct any new or additional roadways or driveways which connect to any Access Roads without Lessor's reasonable approval, which shall take into consideration the Review Criteria.

6.10 Common Areas.

(a) Subject to the provisions of Sections 6.8 and 6.9, Lessee shall have the nonexclusive, shared right to the reasonable use of all Common Areas as described on Exhibit 2.1(a) attached for the purposes intended, which use shall be in compliance with all Applicable Laws and Other Requirements and shall be subject to the terms of this Land Lease and to the Rules and Regulations. Lessee shall not interfere with the rights of any or all of Lessor, Lessor's Agents, other lessees or licensees, or any other person entitled to use the Common Areas, including any excessive use thereof by Lessee or Lessee's Agents.

(b) Lessor shall at all times have exclusive control of the Common Areas. Lessor shall have the right, exercisable in its sole and absolute discretion and without the same constituting an actual or constructive eviction and without entitling Lessee to any abatement of Rent or other right or remedy, so long as none of the following prevents or unreasonably restricts Lessee from operating the Lessee Business on the Leased Premises, to: (i) close any part of the Common Areas to whatever extent required in the opinion of Lessor to prevent a dedication thereof or the accrual of any prescriptive rights therein or to permit the holding of events or permit the temporary use thereof for charitable or commercial purposes; (ii) temporarily close the Common Areas to perform repairs or maintenance or for any other reason deemed sufficient by Lessor; (iii) change the shape, size, location and extent or hours of operation of the Common Areas; (iv) eliminate from or add to the Property any land or improvement; (v) make changes to the Common Areas (except for the location of Access Roads which is governed by Section 6.9),

including, without limitation, changes in the location of Site Amenities, entrances, passageways, doors and doorways, elevators, stairs, restrooms, exits, parking spaces, parking areas, sidewalks or the direction of the flow of traffic and the site of the Common Areas; (vi) remove unauthorized persons from the Common Areas, the Leased Premises and the Property; and/or (vii) change the name or address of the Property. Lessee shall keep the Common Areas clear of all obstructions, debris or rubbish created or permitted by Lessee. If, in the reasonable opinion of Lessor, unauthorized persons are using any of the Common Areas by reason of the presence of Lessee at the Property, Lessee, upon demand of Lessor, shall restrain such unauthorized use by appropriate proceedings. In exercising any such rights regarding the Common Areas, Lessor shall make a reasonable effort to minimize any disruption to the Lessee Business.

(c) The easements, licenses and rights of use granted to Lessee pursuant to Sections 6.7, 6.8, 6.9 and this Section 6.10 and otherwise pursuant to this Land Lease (collectively, "**Licenses**") shall expire and completely and automatically terminate (without any further action or instrument) upon the expiration or sooner termination of the Term. In Lessee's use of the Licenses, Lessee shall cooperate with Lessor to create as little interference as practicable with Lessor's operations on, and Lessor's use and enjoyment of, the Property. Lessee shall not cause or permit any damage or injury to occur to the portion of the Property that is subject to the Licenses, or any part thereof or person or property located thereon. Lessee shall be solely responsible for any damage caused by Lessee (or any officer, director or employee, agent, licensee or invitee thereof) to any of the Common Areas and, upon Lessor's request, shall promptly repair any such damage or promptly pay the cost of such repair to Lessor, as elected by Lessor.

6.11 Access to the Leased Premises.

Subject to Sections 6.2 and 6.9, and the Security Protocols, Lessee shall have access to the Leased Premises and the Access Roads at all times (i.e., twenty-four (24) hours a day/seven (7) days a week) and shall have access to the Common Areas (other than the Access Roads) at such times as are set forth in the Rules and Regulations, and Exhibits subject to Section 2.1(a), and Lessee shall not have access to any other portion or area of the Property. In amplification of, and not in limitation of the foregoing, Lessee shall use, and direct Lessee Employees, Lessee's Agents and invitees to use, only the Access Roads to reach the Leased Premises.

6.12 Mechanics' Liens.

If any mechanics' or materialmen's liens are filed against the Leased Premises, the Property or the Improvements or Equipment for work, labor, services claimed to be performed or materials furnished to or on behalf of Lessee, Lessee shall cause the same to be discharged of record or bonded within thirty (30) days after Lessee receives notice of the filing; provided, however, that Lessee shall have sixty (60) days to discharge or bond liens filed against the Improvements or Equipment. If Lessee fails to comply with this requirement, Lessor may, but shall not be obligated to, discharge the same by paying the amount claimed to be due; and the amount so paid by Lessor, and all costs and expenses including reasonable attorney's fees incurred by Lessor in procuring the discharge of any such lien, shall be due and payable by Lessee to Lessor upon demand.

6.13 Mutual Cooperation and Non-Interference.

(a) Lessee will use the Leased Premises in a careful, safe and proper manner and will not commit waste, nor overload the mechanical or building systems or structures of the Leased Premises or any Shared Facilities, or damage the Leased Premises or any Shared Facilities. Lessee shall not (i) permit odors, smoke, dust, gas, fumes, noise, or vibrations to emanate from the Leased Premises at levels in excess of those permitted by Applicable Laws and Other Requirements, the Rules and Regulations, or Permits, or (ii) take any other action that would materially disturb or interfere with, or which would endanger, Lessor or the operation of the Lessor Business or the Property or any other lessees or occupants of the Property. Lessor acknowledges that Lessee's continued use of the Leased Premises consistent with Lessee's Business operations as of the date hereof does not violate this Section 6.13(a)(ii)).

(b) Except as to matters expressly covered elsewhere in this Land Lease, Lessor shall not take any action, and shall use reasonable efforts to prevent other occupants at the Property from taking actions, that would materially disturb or interfere with, or which would endanger, Lessee or the operation of the Lessor's Business, Lessee acknowledges that Lessor's continued use of the Property consistent with Lessor's operations as of the date hereof does not violate this Section 6.13(b)).

(c) Lessor and Lessee hereby agree to act at all times in good faith and use commercially reasonable efforts to coordinate their respective uses of the Property and the respective operation of the Lessor Business and the Lessee Business. Each Party further agrees that in exercising its rights hereunder it will do so in a manner so as to minimize the effect or interference with the rights of the other Party in and to its Business. Each Party, before exercising any rights hereunder in the Common Area or otherwise, shall first attempt to use its premises to accomplish the intended purpose, provided such Party can do so in a reasonable and financially practical manner.

6.14 NYPA Agreement.

The Parties covenant and agree to cooperate fully and in good faith and to take all actions capable of being performed by the respective Party to comply with and implement the employment and other requirements and conditions in the NYPA Agreement, and to take all actions to prevent, and to refrain from taking all actions which would constitute, a breach or default thereunder. Pursuant to the NYPA Agreement, the number of employees to be retained by each Party has been approved by both Parties as of the Effective Date and consist of a minimum of four hundred sixty (460) full-time employees of Lessee and one hundred forty (140) full-time employees of Lessor, which may not be modified or amended except by mutual agreement of the Parties. Any violation of such separate agreement by Lessee shall constitute a breach and default of Lessee under this Land Lease.

ARTICLE 7

REPAIRS AND MAINTENANCE; LESSOR SERVICES; COMMON AREAS AND SHARED SERVICES AND FACILITIES

7.1 Maintenance and Repair of the Leased Premises.

(a) At all times during the Term, Lessee shall be solely responsible for all costs, expenses, fees and charges incurred or required to be incurred in connection with the use, operation, maintenance, repair and occupancy of the Leased Premises and the Improvements and Equipment thereon, including, but not limited to, Real Property Taxes, insurance and all other operating costs, expenses, fees and charges, except for and subject to payment of Lessee's Share with respect to all Pass Through Costs and all costs, expenses, fees and charges in respect of Combined Environmental Conditions. Lessee, at its sole cost and expense, shall at all times keep, maintain and repair (including making capital repairs to) all Improvements and Equipment in a safe condition in compliance with all Applicable Laws and Other Requirements. This may include capital improvements and repairs where the Lessee would pay for such capital items as a leasehold improvement. Subject to Lessee's obligations for all Site Removal, Remediation and Restoration, Lessee agrees that at all times during the Term when there are any Improvements or Equipment located on the Leased Premises, Lessee shall maintain the Improvements and Equipment in good and safe condition and repair, reasonable wear and tear excepted, and in compliance with all Applicable Laws and Other Requirements. During any temporary closure or suspension of the Smelter or any other operations, Lessee shall provide suitable security and protection for all affected facilities.

(b) Lessor shall provide and perform such Shared Services and Facilities with respect to the Leased Premises as are set forth on Exhibit 7.2 hereto, as the same may be amended, modified, supplemented, abolished, suspended or curtailed by the written agreement of the Parties from time to time. Lessor is not required to provide any services or facilities to support Lessee's use and occupancy of the Leased Premises, except as expressly provided in this Land Lease. With respect to any Shared Services and Facilities or any other services or facilities to be provided by Lessor hereunder, Lessor shall have the right in its sole discretion, to retain third-party contractors, subcontractors, consultants, providers and vendors to perform or provide such services or facilities on behalf of Lessor. All such services and facilities, including all Shared Services and Facilities, provided by Lessor shall be included in Pass Through Costs. Subject to the foregoing, Lessor shall keep, repair and maintain the Shared Facilities (or shall cause the Shared Facilities to be kept, repaired and maintained) in good and safe order, repair and condition; provided, however, that notwithstanding any provision contained in this Land Lease, in the event Lessor ceases all or substantially all operations of Lessor Business, Lessee (and not Lessor) shall be responsible for all Shared Permits, Site Amenities, Utilities and Shared Services and Facilities servicing or affecting the Leased Premises, and Lessor shall have no liability or responsibility therefor unless and until Lessor resumes operations of Lessor Business, or until Lessor sells or transfers the Lessor Remaining Property (in which case the new owner (and not Lessor) shall reassume and assume Lessor's obligations therefor).

(c) Each of Lessor and Lessee shall neither commit nor suffer, and each Party shall use commercially reasonable precaution to prevent, waste, damage or injury to the Leased Premises, the Shared Facilities or the Common Areas.

(d) All materials for repairs and maintenance performed by Lessor and Lessee shall be of good quality such that original design loads and other performance specifications with respect to the Property or Leased Premises (as applicable) are preserved in all material respects, unless the Parties mutually agree, in writing, to deviate from such quality, class or specifications.

(e) The minimum standard to which both Lessor and Lessee shall adhere under this Land Lease for maintenance and repairs shall be the level to which similar repair and maintenance is performed by Lessor elsewhere on the Property.

(f) Any dispute (other than Lessee's audit rights with respect to Pass Through Costs); regarding the allocation of repair and maintenance obligations or the provision of Shared Services and Facilities as between Lessee and Lessor with respect to any component of the Leased Premises, Improvements or Equipment or for which the Parties are not in agreement as to the interpretation therefor, shall be resolved in accordance with the procedures set forth in Article 15 provided, however, that until such resolution is final, the maintenance and repair obligations with respect thereto shall be performed by whichever Party can undertake and complete the repair and maintenance work in the shortest time frame and at the lowest overall cost, with direct out-of-pocket expenses related thereto incurred by the performing Party divided equally between Lessee and Lessor and paid with reasonable promptness by the nonperforming Party, and with direct out-of-pocket expenses of the prevailing Party in the dispute subject further to reimbursement from the nonprevailing Party within a reasonable period, not to exceed thirty (30) days, after final determination of responsibility.

(g) Lessor shall use all reasonable best efforts to schedule all repair and maintenance of the Lessor Remaining Property, including Shared Facilities, so as to minimize interference with Lessee Business. Lessee shall use all reasonable best efforts to schedule all repair and maintenance of the Leased Premises so as to minimize interference with Lessor Business.

7.2 Annual Budget.

(a) For first calendar year (or portion thereof) during the Initial Term, and for each calendar year thereafter during the Term, there shall be an annual budget for the Pass Through Costs ("**Annual Budget**"), which sets forth the Parties' best estimate of the costs and expenses for the Shared Services and Facilities, including all repairs, maintenance and improvement of all Common Areas and all capital expenditures, all Combined Environmental Conditions, and all other costs and expenses which comprise Pass Through Costs for such calendar year of the Initial Term. By May 1 in each year of the Lease, Lessee will present Lessor with suggested items to include in the Proposed Annual Budget, including but not limited to, proposed capital improvements on any sites where the Lessee is the Most Dependent User. By May 1 in each year of the Lease, Lessor will present Lessee with suggested items to include in the Proposed Annual Budget, including but not limited to, proposed capital improvements on any sites where the Lessee is the Most Dependent User. By June 1 in each year of the Lease, Lessor shall provide Lessee with Lessor's (and vice versa based on Most Dependent User) reasonable best estimate of

the projected Pass Through Costs ("**Proposed Annual Budget**") for the next succeeding calendar year. The Proposed Annual Budget shall include, in reasonable detail: (a) the scope of maintenance and ordinary repair work; (b) proposed capital improvements; (c) the standards, (expressed as both performance specifications and the frequency), extent, and quality of services for maintenance and ordinary repairs, such standards to be not less than the level to which similar repair and maintenance is performed by Lessor elsewhere on the Property; and (d) the cost budget, including, but not limited to, Actual Fully Loaded Cost of labor, materials, goods, products, supplies and services, equipment, third-party contracted work, supervision and other line items as would typically be included in a maintenance and ordinary repair cost budget, including contingency, plus all other items of Pass Through Costs. Lessor agrees that, for each Proposed Annual Budget, the cost budget and all elements thereof shall be fair and reasonable and prepared in good faith. Budgeted capital improvements in excess of $50,000 will upon expenditure by a Party, and for purposes of Pass Through Costs billing, be generally amortized over the useful life of the applicable improvement (not to exceed 10 years) at prevailing market interest rates.

(b) During the period between June 1st and December 1st during each calendar year during the Term after delivery of the Proposed Annual Budget for the next succeeding calendar year, as and to the extent requested by either Lessee or Lessor, the Parties will meet as often as reasonably necessary, exchange information, and otherwise work together in good faith to try to agree upon the Annual Budget for such succeeding calendar year. If the Parties do not agree, the determination of the Annual Budget shall be subject to resolution pursuant to Article 15. Until final agreement or resolution, the Annual Budget shall be in the form and amount of the immediately preceding Annual Budget, increased by 5% per annum, cumulative and compounded, with such additions as may be required due to emergencies or events of Force Majeure.

(c) Lessor shall be required to make periodic inspections of the Lessor Remaining Property, the Common Areas and Shared Facilities, using a qualified third-party professional, and make such reports available to Lessee promptly after receipt thereof. Lessee shall have a corresponding obligation for the Leased Premises, Improvements and Equipment. In each such case, such inspections shall be conducted no less frequently than is necessary to be in compliance with time periods established by general industry standards. Each Party shall be required to reasonably address findings in the report related to its components, within a period of time specified in such report (or within such other period that is reasonable and practical under the circumstances), with respect to repairs and replacements that are reasonably necessary to prevent deterioration to the premises involved that are severe, conditions which may cause material damage to such premises, conditions which may adversely affect the functionality of the Leased Premises, or conditions which may constitute a threat to public safety. All expenses incurred by Lessor in this Section 7.2 shall be included in the Pass Through Costs and are described in detail on Exhibits 7.2(A-N).

7.3 Lessee's Responsibility.

(a) Lessee shall, at its sole cost and expense, occupy and use the Leased Premises and the Improvements and Equipment in a lawful manner in compliance with Applicable Laws and Other Requirements, and except for responsibilities specifically assigned to and undertaken by

Lessor under this Land Lease, Lessee shall be responsible for all actions, services and other work necessary to lawfully conduct Lessee Business at the Leased Premises. As a part of this obligation, Lessee shall be responsible for (i) participating in any Lessor's site emergency response training for first responders and other similar measures, if any, and (ii) complying with Lessor's health, safety, environmental and fire protection standards applicable to the Property.

(b) Notwithstanding the provision by Lessor of certain services, including emergency response services and the Shared Services and Facilities as provided in Exhibit 7.2, Lessee shall be solely responsible for, and Lessor shall have no responsibility for, any Environmental Liabilities arising from any Environmental Conditions on, at or migrating from, the Leased Premises or other portions of the Property that constitute Lessee Environmental Conditions.

7.4 Discontinuance and Interruption of Services.

Except (i) as expressly set forth in Section 6.4(a), (ii) to the extent of Lessor's or any Lessor's Agent's gross negligence or willful misconduct, or (iii) to the extent that any violation of Lessor's obligations under this Land Lease is a material cause of any of the occurrences enumerated in this Section 7.4; Lessor shall not be liable to Lessee in damages or otherwise for any stoppage, interruption, reduction or discontinuation ("**Interruption**") in any (1) Utility service, (2) use of a Permit or (3) any services to be provided by Lessor under this Land Lease, or (4) any Shared Services and Facilities, including, without limitation, any electricity, heating, ventilation, air-conditioning, water, wastewater, sewage or other services, caused by: (a) any events of Force Majeure; (b) the fact that service becomes unavailable from any public Utility company, public authority or any other person or entity supplying or distributing such Utility; (c) action of Governmental Authorities (including the denial, suspension, modification or conditioning of any Permit), (d) necessary Interruptions to service due to the performance of repairs, maintenance or other improvements, or (e) any other circumstance or event beyond Lessor's reasonable control; and no such Interruption shall constitute a breach or default by Lessor or a termination of this Land Lease or an actual or constructive eviction of Lessee, or cause any abatement of the Rent or otherwise relieve Lessee from any of its obligations under this Land Lease.

7.5 Damage Caused by Lessee.

Lessee shall reimburse Lessor after written demand for the cost of any repairs to the Leased Premises or the Property (including any Shared Facilities) that are necessitated by the negligence of Lessee or Lessee's Agents or by Lessee's violation of any of its obligations under this Land Lease. The cost of these repairs shall be charged to Lessee as Additional Rent for the month following delivery of written demand for reimbursement or if such demand is made during the final month of the Term, within thirty (30) days after Lessee's receipt of such written demand.

ARTICLE 8

ALTERATIONS

8.1 Lessee Alterations.

(a) Except as otherwise expressly provided and subject to the terms and conditions in this Article 8 and Section 6.13(b), and further subject to all of Lessee's obligations for all Site Removal, Remediation and Restoration, Lessee may, at Lessee's sole cost and expense elect to (i) construct new buildings, structures and improvements (collectively, "**New Improvements**") on the Leased Premises, and upon completion, such New Improvements shall constitute Improvements, and (ii) make and construct any alterations, modifications, expansions or improvements to any existing Improvements (collectively, "**Alterations**"). In no event shall the construction of New Improvements, or the modification and alteration of existing Improvements, increase the Fixed Rent payable under this Land Lease); provided, however, Lessee shall be responsible for one hundred percent (100%) of any new or increased costs, fees or expenses imposed on the Leased Premises or the Property as a result of any New Improvements or Alterations, including, but not limited to, any increase in Real Property Taxes attributable thereto together with any new Improvements (all such New Improvements and Alterations, collectively, "**Lessee Alterations**").

(b) Lessee shall not make or construct any material Lessee Alterations without Lessor's prior written approval, which approval shall not be unreasonably withheld or delayed, based only on the Review Criteria, subject to the provisions of this Section 8.1 and the following:

(i) subject to clause (ii) below, if any Lessee Alterations require a Permit (other than a Zoning Permit) that would require Lessor to be a signatory thereto, Lessor shall exercise its reasonable discretion in consenting to such Permit; provided that Lessor shall consent to and execute for Lessee's benefit any Lessor Non-Objection Permit; and

(ii) if any Lessee Alterations (whether material or not) would (A) require a Zoning Permit, (B) require Lessor to be a signatory or party to an agreement in connection therewith, or (C) be likely to adversely affect the health or safety of any person or property, or any then-existing Shared Permit, Lessor shall have the right to consent or withhold consent to such Lessee Alterations in its sole discretion.

(c) Lessee shall request in writing Lessor's consent for any Lessee Alterations that require approval, providing the Lessor with copies of signed and sealed plans and specifications therefor.

(d) All Lessee Alterations constructed by Lessee shall be constructed in accordance with all Applicable Laws and Other Requirements, and all General Construction Requirements and Conditions set forth on Exhibit 8.1(d) attached using materials of first-class quality and subject to all of the terms and conditions of this Land Lease.

(e) Lessee shall not commence construction of any Lessee Alterations until (i) all required Permits have been obtained, (ii) all requirements regarding insurance imposed by this Land Lease have been satisfied, and (iii) Lessee has obtained reasonable and customary general liability and broad form builders' risk insurance if there are any perils relating to the proposed construction not covered by insurance carried by Lessee pursuant to Article 10.

(f) Lessee shall ensure that all general contractors and all other major contractors or trades performing Lessee Alterations carry commercial general liability (including completed operations coverage for a period of one (1) year following completion of the work), contractual liability, pollution liability, business automobile liability, umbrella/excess liability, worker's compensation and employers' liability coverages in amounts commensurate with the work being performed and insurance customarily carried by prudent owners or operators of improvements similar to the Improvements and Lessee Alterations. Each such contractor shall name Lessor, its officers, directors, and employees, Lessor's mortgagees and Lessor's representatives as additional insureds on the liability policies required hereunder.

(g) All policies required to be carried by any such contractors or subcontractors shall be issued by, and binding upon, an insurance company licensed to do business in the State with a rating of at least "A-, VII" or better as set forth in the most current issue of Best's Insurance Reports, unless otherwise approved by Lessor. Certificates of insurance, acceptable to Lessor, evidencing the existence and amount of each insurance policy required hereunder shall be delivered by Lessee to Lessor prior to the commencement of any work in the Leased Premises. The above requirements shall apply equally to any subcontractor engaged by Lessee's contractors.

8.2 Alterations Required by Law.

Lessee shall, at its sole cost and expense, but subject to Lessor's prior written reasonable consent, make any alteration, addition or change to the Leased Premises that is required by any Applicable Laws and Other Requirements, including, but not limited to, the Americans With Disabilities Act of 1990, as amended. Any such alterations, additions or changes shall be made by Lessee in accordance with and subject to the provisions of Section 8.1.

8.3 Signs.

Lessee shall not erect any signs, decorations, advertising media, exterior lights or other improvements or installations visible from outside of the Leased Premises without Lessor's prior written consent, which consent shall not be unreasonably withheld or delayed. If Lessor consents to any such signage, such consent shall be conditioned on the requirement that Lessee comply with all Applicable Laws and Other Requirements, remove all signs at the end of the Term, and make and perform all necessary repairs and restoration in connection with such removal, pay all other costs and expenses related to the erection and removal of any such signs, and comply with all other similar requirements as may be reasonably imposed by Lessor.

ARTICLE 9

ENVIRONMENTAL MATTERS

9.1 Regulated Substances.

(a) Lessee shall not Release or dispose of any Regulated Substances on or at the Leased Premises, in any manner, except in compliance with all applicable Permits and Environmental Laws.

(b) Lessee shall not treat, dispose of, store or otherwise manage any Regulated Substances used or generated at or emitted or emanating from or passing through the surface or subsurface of the Leased Premises in any manner that would require a hazardous waste storage, treatment or disposal Permit under RCRA or any other Environmental Law. Without limiting the foregoing, if Lessee generates hazardous waste at the Leased Premises, Lessee shall establish and maintain in the Leased Premises accumulation areas for such hazardous waste generated by Lessee in compliance with all applicable Environmental Laws and shall manage such accumulation areas in a manner that will not require a hazardous waste storage, treatment or disposal Permit under RCRA or any other Environmental Law, and, in any event, shall completely remove and dispose of all such hazardous waste as part of the Remedial Actions.

(c) If Lessee generates, treats, disposes of, discharges, uses or stores Regulated Substances at, from or on the Leased Premises, Lessee shall: (i) at its own cost and expense, comply in all material respects with all Environmental Laws and maintain all Permits and other approvals from any Governmental Entity required in connection therewith; (ii) upon written request by Lessor, promptly provide Lessor with copies of all MSDS sheets and any other Required Regulated Substance Records that Lessor may reasonably request relating to the Regulated Substances; (iii) allow Lessor and its representatives to enter the Leased Premises at reasonable times and conduct appropriate environmental testing; and (iv) upon written request by Lessor, promptly provide Lessor with the results of any environmental testing conducted at the Leased Premises by Lessee.

(d) Lessee may store or utilize at or on the Leased Premises, in accordance with Environmental Laws, those Regulated Substances that were being utilized by the Lessee Business as of the Effective Date. Lessee may not bring onto the Leased Premises, store or utilize any other Regulated Substances without the prior written approval of Lessor, which approval shall be in Lessor’s reasonable discretion.

(e) Lessee shall keep and maintain accurate records of all Regulated Substances used, stored, treated, disposed, discharged or Released by Lessee at the Leased Premises, including all Required Regulated Substance Records. Lessee shall maintain such records for a period of at least ten (10) years (including after the expiration or termination of this Lease), and Lessee shall provide a copy of such records to Lessor to the extent reasonably requested in writing by Lessor.

9.2 Releases, Environmental Conditions and Remedial Actions.

(a) Lessor and Lessee mutually acknowledge that they are each familiar with the Environmental Conditions that exist on the Leased Premises and the remainder of the Property as of the Effective Date ("**Pre-Existing Environmental Conditions**"). Lessee shall promptly notify Lessor of the discovery of any Environmental Condition on the Leased Premises, the Common Areas, the Shared Facilities, or other portions of the Property that constitute any new Environmental Condition or any exacerbation of any Pre-Existing Environmental Conditions ("**New Environmental Conditions**"). Lessor shall promptly notify Lessee of the discovery of any Environmental Condition on the Leased Premises or the Common Areas or Shared Facilities, or any Environmental Condition on any other portion of the Property if and to the extent that such Environmental Condition is a New Environmental Condition and is reasonably likely to migrate to the Leased Premises.

(b) Except for the Combined Environmental Conditions, (i) Lessee shall be solely responsible for Remedial Actions Required by Law to address any Lessee Environmental Condition and (ii) Lessor shall be solely responsible for Remedial Actions Required by Law to address any Lessor Environmental Condition. Each known Lessor Environmental Condition and each known Lessee Environmental Condition and each Combined Environmental Condition existing as of the Effective Date is listed on Exhibit 9.2(b) attached. If an Environmental Condition that requires Remedial Action was jointly caused or contributed to by a Lessee Environmental Condition and a Lessor Environmental Condition and liability is not allocated in Exhibit 9.2(b), whether prior to or subsequent to the Effective Date, whether or not it is listed on Exhibit 9.2(b) as a Combined Environmental Condition, such Environmental Condition shall be deemed to be a Combined Environmental Condition, and liability for such Remedial Action therefor shall be allocated equitably between the Lessee and Lessor based on consideration of the following factors:

(i) whether, but for the Environmental Condition for which one of the Parties is solely responsible, an Environmental Condition or Remedial Action obligation would have arisen for the other Party;

(ii) the relative quantity, toxicity and area affected by the Regulated Substances for which the respective Parties are responsible;

(iii) the degree to which the Regulated Substance for which a Party is responsible affects the selection of the Remedial Action, the cost of the Remedial Action, and the period of time over which the Remedial Action must be implemented; and

(iv) other relevant considerations relating to each Party's role or obligations with respect to the applicable Environmental Condition.

(c) There shall be a rebuttable presumption that any Environmental Condition found on the Leased Premises after the Effective Date is a Lessee Environmental Condition, unless a preponderance of the evidence shows that the Environmental Condition is a Lessor Environmental Condition.

(d) There shall be a rebuttable presumption that any Environmental Condition found on the Property other than the Leased Premises after the Effective Date is a Lessor Environmental Condition, unless a preponderance of the evidence shows that the Environmental Condition is a Lessee Environmental Condition or a Combined Environmental Condition.

(e) Remedial Actions with respect to Environmental Conditions on the Leased Premises or other portions of the Property shall be subject to the following:

(i) Lead Party shall be responsible for undertaking Remedial Actions Required by Law to address any Environmental Condition. If, after written notice from the non-Lead Party of an Environmental Condition, such Lead Party fails to timely and adequately undertake and diligently prosecute any Remedial Actions Required by Law, the non-Lead Party may assume Lead Party status upon notice to the Lead Party and proceed to undertake such Remedial Actions Required by Law, in which case the Lead Party shall promptly reimburse the non-Lead Party for all related costs and expenses in accordance with the indemnification obligations under Article 11.

(ii) Remedial Actions Required by Law to address an Environmental Condition shall be performed in accordance with all Environmental Laws to achieve the Applicable Remediation Standards utilizing reasonably cost-effective methods for remediation, subject to the provisions with respect to the Site Removal, Remediation and Restoration.

(iii) Lessor (and Lessee, with the reasonable approval of Lessor) may propose the utilization of institutional controls restricting future use of all or portions of the Leased Premises to industrial or commercial purposes and prohibiting withdrawal of groundwater.

(A) Lessee may propose the utilization of engineering controls (e.g., capping or covering areas) on the Leased Premises or the Property, as the case may be, subject to approval by the Lessor, which approval shall not be withheld or conditioned unless Lessor reasonably determines that such engineering controls would (x) unreasonably interfere with the current and future utilization of the Property for commercial and industrial purposes or operation of Lessor’s Business on the Property; or (y) impose on Lessor Material Unreimbursed Implementation Costs.

(B) Lessor may utilize engineering controls (e.g., capping or covering areas) on the Leased Promises, subject to approval by Lessee, which approval shall not be withheld or conditioned unless Lessee reasonably determines that such engineering controls would (x) unreasonably interfere with Lessee’s current and future operation of the Lessee Business on the Leased Premises; or (y) impose on Lessee Material Unreimbursed Implementation Costs.

(iv) Without limiting Lessee’s obligations with respect to Site Removal, Remediation and Restoration, if Lessee undertakes any construction, expansion,

demolition or renovation activities on the Leased Premises (to the extent otherwise permitted under this Land Lease) that are not required by applicable Environmental Law or ordered, directed or otherwise formally requested by a Governmental Entity, and that involve the demolition or renovation of any structures, the removal of any slab, paved area, parking lot or engineering control cap (collectively, "**Cap**") or the excavation of soils beneath any such Cap, Lessee shall be solely responsible for all costs and expenses associated with such work (and all fines, penalties or other Liability resulting therefrom), including, without limitation, (A) any costs of construction, expansion, demolition, renovation and excavation; (B) any costs of identification, management and removal of Regulated Asbestos Containing Materials; (C) any costs of the management and disposition of waste materials related to the construction, demolition or renovation of such structures; or (D) any costs of excavation or disposal of disturbed or excavated soils in the process of conducting such work; provided that this provision shall not make the Lessor the undertaking party with respect to Lessee's failure to perform its obligations under Section 5.2 (relating to surrender of the Leased Premises) or Lessee's obligation to reimburse Lessor for any cost incurred by Lessor pursuant to Section 5.2(c). All of the foregoing costs shall be added to the Base Environmental Amount in the calculation of the Indemnity Amount for the benefit of Lessor as the Security Party.

9.3 Actions and Agreements Relating to Regulated Substances and Environmental Conditions.

(a) Upon their receipt of any written notice therefore, or otherwise upon learning thereof, Lessee and Lessor shall promptly notify the other party of any claim asserted or threatened by any Governmental Entity or other person relating to any Regulated Substances or Environmental Conditions in any way connected to the Leased Premises or the Property, and each party shall promptly provide the other with any communications or documents relating to such claims. Communications and control in connection with responding to any such claims shall be as set forth in Section 9.5.

(b) Lessee is prohibited from entering into any compromise, settlement agreement, consent order, consent decree or other agreement (or any discussions or negotiations therefor) with respect to any claims relating to any Regulated Substances or Environmental Conditions in any way connected to the Leased Premises or the Property without first obtaining Lessor's written consent, which consent shall be in Lessor's reasonable discretion.

(c) Lessor shall not enter into any settlement agreement, consent order, consent decree or other agreement with respect to any claims relating to any Regulated Substances or Environmental Conditions connected to the Leased Premises or the Improvements and that could materially adversely affect Lessee's occupancy of the Leased Premises and Improvements, or the operations of the Lessee Business, without first obtaining Lessee's written consent, which consent shall not be withheld unless Lessee reasonably determines that the terms of such settlement agreement will (i) materially adversely affect Lessee's use of the Leased Premises and Improvements for the Lessee Business; (ii) materially adversely affect operation of the Lessee Business; or (iii) impose on Lessee a Material Unreimbursed Implementation Cost.

9.4 Lead Party.

(a) The Lessor shall be the "Lead Party" with respect to any Environmental Condition requiring Remedial Action. Nevertheless, Lessee shall remain liable and shall promptly reimburse Lessor for Lessee's Share of all Combined Environmental Liabilities and Lessee Environmental Liabilities (including all of Lessor's expenditures incurred on behalf of Lessee). At Lessor's option, Lessor can designate Lessee to act as the Lead Party for any Lessee Environmental Condition or Combined Environmental Condition where Lessee will bear a majority of costs, in which case Lessee will become the Lead Party and Lessor will become the non-Lead Party for the particular condition(s). The Lead Party shall contract with any contractors, consultants, or other third parties.

(b) For Lessee Environmental Conditions and Combined Environmental Conditions where Lessee will bear a majority of costs, (i) Lessee will have the right to select the contractors, consultants, and other third parties to address Environmental Liabilities, subject to the approval of Lessor, which approval shall not be withheld except for good cause, (ii) at Lessee's request in writing, Lessee will be involved in all significant discussions with Lessor and any relevant third party regarding all aspects of any Remedial Action, (iii) Lessee will have a meaningful opportunity to provide comment to Lessor and any relevant third party regarding all material aspects of any Remedial Action to be taken, and (iv) Lessor shall take into consideration any such comments by Lessee and implement them where reasonably feasible and not otherwise in conflict with this Lease.

9.5 Communication and Control.

In conducting any Remedial Action Required by Law with respect to Environmental Conditions on the Leased Premises, Lessor and Lessee shall adhere to the following procedures:

(a) The Lead Party shall provide the non-Lead Party for review and comment drafts of any proposed work plans, reports or other submissions that the Lead Party intends to deliver or submit to a Governmental Entity prior to said submission. The non-Lead Party shall have fifteen (15) days or such shorter time as is reasonable to provide comments to the Lead Party regarding any such draft submissions. Such review shall be at the sole expense of the non-Lead Party. The Lead Party shall consider and respond to the non-Lead Party's comments.

(b) The Lead Party shall promptly provide copies to the non-Lead Party of all written notices, final submissions, final work plans and final reports and any other documents or communications to or from any Governmental Entity, concerning the Remedial Action.

(c) The non-Lead Party may, at its own expense, hire its own consultants, attorneys or other professionals to monitor the Remedial Action, including any field work, and the Lead Party shall provide the non-Lead Party with the results of all such field work. During the performance of the field work, the Lead Party shall afford the non-Lead Party the opportunity to collect split samples of any samples collected by the Lead Party or its representatives.

(d) The Lead Party shall provide the non-Lead Party with notice of any meetings with any Governmental Entity concerning the Remedial Action, and the non-Lead Party shall have the right to have its representatives or consultants attend such meeting at the sole expense of the non-Lead Party.

(e) The non-Lead Party shall not engage in any *ex parte* communications with any involved Governmental Entity or other Person regarding any Remedial Action being undertaken by the Lead Party or the Environmental Conditions giving rise to such Remedial Action, without notice to and the opportunity by the Lead Party to participate in such communication; provided that the non-Lead Party may engage in a communication with an involved Governmental Entity without notice to the Lead Party if:

(i) the non-Lead Party is required by Law to make a notification to the Governmental Entity within a time period that does not practicably allow an opportunity to first notify the Lead Party; provided that the non-Lead Party shall notify the Lead Party as soon as practicable following the provision of such notice; or

(ii) a Governmental Entity conducts an inspection or otherwise initiates a communication with the non-Lead Party; provided that the non-Lead Party shall notify the Lead Party as soon as practicable following such communication.

(f) In communications with any Governmental Entity or other Person, the non-Lead Party or any representatives of the non-Lead Party shall not advocate or take any action that would hinder, render more difficult, or render more expensive the Remedial Action to be undertaken by the Lead Party.

(g) If the non-Lead Party is in possession of the site where Remedial Actions are being implemented, the Lead Party shall provide reasonable advance notice to and reasonably consult with the non-Lead Party concerning the scheduling and methods for implementing any Remedial Action with the objective of minimizing to the extent reasonably practicable interference with the non-Lead Party's business operations at the site in question.

(h) Lessee shall cooperate with all reasonable requests of Lessor and its Representatives, including providing reasonable access to the Leased Premises, Lessee's employees, business and personal records, data and information (excluding proprietary information), and by providing reasonable access to Lessor and Lessor's contractors to conduct any investigation of Environmental Conditions or any Remedial Action on or at any of the Leased Premises.

(i) Lessor shall cooperate with all reasonable requests of Lessee and its Representatives, including providing reasonable access to the Property, Lessor's employees, business and personal records, data and information (excluding proprietary information), and by providing reasonable access to Lessee and Lessee's contractors to conduct any investigation of Environmental Conditions or any Remedial Action on or at the Leased Premises or Property for which Lessee is the Lead Party.

(j) All information and records provided by either Party to the other shall be held strictly confidential and shall not be disclosed to any other Person (other than professionals or consultants engaged by either Party with a "need to know," who agree to keep all of the same strictly confidential), except as may be required under Applicable Laws and Other Requirements.

9.6 Radon Gas Disclosure.

Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in New York. Additional information regarding radon and radon testing may be obtained from your county health department.

9.7 Environmental Indemnities.

(a) Lessee shall indemnify, defend, protect, save, hold harmless, and reimburse Lessor and all other Lessor Indemnified Parties for, from and against any and all Environmental Liabilities whether or not arising out of third-party claims and regardless of whether liability without fault is imposed, or sought to be imposed, on Lessee, or on the Leased Premises, incurred in connection with, arising out of, resulting from or incident to, directly or indirectly, any and all (i) Lessee Environmental Conditions, and (ii) Lessee's Share of all Environmental Liabilities with respect to all Combined Environmental Conditions.

(b) Lessor shall indemnify, defend, protect, save, hold harmless, and reimburse Lessee and all other Lessee Indemnified Parties for, from and against any and all Environmental Liabilities whether or not arising out of third-party claims and regardless of whether liability without fault is imposed, or sought to be imposed, on Lessor, or on the Leased Premises, incurred in connection with, arising out of, resulting from or incident to, directly or indirectly, any and all (i) Lessor Environmental Conditions, and (ii) Lessor's share of all Environmental Liabilities with respect to all Combined Environmental Conditions.

9.8 Environmental Inspections.

(a) If either Party ("**Inspecting Party**") has a reasonable basis to believe that the other Party is in breach of its obligations under this Article 9, or that there may exist any violation of Environmental Laws that would require investigation, remediation or other corrective action pursuant to Environmental Laws in, on, from, under or about any Leased Premises or the Lessor Remaining Property, or if the Inspecting Party desires to do so in connection with the prospective sale, leasing, financing, development or development of any portion of the Property (including the Leased Premises), the Inspecting Party shall have the right, from time to time, during normal business hours and upon not less than fifteen (15) days' Notice to the other Party, except in the case of an emergency, in which event no notice shall be required, to conduct (or cause to be conducted) an inspection of the Leased Premises or the Property to determine the existence of such violation of Environmental Laws. During said fifteen (15)-day period, at the other Party's request the Inspecting Party's environmental representatives shall meet and confer in good faith with Lessee's environmental representatives, in an attempt to agree on a potential plan of action for any such inspection, including testing, sampling and monitoring, in a commercially reasonable and cost-effective manner. At the expiration of such fifteen (15)-day period (except in the case of an emergency), the Inspecting Party shall have the right to enter and inspect the Leased Premises or the Property, as the case may be, conduct any testing, monitoring, sampling and analyses (collectively, "**Inspections**") it deems reasonably necessary and shall have the right to inspect materials brought into the Leased Premises or the Property,

subject to any agreed plan of action with the other Party (if any). The Inspecting Party may, in its reasonable discretion, retain such experts to conduct the Inspections and to prepare a written report in connection therewith. If any Inspections reveal any violation of Environmental Laws, all reasonable costs and expenses incurred by the Inspecting Party under this Section 9.8 shall be paid on demand by the other Party, and any failure to pay the same shall bear interest and be subject to terms of conduct by the other Party as provided with respect to Environmental Liabilities in Section 9.7. Failure to conduct an environmental inspection or to detect unfavorable conditions if such inspection is conducted shall in no fashion be intended as a release of any liability for any Lessor or Lessee Environmental Condition. The obligations set forth in this Article 9 shall survive the expiration or earlier termination of this Land Lease.

(b) All Inspections shall be conducted during normal business hours (except in an emergency) and a representative of the other Party shall have the right to be present (except in an emergency if no notice is practicable). The Inspecting Party and its representatives shall take reasonable care (i) to minimize disturbance of the operations of the Leased Premises or the Lessor Remaining Property, in the course of any Inspections, except in the case of an emergency, and (ii) not to cause any damage or injury to the Leased Premises or the Property, and the Inspecting Party shall be responsible for all negligent acts and omissions for all representatives it brings upon the Leased Premises or Property; provided that the Inspecting Party shall not be responsible for any claims, costs, expenses, loss or damages for any existing environmental conditions or matters except to the extent that the same may be exacerbated by the Inspecting Party or its representatives by such negligence. The Inspecting Party shall maintain (or cause its contractors and experts to maintain) customary insurance coverage with customary limits with respect to all Inspections.

9.9 Site Removal, Remediation and Restoration Work.

All provisions of this Article 9 are intended to be supplemental to and shall govern all obligations of Lessee with respect to the Site Removal, Remediation and Restoration Work, to the extent the provisions of this Article 9 provide for any greater obligations of Lessee or any greater rights of Lessor with respect to the subject matter thereof. In no event shall any provisions of this Article 9 limit or reduce the obligations of Lessee with respect to the Site Removal, Remediation and Restoration Work.

9.10 Grasse River Remediation Program.

Lessee acknowledges receipt and review of a true and complete copy of all Remedial Action and all other documents, agreements and materials in connection with the Grasse River Remediation Program, and acknowledges Lessor’s participation therein. Until such time as implementation begins thereunder, Lessee covenants and agrees with Lessor to work cooperatively with Lessor in good faith (a) at Lessor’s request, to facilitate Lessor’s obligations under the Grasse River Remediation Program (at Lessor’s cost and expense) and (b) to ensure that any operation of Lessee Business or any other of Lessee’s use of the Leased Premises do not adversely affect the Grasse River Remediation Program.

9.11 NYDEC Consent Order.

Lessee acknowledges receipt and review of a true and complete copy of the NYDEC Court Order in existence on the Effective Date. Lessee shall not operate the Lessee Business nor otherwise use the Leased Premises in violation of the NYDEC Consent Order. The costs and expenses of compliance under the NYDEC Consent Order shall be equitably apportioned between Lessor and Lessee in relation to the historical use and operation of the respective Lessor Business and Lessee Business and otherwise in accordance with this Lease. Lessee acknowledges and agrees that Lessor, as the signatory to the NYDEC Consent Order, shall lead all negotiations with NYDEC and the State of New York with respect to all matters relating to or arising out of the NYDEC Consent Order; provided, however, where such amendments or modifications are solely attributed to the action or inaction of the Lessor, Lessor agrees to reasonably consult with Lessee with respect thereto; provided, further, however, Lessee shall not be obligated to comply with any material amendments or modifications of the NYDEC Consent Order made after the Effective Date without Lessee's written consent, which shall not be unreasonably withheld or delayed provided the same do not materially increase Lessee's financial obligations under this Land Lease.

ARTICLE 10

INSURANCE

10.1 Lessee's Insurance.

Both companies agree to maintain in full force and effect casualty, property, and other lines of insurance of the types, on the terms and in the amounts commensurate with its business and risks associated therewith ("Insurance") and to comply with applicable workers compensation insurance laws regarding insurance or qualification as a self-insurer; (ii) in accordance with the Indemnification and to the extent permitted by law, to waive rights of subrogation and contribution against the other company, including the other company as an additional insured, under policies of Insurance; (iii) to ensure that the policies of Insurance are stated to be specifically primary to any of the other company's insurance policies, which policies will be, in all respects, excess to the other company's policies of Insurance; (v) to be solely responsible for any deductibles, self-insured retentions, or other form of self-insurance under the policies of Insurance.

Certificates evidencing such insurance shall be filed with Lessor upon execution of this Land Lease and within ten (10) Business Days after any renewals to such policies are issued. Certificates of insurance shall include a statement showing that Lessor, its officers, directors, employees, Lessor's mortgagees, and Lessor's representatives are included as additional insureds on liability policies as required above, and that Lessor is included as loss payee on Lessee's property insurance. The limits of insurance required by this Land Lease, or as carried by Lessee, shall not limit the liability of Lessee or relieve Lessee of any obligation thereunder. Any deductibles selected by Lessee shall be commercially reasonable and consistent with those maintained prudent operators of facilities similar to the Improvements and Equipment and shall be the sole responsibility of Lessee.

10.2 Waiver of Subrogation.

Notwithstanding any other provision of this Land Lease to the contrary, whenever (a) any loss, cost, damage, or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either Lessor or Lessee or by anyone claiming by, through, or under Lessor or Lessee in connection with the Leased Premises, and (b) such Party is then covered in whole or in part by insurance with respect to which such loss, cost, damage or expense is required under this Land Lease to be so insured, then the Party so insured (or so required to be) hereby waives any claims against and releases the other Party from any liability such other Party may have on account of such loss, cost, damage or expense to the extent of any net amount recovered (after deduction of all costs of adjustment and collection, including attorneys' fees) by reason of such insurance (or which could have been recovered had such insurance been carried as so required). The all-risk property insurance obtained by Lessor and Lessee shall include a waiver of subrogation by the insurers and all rights based upon an assignment from its insured, against Lessor or Lessee, their officers, directors, employees, managers, agents, invitees and contractors, in connection with any loss or damage thereby insured against. The failure of a Party to insure its property shall not void this waiver.

10.3 Lessor's Insurance.

Lessor shall maintain such insurance coverage on the Property as a reasonably prudent Lessor would maintain in similar circumstances.

Both companies agree to maintain in full force and effect casualty, property, and other lines of insurance of the types, on the terms and in the amounts commensurate with its business and risks associated therewith ("Insurance") and to comply with applicable workers compensation insurance laws regarding insurance or qualification as a self-insurer; (ii) in accordance with the Indemnification and to the extent permitted by law, to waive rights of subrogation and contribution against the other company, including the other company as an additional insured, under policies of Insurance; (iii) to ensure that the policies of Insurance are stated to be specifically primary to any of the other company's insurance policies, which policies will be, in all respects, excess to the other company's policies of Insurance; (v) to be solely responsible for any deductibles, self-insured retentions, or other form of self-insurance under the policies of Insurance.

ARTICLE 11

INDEMNITY

11.1 Indemnification

A. Indemnification by Lessor. Except as otherwise specifically set forth in this Land Lease , to the fullest extent permitted by Law, Lessor shall, and shall cause Lessor's affiliates or assigns (the "**Lessor Group**") to, indemnify, defend and hold harmless Lessee, or Lessee's affiliates or assigns (the "**Lessee Group**") and each of their respective past, present and future directors, officers, employees and agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "**Lessee Indemnitees**"), from and against any and all Liabilities of the Lessee Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

a. any breach by Lessor or any other member of the Lessor Group of the Land Lease; and

b. except to the extent it relates to a Lessee obligation under the Land Lease, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Lessor Group by any member of the Lessee Group.

B. Indemnification by Lessee. Except as otherwise specifically set forth in the Land Lease, to the fullest extent permitted by Law, Lessee shall, and shall cause the Lessee Group to, indemnify, defend and hold harmless Lessor and the Lessor Group and each of their respective past, present and future directors, officers, employees or agents, in each case in their respective capacities as such, and each of the heirs, executors, successors and assigns of any of the foregoing (collectively, the "**Lessor Indemnitees**"), from and against any and all Liabilities of the Lessor Indemnitees relating to, arising out of or resulting from, directly or indirectly, any of the following items (without duplication):

a. any breach by Lessee or any other member of the Lessee Group of the Land Lease;

b. except to the extent it relates to a Lessor obligation under the Land Lease, any guarantee, indemnification or contribution obligation, surety bond or other credit support agreement, arrangement, commitment or understanding for the benefit of any member of the Lessee Group by any member of the Lessor Group.

C. Indemnification Obligations Net of Insurance Proceeds and Other Amounts

a. The Parties intend that any Liability subject to indemnification, contribution or reimbursement pursuant to this Section 3 will be net of Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of any indemnifiable Liability. Accordingly, the amount that either Party (an "**Indemnifying Party**") is required to pay to any Person entitled to indemnification or contribution hereunder (an "**Indemnitee**") shall be reduced by any Insurance Proceeds or other amounts actually recovered (net of any out-of-pocket costs or expenses incurred in the collection thereof) from any Person by or on behalf of the Indemnitee in respect of the related Liability. If an Indemnitee receives a payment (an "**Indemnity Payment**") required by this Land Lease from an Indemnifying Party in respect of any Liability and subsequently receives Insurance Proceeds or any other amounts in respect of such Liability, then, within ten (10) calendar days of receipt of such Insurance Proceeds, the Indemnitee shall pay to the Indemnifying Party an amount equal to the excess of the Indemnity Payment received over the amount of the Indemnity Payment that would have been due if the Insurance Proceeds or such other amounts (net of any out-of-pocket costs or expenses incurred in the collection thereof) had been received, realized or recovered before the Indemnity Payment was made.

b. The Parties agree that an insurer that would otherwise be obligated to pay any claim shall not be relieved of the responsibility with respect thereto or, solely by virtue of any provision contained in the Land Lease, have any subrogation rights with respect thereto, it being understood that no insurer or any other Third Party shall be entitled to a "windfall" (i.e., a benefit they would not be entitled to receive in the absence of the indemnification provisions) by virtue of the indemnification and contribution provisions hereof. Each Party shall, and shall cause the members of its Group to, use commercially reasonable efforts (taking into account the probability of success on the merits and the cost of expending such efforts, including attorneys' fees and expenses) to collect or recover, any Insurance Proceeds that may be collectible or recoverable respecting the Liabilities for which indemnification or contribution may be available under this Section 3. Notwithstanding the foregoing, an Indemnifying Party may not delay making any indemnification payment required, or otherwise satisfying any indemnification obligation, under the terms of this Agreement pending the outcome of any Action to collect or recover Insurance Proceeds, and an Indemnitee need not attempt to collect any Insurance Proceeds prior to making a claim for indemnification or contribution or receiving any Indemnity Payment otherwise owed to it under the Agreements.

D. Procedures for Indemnification of Third-Party Claims

a. *Notice of Claims*. If, at or following the date of this Land Lease, an Indemnitee shall receive notice or otherwise learn of the assertion by a Person (including any Governmental Authority) who is not a member of the Lessee Group or the Lessor Group of any claim or of the commencement by any such Person of any Action (collectively, a "**Third-Party Claim**") with respect to which an Indemnifying Party may be obligated to provide indemnification to such Indemnitee pursuant to Section 3, or any other Section of the Land Lease, such Indemnitee shall give such Indemnifying Party written notice thereof as soon as practicable, but in any event within twenty one (21) days (or sooner if the nature of the Third-Party Claim so requires) after becoming aware of such Third-Party Claim. Any such notice shall describe the Third-Party Claim in reasonable detail, including the facts and circumstances giving rise to such claim for indemnification, and include copies of all notices and documents (including court papers) received by the Indemnitee relating to the Third-Party Claim. Notwithstanding the foregoing, the failure of an Indemnitee to provide notice in accordance with this Subsection 3.D.a. shall not relieve an Indemnifying Party of its indemnification obligations under this Land Lease, except to the extent the Indemnifying Party is actually prejudiced by the Indemnitee's failure to provide notice in accordance with this Subsection 3.D.a..

b. *Control of Defense*. An Indemnifying Party may elect to defend, at its own expense and with its own counsel, any Third-Party Claim; provided that, prior to the Indemnifying Party assuming and controlling the defense of such Third-Party Claim, it shall first confirm to the Indemnitee in writing that, assuming the facts presented to

the Indemnifying Party by the Indemnitee are true, the Indemnifying Party shall indemnify the Indemnitee for any such Losses to the extent resulting from, or arising out of, such Third-Party Claim. Notwithstanding the foregoing, if the Indemnifying Party assumes such defense and, in the course of defending such Third-Party Claim, (i) the Indemnifying Party discovers that the facts presented at the time the Indemnifying Party acknowledged its indemnification obligation in respect of such Third-Party Claim were not true and (ii) such untruth provides a reasonable basis for asserting that the Indemnifying Party does not have an indemnification obligation in respect of such Third-Party Claim, then (A) the Indemnifying Party shall not be bound by such acknowledgment, (B) the Indemnifying Party shall promptly thereafter provide the Indemnitee written notice of its assertion that it does not have an indemnification obligation in respect of such Third-Party Claim and (C) the Indemnitee shall have the right to assume the defense of such Third-Party Claim. Within thirty (30) days after the receipt of a notice from an Indemnitee in accordance with Subsection 3.D.a. (or sooner, if the nature of the Third-Party Claim so requires), the Indemnifying Party shall provide written notice to the Indemnitee indicating whether the Indemnifying Party shall assume responsibility for defending the Third-Party Claim. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of the notice from an Indemnitee as provided in Subsection 3.D.a., then the Indemnitee that is the subject of such Third-Party Claim shall be entitled to continue to conduct and control the defense of such Third-Party Claim.

c. *Allocation of Defense Costs.* If an Indemnifying Party has elected to assume the defense of a Third-Party Claim, then such Indemnifying Party shall be solely liable for all fees and expenses incurred by it in connection with the defense of such Third-Party Claim and shall not be entitled to seek any indemnification or reimbursement from the Indemnitee for any such fees or expenses incurred by the Indemnifying Party during the course of the defense of such Third-Party Claim by such Indemnifying Party, regardless of any subsequent decision by the Indemnifying Party to reject or otherwise abandon its assumption of such defense. If an Indemnifying Party elects not to assume responsibility for defending any Third-Party Claim or fails to notify an Indemnitee of its election within thirty (30) days after receipt of a notice from an Indemnitee as provided in Subsection 3.D.a., and the Indemnitee conducts and controls the defense of such Third-Party Claim and the Indemnifying Party has an indemnification obligation with respect to such Third-Party Claim, then the Indemnifying Party shall be liable for all reasonable fees and expenses incurred by the Indemnitee in connection with the defense of such Third-Party Claim.

d. *Right to Monitor and Participate.* An Indemnitee that does not conduct and control the defense of any Third-Party Claim, or an Indemnifying Party that has failed to elect to defend any Third-Party Claim as contemplated hereby, nevertheless shall have the right to employ separate counsel (including local counsel as necessary) of its own choosing to monitor and participate in (but not control) the defense of any Third-Party Claim for which it is a potential Indemnitee or Indemnifying Party, as applicable, but the fees and expenses of such counsel shall be at the expense of such

Indemnitee or Indemnifying Party, as the case may be, and the provisions of Subsection 3.D.a. shall not apply to such fees and expenses. Notwithstanding the foregoing, such Party shall cooperate with the Party entitled to conduct and control the defense of such Third-Party Claim in such defense and make available to the controlling Party, at the non-controlling Party's expense, all witnesses, information and materials in such Party's possession or under such Party's control relating thereto as are reasonably required by the controlling Party. In addition to the foregoing, if any Indemnitee shall in good faith determine that such Indemnitee and the Indemnifying Party have actual or potential differing defenses or conflicts of interest between them that make joint representation in connection with a Third-Party Claim inappropriate, then the Indemnitee shall have the right to employ separate counsel (including local counsel as necessary) and to participate in (but not control) the defense, compromise, or settlement thereof, and the Indemnifying Party shall bear the reasonable fees and expenses of such counsel for all Indemnitees.

e. *No Settlement.* Neither Party may settle or compromise any Third-Party Claim for which either Party is seeking to be indemnified hereunder without the prior written consent of the other Party, which consent may not be unreasonably withheld, unless such settlement or compromise is solely for monetary damages that are fully payable by the settling or compromising Party, does not involve any admission, finding or determination of wrongdoing or violation of Law by the other Party and provides for a full, unconditional and irrevocable release of the other Party from all Liability in connection with the Third-Party Claim. The Parties hereby agree that if a Party presents the other Party with a written notice containing a proposal to settle or compromise a Third-Party Claim for which either Party is seeking to be indemnified hereunder and the Party receiving such proposal does not respond in any manner to the Party presenting such proposal within twenty (20) days or such longer period, not to exceed thirty (30) days, as may be agreed by the Parties (or within any such shorter time period that may be required by applicable Law or court order) of receipt of such proposal, then the Party receiving such proposal shall be deemed to have consented to the terms of such proposal.

E. Additional Matters

a. *Timing of Payments.* Indemnification or contribution payments in respect of any Liabilities for which an Indemnitee is entitled to indemnification or contribution under this Section 3 shall be paid reasonably promptly (but in any event within thirty (30) days of the final determination of the amount that the Indemnitee is entitled to indemnification or contribution under this Section 3) by the Indemnifying Party to the Indemnitee as such Liabilities are incurred upon demand by the Indemnitee, including reasonably satisfactory documentation setting forth the basis for the amount of such indemnification or contribution payment, including documentation with respect to calculations made and consideration of any Insurance Proceeds that actually reduce the amount of such Liabilities. The indemnity and contribution provisions contained in this Section 3 shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any Indemnitee, and (ii) the knowledge by the Indemnitee of Liabilities for which it might be entitled to indemnification hereunder.

b. *Notice of Direct Claims.* Any claim for indemnification or contribution under this Land Lease or any Ancillary Agreement that does not result from a Third-Party Claim shall be asserted by written notice given by the Indemnitee to the applicable Indemnifying Party; provided, that the failure by an Indemnitee to so assert any such claim shall not prejudice the ability of the Indemnitee to do so at a later time except to the extent (if any) that the Indemnifying Party is prejudiced thereby. Such Indemnifying Party shall have a period of thirty (30) days after the receipt of such notice within which to respond thereto. If such Indemnifying Party does not respond within such thirty (30)-day period, such specified claim shall be conclusively deemed a Liability of the Indemnifying Party under this Subsection 3.E.b. or, in the case of any written notice in which the amount of the claim (or any portion thereof) is estimated, on such later date when the amount of the claim (or such portion thereof) becomes finally determined. If such Indemnifying Party does not respond within such thirty (30)-day period or rejects such claim in whole or in part, such Indemnitee shall be free to pursue such remedies as may be available to such party as contemplated by the Land Lease, as applicable, without prejudice to its continuing rights to pursue indemnification or contribution hereunder.

c. *Pursuit of Claims Against Third Parties.* If (i) a Party incurs any Liability arising out of the Land Lease; (ii) an adequate legal or equitable remedy is not available for any reason against the other Party to satisfy the Liability incurred by the incurring Party; and (iii) a legal or equitable remedy may be available to the other Party against a Third Party for such Liability, then the other Party shall use its commercially reasonable efforts to cooperate with the incurring Party, at the incurring Party’s expense, to permit the incurring Party to obtain the benefits of such legal or equitable remedy against such Third Party.

d. *Subrogation.* In the event of payment by or on behalf of any Indemnifying Party to any Indemnitee in connection with any Third-Party Claim, such Indemnifying Party shall be subrogated to and shall stand in the place of such Indemnitee as to any events or circumstances in respect of which such Indemnitee may have any right, defense or claim relating to such Third-Party Claim against any claimant or plaintiff asserting such Third-Party Claim or against any other Person. Such Indemnitee shall cooperate with such Indemnifying Party in a reasonable manner, and at the cost and expense of such Indemnifying Party, in prosecuting any subrogated right, defense or claim.

e. *Substitution.* In the event of an Action in which the Indemnifying Party is not a named defendant, if either the Indemnitee or Indemnifying Party shall so request, the Parties shall endeavor to substitute the Indemnifying Party for the named defendant. If such substitution or addition cannot be achieved for any reason or is not requested, the named defendant shall allow the Indemnifying Party to manage the Action as set forth in this Section 3, and the Indemnifying Party shall fully indemnify the named defendant against all costs of defending the Action (including court costs, sanctions imposed by a court, attorneys’ fees, experts fees and all other external expenses), the costs of any judgment or settlement and the cost of any interest or penalties relating to any judgment or settlement.

F. Right of Contribution

a. *Contribution.* If any right of indemnification contained in this Section 3 is held unenforceable or is unavailable for any reason, or is insufficient to hold harmless an Indemnitee in respect of any Liability for which such Indemnitee is entitled to indemnification hereunder, then the Indemnifying Party shall contribute to the amounts paid or payable by the Indemnitees as a result of such Liability (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and the members of its Group, on the one hand, and the Indemnitees entitled to contribution, on the other hand, as well as any other relevant equitable considerations.

b. *Allocation of Relative Fault.* Solely for purposes of determining relative fault pursuant to this Subsection 3.F.: (i) any fault associated with the business conducted relating to the historical smelter operations (except for the gross negligence or intentional misconduct of a member of the Lessee Group) or with the ownership, operation or activities of the historical smelter operations prior to the effective date of the Land Lease shall be deemed to be the fault of Lessor and the other members of the Lessor Group, and no such fault shall be deemed to be the fault of Lessee or any other member of the Lessee Group; (ii) any fault associated with the business conducted relating to the historical rolling operations (except for the gross negligence or intentional misconduct of a member of the Lessor Group) or with the ownership, operation or activities of the historical rolling operations prior to the effective date of the Land Lease shall be deemed to be the fault of Lessee and the other members of the Lessee Group, and no such fault shall be deemed to be the fault of Lessor or any other member of the Lessor Group, and no such fault shall be deemed to be the fault of Lessor or any other member of the Lessor Group.

G. Covenant Not to Sue

Each Party hereby covenants and agrees that none of it, the members of its Group or any Person claiming through it or them shall bring suit or otherwise assert any claim against any Indemnitee, or assert a defense against any claim asserted by any Indemnitee, before any court, arbitrator, mediator or administrative agency anywhere in the world, alleging that: (a) the duties, obligations, liabilities or the assumption of any liabilities by Lessor or a member of the Lessor Group or Lessee or a member of the Lessee Group, on the terms and conditions set forth in the Land Lease are void or unenforceable for any reason; (b) the retention of any liabilities by Lessee or a member of the Lessee Group or Lessor or a member of the Lessor Group on the terms and conditions set forth in the Land Lease is void or unenforceable for any reason, or (c) the provisions of this Section 3 are void or unenforceable for any reason.

H. Remedies Cumulative

The remedies provided in this Section 3 shall be cumulative and, shall not preclude assertion by any Indemnitee of any other rights or the seeking of any and all other remedies against any Indemnifying Party.

I. Survival of Indemnities

The rights and obligations of each of Lessee and Lessor and their respective Indemnitees under this Section 3 shall survive (a) the sale or other transfer by either Party or any member of its Group of any assets or businesses or the assignment by it of any liabilities; or (b) any merger, consolidation, business combination, sale of all or substantially all of its Assets, restructuring, recapitalization, reorganization or similar transaction involving either Party or any member of its Group.

J. No Consequential Damages. Neither Party shall be liable under the Land Lease to the other Party for any unforeseeable damages (including without limitation lost profits or loss or diminution of economic benefit) in excess of compensatory damages of the other Party arising in connection with the Land Lease (including the indemnities in favour of the other Party), other than (a) any Liability or Loss suffered or incurred with respect to any claim, demand, action or proceeding by any third-party which is unrelated to the other Party, or (b) any Liability to the extent caused by the wilful misconduct of a Party.

ARTICLE 12

CASUALTY/DAMAGE TO LEASED PREMISES

12.1 Lessor and Lessee's Duty to Restore.

Notwithstanding anything to the contrary contained herein, if the Leased Premises or any of the Improvements or Equipment are damaged by fire or other casualty after the Effective Date, neither Lessor nor Lessee shall have any duty or obligation to restore or otherwise with respect to such Improvements or Equipment on the Leased Premises, except that (a) Lessee shall give Lessor written notice within sixty (60) days of such damage and destruction whether or not Lessee intends to rebuild and restore the Improvements or Equipment, and (b) in the event of a total destruction of the Smelter or its material damage or destruction; if Lessee elects not to repair and restore, (i) such notice shall constitute an Actual Smelter Closure Notice and the date of such damage and destruction shall constitute the Actual Smelter Closure Date, and (ii) Lessee shall promptly raze all such damaged Improvements and Equipment and otherwise proceed with all Site Removal, Remediation and Restoration.

ARTICLE 13

CONDEMNATION

13.1 Taking of Leased Premises.

If the whole of the Leased Premises shall be taken or condemned by any competent authority for any public use or purpose under any statute or by right of eminent domain, or by a private purchase in lieu thereof under threat of such eminent domain proceedings (any such matter being

hereinafter referred to as a "**Taking**"), then in either of such events, this Land Lease shall expire on the date Lessee is required to vacate the Leased Premises either by the condemning authority or by Operation of Law and the Rent shall be prorated as of that date (subject to all obligations of Lessee which survive the termination of the Lease). If part of the Leased Premises shall be taken or condemned and the part so taken includes or any material portions of the Leased Premises or Improvements or as a result of such partial taking, the Leased Premises are not suitable for the operation of the Lessee Business, then, and in any such event, Lessee may elect to terminate this Land Lease as of the date possession shall be taken by such condemning authority (subject to all obligations of Lessee which survive the termination of the Lease). Such notice of election to terminate shall be given in writing to Lessor within sixty (60) days of notice to Lessee of such Taking. If Lessee shall not terminate this Land Lease, or if such partial Taking does not provide Lessee with such option, the Fixed Rent for the balance of the term of this Land Lease and Lessee's Share of Pass Through Costs shall be reduced in an equitable manner and Lessee shall be entitled to reimbursement for the costs required to restore the Leased Premises and Improvements and Equipment only from Lessee's portion of the condemnation award as provided under Section 13.2 below; provided, however, any insufficiency of such reimbursement shall not limit or affect any of Lessee's obligations under the Land Lease.

13.2 Apportionment of Award.

(a) If there is a Taking, Lessor and Lessee shall each have the right to appear and participate in any related condemnation action or proceedings in person and by counsel for the purpose of protecting such party's interests in respect of the Leased Premises. In such proceeding, Lessor shall be entitled to receive and recover all damages and moneys awarded for, the taking of the land, valued as unencumbered by this Land Lease (and Lessee expressly waives and relinquishes any right to claim or participate in any award for the value of any unexpired Term of this Land Lease), and Lessee shall be entitled to receive and recover all damages and moneys awarded for, the taking of the Improvements and Equipment.

(b) If the whole or any part of the Leased Premises or Improvements or Equipment is taken for temporary use or occupancy of the condemning authority, then Lessee shall be entitled to receive and recover all damages or moneys paid for such temporary use and occupancy, but there shall be no reduction of any Rent payable under this Land Lease.

ARTICLE 14

ASSIGNMENT

14.1 Assignment by Lessee or Lessor.

(a) Lessee and Lessor acknowledge that (i) this Land Lease and the Rent due under this Land Lease have been agreed to by Lessor in reliance upon Lessee's reputation and creditworthiness and upon the continued operation of the Leased Premises by Lessee for the particular use set forth in Article 6 above, subject to the provisions of this Land Lease; and (ii) this Land Lease and the obligations of Lessee have been agreed by Lessee in reliance on Lessor's reputation and creditworthiness and upon Lessor's continued operation of the Lessor Business on the Lessor Remaining Property; therefore, neither Lessee nor Lessor shall, whether

voluntarily, involuntarily or by Operation of Law, or otherwise: (A) directly or indirectly assign, convey, dispose of or otherwise transfer this Land Lease; (B) sublet or license the Leased Premises or any part thereof, or allow the same to be used or occupied by anyone other than Lessee (other than a Permitted Sublease); or (C) mortgage, pledge, encumber, or otherwise hypothecate this Land Lease or the Leased Premises, or any part thereof, in any manner whatsoever (collectively, "Transfer," and the proposed transferee (which shall include the surviving entity in any merger or corporate reorganization, or any Controlling Person, or other recipient of any transferred interest, a "Transferee"), without in each instance obtaining the prior written consent of the other Party, Lessor, which consent shall not be unreasonably withheld or delayed; provided that all the conditions precedent in Section 14.1(b) are met and if any of such conditions are not met, then such consent shall be in the requested Party's sole and absolute discretion. Notwithstanding any provision in this Land Lease to the contrary, if Lessor's or Lessee's consent is required, any purported Transfer shall be absolutely null and void *ab initio* if made either without (1) the prior written consent of the other Party, as provided in this Section 14.1, and (2) the prior written consent (if any) of any Governmental Entity to the extent required by Applicable Laws and Other Requirements. No assignment of this Land Lease which requires consent of either Party shall be effective and valid unless and until prior written consent of the other Party is obtained and the assignee executes and delivers to the other Party any and all documentation reasonably required by the other Party to evidence assignee's assumption of all obligations of the other Party hereunder. Any consent by the other Party to a particular Transfer shall not constitute consent or approval of any subsequent Transfer and the other Party's written approval shall be required in all such instances. No consent by Lessor or Lessee to any Transfer (or any Transfer which does not require the other Party's consent) shall be deemed to release the other Party from its obligations hereunder as a primary obligor, and the other Party shall remain fully liable for performance of all obligations under this Land Lease. A Change of Control of the other Party shall be deemed to be a Transfer of this Land Lease by the other Party and shall be subject to the provisions of this Article 14. The transferring Party shall reimburse the other Party for all of the other Party's reasonable out-of-pocket expenses in connection with reviewing any proposed Transfer.

(b) Notwithstanding anything to the contrary in this Article 14, the other Party's consent shall not be required for: (x) any assignment, sublet or transfer of this Land Lease to any parent, subsidiary or controlled affiliate of the transferring Party, (y) any assignment of this Land Lease to any entity that purchases all or substantially all of the assets of the transferring Party or a Controlling Person of the transferring Party, or (z) a Change of Control of the transferring Party in conjunction with any merger, consolidation or public offering of stock involving Lessee or any Controlling Person of the transferring Party, so long as in each of the foregoing cases all of the following conditions are met:

(i) as a result of any such Transfer, no Applicable Laws or Other Requirements applicable to the Leased Premises or the property of the transferring Party or its Affiliates occupying or using the Property would be violated;

(ii) there would be no revocation, termination, modification or other material adverse effect on (A) any Permit affecting the Property or the Leased Premises, including any Environmental Permit, (B) the NYPA Program, (C) the Grasse River Remediation Program, (D) the NYDEC Consent Order, (E) any Combined Environmental Conditions Remediation Program, or (F) any Remedial Action program for any Lessee or Lessor Environmental Condition;

(iii) the Transferee meets the Financial Test (except for any sublease or license of less than 5% of the leasable square feet of the Improvements or $5,000.00 of the leasable square feet of either the Leased Premises or Lessor Remaining Property, as the case may be, a "**Permitted Sublease**");

(iv) if there shall be a Significant Change as a result of, or which shall occur after, any such assignment, sublet or transfer, the other Party shall have approved of such Significant Change in the other Party's reasonable discretion, and without unreasonable delay, based on Review Criteria; and

(v) no Event of Default or Lessor Default, as applicable, shall have occurred and be continuing hereunder; provided, however, any Permitted Sublease shall contain an express waiver and agreement by the sublessee or licensee for the benefit of Lessor, its successors and assigns, that upon the expiration or earlier termination of the Land Lease for any cause (including by reason of Operation of Law, including rejection of the Land Lease and/or Permitted Sublease in bankruptcy), unless otherwise agreed by Lessor in writing in its sole discretion, the sublessee or licensee (A) shall have no right to remain in possession or occupancy of any portion of the Leased Premises, and (B) shall immediately vacate and surrender to Lessor all occupied portions of the Leased Premises in good order and condition, vacant and in accordance with generally accepted industrial site conditions.

(c) Upon any Party's request for the other Party's approval of a proposed assignment or other transfer of this Land Lease as described in Section 14.1(a), such Party shall provide to the other Party such information about the proposed transaction and the new Transferee as the other Party may reasonably request, including, but not limited to, the name of and financial information concerning the proposed Transferee or the new Controlling Person. The other Party may, as a condition to granting its consent to any such Change of Control or assignment, and to the extent reasonable under the applicable circumstances at the time of the Change of Control transaction, require that the obligations of such Party under this Land Lease be guaranteed by its parent or Controlling Person or that such Party provide additional security for its obligations hereunder.

(d) Upon the occurrence of an event described in Section 14.1(b), the requesting Party shall provide to the other Party such information about the proposed transaction and the new Controlling Person in advance of and as a condition precedent to such proposed transaction to confirm the other Party's compliance with the conditions set forth in Section 14.1(b) and otherwise as the other Party may reasonably request.

14.2 Subleases and Sublicenses.

If this Land Lease is assigned, or if the Leased Premises (or any part thereof) are sublet or licensed, used or occupied by anyone other than Lessee, whether or not in violation of this Land Lease, Lessor may (without prejudice to, or waiver of its rights), collect rent from the assignee,

but not from any permitted sublessee, licensee or occupant. Lessor may apply the net amount collected to the Rent herein reserved, but no such assignment (or consent to assignment), subletting, occupancy or collection shall be deemed a waiver of any of the provisions of this Article 14 or a release of Lessee. With respect to any portion of the Leased Premises which may be sublet or licensed as permitted hereunder, if the total Fixed Rent and any other considerations received under any sublease or license by Lessee is greater than the total Fixed Rent required to be paid, from time to time, under this Land Lease, Lessee shall pay to Lessor fifty percent (50%) of such excess as received from any sublessee or licensee and such amount shall be deemed Additional Rent.

14.3 Right of First Offer.

If Lessor desires to engage in a Transfer of all or a majority of Lessor Remaining Property or any physical assets located thereon (in each case, expressly excluding any Transfer with respect to Lessor Business or Lessee Business or any Change of Control), then the Lessor shall give the other Party ("**Offering Party**") the right to make an offer to purchase the interest proposed to be the subject of the Transfer ("**Offered Interest**") on the following terms and conditions:

(i) the Lessor shall give the Lessee written Notice of such Offered Interest, together with a site plan and offer materials reasonably necessary to define the physical scope and nature of the Offered Interest in reasonable detail showing the square footage, entrances and exits and all other material elements and features of the offered interest including parking and other common areas ("**Rendering**"), and together with such Notice, collectively, "**Offer Notice**"), in which event the Lessee shall have the option for a period of thirty (30) days following the Notice ("**Offer Period**") to submit a written offer to acquire the offered interest ("**Offer**"). Any Offer shall entitle the Lessee to an exclusive negotiating period of thirty (30) days, during which the Lessor shall not solicit or consider any other third-party offer for the subject space, so long as the Offer is made in good faith and generally consistent with market rents or fair market values at the time of the Offer. If the Parties do not reach an agreement on, and execute a written request for, the Offered Interest, or agree on all material terms and conditions therefore, and execute a binding and enforceable term sheet (after using reasonable good-faith efforts to do so), within the Offer Period, the Lessor shall be free to offer and/or lease the Offered Interest or any part thereof on such terms as the Lessor may determine, and the Lessee shall not have any other rights in or to the Offered Interest. The foregoing procedure shall apply to any new or succeeding Offered Interest, which is materially different from the Transfer and/or Offered Interest (including the Rendering) previously offered to any Party; provided, however, it shall not apply to any Permitted Subleases, provided, further, however, it shall not apply to any transaction with any Governmental Entity. Notwithstanding the foregoing, if Lessor and Lessee do not consummate any Offer made by Lessee, Lessee or Lessor, as the case may be, shall be required to comply with all provisions of this Article 14 with respect to the Transfer which constitutes or is the subject of the Offered Interest.

14.4 Right of First Refusal. If Lessor receives a bona fide offer to purchase the Premises, it will only sell its interest in the Premises, or a portion thereof, after such interest has first been offered to the Lessee in the manner provided in this Land Lease.

If Lessor wishes to sell its interest in the Premises, or a portion thereof, pursuant to such bona fide offer Lessor shall give written notice to the Lessee, and Lessor will annex to this notice the written offer of the prospective purchaser, which written offer shall contain all of the material terms of the proposed sale. The Lessor will covenant and represent that to the best of Lessor's knowledge such offer is valid and genuine, and true in all respects.

Lessee will then have fifteen (15) business days after receipt of Lessor's notice, with its accompanying papers, to notify Lessor of Lessee's intention to exercise its option to purchase the Premises, or the portion offered for sale, at the same price and on the same terms as contained in the offer submitted by Lessor to Lessee. Within forty five (45) days after Lessee gives such notice of exercise, the parties shall enter into a written contract of sale with the usual covenants and conditions and setting forth the price and other terms as contained in the offer received by the Lessor and submitted to the Lessee. If, as part of the bona fide offer, Lessor also submits to Lessee a contract acceptable to Lessor which the offeror has executed or is prepared to execute, Lessee shall execute a contract in a form identical to the contract executed or to be executed by offeror.

If this option to purchase the premises, or portion thereof, is not exercised by the Lessee within the prescribed time, Lessor will be free to sell its interest in the Premises to the person who made the original offer, under the terms and conditions and for the price stated in that original offer, under the terms and conditions and for the price stated in that original offer which had been submitted to the Lessee along with Lessor's notice of intention to sell. If Lessor wishes to sell to such offeror on terms materially more beneficial to the offeror, Lessor shall be required to renotify Lessee of such changed terms pursuant to subparagraph (b) above and Lessee will be entitled to exercise its right of first refusal as to such amended terms.

This right of first refusal, and all rights and privileges resulting therefrom, are not assignable or transferable by the Lessee, either by operation of law, or voluntarily. These rights and privileges are deemed to run personally to the Lessee, and may not be pledged or hypothecated by it in any way. This right is to be only exercisable by the Lessee during the Term, and only providing that the Lessee is not in default of any of the terms, conditions, or covenants contained in this Land Lease. If Lessor notifies Lessee of a default, or breach by Lessee of any term, condition, or covenant contained in this Land Lease and Lessee fails to cure such default or breach within any applicable grace period granted herein, then this right of first refusal will immediately terminate as of the expiration of any applicable grace period, regardless of any action Lessor takes or Lessor's failure to act pursuant to Lessee's option hereunder.

Nothing contained in this Land Lease shall be deemed to limit Lessor's right to transfer the Premises, or any portion thereof, or any interest therein to an affiliate provided that this right of first refusal shall continue to be a part of this lease.

If Lessee elects not to purchase based on the bona fide offer and Lessor sells the interest in Premises to the offeror then this right of first refusal shall terminate and Lessee shall not be entitled to any further rights under this Article as to any future sales of the Premises, but this Land Lease shall otherwise continue in full force and effect.

Time shall be of the essence with respect to Lessee's obligations under this Article.

ARTICLE 15

DEFAULT AND REMEDIES

15.1 Events of Default; Lessor Default.

Each of the following shall constitute an "**Event of Default**" by Lessee under this Land Lease:

(a) the failure of Lessee to pay any Rent, or any other monetary obligation due under the terms of this Land Lease, within five (5) days after written notice of such delinquent obligation;

(b) the failure of Lessee to furnish or maintain the insurance policies and certificates that Lessee is required to maintain pursuant to this Land Lease, within ten (10) days after written notice of such delinquent obligation;

(c) the failure of Lessee to vacate the Leased Premises on the Termination Date or surrender the Leased Premises in the condition required herein, including the completion of all Site Removal, Remediation or Restoration Work;

(d) the making by Lessee of a general assignment for the benefit of creditors; or an admission in writing of its inability to pay its debts as they become due; or the filing of a petition in bankruptcy, or adjudication as a bankrupt or insolvent; or its filing of a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation; or its filing of an answer admitting or not contesting the material allegations of the petition against it in any such proceeding; or its seeking or consenting to or its acquiescence in the appointment of any trustee, receiver or liquidator of Lessee or any material part of its properties;

(e) the failure of Lessee within ninety (90) days after the commencement of any proceeding against it seeking its adjudication as a bankrupt or insolvent, or any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, to have such proceeding dismissed, or within one hundred twenty (120) days after the appointment without the consent or acquiescence of Lessee of a trustee, receiver or liquidator of Lessee or of any material part of its properties, to have such appointment vacated;

(f) the filing of a lien or other encumbrance against the Property as a result of Lessee's or Lessee's Agents' act or omission, including, but not limited to, a tax lien or a mechanics' lien, which is not discharged or "bonded over" within sixty (60) days after the date Lessee receives notice that such lien has been filed;

(g) with respect to Lessee's continuing violation of Section 6.2(a) or (b), if Lessor shall have delivered three (3) written notices to Lessee of such violations pursuant to Section 6.2(d) within any three hundred and sixty-five (365)-day period, unless such

noncompliance is cured within five (5) Business Days after written notice from Lessor; except that if the failure to perform cannot reasonably be corrected within such five (5)-Business Day period, and Lessee begins corrective action during such period, then Lessee shall not be deemed in default if it diligently and expeditiously pursues and completes the actions necessary to cure the failure to perform within thirty (30) days thereafter;

(h) any Transfer or other act or failure to act by Lessee in violation of the provisions of Article 14; or

(i) the failure of Lessee to perform or observe any other term, covenant, agreement, condition or obligation of Lessee under this Land Lease, within thirty (30) days after written notice from Lessor; except that if the failure to perform is capable of being corrected but cannot reasonably be corrected within such thirty (30)-day period, and Lessee begins corrective action during such period, then Lessee shall not be deemed in default if it diligently, continuously and expeditiously pursues and completes the actions necessary to cure the failure to perform within no more than ninety (90) days from the date of Lessor's original written notice with respect to such default, provided, further, that such ninety (90)-day cure period may be extended to one hundred eighty (180) days in the aggregate from the date of the notice of such default, provided that all the following conditions are met:

(i) There shall be no violation of the Financial Test by Lessee or its Guarantor;

(ii) No default shall exist in the payment of Rent or Additional Rent at any time during the ninety (90)-day or one hundred and eighty (180)-day period, and the default cannot be cured by a monetary payment ("**Non-Monetary Defaults**");

(iii) Lessee has written to Lessor specifying in reasonable detail Lessee's plans and estimated schedule and estimated budget for the prosecution and completion of such cure, and shall demonstrate to Lessor's reasonable satisfaction that Lessee has the financial ability to complete such cure;

(iv) Lessee shall proceed diligently, continuously and expeditiously to prosecute such cure to completion;

(v) Lessee shall continue to indemnify and hold harmless Lessor with respect to all Losses with respect to all Non-Monetary Defaults and the curing thereof; and

(vi) the occurrence or the continued existence of such Non-Monetary Default shall not nor would it be reasonably be likely to:

(A) subject the Leased Premises or the Property to any imminent danger of forfeiture or loss, including by reason of foreclosure of any mechanics, tax or other lien, or

(B) create or perpetuate a condition or circumstance (including any violation of Applicable Laws and Other Requirements) which would be actually or imminently dangerous or hazardous to any person or property, or

(C) create or perpetuate any violation of any Applicable Laws and Other Requirements which would subject Lessor, Leased Premises or the Property to any civil or criminal penalty, fine or other liability (other than the actual cost of curing such violation of law).

15.2 Remedies.

During the continuance of an Event of Default, Lessor shall have the following rights and remedies, in addition to all others allowed by law or in equity, any one or more of which may be exercised or not exercised without precluding Lessor from exercising any other remedy, serially or concurrently, provided in this Land Lease, or otherwise allowed by law or in equity:

(a) Lessor may terminate this Land Lease and Lessee's right to possession of the Leased Premises. If Lessee has abandoned and vacated the Leased Premises, the mere entry of the Leased Premises by Lessor to perform acts of maintenance, cure defaults, remediate Environmental Conditions, perform Site Removal, Remediation and Restoration, preserve the Leased Premises, or to attempt to relet the Leased Premises, or the appointment of a receiver to protect Lessor's interest under this Land Lease, shall not be deemed a termination of Lessee's right to possession or a termination of this Land Lease, unless Lessor has notified Lessee in writing that this Land Lease is terminated. Notification of any default described in Section 15.1 of this Land Lease shall be in lieu of, and not in addition to, any notice required under Applicable Law. If Lessor terminates this Land Lease and Lessee's right to possession of the Leased Premises, Lessor may recover from Lessee:

(i) The amount of unpaid Rent that had been earned at the time of termination; plus

(ii) An amount equal to the present value (calculated using the discount rate of the Federal Reserve Bank, New York, New York, plus **one percent (1%))** of the aggregate Rent (including reasonable estimates for Additional Rent and all Environmental Liabilities (including all costs of Site Removal, Remediation and Restoration), payable for the period from the termination date stated in Lessor's notice terminating this Land Lease until the date which would have been the end of the Term but for such termination, less the present value (calculated using the discount rate of the Federal Reserve Bank, New York, New York plus one percent (1%)) of the fair rental value of the Leased Premises for the same period; plus

(iii) Any other costs, expenses, fees and charges incurred by Lessor in the enforcement of its rights and remedies hereunder, including any reasonable legal expenses, brokers' commissions or finders fees in connection with sale, transfer or reletting the Leased Premises, the costs of repairs, cleanup, refurbishing, removal and storage or disposal of Lessee's personal property, equipment, fixtures and anything else that Lessee is required under this Land Lease to remove but does not remove (including without duplication of the amounts in clause (ii) above, those Improvements and alterations which Lessee is required to remove pursuant to an election by Lessor and Lessor actually removes whether notice to remove shall be delivered to Lessee), and any costs for alterations, additions and renovations, tenant improvement allowances or rent concessions incurred by Lessor in regaining possession of and reletting (or attempting to relet) the Leased Premises.

Upon termination of this Land Lease, whether by lapse of time or otherwise, Lessee shall immediately vacate the Leased Premises, removing or demolishing all Improvements, Equipment and other Property of the Lessee, and deliver possession to Lessor, in the condition required upon termination of this Lease, and Lessor shall have the right to reenter the Leased Premises.

(b) Notwithstanding Lessor's right to terminate this Land Lease, Lessor may, at its option, even though Lessee has breached this Land Lease and abandoned the Leased Premises, continue this Land Lease in full force and effect and terminate Lessee's right to possession, and enforce all of Lessor's rights and remedies under this Land Lease. In such event, Lessor may continue this Land Lease in effect after Lessee's breach and abandonment and recover Rent as it becomes due, less any amounts actually received by Lessor from reletting of the Leased Premises, it being agreed that Lessor has no obligation to relet the Leased Premises. Further, in such event Lessor shall be entitled to recover from Lessee all costs of maintenance and preservation of the Leased Premises, and all costs, including reasonable attorneys' fees and receivers' fees, incurred in connection with appointment of and performance by a receiver to protect the Leased Premises and Lessor's interest under this Land Lease. Neither re-entry or taking possession of the Leased Premises by Lessor nor service of any notice permitted or required under Applicable Law shall be construed as an election to terminate this Land Lease unless a notice (signed by a duly authorized representative of Lessor) of intention to terminate this Land Lease is given to Lessee.

(c) All sums due and owing to Lessor by Lessee under this Land Lease shall be collectible by Lessor as Rent.

(d) No act or omission by Lessor or its agents during the Term shall be an acceptance of a surrender of the Leased Premises, and no agreement to accept a surrender of the Leased Premises shall be valid unless made in writing and signed by a duly authorized representative of Lessor. Lessor shall be entitled to a restraining order or injunction (to the extent permitted under Applicable Laws) to prevent Lessee from defaulting under any of its obligations other than the payment of rent or other sums due hereunder.

(e) Neither the termination of this Land Lease nor the exercise of any remedy under this Land Lease or otherwise available at law or in equity shall affect Lessor's rights of indemnification set forth in this Land Lease or otherwise available at law or in equity for any act or omission of Lessee, and all rights to indemnification and other obligations of Lessee intended to be performed after termination of this Land Lease shall survive termination of this Land Lease.

(f) If Lessee breaches this Land Lease and abandons the Leased Premises, this Land Lease shall not terminate unless Lessor gives Lessee written notice of its election to so terminate this Land Lease. No act by or on behalf of Lessor intended to mitigate the adverse effect of such breach, including those described by Section 15.2(b), shall constitute a termination of Lessee's right to possession unless Lessor gives Lessee written notice of termination. Should Lessor not terminate this Land Lease by giving Lessee written notice, Lessor may enforce all its rights and remedies under this Land Lease and/or any Applicable Laws and Other Requirements.

15.3 Remedies Not Exclusive.

Except as otherwise provided in this Land Lease, no remedy herein conferred upon or reserved to Lessor or Lessee is intended to be exclusive of any other remedy, and every remedy shall be cumulative and in addition to every other remedy herein or now or hereafter existing at law, in equity or by statute. No delay or failure to exercise any right or power accruing upon a default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient.

15.4 Performance by Lessor.

If Lessee shall at any time fail to perform timely any act on its part to be performed under this Land Lease, Lessor may, at its sole option (but shall not be obliged to) after first giving at least thirty (30) days' prior written notice to Lessee (except that no such prior notice shall be required for an entry in the case of an emergency or for procurement of insurance as provided for in Article 10 hereof) perform such act, including, without limitation, by obtaining or maintaining any insurance, discharging any lien or performing any other act, all without further notice or demand upon Lessee and without thereby waiving or releasing any obligations of Lessee or rights of Lessor hereunder (including all indemnities by Lessee). Lessor shall not be required to inquire into the validity or correctness of amount of any such lien and shall have full authority to settle or compromise any such lien without Lessee's approval. Any costs incurred by Lessor pursuant to this Section 15.4 or otherwise incurred by Lessor on behalf of Lessee or to cure an omission by Lessee as expressly provided for herein shall be reimbursed to Lessor by Lessee on demand, together with all costs incurred by Lessor and interest at the Default Rate from the date such costs were incurred.

15.5 Lessor Default.

A "**Lessor Default**" shall occur upon the (a) failure of Lessor to perform any of its material obligations under this Land Lease which materially adversely affects, (x) the operation of the Lessee Business or (y) the Environment as it materially affects the Leased Premises, within thirty (30) days after written notice from Lessee, except that if the failure to perform is capable of being corrected but cannot reasonably be corrected within such thirty (30)-day period, and Lessor begins corrective action during such period, then Lessor shall not be deemed in default if it diligently, continuously and expeditiously pursues and completes the actions necessary to cure the failure to perform within no more than ninety (90) days from the date of Lessee's original written notice with respect to such default, provided, further, that such ninety (90)-day cure period may be extended to one hundred eighty (180) days in the aggregate from the date of the notice of such default; provided that all the following conditions are met: (a) any Transfer or other act or failure to act by Lessor in violation of the provisions of Article 14; (b) an insolvency or bankruptcy default similar in nature to those in Section 15.1(d) or (e) as applicable to Lessor; or (c) the filing of a lien or encumbrance against the Leased Premises as a result of Lessor's or Lessor's Agents' act or omission, which is not discharged or "bonded over" within sixty (60) days after the date Lessor receives notice that such lien has been filed, provided that all of the following conditions are met:

(i) There shall be no violation of the Financial Test by Lessor or its Guarantor;

(ii) Lessor has written to Lessee specifying in reasonable detail Lessor’s plans and estimated schedule and estimated budget for the prosecution and completion of such cure, and shall demonstrate to Lessee’s reasonable satisfaction that Lessor has the financial ability to complete such cure;

(iii) Lessor shall proceed diligently, continuously and expeditiously to prosecute such cure to completion;

(iv) Lessee shall continue to indemnify and hold harmless Lessor with respect to all Losses with respect to all such failures to perform and the curing thereof; and

(v) the occurrence or the continued existence of such failure to perform shall not nor would it be reasonably be likely to:

(A) subject the Leased Premises or any Shared Services and Facilities or Common Areas to any imminent danger of forfeiture or loss, including by reason of foreclosure of any mechanics, tax or other lien, or

(B) create or perpetuate a condition or circumstance (including any violation of Applicable Laws and Other Requirements) which would be actually or imminently dangerous or hazardous to any person or property on the Leased Premises, or

(C) create or perpetuate any violation of any Applicable Laws and Other Requirements which would subject Lessee, Leased Premises or the Shared Services and Facilities or Common Areas to any civil or criminal penalty, fine or other liability (other than the actual cost of curing such violation of law).

15.6 Dispute Resolution. The Parties agree to cooperate together in good faith to attempt to resolve any dispute, controversy or claim arising out of or relating to this Land Lease for a period of sixty (60) days. Should a dispute, controversy or claim remain unresolved after this 60 day period, it shall be deemed a “**Dispute**”, as defined in Article VII of the Separation Agreement and shall be resolved by the Parties in accordance with the provisions of Article VII of the Separation Agreement.

ARTICLE 16

FINANCIAL TEST; FINANCIAL TRIGGER; FINANCIAL ASSURANCES

16.1 Financial Test. Upon discovery by any Party that it or its Guarantor does not meet the requirements of any Financial Test, such Party shall give prompt written notice thereof and the

reasons therefor to the **other Party**. At any time after receipt of such notice, or if any Party shall otherwise receive information that the **other Party** or its Guarantor may not meet any Financial Test, the Party receiving such notice or information may make reasonable request to the **other Party** for such additional information as is readily available to such **other Party**, which shall be provided to the requesting Party reasonably promptly after such request.

16.2 Financial Trigger; LOC and Other Financial Assurances.

(a) If any Party reasonably determines in good faith that a Financial Trigger exists in respect of the **other Party** or its Guarantor, such Party, as the Security Beneficiary, shall give the **other Party** ("**Security Party**") notice ("**Security Notice**") that the Security Beneficiary has determined that the applicable Financial Trigger exists and requires the delivery of a LOC or other Financial Assurance to be selected by the Security Party with the Security Beneficiary's reasonable approval, issued by an Approved Financial Institution listed on Exhibit 16.2(a) attached, in the Indemnified Amount as specified by the Security Beneficiary (as calculated in reasonable detail in the Security Notice) within thirty (30) days of the Security Notice. A draft of the LOC or other Financial Assurance shall be delivered by the Security Party to the Security Beneficiary for its review and reasonable approval not later than fifteen (15) days after the delivery of the Security Notice.

(b) The LOC shall be in form substantially similar to the form in Exhibit 16.2(b), or other Financial Assurance shall be subject to the following:

(i) Upon any Event of Default by Lessee, or upon any Lessor Default, as the case may be, or on the date thirty (30) days prior to the expiration of any LOC or other Financial Assurance as to which the issuer has given a notice of nonrenewal, the Security Beneficiary may draw any or all of the Indemnity Amount under the LOC or other Financial Assurance for application to payment or implementing performance on account of all Secured Obligations, and any amounts not so applied shall be held by the Security Beneficiary to be applied against any future Secured Obligations with respect to Event of Default, or Lessor Default; as the case may be.

(ii) If the Security Beneficiary draws against the LOC or draws down or otherwise converts or claims against any other Financial Assurance, the Security Party shall promptly cause the amount of the LOC or other Financial Assurance to be amended to reflect the full Indemnity Amount (as the same may be increased from time to time at the reasonable request of the Security Beneficiary to reflect any reasonably determined or estimated increase in the Environmental Liabilities of the Security Party.

(iii) Within thirty (30) days after the later of (A) the Termination Date and (B) the complete payment and satisfaction of all Secured Obligations of the Security Party, Security Beneficiary shall surrender the original LOC or other Financial Assurance to the Security Party, together with any remaining proceeds from any draws under the LOC or other Financial Assurance.

ARTICLE 17

GENERAL PROVISIONS

17.1 Authority to Enter into Lease.

Each Party represents and warrants to the other that it has full power and authority and the legal right to enter into and perform each and every provision of this Land Lease.

17.2 Notices.

All notices, demands and requests required under this Land Lease shall be in writing and shall be delivered to the notice addresses set out below, or to any other addresses modified by written notice delivered as required by this Section 17.2. A notice shall be deemed to have been duly given and received if it is: (a) delivered in person; (b) delivered by any generally available overnight commercial delivery service; or (c) delivered by e-mail or facsimile so long as a duplicate notice is sent via one of the methods described in subclause (a) or (b). All properly delivered notices shall be effective upon receipt (or in the case of e-mail or facsimile, on confirmation of receipt), or on the date that delivery is refused.

Lessor's Address:

Alcoa Inc.
Attn: Plant Manager
PO Box 150
Alcoa West Plant
Massena, NY 13662
Email: Steve.Rombough@Arconic.com

With a copy to (which shall not constitute notice):
Alcoa Inc.
Attn: Director Real Estate
201 Isabella Street
Pittsburgh, PA 15212
Email: Monica.Trott@Arconic.com

and:

Alcoa Inc.
Attn: Counsel
201 Isabella Street
Pittsburgh, PA 15212
Email: Richard.Dworek@Arconic.com

Lessee's Address:

Alcoa USA Corp.
Attn: Plant Manager
PO Box 150
Alcoa West Plant
Massena, NY 13662
Email: Robert.Lenney@Alcoa.com

With a copy to (which shall not constitute notice):

Alcoa USA CCorp.Attn: Real Estate Manager
201 Isabella Street
Pittsburgh, PA 15212
Email: Maureen.Ford@Alcoa.com

and:

Alcoa USA Corp.
Attn: Counsel
201 Isabella Street
Pittsburgh, PA 15212
Email: Gregory.Pfeifer@Alcoa.com

17.3 Lessor's Access to Leased Premises.

Lessor reserves for itself and Lessor's Agents the right to enter the Leased Premises to inspect the Leased Premises (escorted by Lessee Employees whenever possible), to supply any service to be provided by Lessor to Lessee, to show the Leased Premises to prospective purchasers, mortgagees beneficiaries or lessees, to post notices of nonresponsibility, to determine whether Lessee is complying with its obligations under this Land Lease, to conduct tests and surveys (including testing of materials for the presence of Regulated Asbestos Containing Materials), and to alter, improve or repair the Leased Premises or any other portion of the Property; provided that, except in the event of an emergency or as required to maintain any Utilities, (a) Lessor shall give Lessee at least twenty-four (24) hours' advance notice of Lessor's (or Lessor's Agents) intent to enter the Leased Premises; and (b) Lessor shall attempt to minimize interference with the conduct of the Lessee Business. Lessor's right to enter the Leased Premises shall include the right to grant access to the Leased Premises to utility employees. Lessor may erect, use and maintain scaffolding, pipes, conduits and other necessary structures in and through the Leased Premises or any other portion of the Property where reasonably required by the character of the work to be performed in making repairs or improvements or in conducting tests and surveys; provided that the entrance to the Leased Premises shall not be blocked thereby, and that there is no unreasonable interference with the Lessee Business. Notwithstanding the foregoing, in the

event of an emergency or as required to maintain any Utilities, monitor the wastewater systems pursuant to Section 6.4, or assure compliance with Applicable Laws and Other Requirements, Lessor shall have the right to enter the Leased Premises at any time without notice, but shall be escorted by Lessee whenever possible. Lessee acknowledges that Lessor may be required by contract or law to respond to certain emergency circumstances within five (5) minutes of becoming aware of such circumstances and Lessee agrees to coordinate and cooperate with Lessor to permit such expedited response. Except to the extent caused by Lessor's or Lessor's Agents' gross negligence or willful misconduct, Lessee waives any claim for damages for any injury or inconvenience to or interference with the Lessee Business, any loss of occupancy or quiet enjoyment of the Leased Premises, any right to abatement of Rent, or any other loss occasioned by Lessor's exercise of any of its access rights under this Section 17.3 in violation of the requirements of this Section 17.3, subject to and in accordance with the terms hereof. Any entry to the Leased Premises or portions thereof obtained by Lessor in accordance with this Section 17.3 shall not be construed or deemed to be a forcible or unlawful entry into, or a detainer of, the Leased Premises, or an eviction, actual or constructive, of Lessee from the Leased Premises or any portion thereof. Lessor shall exercise its access rights under this Section 17.3 in a manner designed to cause as little interference with Lessee's use of the Leased Premises as is reasonably practicable; provided, however, that Lessor shall not be obligated to perform work during other than normal business hours.

17.4 Quiet Enjoyment.

Lessor covenants and agrees that upon Lessee's paying all Rent due hereunder and performing all of the other obligations of Lessee under this Land Lease, Lessee shall peaceably and quietly have, hold and enjoy the Leased Premises hereby demised, subject to the terms and conditions of this Land Lease, as against all persons or entities claiming by or through Lessor, subject to all matters of record as the Effective Date and all Pre-Existing Environmental Conditions.

17.5 Subordination.

The following provisions shall govern the relationship of this Land Lease to any Security Instrument:

(a) This Land Lease shall become subject and subordinate to any Security Instrument existing or created after the Effective Date; provided that such subordination is conditioned on Lessee's receipt of a subordination, non-disturbance and attornment agreement between any Secured Party and Lessee substantially in such Secured Party's usual and customary form and that provides, without limitation, that this Land Lease and the rights of Lessee hereunder shall survive any enforcement proceeding brought under such Security Instrument, provided Lessee is not in default of its obligations under this Land Lease beyond any applicable cure periods provided herein. Lessee shall use reasonable and good-faith efforts to negotiate, execute and deliver such reasonable subordination, non-disturbance and attornment agreement. For the avoidance of doubt, Lessee's right to quiet possession of the Leased Premises shall not be disturbed so long as no Event of Default has occurred and is continuing and performs all of its obligations under this Land Lease, unless this Land Lease is otherwise terminated pursuant to its terms.

(b) In no event shall Lessee be required to execute any subordination, non-disturbance and attornment agreement, or other instrument that materially increases Lessee's obligations or decreases Lessee's rights under this Land Lease, other than the usual and customary limitations on the Secured Party's obligations to cure Lessor Default that occur prior to Secured Party's obtaining possession of the Leased Premises.

17.6 Attorneys' Fees.

If either Lessor or Lessee shall bring any action or legal proceeding or any appeal therefrom, for an alleged breach of any provision of this Land Lease, to recover rent, to terminate this Land Lease or otherwise to enforce, protect or establish any term or covenant of this Land Lease, the prevailing party shall be entitled to recover as a part of such action or proceeding, or in a separate action brought for that purpose, reasonable attorneys' fees, court costs, and experts' fees as may be fixed by the court.

17.7 Estoppel Certificates.

Lessee or Lessor shall, from time to time, within fifteen (15) days after receipt of a request from the **other Party**, deliver to the requesting Party a written statement concerning whether or not, to such Party's actual knowledge: (a) this Land Lease has been modified, (b) this Land Lease is in full force and effect, (c) Rent has been paid to date, and (d) such Party is aware of any defaults by such Party or the requesting Party under the terms of this Land Lease. Lessor and Lessee intend that any statement delivered pursuant to this Section 17.7 may be relied upon by any prospective purchaser or mortgagee of the Property or the Leased Premises or of any interest therein or any other Lessor or Lessee designee or any Transferee.

17.8 Successors and Assigns.

This Land Lease and the covenants and conditions in this Land Lease shall inure to the benefit of and be binding upon Lessor or Lessee and their successors and permitted assigns.

17.9 No Merger.

There shall be no merger of this Land Lease or of the leasehold estate created hereby by reason of the fact that the same Person may acquire, own or hold, directly or indirectly, (i) this Land Lease or the leasehold estate created hereby or any interest in this Land Lease or such leasehold estate, and (ii) the fee estate in the Leased Premises or the Property.

17.10 Amendments.

A written amendment signed by both parties shall be the exclusive method for modifying this Land Lease, and no oral agreement or course of dealing shall be construed to suffice to amend, modify, or supplement any term of this Land Lease.

17.11 Captions.

The captions contained in this Land Lease are for convenience and reference only and shall not be deemed to be part of this Land Lease or construed in any manner as limiting or amplifying, nor shall they be used in interpreting any of the terms and provisions of this Land Lease to which they relate.

17.12 References; Consents and Approvals.

All personal pronouns used in this Land Lease, whether used in the masculine, feminine or neuter gender, shall include all other genders; the singular shall include the plural, and vice versa. The use herein of the word "including" or "include" when following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation," or "but not limited to," or words of similar import) is used with reference thereto. All references to "mortgage" and "mortgagee" shall include deeds of trust and beneficiaries under deeds of trust, respectively. All Exhibits referenced and attached to this Land Lease are incorporated in this Land Lease by this reference as if fully set forth herein. Unless otherwise expressly provided herein, any consents or approvals requested or (as a condition to Lessee's taking certain actions) required of Lessor hereunder may be granted or withheld in Lessor's sole and absolute discretion.

17.13 Provisions Severable.

If any term or provision of this Land Lease or the application thereof to any person or circumstance shall, to any extent, be invalid, void or unenforceable, the remainder of this Land Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, void or unenforceable, shall not be affected thereby and each term and provision of this Land Lease shall be valid and shall be enforced to the fullest extent permitted by Applicable Laws and Other Requirements.

17.14 Conveyance by Lessor.

Without limiting any provisions herein with respect to any successor to the Lessor as the Lessor hereinafter, then Lessee, if Lessor or any successor owner of the Property or the Leased Premises shall convey the Property or the Leased Premises as an entirety Premises, other than as security for a debt, and the grantee or transferee expressly assumes all obligations of Lessor arising after the date of the conveyance, provided that such event does not result in a Financial Trigger nor that the grantee or transferee fails to meet the Financial Test, the Lessor or such successor owner, as the case may be, shall thereupon be released absolutely and unconditionally from all future liabilities and obligations of Lessor under this Land Lease arising or accruing from and after the date of such conveyance or other transfer and all such future liabilities and obligations shall thereupon be binding upon the new owner.

17.15 Governing Law.

THIS LAND LEASE WAS NEGOTIATED IN THE STATE OF NEW YORK, WHICH STATE THE PARTIES AGREE HAS A SUBSTANTIAL JURISDICTIONAL RELATIONSHIP TO THE PARTIES AND TO THE UNDERLYING TRANSACTION EMBODIED HEREBY. ACCORDINGLY, IN ALL RESPECTS THIS LAND LEASE (AND ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO PRINCIPLES OR CONFLICTS OF LAW) AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

17.16 Waiver of Counterclaim.

If Lessor commences any summary proceeding for possession of the Leased Premises, Lessee hereby expressly waives the right to interpose any counterclaim in any such proceeding.

17.17 Brokerage Fees and Commission.

Lessor and Lessee each represent to each other that no person or entity is entitled to any brokerage or finders' fees, commission or other similar fees in connection with the transactions covered by this Land Lease. Lessee shall indemnify, defend by counsel reasonably acceptable to Lessor and hold Lessor harmless of, from and against any and all Losses arising from any claims or demands of any brokers or finders for any commission alleged to be due such brokers or finders claiming to have dealt with Lessee in connection with this Land Lease. Lessor shall indemnify, defend by counsel reasonably acceptable to Lessee and hold Lessee harmless of, from and against any and all Losses arising from any claims or demands of any brokers or finders for any commission alleged to be due such brokers or finders claiming to have dealt with Lessor in connection with this Land Lease.

17.18 Consent to Jurisdiction; Waiver of Trial by Jury.

EACH PARTY HERETO IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF ST. LAWRENCE IN THE STATE OF NEW YORK FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF THIS LAND LEASE (INCLUDING ANY BREACH HEREOF) OR ANY TRANSACTION CONTEMPLATED HEREBY OR THEREBY, AND AGREES TO COMMENCE ANY SUCH ACTION, SUIT OR PROCEEDING ONLY IN SUCH COURTS. EACH PARTY FURTHER AGREES THAT SERVICE OF ANY PROCESS, SUMMONS, NOTICE OR DOCUMENT BY UNITED STATES REGISTERED MAIL TO SUCH PARTY'S RESPECTIVE ADDRESS SET FORTH HEREIN SHALL BE EFFECTIVE SERVICE OF PROCESS FOR ANY SUCH ACTION, SUIT OR PROCEEDING. EACH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY OBJECTION TO THE LAYING OF VENUE OF ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY IN SUCH COURTS, AND HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION, SUIT OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. EACH OF LESSOR AND LESSEE ACKNOWLEDGES THAT IT HAS HAD THE ADVICE OF COUNSEL OF ITS CHOICE WITH RESPECT TO ITS RIGHTS TO TRIAL BY JURY UNDER THE CONSTITUTION OF THE UNITED STATES AND THE STATE. EACH OF LESSOR AND LESSEE HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS LAND LEASE (OR ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) OR (ii) IN ANY MANNER CONNECTED WITH OR RELATED

OR INCIDENTAL TO THE DEALINGS OF LESSOR AND LESSEE WITH RESPECT TO THIS LAND LEASE (OR ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREINAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE; EACH OF LESSOR AND LESSEE HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY A COURT TRIAL WITHOUT A JURY, AND THAT EITHER PARTY MAY FILE A COPY OF THIS SECTION 17.18 WITH ANY COURT AS CONCLUSIVE EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

17.19 Memorandum of Lease.

The parties shall execute a Memorandum of Lease in form reasonably acceptable to both Lessor and Lessee. Such Memorandum of Lease may recorded against the Property, provided that Lessee shall execute a termination of such Memorandum of Lease in recordable form upon the expiration or termination of this Land Lease.

17.20 Survival.

(a) Notwithstanding anything to the contrary contained in this Land Lease, but subject to Section 17.14, all terms, conditions, covenants and provisions with respect to either Party's obligations hereunder (including, without limitation, all claims against, and liabilities and indemnities of, either Party) arising or accruing prior to or on the expiration or earlier termination of the Term (however caused) shall survive such expiration or termination of this Land Lease until the complete satisfaction thereof.

(b) Without limiting the foregoing, if Lessee exercises any right or option to terminate this Lease, such termination shall not limit, modify or affect any (i) indemnity by Lessee of Lessor, (ii) any obligation to pay all amounts and perform all obligations which have accrued prior to the date of termination, (iii) any obligation to remediate all Lessee Environmental Conditions and to pay its full share of all Joint Environmental Liabilities, or (iv) any obligation to perform and complete all Site Removal, Remediation and Restoration Work.

17.21 Entire Agreement.

This Land Lease and the Exhibits and Schedules hereto, the Separation Agreement, the NYPA Agreement and all Joint Defense Agreements and all separate agreements with respect to any Indemnified Amounts as of the Effective Date, constitute the entire and final agreement of the parties with respect to the subject matter hereof, and may not be changed or modified except by an agreement in writing signed by the parties, and no such change or modification to any specific provision of this Land Lease shall be effective without the explicit reference to the applicable Section by number and paragraph (if any). Except as set forth in the first sentence of this Section 17.21, Lessor and Lessee hereby agree that all prior or contemporaneous oral or written

understandings, agreements or negotiations relative to the leasing of the Leased Premises or the execution of this Land Lease are merged and integrated into, and revoked and superseded, by this Land Lease. Notwithstanding the foregoing, this Land Lease shall govern and supersede the Separation Agreement in all respects with regard to matters expressly addressed in this Land Lease.

17.22 Headings; Definitions.

All titles and headings to sections, subsections, paragraphs or other divisions of this Land Lease are only for the convenience of the parties and shall not be construed to have any effect or meaning with respect to the other contents of such sections, subsections, paragraphs or other divisions, such other content being controlling as to the agreement among the parties hereto. All definitions in Section 1.1 (including all substantive or prescriptive terms, covenants, conditions and provisions thereof) shall constitute an integral part of this Land Lease, and the determination of the rights, remedies, obligations and liabilities of the Parties for any and all purposes.

17.23 Counterparts.

This Land Lease may be executed in any number of counterparts, each of which shall be a valid and binding original, but all of which together shall constitute one and the same instrument.

17.24 Time of Essence.

TIME IS OF THE ESSENCE OF THIS LAND LEASE AND EACH PROVISION HEREOF IN WHICH TIME OF PERFORMANCE IS ESTABLISHED.

17.25 Further Assurances.

The Parties agree to execute, acknowledge and deliver to each **other Party** and/or such other Persons as a Party may request, all documents reasonably requested by any Party to give effect to the provisions and intent of this Land Lease.

17.26 Confidentiality and Media Releases.

The Parties hereby agree not to disclose any of the terms of this Land Lease to any person or entity not a party to this Land Lease, nor shall either Party, without the prior written consent of the other, issue any press or other media releases or make any public statements relating to the terms or provisions of this Land Lease; provided, however, that either Party may make necessary disclosures to (a) potential lenders, investors, purchasers, subtenants, assignees, attorneys, advisors, consultants, accountants and economic development authorities and/or as may be required by applicable laws or court order, so long as such Parties agree to keep all of the terms of this Land Lease strictly confidential to the extent practicable, and except as may be required pursuant to Applicable Law, or (b) any lender, investor or prospective investor, rating agency, counsel, advisor, consultant or accountant in connection with a securitization and/or sale of a loan.

17.27 Delivery of Information.

(a) Within one hundred twenty (120) days after the end of each Fiscal Year and within forty (40) days after the end of each fiscal quarter of each Party's Parent during the Term, each Party shall deliver to the other Lessor Financial Statements for such Party for the Fiscal Year or quarter, as the case may be, then ended.

(b) Subject to the next succeeding sentence, all such Financial Statements and any additional financial information, and information derivative therefrom (collectively, "**Party Confidential Information**," shall be held strictly confidential by the receiving Party and shall not be shared or disclosed by such Party (except to its members, employees, representatives, agents, accountants and attorneys and such Party shall cause its members, employees, representatives, agents, accountants and attorneys to not disclose the same) until and unless the providing Party has made such information public and except pursuant to Legal Requirements or legal process. Notwithstanding the foregoing, either Party may disclose Party Confidential Information to (i) any lender, investor or prospective investor, rating agency, counsel, advisor, consultant or accountant in connection with a securitization and/or sale of any loan, and (ii) actual or prospective equity investors in or purchasers of equity interests in any Party or any Guarantor of this Land Lease or any interests therein who have executed with the providing Party a customary confidentiality agreement in a form that has been reasonably approved by Lessee for this purpose.

17.28 Mutual Drafting.

This Land Lease shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties has caused this Land Lease to be executed on its behalf by its officers hereunto duly authorized on the day and year first above written.

LESSOR:

Alcoa Inc., a Pennsylvania corporation

By: /s/ John Kenna
Name: John Kenna
Title: Vice President - Tax

LESSEE:

Alcoa USA Corp., a Delaware corporation

By: /s/ John Kenna
Name: John Kenna
Title: Vice President - Tax

Exhibit 10.1

EXECUTION VERSION

STOCKHOLDER AND REGISTRATION RIGHTS AGREEMENT

BY AND BETWEEN

ALCOA INC.

AND

ALCOA UPSTREAM CORPORATION

DATED AS OF OCTOBER 31, 2016

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STOCKHOLDER AND REGISTRATION RIGHTS AGREEMENT

This STOCKHOLDER AND REGISTRATION RIGHTS AGREEMENT, dated as of October 31, 2016 (this "Agreement"), is by and between Alcoa Inc., a Pennsylvania corporation ("Parent"), and Alcoa Upstream Corporation, a Delaware corporation ("UpstreamCo"). Capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to them in Article I.

R E C I T A L S

WHEREAS, the board of directors of Parent (the "Parent Board") has determined that it is appropriate and desirable to distribute up to eighty and one tenth of a percent (80.1%) of the outstanding UpstreamCo Shares owned by Parent to Parent's shareholders (the "Distribution");

WHEREAS, Parent may Sell those UpstreamCo Shares that are not distributed in the Distribution (such UpstreamCo Shares not distributed in the Distribution, the "Retained Shares") through one or more transactions, including pursuant to one or more transactions registered under the Securities Act;

WHEREAS, UpstreamCo desires to grant to the Parent Group the Registration Rights for the Retained Shares and other Registrable Securities, subject to the terms and conditions of this Agreement;

WHEREAS, the Parent Group desires to grant UpstreamCo a proxy to vote the Retained Shares in proportion to the votes cast by UpstreamCo's other stockholders, subject to the terms and conditions of this Agreement; and

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS

For the purpose of this Agreement, the following terms shall have the following meanings:

"Affiliate" shall have the meaning given to such term in the Separation and Distribution Agreement.

"Agreement" shall have the meaning set forth in the Preamble.

"Ancillary Agreements" shall have the meaning given to such term in the Separation and Distribution Agreement.

"Ancillary Filings" shall have the meaning set forth in Section 2.03(a)(i).

"Blackout Notice" shall have the meaning set forth in Section 2.01(d).

"Blackout Period" shall have the meaning set forth in Section 2.01(d).

"Block Trade" means an Underwritten Offering not involving any "road show" which is commonly known as a "block trade."

"Change of Control" shall have the meaning given to such term in the Separation and Distribution Agreement.

"Debt" shall mean any indebtedness of any member of the Parent Group, including debt securities, notes, credit facilities, credit agreements and other debt instruments, including, in each case, any amounts due thereunder.

"Debt Exchanges" shall mean one or more Public Debt Exchanges or Private Debt Exchanges.

"Demand Registration" shall have the meaning set forth in Section 2.01(a).

"Disadvantageous Condition" shall have the meaning set forth in Section 2.01(d).

"Dispute" shall have the meaning set forth in Section 4.04(a).

"Distribution" shall have the meaning set forth in the Recitals.

"Distribution Date" shall have the meaning given to such term in the Separation and Distribution Agreement.

"Exchange Act" shall mean the U.S. Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Effective Time" shall have the meaning given to such term in the Separation and Distribution Agreement.

"Exchange Offer" shall mean an exchange offer of Registrable Securities for outstanding securities of a Holder.

"Force Majeure" shall have the meaning given to such term in the Separation and Distribution Agreement.

"Governmental Authority" shall have the meaning given to such term in the Separation and Distribution Agreement.

"Group" shall have the meaning given to such term in the Separation and Distribution Agreement.

"Holder" shall mean any member of the Parent Group, so long as such Person holds any Registrable Securities, and any Permitted Transferee, so long as such Person holds any Registrable Securities.

"Indemnifying Party" shall have the meaning set forth in Section 2.07(c).

"Indemnitee" shall have the meaning set forth in Section 2.07(c).

"Initiating Holder" shall have the meaning set forth in Section 2.01(a).

"Law" shall have the meaning given to such term in the Separation and Distribution Agreement.

"Lock-up Period" shall have the meaning set forth in Section 3.01(d).

"Losses" shall have the meaning set forth in Section 2.07(a).

"Offering Confidential Information" shall mean, with respect to a Piggyback Registration, (i) UpstreamCo's plan to file the relevant Registration Statement and engage in the offering so registered, (ii) any information regarding the offering being registered (including the potential timing, price, number of shares, underwriters or other counterparties, selling stockholders or plan of distribution) and (iii) any other information (including information contained in draft supplements or amendments to offering materials) provided to any Holders by UpstreamCo (or by third parties) in connection with a Piggyback Registration; provided, that Offering Confidential Information shall not include information that (x) was or becomes generally available to the public (including as a result of the filing of the relevant Registration Statement) other than as a result of a disclosure by any Holder, (y) was or becomes available to any Holder from a source not bound by any confidentiality agreement with UpstreamCo or (z) was otherwise in such Holder's possession prior to it being furnished to such Holder by UpstreamCo or on UpstreamCo's behalf.

"Other Holders" shall have the meaning set forth in Section 2.01(f).

"Parent" shall have the meaning set forth in the Preamble.

"Parent Board" shall have the meaning set forth in the Recitals.

"Parent Group" shall have the meaning given to such term in the Separation and Distribution Agreement.

"Participating Banks" means such investment banks that engage in any Debt Exchange with one or more members of the Parent Group.

"Parties" shall mean the parties to this Agreement.

"Permitted Transferee" shall mean any Transferee and any Subsequent Transferee.

"Person" shall mean an individual, a general or limited partnership, a corporation, a trust, a joint venture, an unincorporated organization, a limited liability entity, any other entity and any Governmental Authority.

"Piggyback Registration" shall have the meaning set forth in Section 2.02(a).

"Private Debt Exchange" shall mean a private exchange pursuant to which one or more members of the Parent Group shall Sell some or all of their Registrable Securities to one or more Participating Banks in exchange for the satisfaction of Debt, in a transaction or transactions not required to be registered under the Securities Act.

"Prospectus" shall mean the prospectus included in any Registration Statement, all amendments and supplements to such prospectus (including, for the avoidance of doubt, any Takedown Prospectus Supplement), including post-effective amendments, and all other material incorporated by reference in such prospectus.

"Public Debt Exchange" shall mean a public exchange pursuant to which one or more members of the Parent Group shall Sell some or all of their Registrable Securities to one or more Participating Banks in exchange for the satisfaction of Debt, in a transaction or transactions registered under the Securities Act.

"Registrable Securities" shall mean the Retained Shares and any UpstreamCo Shares or other securities issued with respect to, in exchange for, or in replacement of such Retained Shares; provided, that the term "Registrable Securities" excludes any security (i) the offering and Sale of which has been effectively registered under the Securities Act and which has been Sold in accordance with a Registration Statement, (ii) that has been Sold by a Holder in a transaction or transactions exempt from the registration and prospectus delivery requirements of the Securities Act under Section 4(1) thereof (including transactions pursuant to Rule 144) such that the further Sale of such securities by the transferee or assignee is not restricted under the Securities Act or (iii) that has been Sold by a Holder in a transaction in which such Holder's rights under this Agreement are not, or cannot be, assigned.

"Registration" shall mean a registration with the SEC of the offer and Sale to the public of any Registrable Securities under a Registration Statement. The terms "Register" and "Registering" shall have correlative meanings.

"Registration Expenses" shall mean all expenses incident to the UpstreamCo Group's performance of or compliance with this Agreement, including all (i) registration, qualification and filing fees, (ii) fees and expenses of compliance with securities or blue sky Laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications within the United States of any Registrable Securities being registered), (iii) printing expenses, messenger, telephone and delivery expenses, (iv) internal expenses of UpstreamCo Group (including all salaries and expenses of employees of members of UpstreamCo Group performing legal or accounting duties), (v) fees and disbursements of counsel for UpstreamCo and customary fees and expenses for independent certified public accountants retained by the UpstreamCo Group (including the expenses of any comfort letters or costs associated with the delivery by UpstreamCo Group members' independent certified public accountants of comfort letters customarily requested by underwriters) and (vi) fees and expenses of listing any Registrable Securities on any securities exchange on which the UpstreamCo Shares are then listed and Financial Industry Regulatory Authority registration and filing fees; but excluding any fees or disbursements of any Holder, all expenses incurred in connection with the

printing, mailing and delivering of copies of any Registration Statement, any Prospectus, any other offering documents and any amendments and supplements thereto to any underwriters and dealers; any underwriting discounts, fees or commissions attributable to the offer and Sale of any Registrable Securities, any fees and expenses of the underwriters or dealer managers, the cost of preparing, printing or producing any agreements among underwriters, underwriting agreements and blue sky or legal investment memoranda, any selling agreements and any other similar documents in connection with the offering, Sale, distribution or delivery of the Registrable Securities or other UpstreamCo Shares to be Sold, including any fees of counsel for any underwriters in connection with the qualification of the Registrable Securities or other UpstreamCo Shares to be Sold for offering and Sale or distribution under state securities Laws, any stock transfer taxes, out-of-pocket costs and expenses relating to any investor presentations on any "road show" presentations undertaken in connection with marketing of the Registrable Securities and any fees and expenses of any counsel to the Holder or the underwriters or dealer managers.

"Registration Period" shall have the meaning set forth in Section 2.01(c).

"Registration Rights" shall mean the rights of the Holders to cause UpstreamCo to Register Registrable Securities pursuant to Article II.

"Registration Statement" shall mean any registration statement of UpstreamCo filed with, or to be filed with, the SEC under the rules and regulations promulgated under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated by reference into such registration statement. For the avoidance of doubt, it is acknowledged and agreed that such Registration Statement may be on any form that shall be applicable, including Form S-1, Form S-3 or Form S-4 and may be a Shelf Registration Statement.

"Retained Shares" shall have the meaning set forth in the recitals.

"Sale" shall mean the direct or indirect transfer, sale, assignment or other disposition of a security. The terms "Sell" and "Sold" shall have correlative meanings.

"SEC" shall mean the U.S. Securities and Exchange Commission.

"Securities Act" shall mean the U.S. Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

"Separation and Distribution Agreement" shall mean the Separation and Distribution Agreement by and between Parent and UpstreamCo in connection with the Separation and the Distribution, as it may be amended from time to time.

"Shelf Registration" means a registration pursuant to a Shelf Registration Statement.

"Shelf Registration Statement" shall mean a Registration Statement of UpstreamCo for an offering of Registrable Securities to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act (or similar provisions then in effect).

"Subsequent Transferee" shall have the meaning set forth in Section 4.05(b).

"Subsidiary" shall have the meaning given to such term in the Separation and Distribution Agreement.

"Takedown Prospectus Supplement" shall have the meaning set forth in Section 2.01(g).

"Takedown Request" shall have the meaning set forth in Section 2.01(g).

"Third Party" shall have the meaning given to such term in the Separation and Distribution Agreement.

"Transferee" shall have the meaning set forth in Section 4.05(b).

"Underwritten Offering" shall mean a Registration in which Registrable Securities are Sold to an underwriter or underwriters on a firm commitment basis for reoffering to the public.

"UpstreamCo" shall have the meaning set forth in the Preamble.

"UpstreamCo Board" shall mean the board of directors of UpstreamCo.

"UpstreamCo Group" shall have the meaning given to such term in the Separation and Distribution Agreement.

"UpstreamCo Public Sale" shall have the meaning set forth in Section 2.02(a).

"UpstreamCo Shares" shall mean the shares of common stock, par value $0.01 per share, of UpstreamCo.

ARTICLE II REGISTRATION RIGHTS

Section 2.01 Registration.

(a) At any time prior to the fifth anniversary of the Distribution Date, any Holder(s) of 10% or more of the then outstanding Registrable Securities (and any Holders acting together which collectively hold 10% or more of the then outstanding Registrable Securities) (collectively, the "Initiating Holder"; provided, that the 10% ownership threshold shall not apply to any Holder that is a member of the Parent Group) shall have the right to request that UpstreamCo file a Registration Statement with the SEC on the appropriate registration form for all or part of the Registrable Securities held by such Initiating Holder, by delivering a written request thereof to UpstreamCo specifying the number of shares of Registrable Securities such Initiating Holder wishes to register (a "Demand Registration"). UpstreamCo shall (i) within five

days of the receipt of a Demand Registration, give written notice of such Demand Registration to all Holders of Registrable Securities, (ii) use its commercially reasonable efforts to prepare and file the Registration Statement as expeditiously as possible but in any event within 30 days of such request (provided, that in no event shall UpstreamCo be required to file the Registration Statement prior to the end of the Lock-up Period), and (iii) use its commercially reasonable efforts to cause the Registration Statement to become effective in respect of each Demand Registration in accordance with the intended method of distribution set forth in the written request delivered by the Initiating Holder. UpstreamCo shall include in such Registration all Registrable Securities with respect to which UpstreamCo receives, within the 10 days immediately following the receipt by the Holder(s) of such notice from UpstreamCo, a request for inclusion in the Registration from the Holder(s) thereof. Each such request from a Holder of Registrable Securities for inclusion in the Registration shall also specify the aggregate amount of Registrable Securities proposed to be Registered. The Initiating Holder may request that the Registration Statement be on any appropriate form, including Form S-4 in the case of an Exchange Offer or a Shelf Registration Statement, and UpstreamCo shall effect the Registration on the form so requested.

(b) The Holder(s) may collectively make a total of three Demand Registration requests pursuant to Section 2.01(a) (including any exercise of rights to Demand Registration transferred pursuant to Section 4.05 and including any exercise of rights to Demand Registration made pursuant to any registration rights agreement entered into pursuant to Section 2.05); provided that the Holder(s) may not make more than two Demand Registration requests in any 365-day period. In addition, and notwithstanding anything to the contrary, the Parent Group shall be permitted to engage in up to four Private Debt Exchanges within any nine-month period during the first eighteen months following the date hereof, and Demand Registration request(s) made by the Participating Banks in such Private Debt Exchanges pursuant to one or more registration rights agreements with UpstreamCo pursuant to Section 2.05 shall collectively count only as one Demand Registration request for purposes of the limitation on the number of Demand Registration requests set forth in the first sentence of this Section 2.01(b) (it being understood that the Parent Group shall be permitted to engage in additional Private Debt Exchanges outside such nine-month period, but each Demand Registration request by the Participating Banks for such Private Debt Exchange pursuant to its registration rights agreement with UpstreamCo pursuant to Section 2.05 shall count as an additional Demand Registration request for purposes of the limitation on the number of Demand Registration requests set forth in the first sentence of this Section 2.01(b)). Furthermore, and notwithstanding anything to the contrary, if, at the time of the third Demand Registration, UpstreamCo is prohibited under then-existing SEC rules from registering all remaining Registrable Securities pursuant to a Shelf Registration, regardless of whether the Holder or Holders has requested that such third Demand Registration be a Shelf Registration or otherwise, then such Demand Registration shall not count toward the total number of Demand Registration requests made by the Holder(s), and the Holder(s) shall continue to be able to make additional Demand Registration requests until such time as UpstreamCo is permitted under then-existing SEC rules to register all of the remaining Registrable Securities pursuant to a Shelf Registration.

(c) UpstreamCo shall be deemed to have effected a Registration for purposes of this Section 2.01 if the Registration Statement is declared effective by the SEC or becomes effective upon filing with the SEC and remains effective until the earlier of (i) the date when all

Registrable Securities thereunder have been Sold and (ii) in the case of a Registration Statement that is not a Shelf Registration Statement, 60 days from the effective date of the Registration Statement, in the case of a Shelf Registration Statement on Form S-1, 12 months from the effective date of the Shelf Registration Statement, or in the case of a Shelf Registration Statement on any other form, 24 months from the effective date of the Shelf Registration Statement (the "Registration Period"). No Registration shall be deemed to have been effective if the conditions to closing specified in the underwriting agreement or dealer manager agreement, if any, entered into in connection with such Registration are not satisfied by reason of a wrongful act, misrepresentation or breach of such applicable underwriting agreement or dealer manager agreement by any member of the UpstreamCo Group. If during the Registration Period, such Registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other Governmental Authority or the need to update or supplement the Registration Statement, the Registration Period shall be extended on a day-for-day basis for any period in which the Holder(s) is unable to complete an offering as a result of such stop order, injunction or other order or requirement of the SEC or other Governmental Authority.

(d) With respect to any Registration Statement or Takedown Prospectus Supplement, whether filed or to be filed pursuant to this Agreement, if UpstreamCo shall reasonably determine, upon the advice of legal counsel, that maintaining the effectiveness of such Registration Statement or filing an amendment or supplement thereto (or, if no Registration Statement has yet been filed, filing such a Registration Statement), or filing such Takedown Prospectus Supplement, would (i) require the public disclosure of material nonpublic information concerning any transaction or negotiations involving UpstreamCo or any of its consolidated Subsidiaries that would materially interfere with such transaction or negotiations or (ii) require the public disclosure of material nonpublic information concerning UpstreamCo that, if disclosed at such time, would be materially adverse to UpstreamCo (a "Disadvantageous Condition"), UpstreamCo may, for the shortest period reasonably practicable, and in any event for not more than 60 consecutive calendar days (a "Blackout Period"), notify the Holders whose offers and Sales of Registrable Securities are covered (or to be covered) by such Registration Statement or Takedown Prospectus Supplement (a "Blackout Notice") that such Registration Statement is unavailable for use (or will not be filed as requested). Upon the receipt of any such Blackout Notice, the Holders shall forthwith discontinue use of the Prospectus or Takedown Prospectus Supplement contained in any effective Registration Statement; provided, that, if at the time of receipt of such Blackout Notice any Holder shall have Sold its Registrable Securities (or have signed a firm commitment underwriting agreement with respect to the purchase of such shares) and the Disadvantageous Condition is not of a nature that would require a post-effective amendment to the Registration Statement or Takedown Prospectus Supplement, then UpstreamCo shall use its commercially reasonable efforts to take such action as to eliminate any restriction imposed by federal securities Laws on the timely delivery of such Registrable Securities. When any Disadvantageous Condition as to which a Blackout Notice has been previously delivered shall cease to exist, UpstreamCo shall as promptly as reasonably practicable notify the Holders and take such actions in respect of such Registration Statement or Takedown Prospectus Supplement as are otherwise required by this Agreement. The effectiveness period for any Demand Registration or Shelf Registration Statement for which UpstreamCo has given notice of a Blackout Period shall be increased by the length of time of such Blackout Period. UpstreamCo shall not impose, in any 365-day period, Blackout Periods lasting, in the aggregate, in excess of 90 calendar days. If UpstreamCo declares a Blackout Period with respect to a

Demand Registration for a Registration Statement that has not yet been declared effective or a Takedown Request for which a Takedown Prospectus Supplement has not yet been filed, (i) the Holders may by notice to UpstreamCo withdraw the related Demand Registration request or Takedown Request, in the case of a Demand Registration request without such Demand Registration request counting against the number of Demand Registration requests permitted to be made under Section 2.01(b), and (ii) the Holders shall not be responsible for any of UpstreamCo's related Registration Expenses.

(e) If the Initiating Holder so indicates at the time of its request pursuant to Section 2.01(a) or Section 2.01(g) (provided, in the case of a request pursuant to Section 2.01(g), that the proceeds from the Registrable Securities to be included in the Takedown Request are reasonably expected to be $100,000,000 or greater), such offering of Registrable Securities shall be in the form of an Underwritten Offering or an Exchange Offer, and UpstreamCo shall include such information in the written notice to the Holders required under Section 2.01(a). In the event that the Initiating Holder intends to Sell the Registrable Securities by means of an Underwritten Offering or Exchange Offer, the right of any Holder to include Registrable Securities in such registration shall be conditioned upon such Holder's participation in such Underwritten Offering or Exchange Offer and the inclusion of such Holder's Registrable Securities in the Underwritten Offering or the Exchange Offer to the extent provided herein. The Holders of a majority of the outstanding Registrable Securities being included in any Underwritten Offering or Exchange Offer shall select the underwriter(s) in the case of an Underwritten Offering or the dealer manager(s) in the case of an Exchange Offer, provided that such underwriter(s) or dealer manager(s) are reasonably acceptable to UpstreamCo. UpstreamCo shall be entitled to designate counsel for such underwriter(s) or dealer manager(s) (subject to their approval), provided that such designated underwriters' counsel shall be a firm of national reputation representing underwriters or dealer managers in capital markets transactions.

(f) If the managing underwriter or underwriters of a proposed Underwritten Offering of Registrable Securities included in a Registration pursuant to this Section 2.01 inform(s) in writing the Holders participating in such Registration that, in its or their opinion, the number of securities requested to be included in such Registration exceeds the number that can be Sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, the number of Registrable Securities to be included in such Registration shall be reduced to the maximum number recommended by the managing underwriter or underwriters and allocated pro rata among the Holders, including the Initiating Holder, in proportion to the number of Registrable Securities each Holder has requested to be included in such Registration; provided, that the Initiating Holder may notify UpstreamCo in writing that the Registration Statement shall be abandoned or withdrawn, in which event UpstreamCo shall abandon or withdraw such Registration Statement. In the event the Initiating Holder notifies UpstreamCo that such Registration Statement shall be abandoned or withdrawn, such Holder shall not be deemed to have requested a Demand Registration pursuant to Section 2.01(a), and UpstreamCo shall not be deemed to have effected a Demand Registration pursuant to Section 2.01(b). If the amount of Registrable Securities to be underwritten has not been limited in accordance with the first sentence of this Section 2.01(f), UpstreamCo and the holders of UpstreamCo Shares or, if the Registrable Securities include securities other than UpstreamCo Shares, the holders of securities of the same class of those securities included in the Registrable Securities, in each case, other

than the Holders ("Other Holders"), may include such securities for their own account or for the account of Other Holders in such Registration if the underwriter(s) so agree and to the extent that, in the opinion of such underwriter(s), the inclusion of such additional amount will not adversely affect the offering of the Registrable Securities included in such Registration.

(g) With respect to any Demand Registration, the requesting Holders may request that UpstreamCo effect a registration of the Registrable Securities under a Shelf Registration, in which event UpstreamCo shall file, and shall thereafter use its commercially reasonable efforts to make and keep effective in accordance with Section 2.01(c) (including by renewing or refiling upon expiration), a Shelf Registration Statement; provided, that UpstreamCo shall not be required to maintain in effect more than one Shelf Registration at any one time pursuant to this Section 2.01(g). Thereafter, UpstreamCo shall, as promptly as reasonably practicable following the written request of Holders for a resale of Registrable Securities (a "Takedown Request"), file a prospectus supplement (a "Takedown Prospectus Supplement") to such Shelf Registration Statement under Rule 424 promulgated under the Securities Act with respect to resales of the Registrable Securities pursuant to Holder's intended method of distribution thereof. Each Takedown Request shall specify the Registrable Securities to be registered, their aggregate amount and the intended method or methods of distribution thereof. If, in the case of an Underwritten Offering pursuant to a Takedown Request, the requesting Holder(s) so elect, such offering shall be in the form of a Block Trade, in which such event the requesting Holder(s) shall give at least eight (8) business days' prior notice in writing of such transaction to UpstreamCo (which such notice shall identify the potential underwriter(s) and include contact information for such underwriter(s)), and UpstreamCo shall use commercially reasonable efforts to cooperate with such requesting Holder(s) to the extent it is reasonably able and shall not be required to give notice thereof to other Holders of Registrable Securities or permit their participation therein unless UpstreamCo determines it is reasonably practicable to do so. In no event shall UpstreamCo be required to effect, pursuant to this Section 2.01(g), during any 90-day period, more than (A) two Block Trades or (B) more than one Underwritten Offering that is not a Block Trade pursuant to a Takedown Request (it being understood, for the avoidance of doubt, that a Takedown Request shall not count as a Demand Registration request for purposes of the limit set forth in Section 2.01(b)).

Section 2.02 Piggyback Registrations.

(a) At any time after the end of the Lock-up Period and prior to the earlier to occur of the fifth anniversary of the Distribution Date or the date on which the Registrable Securities then held by the Holder(s) represents less than 1% of UpstreamCo's then-issued and outstanding UpstreamCo Shares (or, if the Registrable Securities include securities other than UpstreamCo Shares, less than 1% of UpstreamCo's then-issued and outstanding securities of the same class as the securities included in the Registrable Securities), if UpstreamCo proposes to file a Registration Statement (other than a Shelf Registration) or a Prospectus supplement filed pursuant to a Shelf Registration Statement under the Securities Act with respect to any offering of such securities for its own account and/or for the account of any Other Holders (other than (i) a Registration or Takedown Prospectus Supplement under Section 2.01, (ii) a Registration pursuant to a Registration Statement on Form S-8 or Form S-4 or similar form that relates to a transaction subject to Rule 145 under the Securities Act, (iii) in connection with any dividend reinvestment or similar plan, (iv) for the purpose of offering securities to another entity or its

security holders in connection with the acquisition of assets or securities of such entity or any similar transaction or (v) a Registration in which the only UpstreamCo Shares being registered are UpstreamCo Shares issuable upon conversion of debt securities that are also being registered) (an "UpstreamCo Public Sale"), then, as soon as practicable, but in any event not less than 15 days prior to the proposed date of filing such Registration Statement, UpstreamCo shall give written notice of such proposed filing to each Holder, and such notice shall offer such Holders the opportunity to Register under such Registration Statement such number of Registrable Securities as each such Holder may request in writing (a "Piggyback Registration"). Subject to Section 2.02(b) and Section 2.02(c), UpstreamCo shall use its commercially reasonable efforts to include in a Registration Statement with respect to an UpstreamCo Public Sale all Registrable Securities that are requested to be included therein within five business days after the receipt of any such notice; provided, however, that if, at any time after giving written notice of its intention to Register any securities and prior to the effective date of the Registration Statement filed in connection with such Registration, UpstreamCo shall determine for any reason not to Register or to delay Registration of the UpstreamCo Public Sale, UpstreamCo may, at its election, give written notice of such determination to each such Holder and, thereupon, (x) in the case of a determination not to Register, shall be relieved of its obligation to Register any Registrable Securities in connection with such Registration, without prejudice, however, to the rights of any Holder to request that such Registration be effected as a Demand Registration under Section 2.01 and (y) in the case of a determination to delay Registration, shall be permitted to delay Registering any Registrable Securities for the same period as the delay in Registering such other UpstreamCo Shares in the UpstreamCo Public Sale. No Registration effected under this Section 2.02 shall relieve UpstreamCo of its obligation to effect any Demand Registration under Section 2.01. For purposes of clarification, UpstreamCo's filing of a Shelf Registration Statement shall not be deemed to be an UpstreamCo Public Sale; provided, however, that any prospectus supplement filed pursuant to a Shelf Registration Statement with respect to an offering of UpstreamCo Shares for its own account and/or for the account of any other Persons will be an UpstreamCo Public Sale, unless such offering qualifies for an exemption from the UpstreamCo Public Sale definition in this Section 2.02(a).

(b) In the case of any Underwritten Offering, each Holder shall have the right to withdraw such Holder's request for inclusion of its Registrable Securities in such Underwritten Offering pursuant to Section 2.02(a) at any time prior to the execution of an underwriting agreement with respect thereto by giving written notice to UpstreamCo of such Holder's request to withdraw and, subject to the preceding clause, each Holder shall be permitted to withdraw all or part of such Holder's Registrable Securities from a Piggyback Registration at any time prior to the effective date thereof.

(c) If the managing underwriter or underwriters of any proposed Underwritten Offering of a class of Registrable Securities included in a Piggyback Registration informs UpstreamCo and each Holder in writing that, in its or their opinion, the number of securities of such class that such Holder and any other Persons intend to include in such offering exceeds the number that can be Sold in such offering without being likely to have an adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Registration shall be (i) first, all securities of UpstreamCo and any other Persons (other than UpstreamCo's executive officers and directors) for whom UpstreamCo is effecting the Registration, as the case may be, proposes to Sell, (ii) second, the

number, if any, of Registrable Securities of such class that, in the opinion of such managing underwriter or underwriters, can be Sold without having such adverse effect, with such number to be allocated pro rata among the Holders that have requested to participate in such Registration based on the relative number of Registrable Securities of such class requested by such Holder to be included in such Sale, (iii) third, the number of securities of executive officers and directors of UpstreamCo for whom UpstreamCo is effecting the Registration, as the case may be, with such number to be allocated pro rata among the executive officers and directors and (iv) fourth, any other securities eligible for inclusion in such Registration, allocated among the holders of such securities in such proportion as UpstreamCo and those holders may agree.

(d) After a Holder has been notified of its opportunity to include Registrable Securities in a Piggyback Registration, such Holder (i) shall treat the Offering Confidential Information as confidential information, (ii) shall not use any Offering Confidential Information for any purpose other than to evaluate whether to include its Registrable Securities (or other UpstreamCo Shares) in such Piggyback Registration and (iii) shall not disclose any Offering Confidential Information to any Person other than such of its agents, employees, advisors and counsel as have a need to know such Offering Confidential Information, and to cause such agents, employees, advisors and counsel to comply with the requirements of this Section 2.02(d); provided, that any such Holder may disclose Offering Confidential Information if such disclosure is required by legal process, but such Holder shall cooperate with UpstreamCo to limit the extent of such disclosure through protective order or otherwise, and to seek confidential treatment of the Offering Confidential Information.

Section 2.03 Registration Procedures.

(a) In connection with UpstreamCo's Registration obligations under Section 2.01 and Section 2.02, UpstreamCo shall use its commercially reasonable efforts to effect such Registration to permit the offer and Sale of such Registrable Securities in accordance with the intended method or methods of distribution thereof as expeditiously as reasonably practicable, and in connection therewith, UpstreamCo shall, and shall cause the members of the UpstreamCo Group to:

(i) prepare and file the required Registration Statement or Takedown Prospectus Supplement, including all exhibits and financial statements and, in the case of an Exchange Offer, any document required under Rule 425 or Rule 165 with respect to such Exchange Offer (collectively, the "Ancillary Filings") required under the Securities Act to be filed therewith, and before filing with the SEC a Registration Statement or Prospectus, or any amendments or supplements thereto, (A) furnish to the underwriters or dealer managers, if any, and to the Holders, copies of all documents prepared to be filed, which documents shall be subject to the review and comment of such underwriters or dealer managers and such Holders and their respective counsel, and provide such underwriters or dealers managers, if any, and such Holders and their respective counsel reasonable time to review and comment thereon and (B) not file with the SEC any Registration Statement or Prospectus or amendments or supplements thereto or any Ancillary Filing to which the Holders or the underwriters or dealer managers, if any, shall reasonably object;

(ii) prepare and file with the SEC such amendments and post-effective amendments to such Registration Statement and supplements to the Prospectus and any Ancillary Filing as may be reasonably requested by the participating Holders;

(iii) promptly notify the participating Holders and the managing underwriters or dealer managers, if any, and, if requested, confirm such advice in writing and provide copies of the relevant documents, as soon as reasonably practicable after notice thereof is received by any member of the UpstreamCo Group (A) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, the applicable Prospectus or any amendment or supplement to such Prospectus has been filed, or any Ancillary Filing has been filed, (B) of any comments (written or oral) by the SEC or any request (written or oral) by the SEC or any other Governmental Authority for amendments or supplements to such Registration Statement, such Prospectus or any Ancillary Filing, or for any additional information, (C) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement, any order preventing or suspending the use of any preliminary or final Prospectus or any Ancillary Filing, or the initiation or threatening of any proceedings for such purposes, (D) if, at any time, the representations and warranties (written or oral) in any applicable underwriting agreement or dealer manager agreement cease to be true and correct in all material respects and (E) of the receipt by any member of the UpstreamCo Group of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or Sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(iv) (A) promptly notify each participating Holder and the managing underwriter(s) or dealer manager(s), if any, when UpstreamCo becomes aware of the occurrence of any event as a result of which the applicable Registration Statement, the Prospectus included in such Registration Statement (as then in effect) or any Ancillary Filing contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of such Prospectus and any preliminary Prospectus, in light of the circumstances under which they were made) not misleading, or if for any other reason it shall be necessary during such time period to amend or supplement such Registration Statement, Prospectus or any Ancillary Filing in order to comply with the Securities Act, and (B) in either case, as promptly as reasonably practicable thereafter, prepare and file with the SEC, and furnish without charge to each participating Holder and the underwriter(s) or dealer manager(s), if any, an amendment or supplement to such Registration Statement, Prospectus or Ancillary Filing that will correct such statement or omission or effect such compliance;

(v) use its commercially reasonable efforts to prevent or obtain the withdrawal of any stop order or other order suspending the use of any preliminary or final Prospectus;

(vi) promptly (A) incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriter(s) or dealer manager(s), if any, and the Holders agree should be included therein relating to the plan of distribution with respect to such Registrable Securities and (B) make all required filings of such Prospectus supplement or post-effective amendment as soon as reasonably practicable after being notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(vii) furnish to each participating Holder and each underwriter or dealer manager, if any, without charge, as many conformed copies as such Holder or underwriter or dealer manager may reasonably request of the applicable Registration Statement and any amendment or post-effective amendment thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(viii) deliver to each participating Holder and each underwriter or dealer manager, if any, without charge, as many copies of the applicable Prospectus (including each preliminary Prospectus) and any amendment or supplement thereto as such Holder or underwriter or dealer manager may reasonably request (it being understood that UpstreamCo consents to the use of such Prospectus or any amendment or supplement thereto by each participating Holder and the underwriter(s) or dealer manager(s), if any, in connection with the offering and Sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto) and such other documents as such participating Holder or underwriter or dealer manager may reasonably request in order to facilitate the Sale of the Registrable Securities by such Holder or underwriter or dealer manager;

(ix) on or prior to the date on which the applicable Registration Statement is declared effective or becomes effective, use its commercially reasonable efforts to register or qualify, and cooperate with each participating Holder, the managing underwriter(s) or dealer manager(s), if any, and their respective counsel, in connection with the registration or qualification of, such Registrable Securities for offer and Sale under the securities or "blue sky" Laws of each state and other jurisdiction of the United States as any participating Holder or managing underwriter(s) or dealer manager(s), if any, or their respective counsel reasonably request, and in any foreign jurisdiction mutually agreeable to UpstreamCo and the participating Holders, and do any and all other acts or things reasonably necessary or advisable to keep such registration or qualification in effect for so long as such Registration Statement remains in effect and so as to permit the continuance of offers and Sales and dealings in such jurisdictions for so long as may be necessary to complete the distribution of the Registrable Securities covered by the Registration Statement; provided that UpstreamCo will not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject or conform its capitalization or the composition of its assets at the time to the securities or blue sky Laws of any such jurisdiction;

(x) in connection with any Sale of Registrable Securities that will result in such securities no longer being Registrable Securities, cooperate with each participating Holder and the managing underwriter(s) or dealer manager(s), if any, to (A) facilitate the timely preparation and delivery of certificates representing Registrable Securities to be Sold and not bearing any restrictive Securities Act legends and (B) register such Registrable Securities in such denominations and such names as such participating Holder or the underwriter(s) or dealer manager(s), if any, may request at least two business days prior to such Sale of Registrable Securities; provided that UpstreamCo may satisfy its obligations hereunder without issuing physical stock certificates through the use of the Depository Trust Company's Direct Registration System;

(xi) cooperate and assist in any filings required to be made with the Financial Industry Regulatory Authority and each securities exchange, if any, on which any of UpstreamCo's securities are then listed or quoted and on each inter-dealer quotation system on which any of UpstreamCo's securities are then quoted, and in the performance of any due diligence investigation by any underwriter or dealer manager (including any "qualified independent underwriter") that is required to be retained in accordance with the rules and regulations of each such exchange, and use its commercially reasonable efforts to cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other Governmental Authorities as may be necessary to enable the seller or sellers thereof or the underwriter(s) or dealer manager(s), if any, to consummate the Sale of such Registrable Securities;

(xii) not later than the effective date of the applicable Registration Statement, provide a CUSIP number for all Registrable Securities and provide the applicable transfer agent with printed certificates for the Registrable Securities which are in a form eligible for deposit with the Depository Trust Company; provided, that UpstreamCo may satisfy its obligations hereunder without issuing physical stock certificates through the use of the Depository Trust Company's Direct Registration System;

(xiii) obtain for delivery to and addressed to each participating Holder and to the underwriter(s) or dealer manager(s), if any, opinions from counsel for UpstreamCo, in each case dated the effective date of the Registration Statement or, in the event of an Underwritten Offering, the date of the closing under the underwriting agreement or, in the event of an Exchange Offer, the date of the closing under the dealer manager agreement or similar agreement or otherwise, and in each such case in customary form and content for the type of Underwritten Offering or Exchange Offer, as applicable;

(xiv) in the case of an Underwritten Offering or Exchange Offer, obtain for delivery to and addressed to UpstreamCo and the managing underwriter(s) or

dealer manager(s), if any, and, to the extent requested, each participating Holder, a cold comfort letter from UpstreamCo's independent registered public accounting firm in customary form and content for the type of Underwritten Offering or Exchange Offer, dated the date of execution of the underwriting agreement or dealer manager agreement or, if none, the date of commencement of the Exchange Offer, and brought down to the closing, whether under the underwriting agreement or dealer manager agreement, if applicable, or otherwise;

(xv) in the case of an Exchange Offer that does not involve a dealer manager, provide to each participating Holder such customary written representations and warranties or other covenants or agreements as may be requested by any participating Holder comparable to those that would be included in an underwriting or dealer manager agreement;

(xvi) use its commercially reasonable efforts to comply with all applicable rules and regulations of the SEC and make generally available to its security holders, as soon as reasonably practicable, but in any event no later than 90 days, after the end of the 12-month period beginning with the first day of UpstreamCo's first quarter commencing after the effective date of the applicable Registration Statement, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and covering the period of at least 12 months, but not more than 18 months, beginning with the first month after the effective date of the Registration Statement;

(xvii) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement from and after a date not later than the effective date of such Registration Statement;

(xviii) cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of UpstreamCo's securities are then listed or quoted and on each inter-dealer quotation system on which any of UpstreamCo's securities are then quoted;

(xix) provide (A) each Holder participating in the Registration, (B) the underwriters (which term, for purposes of this Agreement, shall include any Person deemed to be an underwriter within the meaning of Section 2(11) of the Securities Act), if any, of the Registrable Securities to be registered, (C) the Sale or placement agent therefor, if any, (D) the dealer manager therefor, if any, (E) counsel for such Holder, underwriters, agent, or dealer manager and (F) any attorney, accountant or other agent or representative retained by such Holder or any such underwriter or dealer manager, as selected by such Holder, in each case, the opportunity to participate in the preparation of such Registration Statement, each Prospectus included therein or filed with the SEC, and each amendment or supplement thereto; and for a reasonable period prior to the filing of such Registration Statement, upon execution of a customary confidentiality agreement, make available for inspection upon reasonable notice at reasonable times and for

reasonable periods, by the parties referred to in clauses (A) through (F) above, all pertinent financial and other records, pertinent corporate and other documents and properties of the UpstreamCo Group that are available to UpstreamCo, and cause all of the UpstreamCo Group's officers, directors and employees and the independent public accountants who have certified its financial statements to make themselves available at reasonable times and for reasonable periods to discuss the business of UpstreamCo and to supply all information available to UpstreamCo reasonably requested by any such Person in connection with such Registration Statement as shall be necessary to enable them to exercise their due diligence or other responsibility, subject to the foregoing; provided, that in no event shall any member of the UpstreamCo Group be required to make available any information which the UpstreamCo Board determines in good faith to be competitively sensitive or confidential. The recipients of such information shall coordinate with one another so that the inspection permitted hereunder will not unnecessarily interfere with the UpstreamCo Group's conduct of business. Each Holder agrees that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of UpstreamCo or its Affiliates unless and until such information is made generally available to the public by UpstreamCo or such Affiliate or for any reason not related to the Registration of Registrable Securities;

(xx) cause the senior executive officers of UpstreamCo to participate at reasonable times and for reasonable periods in the customary "road show" presentations that may be reasonably requested by the managing underwriter(s) or dealer manager(s), if any, and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto;

(xxi) comply with all requirements of the Securities Act, Exchange Act and other applicable Laws, rules and regulations, as well as all applicable stock exchange rules; and

(xxii) take all other customary steps reasonably necessary or advisable to effect the Registration and distribution of the Registrable Securities contemplated hereby.

(b) As a condition precedent to any Registration hereunder, UpstreamCo may require each Holder as to which any Registration is being effected to furnish to UpstreamCo such information regarding the distribution of such securities and such other information relating to such Holder, its ownership of Registrable Securities and other matters as UpstreamCo may from time to time reasonably request in writing. Each such Holder agrees to furnish such information to UpstreamCo and to cooperate with UpstreamCo as reasonably necessary to enable UpstreamCo to comply with the provisions of this Agreement.

(c) Each Holder shall, as promptly as reasonably practicable, notify UpstreamCo, at any time when a Prospectus is required to be delivered (or deemed delivered) under the Securities Act, of the occurrence of an event, of which such Holder has knowledge,

relating to such Holder or its Sale of Registrable Securities thereunder requiring the preparation of a supplement or amendment to such Prospectus so that, as thereafter delivered (or deemed delivered) to the purchasers of such Registrable Securities, such Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading.

(d) Parent agrees (on behalf of itself and each member of the Parent Group), and any other Holder agrees by acquisition of such Registrable Securities, that, upon receipt of any written notice from UpstreamCo of the occurrence of any event of the kind described in Section 2.03(a)(iv), such Holder will forthwith discontinue Sales of Registrable Securities pursuant to such Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 2.03(a)(iv), or until such Holder is advised in writing by UpstreamCo that the use of the Prospectus may be resumed, and if so directed by UpstreamCo, such Holder will deliver to UpstreamCo, at UpstreamCo's expense, all copies of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event UpstreamCo shall give any such notice, the period during which the applicable Registration Statement is required to be maintained effective shall be extended by the number of days during the period from and including the date of the giving of such notice through the date when each seller of Registrable Securities covered by such Registration Statement either receives the copies of the supplemented or amended Prospectus contemplated by Section 2.03(a)(iv) or is advised in writing by UpstreamCo that the use of the Prospectus may be resumed.

Section 2.04 Underwritten Offerings or Exchange Offers.

(a) If requested by the managing underwriter(s) for any Underwritten Offering or dealer manager(s) for any Exchange Offer that is requested by Holders pursuant to a Demand Registration or Takedown Request under Section 2.01, UpstreamCo shall enter into an underwriting agreement or dealer manager agreement, as applicable, with such underwriter(s) or dealer manager(s) for such offering, such agreement to be reasonably satisfactory in substance and form to UpstreamCo and the underwriter(s) or dealer manager(s) and, if Parent Group is a participating Holder, to Parent Group. Such agreement shall contain such representations and warranties by UpstreamCo and such other terms as are generally prevailing in agreements of that type. Each Holder with Registrable Securities to be included in any Underwritten Offering or Exchange Offer by such underwriter(s) or dealer manager(s) shall enter into such underwriting agreement or dealer manager agreement at the request of UpstreamCo, which agreement shall contain such reasonable representations and warranties by the Holder and such other reasonable terms as are generally prevailing in agreements of that type.

(b) In the event of an UpstreamCo Public Sale involving an offering of UpstreamCo Shares or other equity securities of UpstreamCo in an Underwritten Offering (whether in a Demand Registration or a Piggyback Registration or pursuant to a Takedown Request, whether or not the Holders participate therein), the Holders hereby agree, and, in the event of an UpstreamCo Public Sale of UpstreamCo Shares or other equity securities of UpstreamCo in an Underwritten Offering or an Exchange Offer, UpstreamCo shall agree, and, except in the case of a Shelf Registration, it shall cause its executive officers and directors to

agree, if requested by the managing underwriter or underwriters in such Underwritten Offering or by the Holder or the dealer manager or dealer managers, in an Exchange Offer, not to effect any Sale or distribution (including any offer to Sell, contract to Sell, short Sale or any option to purchase) of any securities (except, in each case, as part of the applicable Registration, if permitted hereunder) that are of the same type as those being Registered in connection with such public offering and Sale, or any securities convertible into or exchangeable or exercisable for such securities, during the period beginning five days before, and ending 90 days (or such lesser period as may be permitted by UpstreamCo or the participating Holder(s), as applicable, or such managing underwriter or underwriters) after, the effective date of the Registration Statement filed in connection with such Registration (or, if later, the date of the Prospectus), to the extent timely notified in writing by such selling Person or the managing underwriter or underwriters or dealer manager or dealer managers. The participating Holders and UpstreamCo, as applicable, also agree to execute an agreement evidencing the restrictions in this Section 2.04(b) in customary form, which form is reasonably satisfactory to UpstreamCo or the participating Holder(s), as applicable, and the underwriter(s) or dealer manager(s), as applicable; provided that such restrictions may be included in the underwriting agreement or dealer manager agreement, if applicable. UpstreamCo may impose stop-transfer instructions with respect to the securities subject to the foregoing restriction until the end of the required stand-off period.

(c) No Holder may participate in any Underwritten Offering or Exchange Offer hereunder unless such Holder (i) agrees to Sell such Holder's securities on the basis provided in any underwriting arrangements or dealer manager agreements approved by UpstreamCo or other Persons entitled to approve such arrangements and (ii) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, dealer manager agreements and other documents reasonably required under the terms of such underwriting arrangements or dealer manager agreements or this Agreement.

Section 2.05 Registration Rights Agreement with Participating Banks.

If one or more members of the Parent Group decides to engage in a Private Debt Exchange with one or more Participating Banks, UpstreamCo shall enter into a registration rights agreement with the Participating Banks in connection with such Private Debt Exchange on terms and conditions consistent with this Agreement (other than the voting provisions contained in Article III hereof) and reasonably satisfactory to UpstreamCo and the Parent Group.

Section 2.06 Registration Expenses Paid by UpstreamCo.

In the case of any Registration of Registrable Securities required pursuant to this Agreement, UpstreamCo shall pay all Registration Expenses regardless of whether the Registration Statement becomes effective; provided, however, that UpstreamCo shall not be required to pay for any expenses of any Registration begun pursuant to Section 2.01 if the Demand Registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be Registered (in which case all participating Holders shall bear such expenses), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one Demand Registration to which they have the right pursuant to Section 2.01(b).

Section 2.07 Indemnification.

(a) UpstreamCo agrees to indemnify and hold harmless, to the full extent permitted by applicable Law, each Holder whose shares are included in a Registration Statement, such Holder's Affiliates and their respective officers, directors, agents, advisors, employees and each Person, if any, who controls (within the meaning of the Securities Act or the Exchange Act) such Holder, from and against any and all losses, claims, damages, liabilities (or actions or proceedings in respect thereof, whether or not such indemnified party is a party thereto) and expenses, joint or several (including reasonable costs of investigation and legal expenses) (each, a "Loss" and collectively, "Losses") arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which the offering and Sale of such Registrable Securities was Registered under the Securities Act (including any final or preliminary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein), or any such statement made in any free writing prospectus (as defined in Rule 405 under the Securities Act) that UpstreamCo has filed or is required to file pursuant to Rule 433(d) of the Securities Act or any Ancillary Filing, (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus, preliminary Prospectus or free writing prospectus, in light of the circumstances under which they were made) not misleading; provided, that with respect to any untrue statement or omission or alleged untrue statement or omission made in any Prospectus, the indemnity agreement contained in this paragraph shall not apply to the extent that any such liability results from or arises out of (A) the fact that a current copy of the Prospectus was not sent or given to the Person asserting any such liability at or prior to the written confirmation of the Sale of the Registrable Securities concerned to such Person if it is determined by a court of competent jurisdiction in a final and non-appealable judgment that UpstreamCo has provided such Prospectus and it was the responsibility of such Holder or its agents to provide such Person with a current copy of the Prospectus and such current copy of the Prospectus would have cured the defect giving rise to such liability, (B) the use of any Prospectus by or on behalf of any Holder after UpstreamCo has notified such Person (x) that such Prospectus contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (y) that a stop order has been issued by the SEC with respect to a Registration Statement or (z) that a Disadvantageous Condition exists, or (C) information furnished in writing by such Holder or on such Holder's behalf, in either case expressly for use in such Registration Statement, Prospectus relating to such Holder's Registrable Securities. This indemnity shall be in addition to any liability UpstreamCo may otherwise have, including under the Separation and Distribution Agreement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Holder or any indemnified party and shall survive the Sale of such securities by such Holder.

(b) Each participating Holder whose Registrable Securities are included in a Registration Statement agrees (severally and not jointly) to indemnify and hold harmless, to the full extent permitted by applicable Law, UpstreamCo, its directors, officers, agents, advisors, employees and each Person, if any, who controls (within the meaning of the Securities Act and the Exchange Act) UpstreamCo from and against any and all Losses (i) arising out of or based upon information furnished in writing by such Holder or on such Holder's behalf, in either case

expressly for use in a Registration Statement, Prospectus relating to such Holder's Registrable Securities or (ii) resulting from (A) the fact that a current copy of the Prospectus was not sent or given to the Person asserting any such liability at or prior to the written confirmation of the Sale of the Registrable Securities concerned to such Person if it is determined by a court of competent jurisdiction in a final and non-appealable judgment that it was the responsibility of such Holder or its agent to provide such Person with a current copy of the Prospectus and such current copy of the Prospectus would have cured the defect giving rise to such liability, or (B) the use of any Prospectus by or on behalf of any Holder after UpstreamCo has notified such Person (x) that such Prospectus contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (y) that a stop order has been issued by the SEC with respect to a Registration Statement or (z) that a Disadvantageous Condition exists. This indemnity shall be in addition to any liability the participating Holder may otherwise have, including under the Separation and Distribution Agreement. In no event shall the liability of any participating Holder hereunder be greater in amount than the dollar amount of the net proceeds received by such holder under the Sale of the Registrable Securities giving rise to such indemnification obligation. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of UpstreamCo or any indemnified party.

(c) Any claim or action with respect to which a Party (an "Indemnifying Party") may be obligated to provide indemnification to any Person entitled to indemnification hereunder (an "Indemnitee") shall be subject to the procedures for indemnification set forth in Sections 4.4 and 4.5 of the Separation and Distribution Agreement.

(d) If for any reason the indemnification provided for in Section 2.07(a) or Section 2.07(b) is unavailable to an Indemnitee or insufficient to hold it harmless as contemplated by Section 2.07(a) or Section 2.07(b), then the Indemnifying Party shall contribute to the amount paid or payable by the Indemnitee as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and the Indemnitee on the other hand. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or the Indemnitee and the Parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. For the avoidance of doubt, the establishment of such relative fault, and any disagreements or disputes relating thereto, shall be subject to Section 4.04. Notwithstanding anything in this Section 2.07(d) to the contrary, no Indemnifying Party (other than UpstreamCo) shall be required pursuant to this Section 2.07(d) to contribute any amount in excess of the amount by which the net proceeds received by such Indemnifying Party from the Sale of Registrable Securities in the offering to which the Losses of the Indemnitees relate (before deducting expenses, if any) exceeds the amount of any damages which such Indemnifying Party has otherwise been required to pay by reason of such untrue statement or omission. The Parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.07(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 2.07(d). No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The amount paid or payable by an Indemnitee

hereunder shall be deemed to include, for purposes of this Section 2.07(d), any legal or other expenses reasonably incurred by such Indemnitee in connection with investigating, preparing to defend or defending against or appearing as a third party witness in respect of, or otherwise incurred in connection with, any such loss, claim, damage, expense, liability, action, investigation or proceeding. If indemnification is available under this Section 2.07, the Indemnifying Parties shall indemnify each Indemnitee to the full extent provided in Section 2.07(a) and Section 2.07(b) without regard to the relative fault of said Indemnifying Parties or Indemnitee. Any Holders' obligations to contribute pursuant to this Section 2.07(d) are several and not joint.

Section 2.08 Reporting Requirements; Rule 144.

Until the earlier of (a) the expiration or termination of this Agreement in accordance with its terms and (b) the date upon which there cease to be any Holders of Registrable Securities, UpstreamCo shall use its commercially reasonable efforts to be and remain in compliance with the periodic filing requirements imposed under the SEC's rules and regulations, including the Exchange Act, and any other applicable Laws or rules, and thereafter shall timely file such information, documents and reports as the SEC may require or prescribe under Sections 13, 14 and 15(d), as applicable, of the Exchange Act so that UpstreamCo will qualify for registration on Form S-3 and to enable the Holders to Sell Registrable Securities without registration under the Securities Act consistent with the exemptions from registration under the Securities Act provided by (i) Rule 144 or Regulation S under the Securities Act, as amended from time to time, or (ii) any similar SEC rule or regulation then in effect. From and after the date hereof through such earlier date, UpstreamCo shall forthwith upon request furnish any Holder (x) a written statement by UpstreamCo as to whether it has complied with such requirements and, if not, the specifics thereof, (y) a copy of the most recent annual or quarterly report of UpstreamCo and (z) such other reports and documents filed by UpstreamCo with the SEC as such Holder may reasonably request in availing itself of an exemption for the offering and Sale of Registrable Securities without registration under the Securities Act.

Section 2.09 Registration Rights Covenant.

UpstreamCo covenants that it will not, and it will cause the members of the UpstreamCo Group not to, grant any right of registration under the Securities Act relating to the UpstreamCo Shares or any of its other securities to any Person other than pursuant to this Agreement, unless the rights so granted to another Person do not limit or restrict the rights of the Holder(s) hereunder.

ARTICLE III VOTING RESTRICTIONS AND LOCK-UP PERIOD

Section 3.01 Voting of UpstreamCo Shares.

(a) From the date of this Agreement and until the date that the Parent Group ceases to own any Retained Shares, Parent shall, and shall cause each member of the Parent Group to (in each case, to the extent that they own any Retained Shares), be present, in person or by proxy, at each and every UpstreamCo stockholder meeting, and otherwise to cause all Retained Shares owned by them to be counted as present for purposes of establishing a quorum

at any such meeting, and to vote or consent on any matter (including waivers of contractual or statutory rights), or cause to be voted or consented on any such matter, all such Retained Shares in proportion to the votes cast by the other holders of UpstreamCo Shares on such matter.

(b) From the date of this Agreement and until the date that the Parent Group ceases to own any Retained Shares, Parent hereby grants, and shall cause each member of the Parent Group (in each case, to the extent that they own any Retained Shares) to grant, an irrevocable proxy, which shall be deemed coupled with an interest sufficient in Law to support an irrevocable proxy to UpstreamCo or its designees, to vote, with respect to any matter (including waivers of contractual or statutory rights), all Retained Shares owned by them, in proportion to the votes cast by the other holders of UpstreamCo Shares on such matter; provided, that (i) such proxy shall automatically be revoked as to a particular Retained Share upon any Sale of such Retained Share from a member of the Parent Group to a Person other than a member of the Parent Group and (ii) nothing in this Section 3.01(b) shall limit or prohibit any such Sale.

(c) Parent acknowledges and agrees (on behalf of itself and each member of the Parent Group) that UpstreamCo will be irreparably damaged in the event any of the provisions of this Article III are not performed by Parent in accordance with their terms or are otherwise breached. Accordingly, it is agreed that UpstreamCo shall be entitled to an injunction to prevent breaches of this Article III and to specific enforcement of the provisions of this Article III in any action instituted in any court of the United States or any state having subject matter jurisdiction over such action.

Section 3.02 Lock-up Period.

(a) Notwithstanding anything to the contrary in this Agreement, during the 60-day period commencing immediately following the Effective Time (the “Lock-up Period”), Parent shall not, directly or indirectly sell, transfer, assign or pledge any Registrable Securities to any Person, including by way of hedging or derivative transactions or otherwise, without the UpstreamCo’s prior written consent.

ARTICLE IV MISCELLANEOUS

Section 4.01 Further Assurances.

In addition to the actions specifically provided for elsewhere in this Agreement, each of the Parties shall use its commercially reasonable efforts, prior to, on and after the date hereof, to take, or cause to be taken, all actions, and to do, or cause to be done, all things, reasonably necessary, proper or advisable under applicable Laws, regulations and agreements to consummate and make effective the transactions contemplated by this Agreement.

Section 4.02 Term and Termination.

This Agreement shall terminate upon the earlier of (a) five years after the Distribution Date, (b) the time at which all Registrable Securities are held by Persons other than Holders and (c) the time at which all Registrable Securities have been Sold in accordance with one or more Registration Statements; provided, that the provisions of Section 2.06 and Section 2.07 and this Article IV shall survive any such termination.

Section 4.03 Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement and the Exhibit hereto contain the entire agreement between the Parties with respect to the subject matter hereof, and supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein.

(c) Parent represents on behalf of itself and each other member of the Parent Group, and UpstreamCo represents on behalf of itself and each other member of the UpstreamCo Group, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby, and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

(d) Each Party acknowledges that it and each other Party may execute this Agreement by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it shall not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person.

Section 4.04 Disputes and Governing Law.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement (including the validity, interpretation, breach or termination of this Agreement) (a “Dispute”), shall be resolved in accordance with the procedures set forth in Article VII of the Separation and Distribution Agreement, which shall be the sole and exclusive procedures for the resolution of any such Dispute unless otherwise specified in this Agreement or in Article VII of the Separation and Distribution Agreement.

(b) This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter

herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of Delaware, irrespective of the choice of laws principles of the State of Delaware, including all matters of validity, construction, effect, enforceability, performance and remedies.

(c) THE PARTIES EXPRESSLY WAIVE AND FOREGO ANY RIGHT TO TRIAL BY JURY.

Section 4.05 Successors, Assigns and Transferees.

(a) Except as set forth herein, this Agreement shall be binding upon and inure to the benefit of the Parties hereto, and their respective successors and permitted assigns; provided, however, that neither Party may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Party hereto. Notwithstanding the foregoing, no such consent shall be required for the assignment of a party's rights and obligations under this Agreement (except as otherwise provided herein) in whole (i.e., the assignment of a party's rights and obligations under this Agreement, the Separation and Distribution Agreement and all other Ancillary Agreements all at the same time) in connection with a Change of Control of a Party so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any member of its Group from being party to or undertaking a Change of Control.

(b) Notwithstanding any other terms of this Section 4.05, in connection with the Sale of Registrable Securities, Parent may assign its Registration-related rights and obligations under this Agreement relating to such Registrable Securities to the following transferees in such Sale: (i) a member of the Parent Group to which Registrable Securities are Sold, (ii) one or more Participating Banks to which Registrable Securities are Sold, (iii) any transferee to which Registrable Securities are Sold, if UpstreamCo provides prior written consent to the transfer of such Registration-related rights and obligations along with the Sale of Registrable Securities or (iv) any other transferee to which Registrable Securities are Sold, unless such Sale consists of Registrable Securities representing less than 1% of UpstreamCo's then-issued and outstanding securities of the same class as the Registrable Securities and such Registrable Securities are eligible for Sale pursuant to an exemption from the registration and prospectus delivery requirements of the Securities Act under Section 4(a) thereof (including transactions pursuant to Rule 144); provided, that in the case of clauses (i), (ii), (iii) or (iv), (x) UpstreamCo is given written notice prior to or at the time of such Sale stating the name and address of the transferee and identifying the securities with respect to which the Registration-related rights and obligations are being Sold and (y) the transferee executes a counterpart in the form attached hereto as Exhibit A and delivers the same to UpstreamCo (any such transferee in such Sale, a "Transferee"). In connection with the Sale of Registrable Securities, a Transferee or Subsequent Transferee (as defined below) may assign its Registration-related rights and obligations under this Agreement relating to such Registrable Securities to the following subsequent transferees: (A) an Affiliate of such Transferee to which Registrable Securities are Sold, (B) any subsequent transferee to which Registrable Securities are Sold, if UpstreamCo

provides prior written consent to the transfer of such Registration-related rights and obligations along with the Sale of Registrable Securities or (C) any other subsequent transferee to which Registrable Securities are Sold, unless such Sale consists of Registrable Securities representing less than 1% of UpstreamCo's then-issued and outstanding securities of the same class as the Registrable Securities and such Registrable Securities are eligible for Sale pursuant to an exemption from the registration and prospectus delivery requirements of the Securities Act under Section 4(a) thereof (including transactions pursuant to Rule 144); provided, that in the case of clauses (A), (B) or (C), (x) UpstreamCo is given written notice prior to or at the time of such Sale stating the name and address of the subsequent transferee and identifying the securities with respect to which the Registration-related rights and obligations are being assigned and (y) the subsequent transferee executes a counterpart in the form attached hereto as Exhibit A and delivers the same to UpstreamCo (any such subsequent transferee, a "Subsequent Transferee").

Section 4.06 Third-Party Beneficiaries.

Except for any Person expressly entitled to indemnification rights under this Agreement, (a) the provisions of this Agreement are solely for the benefit of the Parties hereto and parties thereto, respectively, and are not intended to confer upon any other Person any rights or remedies hereunder, and (b) there are no third-party beneficiaries of this Agreement and this Agreement shall not provide any third Person with any remedy, claim, liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 4.07 Notices.

All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, by facsimile or electronic transmission with receipt confirmed (followed by delivery of an original via overnight courier service), or by registered or certified mail (postage prepaid, return receipt requested) to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 4.07):

If to Parent, to:

Alcoa Inc.
390 Park Avenue
New York, New York 10022
Attention: Chief Legal Officer
Facsimile: 212-836-2816

and

Alcoa Inc.
390 Park Avenue
New York, New York 10022
Attention: Chief Financial Officer
Facsimile: 212-836-2813

If to UpstreamCo, to:

Alcoa Upstream Corporation
201 Isabella Street
Pittsburgh, Pennsylvania 15212
Attn: General Counsel
Facsimile: 412-992-5440

and

Alcoa Upstream Corporation
390 Park Avenue
New York, New York 10022
Attn: Chief Financial Officer
Facsimile: 212-518-5491

A Party may, by written notice to the other Party, change the address to which any such notices are to be given.

Section 4.08 Severability.

If any provision of this Agreement or the application hereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 4.09 Headings.

The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 4.10 Waiver of Default.

Waiver by a Party of any default by the other Party of any provision of this Agreement must be in writing and shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the other Party. No failure or delay by a Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 4.11 Amendments.

No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification, or the Holders of a majority of the Registrable Securities, if such waiver, amendment, supplement or modification is sought to be enforced against a Holder.

Section 4.12 Interpretation.

In this Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms "hereof," "herein," and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules, Exhibits and Appendices hereto) and not to any particular provision of this Agreement; (c) Article, Section, Schedule, Exhibit and Appendix references are to the Articles, Sections, Schedules, Exhibits and Appendices to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement (including this Agreement, the Separation and Distribution Agreement and each other Ancillary Agreement) shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word "including" and words of similar import when used in this Agreement shall mean "including, without limitation," unless otherwise specified; (f) the word "or" shall not be exclusive; (g) unless otherwise specified in a particular case, the word "days" refers to calendar days; (h) references to "business day" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in Pittsburgh, Pennsylvania or New York, New York; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; the word "extent" in the phrase "to the extent" shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply "if"; and (k) unless expressly stated to the contrary in this Agreement, all references to "the date hereof," "the date of this Agreement," "hereby" and "hereupon" and words of similar import shall all be references to October 31, 2016.

Section 4.13 Performance.

Parent shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the Parent Group. UpstreamCo shall cause to be performed, and hereby guarantees the performance of, all actions, agreements and obligations set forth in this Agreement to be performed by any member of the UpstreamCo Group. Each Party (including its permitted successors and assigns) further agrees that it shall (a) give timely notice of the terms, conditions and continuing obligations contained in this Agreement to all of the other members of its Group

and (b) cause all of the other members of its Group not to take any action or fail to take any such action inconsistent with such Party’s obligations under this Agreement or the transactions contemplated hereby.

Section 4.14 Registrations, Exchanges, etc.

Notwithstanding anything to the contrary that may be contained in this Agreement, the provisions of this Agreement shall apply to the full extent set forth herein with respect to (a) any UpstreamCo Shares, now or hereafter authorized to be issued, (b) any and all securities of UpstreamCo into which UpstreamCo Shares are converted, exchanged or substituted in any recapitalization or other capital reorganization by UpstreamCo and (c) any and all securities of any kind whatsoever of UpstreamCo or any successor or permitted assign of UpstreamCo (whether by merger, consolidation, sale of assets or otherwise) which may be issued on or after the date hereof in respect of, in conversion of, in exchange for or in substitution of, UpstreamCo Shares, and shall be appropriately adjusted for any stock dividends, or other distributions, stock splits or reverse stock splits, combinations, recapitalizations, mergers, consolidations, exchange offers or other reorganizations occurring after the date hereof.

Section 4.15 Mutual Drafting.

This Agreement shall be deemed to be the joint work product of the Parties, and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

ALCOA INC.

By: /s/ Max Laun

Name: Max Laun

Title: Vice President & General Counsel

[Signature Page to Stockholder and Registration Rights Agreement]

ALCOA UPSTREAM CORPORATION

By: /s/ John Kenna
Name: John Kenna
Title: Vice President - Tax

[Signature Page to Stockholder and Registration Rights Agreement]

Exhibit A

Form of

Agreement to be Bound

THIS INSTRUMENT forms part of the Stockholder and Registration Rights Agreement (the "Agreement"), dated as of October 31, 2016, by and between Alcoa Inc., a Pennsylvania corporation ("Parent"), and Alcoa Upstream Corporation, a Delaware corporation. The undersigned hereby acknowledges having received a copy of the Agreement and having read the Agreement in its entirety, and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, hereby agrees that the terms and conditions of the Agreement binding upon and inuring to the benefit of Parent shall be binding upon and inure to the benefit of the undersigned and its successors and permitted assigns as if it were an original party to the Agreement.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this   day of   , 20   .

____
(Signature of transferee)

____
Print name

Exhibit 99.1

October 17, 2016

Dear Alcoa Inc. Shareholder:

In September 2015, we announced our plan to separate into two independent, publicly traded companies: a globally cost-competitive upstream company and an innovation and technology-driven value-add company. The upstream company will include the five business units that today make up Global Primary Products—Bauxite, Alumina, Aluminum, Cast Products and Energy—and a Rolled Products business unit consisting of the rolling mill operations in Warrick, Indiana, and Saudi Arabia (the “Warrick and Ma’aden Rolling Mills”) (collectively, the “Upstream Businesses”). The value-add company will include the Engineered Products and Solutions, Global Rolled Products (other than the Warrick and Ma’aden Rolling Mills), and Transportation and Construction Solutions business segments (collectively, the “Value-Add Businesses”).

The separation will create two industry-leading, independent public companies with distinct product portfolios and corporate strategies. We believe that the upstream company will be a cost-competitive industry leader in bauxite mining, alumina refining, aluminum production, and aluminum can packaging for the North America market, positioned for success throughout the market cycle. The value-add company will be a premier provider of high-performance multi-material products and solutions. The companies will have distinct value profiles, and the separation will allow each company to effectively allocate resources and deploy capital in line with each company’s growth priorities and cash-flow profiles. As independent entities, each company will be positioned to capture opportunities in increasingly competitive and rapidly evolving markets, and to pursue their own independent strategies, positioning each to push the performance envelope within distinct operating environments.

The separation will occur by means of a pro rata distribution by Alcoa Inc. (“ParentCo”) of at least 80.1% of the outstanding shares of a newly formed upstream company named Alcoa Upstream Corporation (“Alcoa Corporation”), which will own the Upstream Businesses. ParentCo, the existing publicly traded company, will continue to own the Value-Add Businesses, and will become the value-add company. In conjunction with the separation, ParentCo will change its name to “Arconic Inc.” (“Arconic”) and will change its stock symbol from “AA” to “ARNC”, and “Alcoa Upstream Corporation” will change its name to “Alcoa Corporation” and will apply for authorization to list its common stock on the New York Stock Exchange under the symbol “AA.”

Upon completion of the separation, each ParentCo shareholder as of the record date will continue to own shares of ParentCo (which, as a result of ParentCo’s name change to Arconic, will be Arconic shares) and will own a pro rata share of the outstanding common stock of Alcoa Corporation to be distributed. Each ParentCo shareholder will receive one share of Alcoa Corporation common stock for every three shares of ParentCo common stock held as of the close of business on October 20, 2016, the record date for the distribution. The Alcoa Corporation common stock will be issued in book-entry form only, which means that no physical share certificates will be issued. It is intended that, for U.S. federal income tax purposes, the distribution generally will be tax-free to ParentCo shareholders. No vote of ParentCo shareholders is required for the distribution. You do not need to take any action to receive shares of Alcoa Corporation common stock to which you are entitled as a ParentCo shareholder, and you do not need to pay any consideration or surrender or exchange your ParentCo common stock.

We encourage you to read the attached information statement, which is being provided to all ParentCo shareholders that held shares on the record date for the distribution. The information statement describes the separation in detail and contains important business and financial information about Alcoa Corporation.

We believe the separation provides tremendous opportunities for our businesses and our shareholders, as we work to continue to build long-term shareholder value. We appreciate your continuing support of Alcoa Inc., and look forward to your future support of Arconic Inc. and Alcoa Corporation.

Sincerely,

Klaus Kleinfeld
Chairman and Chief Executive Officer
Alcoa Inc.

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October 17, 2016

Dear Future Alcoa Upstream Corporation Stockholder:

I am excited to welcome you as a future stockholder of Alcoa Upstream Corporation (“Alcoa Corporation”). Alcoa Corporation is a cost-competitive large scale industry leader in global aluminum production. Our operations will comprise business units focused on Bauxite, Alumina, Aluminum, Cast Products, Rolled Products and Energy, which together will encompass all major production activities along the primary aluminum industry value chain, providing Alcoa Corporation an important position in each critical segment of the supply chain.

At the time of its separation from Alcoa Inc. (“ParentCo”), Alcoa Corporation’s first-class asset base will include the world’s largest bauxite mining portfolio and what we believe is the most attractive global alumina refining system, both with first quartile cost curve positions. Our leading bauxite and refining operations supply a strategic global aluminum smelting portfolio with a highly competitive second quartile cost curve position. Our smelter footprint is enhanced by a strategic network of co-located casthouse facilities producing value-added aluminum products for customers in key global markets, and rolling mill operations in Warrick, Indiana, and Saudi Arabia that will serve the North American aluminum can packaging market. Alcoa Corporation’s metal operations are complemented by a substantial portfolio of global energy assets offering third-party sales opportunities, and in some cases, the operational flexibility to consume electricity for metal production or capture earnings from power sales. Alcoa Corporation’s global footprint will include 27 facilities worldwide and approximately 16,000 employees.

Over the past few years, ParentCo has implemented a comprehensive strategy to secure our company as a cost-competitive industry leader in bauxite mining, alumina refining, aluminum production and value-added casting and rolling, positioned for success throughout the market cycle. We have accomplished this by strengthening each of our businesses for greater efficiency, profitability and value-creation. By reshaping our portfolio, we have made our company more resilient against market down-swings, while remaining prepared to capitalize on the upswings. We have developed new opportunities in establishing our bauxite and cast products businesses and our diverse sites offer close proximity to major markets, well situated to capture robust aluminum demand. We continue to enhance our competitiveness through rigorous portfolio management and strong cost controls and are committed to a philosophy of disciplined capital allocation and prudent return of capital to shareholders.

Upon completion of the separation, “Alcoa Upstream Corporation” will be renamed “Alcoa Corporation,” and we intend to list Alcoa Corporation’s common stock on the New York Stock Exchange under the symbol “AA.” ParentCo, to be renamed “Arconic Inc.,” will change its stock symbol from “AA” to “ARNC” in connection with the separation.

At Alcoa Corporation, our vision for the future is clear. We intend to deliver unparalleled value for our customers, working faster and smarter, enabling us to succeed in partnership with them. We will strive to ensure operational excellence within our strong foundation of assets, drive continuous improvement, harness innovation and creativity and maintain profitability through market troughs and peaks. We will adhere to a philosophy advocating prudent use of capital, and intend to carefully consider opportunities to generate superior outcomes for our investors. As an industry leader, we intend to attract and retain the best talent in metals and mining, treat our people with respect and dignity and embrace best-in-class ethical and sustainability standards. As we prepare to become a standalone company, we look to build upon our rich heritage, ready to seize the future and excel.

Sincerely,

Roy Harvey
Chief Executive Officer
Alcoa Upstream Corporation

INFORMATION STATEMENT

Alcoa Upstream Corporation

This information statement is being furnished in connection with the distribution by Alcoa Inc. ("ParentCo") to its shareholders of outstanding shares of common stock of Alcoa Upstream Corporation ("Alcoa Corporation"), a wholly owned subsidiary of ParentCo that will hold the assets and liabilities associated with ParentCo's Bauxite, Alumina, Aluminum, Cast Products and Energy businesses, as well as a Rolled Products business consisting of ParentCo's rolling mill operations in Warrick, Indiana, and ParentCo's 25.1% interest in the Ma'aden Rolling Company in Saudi Arabia (collectively, the "Alcoa Corporation Business"). To implement the separation, ParentCo currently plans to distribute at least 80.1% of the outstanding shares of Alcoa Corporation common stock on a pro rata basis to ParentCo shareholders in a distribution that is intended to qualify as generally tax-free to the ParentCo shareholders for United States ("U.S.") federal income tax purposes. Immediately after the distribution becomes effective, ParentCo will own no more than 19.9% of the outstanding shares of common stock of Alcoa Corporation. Prior to completing the separation, ParentCo may adjust the percentage of Alcoa Corporation shares to be distributed to ParentCo shareholders and retained by ParentCo in response to market and other factors, and it will amend this information statement to reflect any such adjustment.

For every three shares of common stock of ParentCo held of record by you as of the close of business on October 20, 2016, which is the record date for the distribution, you will receive one share of Alcoa Corporation common stock. You will receive cash in lieu of any fractional shares of Alcoa Corporation common stock that you would have received after application of the above ratio. As discussed under "The Separation and Distribution—Trading Between the Record Date and Distribution Date," if you sell your shares of ParentCo common stock in the "regular-way" market after the record date and before the distribution date, you also will be selling your right to receive shares of Alcoa Corporation common stock in connection with the separation and distribution. We expect the shares of Alcoa Corporation common stock to be distributed by ParentCo to you at 12:01 a.m., Eastern Time, on November 1, 2016. We refer to the date of the distribution of the Alcoa Corporation common stock as the "distribution date."

Until the separation occurs, Alcoa Corporation will be a wholly owned subsidiary of ParentCo and consequently, ParentCo will have the sole and absolute discretion to determine and change the terms of the separation, including the establishment of the record date for the distribution and the distribution date, as well as to reduce the amount of outstanding shares of common stock of Alcoa Corporation that it will retain, if any, following the distribution.

No vote of ParentCo shareholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send ParentCo a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing shares of ParentCo common stock or take any other action to receive your shares of Alcoa Corporation common stock.

There is no current trading market for Alcoa Corporation common stock, although we expect that a limited market, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution, and we expect "regular-way" trading of Alcoa Corporation common stock to begin on the first trading day following the completion of the distribution. "Alcoa Upstream Corporation" will change its name to "Alcoa Corporation" and intends to have its common stock authorized for listing on the New York Stock Exchange (the "NYSE") under the symbol "AA." ParentCo will be renamed "Arconic Inc." ("Arconic") and will change its stock symbol from "AA" to "ARNC" in connection with the separation.

In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 23.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is October 17, 2016.

This information statement was first mailed to ParentCo shareholders on or about October 17, 2016.

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Presentation of Information

Unless the context otherwise requires:

- The information included in this information statement about Alcoa Corporation, including the Combined Financial Statements of Alcoa Corporation, which primarily comprise the assets and liabilities of ParentCo's Bauxite, Alumina, Aluminum, Cast Products and Energy businesses, as well as ParentCo's rolling mill operations in Warrick, Indiana, and ParentCo's 25.1% interest in the Ma'aden Rolling Company in Saudi Arabia, assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution.
- References in this information statement to "Alcoa Corporation," "we," "us," "our," "our company" and "the company" refer to Alcoa Upstream Corporation, a Delaware corporation, and its subsidiaries.
- References in this information statement to "ParentCo" refer to Alcoa Inc., a Pennsylvania corporation, and its consolidated subsidiaries, including the Alcoa Corporation Business prior to completion of the separation.
- References in this information statement to the "Alcoa Corporation Business" refer to ParentCo's Bauxite, Alumina, Aluminum, Cast Products and Energy businesses, as well as a Rolled Products business consisting of ParentCo's rolling mill operations in Warrick, Indiana, and ParentCo's 25.1% interest in the Ma'aden Rolling Company in Saudi Arabia.
- References in this information statement to "Arconic" refer to ParentCo after the completion of the separation and the distribution, following which ParentCo will change its name to "Arconic Inc." and its business will comprise the Engineered Products and Solutions, Global Rolled Products (other than the rolling mill operations in Warrick, Indiana, and the 25.1% interest in the Ma'aden Rolling Company in Saudi Arabia) and Transportation and Construction Solutions businesses.
- References in this information statement to the "Arconic Business" refer to ParentCo's Engineered Products and Solutions, Global Rolled Products (other than the rolling mill operations in Warrick, Indiana, and the 25.1% interest in the Ma'aden Rolling Company in Saudi Arabia) and Transportation and Construction Solutions businesses, collectively.
- References in this information statement to the "separation" refer to the separation of the Alcoa Corporation Business from ParentCo's other businesses and the creation, as a result of the distribution, of an independent, publicly traded company, Alcoa Corporation, to hold the assets and liabilities associated with the Alcoa Corporation Business after the distribution.
- References in this information statement to the "distribution" refer to the distribution of at least 80.1% of Alcoa Corporation's issued and outstanding shares of common stock to ParentCo shareholders as of the close of business on the record date for the distribution.
- References in this information statement to Alcoa Corporation's per share data assume a distribution ratio of one share of Alcoa Corporation common stock for every three shares of ParentCo common stock and a distribution of approximately 80.1% of the outstanding shares of Alcoa Corporation common stock.
- References in this information statement to Alcoa Corporation's historical assets, liabilities, products, businesses or activities generally refer to the historical assets, liabilities, products, businesses or activities of the Alcoa Corporation Business as the business was conducted as part of ParentCo prior to the completion of the separation.

Trademarks and Trade Names

Alcoa Corporation owns or has rights to use the trademarks and trade names that we use in conjunction with the operation of our business. Among the trademarks that Alcoa Corporation owns or has rights to use that appear in this information statement are the name "Alcoa" and the Alcoa symbol for aluminum products. Solely for

convenience, we only use the ™ or ® symbols the first time any trademark or trade name is mentioned. Each trademark or trade name of any other company appearing in this information statement is, to our knowledge, owned by such other company.

Industry Information

Unless indicated otherwise, the information concerning our industry contained in this information statement is based on Alcoa Corporation's general knowledge of and expectations concerning the industry. Alcoa Corporation's market position, market share and industry market size are based on estimates using Alcoa Corporation's internal data and estimates, based on data from various industry analyses, our internal research and adjustments and assumptions that we believe to be reasonable. Alcoa Corporation has not independently verified data from industry analyses and cannot guarantee their accuracy or completeness. In addition, Alcoa Corporation believes that data regarding the industry, market size and its market position and market share within such industry provide general guidance but are inherently imprecise. Further, Alcoa Corporation's estimates and assumptions involve risks and uncertainties and are subject to change based on various factors, including those discussed in the "Risk Factors" section. These and other factors could cause results to differ materially from those expressed in the estimates and assumptions.

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QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

What is Alcoa Corporation and why is ParentCo separating Alcoa Corporation's business and distributing Alcoa Corporation stock?	Alcoa Corporation, which is currently a wholly owned subsidiary of ParentCo, was formed to own and operate ParentCo's Alcoa Corporation Business. The separation of Alcoa Corporation from ParentCo and the distribution of Alcoa Corporation common stock are intended, among other things, to enable the management of both companies to pursue opportunities for long-term growth and profitability unique to each company's business and allow each business to more effectively implement its own distinct capital structure and capital allocation strategies. ParentCo expects that the separation will result in enhanced long-term performance of each business for the reasons discussed in the sections entitled "The Separation and Distribution—Reasons for the Separation."
Why am I receiving this document?	ParentCo is delivering this document to you because you are a holder of shares of ParentCo common stock. If you are a holder of shares of ParentCo common stock as of the close of business on October 20, 2016, the record date of the distribution, you will be entitled to receive one share of Alcoa Corporation common stock for every three shares of ParentCo common stock that you hold at the close of business on such date, assuming a distribution of approximately 80.1% of the outstanding shares of Alcoa Corporation common stock and applying the distribution ratio without accounting for cash to be issued in lieu of fractional shares. This document will help you understand how the separation and distribution will affect your post-separation ownership in Arconic and Alcoa Corporation.
How will the separation of Alcoa Corporation from ParentCo work?	As part of the separation, and prior to the distribution, ParentCo and its subsidiaries expect to complete an internal restructuring in order to transfer to Alcoa Corporation the Alcoa Corporation Business that Alcoa Corporation will own following the separation. To accomplish the separation, ParentCo will distribute at least 80.1% of the outstanding shares of Alcoa Corporation common stock to ParentCo shareholders on a pro rata basis in a distribution intended to be generally tax-free to ParentCo shareholders for U.S. federal income tax purposes. Following the distribution, ParentCo shareholders will own directly at least 80.1% of the outstanding shares of common stock of Alcoa Corporation, and Alcoa Corporation will be a separate company from ParentCo. ParentCo will retain no more than 19.9% of the outstanding shares of common stock of Alcoa Corporation following the distribution. Following the separation, the number of shares of ParentCo common stock (which, as a result of ParentCo's name change to Arconic, will be Arconic shares) you own will not change as a result of the separation.
What is the record date for the distribution?	The record date for the distribution will be October 20, 2016.

When will the distribution occur?

We expect that at least 80.1% of the outstanding shares of Alcoa Corporation common stock will be distributed by ParentCo at 12:01 a.m., Eastern Time, on November 1, 2016, to holders of record of shares of ParentCo common stock at the close of business on October 20, 2016, the record date for the distribution.

What do shareholders need to do to participate in the distribution?

Shareholders of ParentCo as of the record date for the distribution will not be required to take any action to receive Alcoa Corporation common stock in the distribution, but you are urged to read this entire information statement carefully. No shareholder approval of the distribution is required. You are not being asked for a proxy. You do not need to pay any consideration, exchange or surrender your existing shares of ParentCo common stock, or take any other action to receive your shares of Alcoa Corporation common stock. Please do not send in your ParentCo stock certificates. The distribution will not affect the number of outstanding shares of ParentCo common stock or any rights of ParentCo shareholders, although it will affect the market value of each outstanding share of ParentCo common stock (which, as a result of ParentCo's name change to Arconic, will be Arconic common stock after the separation).

How will shares of Alcoa Corporation common stock be issued?

You will receive shares of Alcoa Corporation common stock through the same channels that you currently use to hold or trade shares of ParentCo common stock, whether through a brokerage account, 401(k) plan or other channel. Receipt of Alcoa Corporation shares will be documented for you in the same manner that you typically receive shareholder updates, such as monthly broker statements and 401(k) statements.

If you own shares of ParentCo common stock as of the close of business on the record date for the distribution, including shares owned in certificate form, ParentCo, with the assistance of Computershare Trust Company, N.A. ("Computershare"), the distribution agent, will electronically distribute shares of Alcoa Corporation common stock to you or to your brokerage firm on your behalf in book-entry form. Computershare will mail you a book-entry account statement that reflects your shares of Alcoa Corporation common stock, or your bank or brokerage firm will credit your account for the shares.

How many shares of Alcoa Corporation common stock will I receive in the distribution?

ParentCo will distribute to you one share of Alcoa Corporation common stock for every three shares of ParentCo common stock held by you as of close of business on the record date for the distribution. Based on approximately 438,470,031 shares of ParentCo common stock outstanding as of September 30, 2016 (as adjusted for ParentCo's one-for-three reverse stock split effective October 5, 2016), and assuming a distribution of approximately 80.1% of the outstanding shares of Alcoa Corporation common stock and applying the distribution ratio (without accounting for cash to be issued in lieu of fractional shares), a total of approximately 146,156,677 shares of Alcoa Corporation common stock will be distributed to ParentCo's shareholders and approximately 36,311,084 shares of Alcoa Corporation common

stock will continue to be owned by ParentCo. For additional information on the distribution, see "The Separation and Distribution."

Will Alcoa Corporation issue fractional shares of its common stock in the distribution?

No. Alcoa Corporation will not issue fractional shares of its common stock in the distribution. Fractional shares that ParentCo shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those shareholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

What are the conditions to the distribution?

The distribution is subject to the satisfaction (or waiver by ParentCo in its sole discretion) of the following conditions:

- the U.S. Securities and Exchange Commission (the "SEC") declaring effective the registration statement of which this information statement forms a part; there being no order suspending the effectiveness of the registration statement in effect; and no proceedings for such purposes having been instituted or threatened by the SEC;
- the mailing of this information statement to ParentCo shareholders;
- (i) the private letter ruling from the Internal Revenue Service (the "IRS") regarding certain U.S. federal income tax matters relating to the separation and distribution received by ParentCo continuing to be valid and being satisfactory to the ParentCo Board of Directors and (ii) the receipt of by ParentCo and continuing validity of an opinion of its outside counsel, satisfactory to the ParentCo Board of Directors, regarding the qualification of the distribution, together with certain related transactions, as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code");
- the internal reorganization having been completed and the transfer of assets and liabilities of the Alcoa Corporation Business from ParentCo to Alcoa Corporation, and the transfer of assets and liabilities of the Arconic Business from Alcoa Corporation to ParentCo, having been completed in accordance with the separation and distribution agreement;
- the receipt of one or more opinions from an independent appraisal firm to the ParentCo Board of Directors as to the solvency of ParentCo and Alcoa Corporation after the completion of the distribution, in each case in a form and substance acceptable to the ParentCo Board of Directors in its sole and absolute discretion;

- all actions necessary or appropriate under applicable U.S. federal, state or other securities or blue sky laws and the rules and regulations thereunder having been taken or made and, where applicable, having become effective or been accepted;
- the execution of certain agreements contemplated by the separation and distribution agreement;
- no order, injunction or decree issued by any government authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution or any of the related transactions being in effect;
- the shares of Alcoa Corporation common stock to be distributed having been accepted for listing on the NYSE, subject to official notice of distribution;
- ParentCo having received certain proceeds from the financing arrangements described under "Description of Material Indebtedness" and being satisfied in its sole and absolute discretion that, as of the effective time of the distribution, it will have no further liability under such arrangements; and
- no other event or development existing or having occurred that, in the judgment of ParentCo's Board of Directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution and the other related transactions.

ParentCo and Alcoa Corporation cannot assure you that any or all of these conditions will be met, or that the separation will be consummated even if all of the conditions are met. ParentCo can decline at any time to go forward with the separation. In addition, ParentCo may waive any of the conditions to the distribution. For a complete discussion of all of the conditions to the distribution, see "The Separation and Distribution—Conditions to the Distribution."

What is the expected date of completion of the separation?

The completion and timing of the separation are dependent upon a number of conditions. We expect that the shares of Alcoa Corporation common stock will be distributed by ParentCo at 12:01 a.m., Eastern Time, on November 1, 2016, to the holders of record of shares of ParentCo common stock at the close of business on October 20, 2016, the record date for the distribution. However, no assurance can be provided as to the timing of the separation or that all conditions to the distribution will be met, by November 1, 2016 or at all.

Will ParentCo and Alcoa Corporation be renamed in conjunction with the Separation?

Yes. In conjunction with the separation, ParentCo will change its name to "Arconic Inc." and will change its stock symbol from "AA" to "ARNC," and "Alcoa Upstream Corporation" will change its name to "Alcoa Corporation" and will apply for authorization to list its common stock on the NYSE under the symbol "AA."

Can ParentCo decide to cancel the distribution of Alcoa Corporation common stock even if all the conditions have been met?

Yes. Until the distribution has occurred, ParentCo has the right to terminate the distribution, even if all of the conditions are satisfied.

What if I want to sell my ParentCo common stock or my Alcoa Corporation common stock?

You should consult with your financial advisors, such as your stock broker, bank or tax advisor.

What is "regular-way" and "ex-distribution" trading of ParentCo common stock?

Beginning on or shortly before the record date for the distribution and continuing up to and through the distribution date, we expect that there will be two markets in ParentCo common stock: a "regular-way" market and an "ex-distribution" market. ParentCo common stock that trades in the "regular-way" market will trade with an entitlement to shares of Alcoa Corporation common stock distributed pursuant to the distribution. Shares that trade in the "ex-distribution" market will trade without an entitlement to Alcoa Corporation common stock distributed pursuant to the distribution. If you decide to sell any shares of ParentCo common stock before the distribution date, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your ParentCo common stock with or without your entitlement to Alcoa Corporation common stock pursuant to the distribution.

Where will I be able to trade shares of Alcoa Corporation common stock?

Alcoa Corporation intends to apply for authorization to list its common stock on the NYSE under the symbol "AA." ParentCo will change its name to Arconic and will change its stock symbol from "AA" to "ARNC" upon completion of the separation. Alcoa Corporation anticipates that trading in shares of its common stock will begin on a "when-issued" basis on or shortly before the record date for the distribution and will continue up to and through the distribution date, and that "regular-way" trading in Alcoa Corporation common stock will begin on the first trading day following the completion of the distribution. If trading begins on a "when-issued" basis, you may purchase or sell Alcoa Corporation common stock up to and through the distribution date, but your transaction will not settle until after the distribution date. Alcoa Corporation cannot predict the trading prices for its common stock before, on or after the distribution date.

What will happen to the listing of ParentCo common stock?

ParentCo common stock will continue to trade on the NYSE after the distribution but will be traded as Arconic common stock due to ParentCo's name change to Arconic and under the stock symbol "ARNC" instead of "AA."

Will the number of shares of ParentCo common stock that I own change as a result of the distribution?

No. The number of shares of ParentCo common stock that you own will not change as a result of the distribution. Following the separation, ParentCo common stock will be referred to as Arconic common stock as a result of ParentCo's name change to Arconic.

Will the distribution affect the market price of my ParentCo common stock?

Yes. As a result of the distribution, ParentCo expects the trading price of shares of ParentCo common stock (which, as a result of ParentCo's name change to Arconic, will be referred to as Arconic common stock) immediately following the distribution to be

different from the "regular-way" trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the Alcoa Corporation Business. There can be no assurance whether the aggregate market value of the Arconic common stock and the Alcoa Corporation common stock following the separation will be higher or lower than the market value of ParentCo common stock if the separation did not occur. This means, for example, that the combined trading prices of one share of Arconic common stock and one-third of a share of Alcoa Corporation common stock after the distribution may be equal to, greater than or less than the trading price of a share of ParentCo common stock before the distribution.

What are the material U.S. federal income tax consequences of the separation and the distribution?

It is a condition to the distribution that (i) the private letter ruling from the IRS regarding certain U.S. federal income tax matters relating to the separation and distribution received by ParentCo remain valid and be satisfactory to the ParentCo Board of Directors, and (ii) ParentCo receive an opinion of its outside counsel, satisfactory to the ParentCo Board of Directors, regarding the qualification of the distribution, together with certain related transactions, as transactions that are generally tax-free under Sections 355 and 368(a)(1)(D) of the Code. Assuming the distribution, together with certain related transactions, so qualifies, for U.S. federal income tax purposes, you will not recognize any gain or loss, and no amount will be included in your income, upon your receipt of Alcoa Corporation common stock pursuant to the distribution. You will, however, recognize gain or loss for U.S. federal income tax purposes with respect to cash received in lieu of a fractional share of Alcoa Corporation common stock.

You should consult your own tax advisor as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as any foreign tax laws. For more information regarding the material U.S. federal income tax consequences of the distribution, see the section entitled "Material U.S. Federal Income Tax Consequences."

What will Alcoa Corporation's relationship be with Arconic following the separation?

Following the distribution, ParentCo shareholders (or Arconic shareholders after ParentCo's name change to Arconic) will own directly at least 80.1% of the outstanding shares of common stock of Alcoa Corporation, and Alcoa Corporation will be a separate company from ParentCo. ParentCo will retain no more than 19.9% of the outstanding shares of Alcoa Corporation following the distribution. Alcoa Corporation will enter into a separation and distribution agreement with ParentCo to effect the separation and to provide a framework for Alcoa Corporation's relationship with Arconic after the separation and will enter into certain other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement, a stockholder and registration rights agreement with respect to Arconic's continuing ownership of Alcoa Corporation common stock, intellectual property license agreements, a metal supply agreement, real estate and office leases, a spare parts loan agreement and an agreement

relating to the North American packaging business. These agreements will provide for the allocation between Alcoa Corporation and Arconic of the assets, employees, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities) of ParentCo and its subsidiaries attributable to periods prior to, at and after Alcoa Corporation's separation from ParentCo and will govern the relationship between Alcoa Corporation and Arconic subsequent to the completion of the separation. For additional information regarding the separation and distribution agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Party Transactions."

How will Arconic vote any shares of Alcoa Corporation common stock it retains?

Arconic will agree to vote any shares of Alcoa Corporation common stock that it retains in proportion to the votes cast by Alcoa Corporation's other stockholders and is expected to grant Alcoa Corporation a proxy to vote its shares of Alcoa Corporation common stock in such proportion. For additional information on these voting arrangements, see "Certain Relationships and Related Person Transactions—Stockholder and Registration Rights Agreement."

What does Arconic intend to do with any shares of Alcoa Corporation common stock it retains?

Arconic currently plans to dispose of all of the Alcoa Corporation common stock that it retains after the distribution, which may include dispositions through one or more subsequent exchanges for debt or equity or a sale of its shares for cash, following a 60-day lock-up period and within the 18-month period following the distribution, subject to market conditions. Any shares not disposed of by Arconic during such 18-month period will be sold or otherwise disposed of by Arconic consistent with the business reasons for the retention of those shares, but in no event later than five years after the distribution.

Who will manage Alcoa Corporation after the separation?

Alcoa Corporation will benefit from a management team with an extensive background in the Alcoa Corporation Business. Led by Roy C. Harvey, who will be Alcoa Corporation's Chief Executive Officer, and William F. Oplinger, who will be Alcoa Corporation's Executive Vice President and Chief Financial Officer, Alcoa Corporation's management team will possess deep knowledge of, and extensive experience in, its industry. For more information regarding Alcoa Corporation's directors and management, see "Management" and "Directors."

Are there risks associated with owning Alcoa Corporation common stock?

Yes. Ownership of Alcoa Corporation common stock is subject to both general and specific risks relating to Alcoa Corporation's business, the industry in which it operates, its ongoing contractual relationships with Arconic and its status as a separate, publicly traded company. Ownership of Alcoa Corporation common stock is also subject to risks relating to the separation. Certain of these risks are described in the "Risk Factors" section of this information statement, beginning on page 23. We encourage you to read that section carefully.

Does Alcoa Corporation plan to pay dividends?

The declaration and payment of any dividends in the future by Alcoa Corporation will be subject to the sole discretion of its Board of Directors and will depend upon many factors. See "Dividend Policy."

Will Alcoa Corporation incur any indebtedness prior to or at the time of the distribution?

A subsidiary of Alcoa Corporation has incurred certain indebtedness in connection with the separation, including (i) a secured revolving credit agreement providing for revolving loans in an aggregate principal amount of up to $1.5 billion and (ii) $1.25 billion of senior notes. Upon release of the senior notes from escrow, Alcoa Corporation intends to pay a substantial portion of the proceeds of the senior notes to Arconic. ParentCo's existing senior notes are expected to remain an obligation of Arconic after the separation, except to the extent that Arconic uses funds received by it from Alcoa Corporation to repay such existing indebtedness.

See "Description of Material Indebtedness" and "Risk Factors—Risks Related to Our Business."

Who will be the distribution agent for the distribution and transfer agent and registrar for Alcoa Corporation common stock?

The distribution agent, transfer agent and registrar for the Alcoa Corporation common stock will be Computershare Trust Company, N.A. For questions relating to the transfer or mechanics of the stock distribution, you should contact Computershare toll free at 1-888-985-2058.

Where can I find more information about ParentCo and Alcoa Corporation?

Before the distribution, if you have any questions relating to ParentCo's business performance, you should contact:

Alcoa Inc.
390 Park Avenue
New York, New York 10022-4608
Attention: Investor Relations

After the distribution, Alcoa Corporation shareholders who have any questions relating to Alcoa Corporation's business performance should contact Alcoa Corporation at:

Alcoa Corporation
390 Park Avenue
New York, New York 10022-4608
Attention: Investor Relations

The Alcoa Corporation investor website (*investors.alcoa.com*) will be operational on or around October 20, 2016. **The Alcoa Corporation website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

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INFORMATION STATEMENT SUMMARY

The following is a summary of selected information discussed in this information statement. This summary may not contain all of the details concerning the separation or other information that may be important to you. To better understand the separation and our business and financial position, you should carefully review this entire information statement. Unless the context otherwise requires, the information included in this information statement about Alcoa Corporation, including the Combined Financial Statements of Alcoa Corporation, assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "Alcoa Corporation," "we," "us," "our," "our company" and "the company" refer to Alcoa Upstream Corporation, a Delaware corporation, and its subsidiaries. Unless the context otherwise requires, references in this information statement to "ParentCo" refer to Alcoa Inc., a Pennsylvania corporation, and its consolidated subsidiaries, including the Alcoa Corporation Business prior to completion of the separation.

Unless the context otherwise requires, references in this information statement to our historical assets, liabilities, products, businesses or activities of our businesses are generally intended to refer to the historical assets, liabilities, products, businesses or activities of ParentCo's Bauxite, Alumina, Aluminum, Cast Products and Energy businesses, ParentCo's rolling mill operations in Warrick, Indiana, and ParentCo's 25.1% interest in the Ma'aden Rolling Company in Saudi Arabia, as such operations were conducted as part of ParentCo prior to completion of the separation.

Our Company

Alcoa Corporation is a global industry leader in the production of bauxite, alumina and aluminum, enhanced by a strong portfolio of value-added cast and rolled products and substantial energy assets. Alcoa Corporation draws on the innovation culture, customer relationships and strong brand of ParentCo. Previously known as the Aluminum Company of America, ParentCo pioneered the aluminum industry 128 years ago with the discovery of the first commercial process for the affordable production of aluminum. Since the discovery, Alcoa aluminum was used in the Wright brothers' first flight (1903), and ParentCo helped produce the first aluminum-sheathed skyscraper (1952), the first all-aluminum vehicle frame (1994) and the first aluminum beer bottle (2004). Today, Alcoa Corporation extends this heritage of product and process innovation as it strives to continuously redefine world-class operational performance at its locations, while partnering with its customers across its range of global products. We believe that the lightweight capabilities and enhanced performance attributes that aluminum offers across a number of end markets are in increasingly high demand and underpin strong growth prospects for Alcoa Corporation.

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Alcoa Corporation's operations encompass all major production processes in the primary aluminum industry value chain, which we believe provides Alcoa Corporation with a strong platform from which to serve our customers in each critical segment. Our portfolio is well-positioned to take advantage of a projected 5% growth in global aluminum demand in 2016 and to be globally cost competitive throughout all phases of the aluminum commodity price cycle.

Our Strengths

Alcoa Corporation's significant competitive advantages distinguish us from our peers.

World-class aluminum assets. Alcoa Corporation has an industry-leading, cost-competitive portfolio comprising six businesses—Bauxite, Alumina, Aluminum, Cast Products, Rolled Products and Energy. These assets include the largest bauxite mining portfolio in the world; a first quartile low cost, globally diverse alumina refining system; and a newly optimized aluminum smelting portfolio. With our innovative network of casthouses, we can customize the majority of our primary aluminum production to the precise specifications of our customers and we believe that our rolling mills provide us with a cost competitive and efficient platform to serve the North American packaging market. Our portfolio of energy assets provides third-party sales opportunities, and in some cases, has the operational flexibility to either support metal production or capture earnings through third-party power sales. In addition, the expertise within each business supports the next step in our value chain by providing optimized products and process knowledge.

Our fully integrated Saudi Arabian joint venture, formed in 2009 with the Saudi Arabian Mining Company (Ma'aden), showcases those synergies. Through our Ma'aden joint venture, we have developed the lowest cost aluminum production complex within the worldwide Alcoa Corporation system. The complex includes a bauxite mine, an alumina refinery, an aluminum smelter and a rolling mill. The complex, which relies on low-cost and clean power generation, is an integral part of Alcoa Corporation's strategy to lower its overall production cost base. By establishing a strong footprint in the growing Middle East region, Alcoa Corporation is also well-positioned to capitalize on growth and new market opportunities in the region. Ma'aden owns a 74.9% interest in the joint venture. Alcoa Corporation owns a 25.1% interest in the smelter and rolling mill; and Alcoa World Alumina and Chemicals (which is owned 60% by Alcoa Corporation) holds a 25.1% interest in the mine and refinery.

Customer relationships across the industry spectrum and around the world. As a well-established world leader in the production of bauxite, alumina and aluminum products, Alcoa Corporation has the scale, global reach and proximity to major markets to deliver our products to our customers and their supply chains all over the world. We believe Alcoa Corporation's global network, broad product portfolio and extensive technical expertise position us to be the supplier of choice for a range of customers across the entire aluminum value chain. Our global reach also provides portfolio diversity that can enable us to benefit from local or regional economic cycles. Every Alcoa Corporation business segment operates in multiple countries and both hemispheres.

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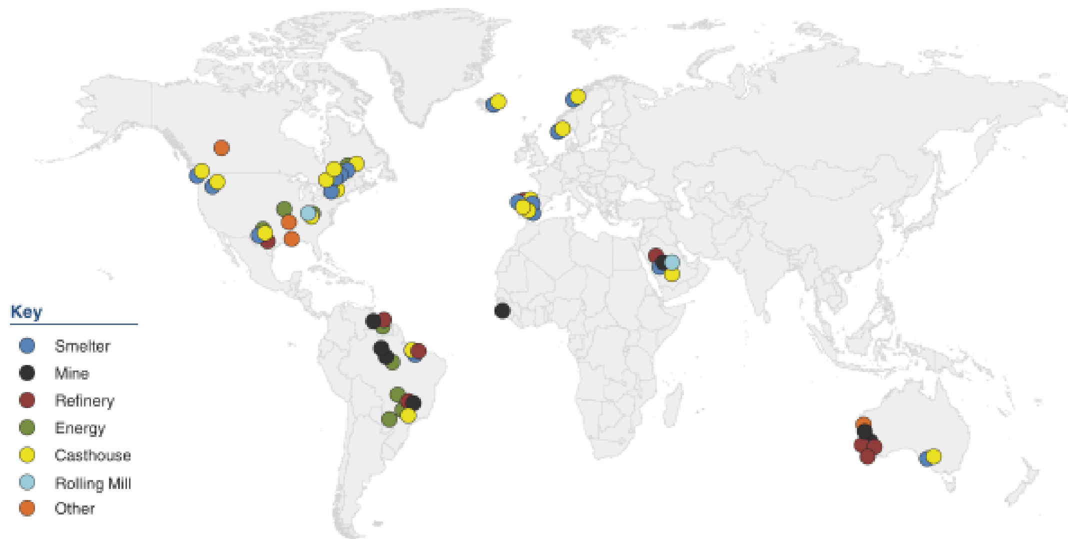
Alcoa Corporation Global Footprint



Access to key strategic markets. As illustrated by our bauxite mining operations in the Brazilian Amazon rainforest, and our participation in the first fully integrated aluminum complex in Saudi Arabia, our ability to operate successfully and sustainably has allowed us to forge partnerships in new markets, enter markets more efficiently, gain local knowledge, develop local capacity and reduce risk. We believe that these attributes also make us a preferred strategic partner of our current host countries and of those looking to evaluate and build future opportunities in our industry.

Experienced management team with substantial industry expertise. Our management team has a strong track record of performance and execution. Roy C. Harvey, who has served as President of ParentCo's Global Primary Products business, will be Alcoa Corporation's Chief Executive Officer. Mr. Harvey has served more than 14 years in various capacities at ParentCo, including as ParentCo's Executive Vice President of Human Resources and Environment, Health, Safety and Sustainability and Vice President of Investor Relations. In addition, William F. Oplinger, ParentCo's Executive Vice President and Chief Financial Officer, will become Alcoa Corporation's Executive Vice President and Chief Financial Officer. Tómas Már Sigurdsson, the Chief Operating Officer of ParentCo's Global Primary Products business, will become Alcoa Corporation's Executive Vice President and Chief Operating Officer. Our senior management team collectively has more than 110 years of experience in the metals and mining, commodities and aluminum industries.

History of operational excellence and continuous productivity improvements. Alcoa Corporation's dedication to operational excellence has enabled us to withstand unfavorable market conditions. In addition, our productivity program has allowed us to capture cost savings and, by focusing on continuously improving our manufacturing and procurement processes, we seek to produce ongoing cost benefits through the efficient use of raw materials, resources and other inputs. We believe that Alcoa Corporation is positioned to be resilient against market down-swings and to capitalize on the upswings throughout the market cycle.

Positioned for future market scenarios. Since 2010, we have reshaped our portfolio and implemented other changes to our business model in order to make Alcoa Corporation more resilient in times of market volatility. We believe these changes will continue to drive value-creation opportunities in the years ahead. Among other disciplined actions, we have:

- closed, divested or curtailed 35% of total smelting operating capacity and 25% of total operating refining capacity, enabling us to become more cost competitive;
- enhanced our portfolio through our 25.1% investment in the Alcoa Corporation-Ma'aden joint venture in Saudi Arabia, the lowest-cost integrated aluminum complex within the worldwide Alcoa Corporation system, which is now fully operational;
- revolutionized the way we sell smelter-grade alumina by shifting our pricing model to an Alumina Price Index (API) or spot pricing, which reflects alumina supply and demand fundamentals;
- grown our portfolio of value-added cast product offerings, and increased the percentage of value-added products we sell;
- transitioned our non-rolling assets from a regional operating structure to five separate business units focused on Bauxite, Alumina, Aluminum, Cast Products and Energy, and taken significant steps to position each business unit for greater efficiency, profitability and value-creation at each stage of the value chain; and
- reduced costs in our Rolled Products operations, and intensified our focus on innovation and value-added products, including aluminum bottle and specialty coatings.

Through our actions, we have improved the position of our alumina refining system on the global alumina cost curve from the 30th percentile in 2010 to the 17th percentile as of the date of this information statement, 4 points better than our 2016 target of the 21st percentile. We have also improved 13 points on the global aluminum cost curve since 2010, to the 38th percentile as of the date of this information statement, achieving our 2016 target. In addition, we have maintained a first quartile 19th percentile position on the global bauxite cost curve.

The combined effect of these actions has been to enhance our business position in a recovering macroeconomic environment for bauxite, alumina, aluminum and aluminum products, which we believe will allow us to weather the market downturns today while preparing to capitalize on upswings in the future.

Dedication to environmental excellence and safety. We regularly review our strategy and performance with a view toward maximizing our efficient use of resources and our effective control of emissions, waste and land use, and to improve our environmental performance. For example, in order to lessen the impact of our mining activities, we have targeted minimum environmental footprints for each mine to achieve by 2020. Three of our mines that were active in 2015 have already achieved their minimum environmental footprint. During 2015, we disturbed a total of 2,988 acres of mine lands worldwide and rehabilitated 3,233 acres. Alcoa Corporation's business lowered its carbon dioxide (CO2) intensity by more than 12% between 2010 and 2015, achieving its target of 30% reduction in CO2 intensity from a 2005 baseline, a full five years ahead of target. Alcoa Corporation is also committed to a world-class health and safety culture that has consistently delivered incident rates below industry averages. As part of ParentCo, the Alcoa Corporation business improved its Days Away, Restricted, and Transfer (DART) rate—a measure of days away from work or job transfer due to injury or illnesses—by 62% between 2010 and 2015. Alcoa Corporation intends to continue to intensify our fatality prevention efforts and the safety and well-being of our employees will remain the top priority for Alcoa Corporation.

Our Strategies

As Alcoa Corporation, we intend to continue to be an industry leader in the production of bauxite, alumina, primary aluminum and aluminum cast and rolled products. We will remain focused on cost efficiency and

profitability, while also seeking to develop operational and commercial innovations that will sharpen our competitive edge. Our management team has considerable experience in managing through tough market cycles, which we believe will enable us to profit through commodity down-swings. In upswings, we believe our low cost assets will be well positioned to deliver strong returns.

Alcoa Corporation will also remain focused on our core values. We will continue to hold ourselves to the highest standards of environmental and ethical practices, support our communities through Alcoa Foundation grants and employee volunteerism, and maintain transparency in our actions and ongoing dialogue with local stakeholders. We believe that this is essential to support our license to operate in the unique communities in which we do business, ensuring sustainability, and making us the partner of choice. Combined with our continued focus on operational excellence and rigorous management of our assets, we expect to create value for our shareholders and customers and attract and retain highly-qualified talent.

We intend to remain true to our heritage by focusing on the following core principles:

Solution-Oriented Customer Relationships and Programs. We aim to succeed by helping our customers innovate and win in their markets. We will work to provide new and improved products and technical expertise that support our customers' innovation, which we believe will help to strengthen the demand and consumption of aluminum across the globe for all segments of the value chain. We intend to continue prudently investing in our technical resources to both drive our own efficiencies and to help our customers develop solutions to their challenges.

Establishment of a Strong, Operator-Focused Culture. We are proud of the 128 year history of the Alcoa Corporation business and the culture of innovation and operational excellence upon which we are built. We intend to build a culture for Alcoa Corporation that is true to this heritage and focuses our management, operational processes and decision-making on the critical success of our mines and facilities. To support this effort, we will work to have an overhead structure that is appropriately scaled for our business, and will use our deep industry and operational expertise to navigate an ever-changing and volatile industry.

Operational reliability and excellence. We are committed to the development, maintenance and use of our reliability excellence program, which is designed to optimize the operational availability and integrity of our assets, while driving lower costs. We will also continue to build on our "Center of Excellence (COE)" model, which leverages central research and development and technical expertise within each business to facilitate the transfer of best practices, while also providing rapid response to plant level disruptions.

Aggressive asset portfolio management. Alcoa Corporation will continue to review our portfolio of assets and opportunities to maximize value creation. Having delinked the aluminum value chain by restructuring our upstream businesses into standalone units (Bauxite, Alumina, Aluminum, Cast Products, Rolled Products and Energy), we believe we are well-positioned to pursue opportunities to reduce costs and grow revenue and margins across our portfolio. Examples of these opportunities include the growth of our third party bauxite sales, the ability, in some cases, to flex energy between aluminum production and power sales, the increase in our value-added cast products as a percentage of aluminum sales and the combination of the state-of-the-art rolling mill in Saudi Arabia and our Warrick rolling mill's current products and customer relationships. We will also continue to monitor our assets relative to market conditions, industry trends and the position of those assets in their life cycle, and we will curtail, sell or close assets that do not meet our value-generation standards.

Efficient use of available capital. In seeking to allocate our capital efficiently, we expect that our near-term priorities will be to sustain valuable assets in the most cost-effective manner while de-levering our balance sheet by managing debt and long term liabilities. We intend to effectively deploy excess cash to maximize long-term shareholder value, with incremental growth opportunities and other value-creating uses of capital evaluated against return of capital to shareholders. We expect that return on capital (ROC) will be the primary metric we use to drive capital allocation decisions.

Disciplined Execution of High-Return Growth Projects. We expect to continue to look for and implement incremental growth projects that meet our rigorous ROC standards, while working to ensure that those projects are completed on time and within budget.

Continuous pursuit of improvements in productivity. A strong focus on productivity will remain a critical component of Alcoa Corporation's continued success. We believe that our multi-phased approach, consisting of reliability excellence programs, strong procurement strategies across our businesses, and a continuous focus on technical efficiencies, will allow us to continue to drive productivity improvements.

Attracting and Retaining the Best Employees Globally. Our people-processes and career development programs are designed to attract and retain the best employees, whether it be as operators from the local communities in which we work, or senior management with experiences that can strengthen our ability to execute. We will strive to harness the collective creativity and diversity of thought of our workforce to drive better outcomes and to design, build and implement improvements to our processes and products.

Each of Alcoa Corporation's six businesses provides a solid foundation upon which to grow.

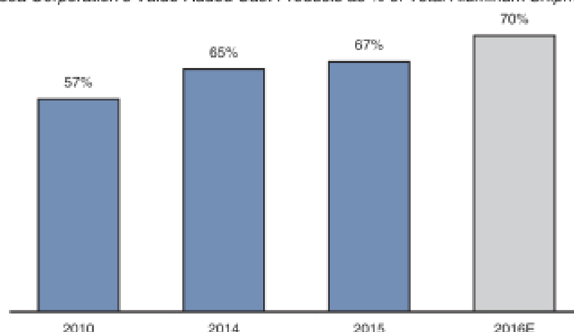
Premier bauxite position. Alcoa Corporation is the world's largest bauxite miner, with 45.3 million bone dry metric tons (bdmt) of production in 2015, enjoying a first-quartile cost curve position. We have access to large bauxite deposit areas with mining rights that extend in most cases more than 20 years. We have ownership in seven active bauxite mines globally, four of which we operate, that are strategically located near key Atlantic and Pacific markets, including the Huntly mine in Australia, the second largest bauxite mine in the world. In addition to supplying bauxite to our own alumina refining system, we are seeking to grow our newly developed third-party bauxite sales business. For example, during the third quarter of 2015, Alcoa Corporation's affiliate, Alcoa of Australia Limited, received permission from the Government of Western Australia to export trial shipments from its Western Australia mines. In addition, we have secured multiple bauxite supply contracts valued at more than $410 million of revenue over 2016 and 2017. We intend to selectively grow our industry-leading assets, continue to build upon our solid operational strengths and develop new ore reserves. We intend to maintain our focus on mine reclamation and rehabilitation, which we believe not only benefits our current operations, but can facilitate access to new projects in diverse communities and ecosystems globally.

Attractive alumina portfolio. We are also the world's largest alumina producer, with a highly competitive first-quartile cost curve position. Alcoa Corporation has nine refineries on five continents, including one of the world's largest alumina production facilities, the Pinjarra refinery in Western Australia. In addition to supplying our aluminum smelters with high quality feedstock, we also have significant alumina sales to third parties, with almost 70% of 2015 production being sold externally. Our operations are strategically located for access to growing markets in Asia, the Middle East and Latin America. We are improving our alumina margins by continuing to shift the pricing of our third party smelter-grade alumina sales from the historical London Metal Exchange (LME) aluminum-based pricing to API pricing which better reflects alumina production cost and market fundamentals. In 2015, we grew the percentage of third-party smelter grade alumina shipments that were API or spot-priced to 75%, up from 68% in 2014 and up from 5% in 2010. In 2016, we expect that approximately 85% of our third-party alumina shipments will be based on API or spot pricing. We have also steadily increased our system-wide capacity over the past decade through a combination of operational improvements and incremental capacity projects, effectively adding capacity equivalent to a new refinery. We intend to maintain our first quartile global cost position for Alcoa Corporation's Alumina business while incrementally growing capacity and continuously striving for sustained operational excellence.

Smelting portfolio positioned to benefit as aluminum demand increases. As a global aluminum producer with a second-quartile cost curve portfolio, we believe that Alcoa Corporation is well positioned to benefit from robust growth in aluminum demand. We estimate record global aluminum demand in 2016 of 59.7 million metric

tons, up 5% over 2015. Global aluminum demand was expected to double between 2010 and 2020 and, through the first half of the decade, demand growth tracked ahead of the projection. We expect that our proximity to major markets—with over 50% of our capacity located in Canada, Iceland and Norway, close to the large North American and European markets—will give us a strategic advantage in capitalizing on growth in aluminum demand. In addition, our 25.1% ownership stake in the low-cost aluminum complex in Saudi Arabia, as well as our proven track record of taking actions to optimize our operations, makes us well-positioned to benefit from improved market conditions in the future. Furthermore, with approximately 75% of our smelter power needs contractually secured through 2022, we believe that Alcoa Corporation is well positioned to manage that important dimension of our cost base. Our Aluminum business intends to continue its pursuit of operating efficiencies and incremental capacity expansion projects. We intend to react quickly to market cycles to curtail unprofitable facilities, if necessary, but also maintain optionality to profit from higher metal price environments through the restart of idled capacity.

Global network of casthouses. Alcoa Corporation currently operates 15 casthouses providing value-added products to customers in growing markets. We also have three casthouses that are currently curtailed. In our Cast Products business, our aim is to partner with our customers to develop solutions that support their success by providing them with superior quality products, customer service and technical support. Our network of casthouses has enabled us to steadily grow our cast products business by offering differentiated, value-added aluminum products that are cast into specific shapes to meet customer demand. We intend to continue to improve the value of our installed capacity through productivity and technology gains, and will look for opportunities to add new capacity and develop new product lines in markets where we believe superior returns can be realized. Value-added products grew to 67% of total Cast Products shipments in 2015, compared to 65% in 2014 and 57% in 2010. Our value-added product portfolio has been profitable throughout the primary aluminum market cycle and, from 2010 to 2015, our casting business realized $1.6 billion in incremental margins through value-added sales when compared to selling unalloyed commodity grade ingot. We have also introduced EZCAST™, VERSACAST™, SUPRACAST™ and EVERCAST™ advanced alloys with improved thermal performance and corrosion resistance that have already been qualified with top-tier original equipment manufacturers. Additional trials are underway and more are planned in 2016.



Efficient and focused rolling mills. Alcoa Corporation has rolling operations in Warrick, Indiana, and Saudi Arabia which, together, serve the North American aluminum can sheet market. The Warrick Rolling Mill is focused on packaging, producing can body stock, can end and tab stock, bottle stock and food can stock, and industrial sheet and lithographic sheet. The Ma'aden Rolling Mill currently produces can body stock, can end and tab stock, and hot-rolled strip for finishing into automotive sheet. Following the separation, it is anticipated that the facilities manufacturing products for the North American can packaging market will be located only at the Warrick and Ma'aden Rolling Mills, and that the Arconic rolling mills will not compete in this market. As the packaging market in North America has become highly commoditized, we believe that our experience in, and

focus on, operational excellence and continuous productivity improvements will be key competitive advantages. We intend to lower costs through productivity improvements, improved capacity utilization and targeted capital deployment.

Substantial energy assets. Our Energy portfolio will continue to be focused on value creation by seeking to lower overall operational costs and maintaining flexibility to sell power or consume it internally. Alcoa Corporation has a valuable portfolio of energy assets with power production capacity of approximately 1,685 megawatts, of which approximately 61% is low-cost hydroelectric power. We believe that our energy assets provide us with operational flexibility to profit from market cyclicality. In continuously assessing the energy market environment, we strive to meet in-house energy requirements at the lowest possible cost and also sell power to external customers at attractive profit margins. With approximately 55% of Alcoa Corporation-generated power being sold externally in 2015, we achieved significant earnings from power sales globally. In addition, our team of Energy employees has considerable expertise in managing our external sourcing of energy for our operations, which has enabled us to achieve favorable commercial outcomes. For example, in 2015, we secured an attractive 12-year gas supply agreement (starting in 2020) to power our extensive alumina refinery operations in Western Australia.

Summary of Risk Factors

An investment in our company is subject to a number of risks, including risks relating to our business, risks related to the separation, risks related to our common stock and risks related to our indebtedness. Set forth below is a high-level summary of some, but not all, of these risks. Please read the information in the section captioned “Risk Factors,” beginning on page 23 of this information statement, for a more thorough description of these and other risks.

Risks Related to Our Business

- The aluminum industry and aluminum end-use markets are highly cyclical and are influenced by a number of factors, including global economic conditions.
- We could be materially adversely affected by declines in aluminum prices, including global, regional and product-specific prices.
- We may not be able to realize the expected benefits from our strategy of creating a lower cost, competitive commodity business by optimizing our portfolio.
- Our operations consume substantial amounts of energy; profitability may decline if energy costs rise or if energy supplies are interrupted.
- Our business is capital intensive, and if there are downturns in the industries that we serve, we may be forced to significantly curtail or suspend operations with respect to those industries, which could result in our recording asset impairment charges or taking other measures that may adversely affect our results of operations and profitability.
- Deterioration in our credit profile could increase our costs of borrowing money and limit our access to the capital markets and commercial credit.
- Our profitability could be adversely affected by increases in the cost of raw materials or by significant lag effects of decreases in commodity or LME-linked costs.
- We may be exposed to significant legal proceedings, investigations or changes in U.S. federal, state or foreign law, regulation or policy.

Risks Related to the Separation

- We have no recent history of operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.
- We may not achieve some or all of the expected benefits of the separation, and the separation may materially adversely affect our business.
- Our plan to separate into two independent publicly traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense, which could disrupt or adversely affect our business.
- The combined post-separation value of one share of Arconic common stock and one-third of a share of Alcoa Corporation common stock may not equal or exceed the pre-distribution value of one share of ParentCo common stock.
- In connection with our separation from ParentCo, ParentCo will indemnify us for certain liabilities and we will indemnify ParentCo for certain liabilities. If we are required to pay under these indemnities to ParentCo, our financial results could be negatively impacted. The ParentCo indemnity may not be sufficient to hold us harmless from the full amount of liabilities for which ParentCo will be allocated responsibility, and ParentCo may not be able to satisfy its indemnification obligations in the future.
- If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, ParentCo, Alcoa Corporation and ParentCo shareholders could be subject to significant tax liabilities and, in certain circumstances, Alcoa Corporation could be required to indemnify ParentCo for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.
- The transfer to us of certain contracts and other assets may require the consents of, or provide other rights to, third parties. If such consents are not obtained, we may not be entitled to the benefit of such contracts and other assets, which could increase our expenses or otherwise harm our business and financial performance.

Risks Related to Our Common Stock

- We cannot be certain that an active trading market for our common stock will develop or be sustained after the separation and, following the separation, our stock price may fluctuate significantly.
- A significant number of shares of our common stock may be sold following the distribution, including the sale by Arconic of the shares of our common stock that it may retain after the distribution, which may cause our stock price to decline.
- We cannot guarantee the timing, amount or payment of dividends on our common stock.

Risks Related to Our Indebtedness

- Our indebtedness, including the notes, restricts our current and future operations, which could adversely affect our ability to respond to changes in our business and manage our operations.
- Our failure to comply with the agreements relating to our outstanding indebtedness, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our business, financial condition, results of operations or cash flows.

The Separation and Distribution

On September 28, 2015, ParentCo announced its intent to separate its Alcoa Corporation Business from its Arconic Business. The separation will occur by means of a pro rata distribution to the ParentCo shareholders of at least 80.1% of the outstanding shares of common stock of Alcoa Corporation. Alcoa Corporation was formed to hold ParentCo's Bauxite, Alumina, Aluminum, Cast Products and Energy businesses, ParentCo's rolling mill operations in Warrick, Indiana, and ParentCo's 25.1% interest in the Ma'aden Rolling Company in Saudi Arabia. Following the separation, Alcoa Corporation will hold the assets and liabilities of ParentCo relating to those businesses and the direct and indirect subsidiary entities that currently operate the Alcoa Corporation Business, subject to certain exceptions. After the separation, Arconic will hold ParentCo's Engineered Products and Solutions, Global Rolled Products (other than the rolling mill operations in Warrick, Indiana, and the 25.1% interest in the Ma'aden Rolling Company in Saudi Arabia) and Transportation and Construction Solutions businesses, including those assets and liabilities of ParentCo and its direct and indirect subsidiary entities that currently operate the Arconic Business, subject to certain exceptions.

Following the distribution, ParentCo shareholders will own directly at least 80.1% of the outstanding shares of common stock of Alcoa Corporation, and Alcoa Corporation will be a separate company from Arconic. Arconic will retain no more than 19.9% of the outstanding shares of common stock of Alcoa Corporation following the distribution. Arconic intends to dispose of any Alcoa Corporation common stock that it retains after the distribution, which may include dispositions through one or more subsequent exchanges for debt or equity or a sale of its shares for cash, following a 60-day lock-up period and within the 18-month period following the distribution, subject to market conditions. Any shares not disposed of by Arconic during such 18-month period will be sold or otherwise disposed of by Arconic consistent with the business reasons for the retention of those shares, but in no event later than five years after the distribution.

On September 29, 2016, the ParentCo Board of Directors approved the distribution of Alcoa Corporation's issued and outstanding shares of common stock on the basis of one share of Alcoa Corporation common stock for every three shares of ParentCo common stock held as of the close of business on October 20, 2016, the record date for the distribution.

Alcoa Corporation's Post-Separation Relationship with Arconic

Alcoa Corporation will enter into a separation and distribution agreement with ParentCo (the "separation agreement"). In connection with the separation, we will also enter into various other agreements to effect the separation and provide a framework for our relationship with Arconic after the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement, a stockholder and registration rights agreement with respect to Arconic's continuing ownership of Alcoa Corporation common stock, intellectual property license agreements, a metal supply agreement, real estate and office leases, a spare parts loan agreement and an agreement relating to North American packaging business. These agreements will provide for the allocation between Alcoa Corporation and Arconic of ParentCo's assets, employees, liabilities and obligations (including investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after our separation from ParentCo and will govern certain relationships between us and Arconic after the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Party Transactions." For additional information regarding the internal reorganization, see the section entitled, "The Separation and Distribution —Internal Reorganization."

Reasons for the Separation

The ParentCo Board of Directors believes that separating its Alcoa Corporation Business from its Arconic Business is in the best interests of ParentCo and its shareholders for a number of reasons, including:

- *Management Focus on Core Business and Distinct Opportunities*. The separation will permit each company to more effectively pursue its own distinct operating priorities and strategies, and will enable the management teams of each company to focus on strengthening its core business, unique operating and other needs, and pursue distinct and targeted opportunities for long-term growth and profitability.
- *Allocation of Financial Resources and Separate Capital Structures.* The separation will permit each company to allocate its financial resources to meet the unique needs of its own business, which will allow each company to intensify its focus on its distinct strategic priorities. The separation will also allow each business to more effectively pursue its own distinct capital structures and capital allocation strategies.
- *Targeted Investment Opportunity.* The separation will allow each company to more effectively articulate a clear investment thesis to attract a long-term investor base suited to its business, and will facilitate each company's access to capital by providing investors with two distinct and targeted investment opportunities.
- *Creation of Independent Equity Currencies.* The separation will create two independent equity securities, affording Alcoa Corporation and Arconic direct access to the capital markets and enabling each company to use its own industry-focused stock to consummate future acquisitions or other restructuring transactions. As a result, each company will have more flexibility to capitalize on its unique strategic opportunities.
- *Employee Incentives, Recruitment and Retention.* The separation will allow each company to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely reflects and aligns management and employee incentives with specific growth objectives, financial goals and business performance. In addition, the separation will allow incentive structures and targets at each company to be better aligned with each underlying business. Similarly, recruitment and retention will be enhanced by more consistent talent requirements across the businesses, allowing both recruiters and applicants greater clarity and understanding of talent needs and opportunities associated with the core business activities, principles and risks of each company.
- *Other Business Rationale.* The separation will separate and simplify the structures currently required to manage two distinct and differing underlying businesses. These differences include exposure to industry cycles, manufacturing and procurement methods, customer base, research and development activities, and overhead structures.

The ParentCo Board of Directors also considered a number of potentially negative factors in evaluating the separation, including:

- *Risk of Failure to Achieve Anticipated Benefits of the Separation.* We may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: the separation will require significant amounts of management's time and effort, which may divert management's attention from operating our business; and following the separation, we may be more susceptible to market fluctuations, including fluctuations in commodities prices, and other adverse events than if we were still a part of ParentCo because our business will be less diversified than ParentCo's business prior to the completion of the separation.
- *Loss of Scale and Increased Administrative Costs.* As a current part of ParentCo, Alcoa Corporation takes advantage of ParentCo's size and purchasing power in procuring certain goods and services.

After the separation, as a standalone company, we may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those ParentCo obtained prior to completion of the separation. In addition, as a part of ParentCo, Alcoa Corporation benefits from certain functions performed by ParentCo, such as accounting, tax, legal, human resources and other general and administrative functions. After the separation, Arconic will not perform these functions for us, other than certain functions that will be provided for a limited time pursuant to the transition services agreement, and, because of our smaller scale as a standalone company, our cost of performing such functions could be higher than the amounts reflected in our historical financial statements, which would cause our profitability to decrease.

- *Disruptions and Costs Related to the Separation.* The actions required to separate Arconic's and Alcoa Corporation's respective businesses could disrupt our operations. In addition, we will incur substantial costs in connection with the separation and the transition to being a standalone public company, which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to Alcoa Corporation, tax costs and costs to separate information systems.
- *Limitations on Strategic Transactions.* Under the terms of the tax matters agreement that we will enter into with ParentCo, we will be restricted from taking certain actions that could cause the distribution or certain related transactions to fail to qualify as tax-free transactions under applicable law. These restrictions may limit for a period of time our ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of our business.
- *Uncertainty Regarding Stock Prices.* We cannot predict the effect of the separation on the trading prices of Alcoa Corporation or Arconic common stock or know with certainty whether the combined market value of one-third of a share of our common stock and one share of Arconic common stock will be less than, equal to or greater than the market value of one share of ParentCo common stock prior to the distribution.

In determining to pursue the separation, the ParentCo Board of Directors concluded the potential benefits of the separation outweighed the foregoing factors. See the sections entitled "The Separation and Distribution—Reasons for the Separation" and "Risk Factors" included elsewhere in this information statement.

Reasons for Arconic's Retention of Up to 19.9% of Alcoa Corporation Shares

In considering the appropriate structure for the separation, ParentCo determined that, immediately after the distribution becomes effective, Arconic will own no more than 19.9% of the outstanding shares of common stock of Alcoa Corporation. In light of recent volatile commodity market conditions and conditions in the high-yield debt market, Arconic's retention of Alcoa Corporation shares positions both companies with appropriate capital structures, liquidity, and financial flexibility and resources that support their individual business strategies. The retention enables Alcoa Corporation to be separated with low leverage, and thus significant flexibility to manage through future market cycles. At the same time, the retention reduces Arconic's reliance on Alcoa Corporation raising debt in the current high-yield market environment to fund payments to Arconic to optimize its own capital structure. The retention of Alcoa Corporation shares strengthens Arconic's balance sheet by providing Arconic a liquid security that can be monetized or exchanged to accelerate debt reduction and/or fund future growth initiatives, thereby facilitating an appropriate capital structure and financial flexibility necessary for Arconic to execute its growth strategy. Arconic's retained interest shows confidence in the future of Alcoa Corporation and will allow Arconic's balance sheet to benefit from any near-term improvements in commodity markets. Arconic intends to responsibly dispose of any Alcoa Corporation common stock that it retains after the distribution, which may include dispositions through one or more subsequent exchanges for debt or equity or a sale of its shares for cash, after a 60-day lock-up period and within the 18-month period following the

distribution, subject to market conditions. Any shares not disposed of by Arconic during such 18-month period will be sold or otherwise disposed of by Arconic consistent with the business reasons for the retention of those shares, but in no event later than five years after the distribution. ParentCo intends to continue to monitor market conditions in the commodity and high-yield debt market, and to assess the impact of each on the ultimate structure of the separation.

Corporate Information

Alcoa Corporation was incorporated in Delaware for the purpose of holding ParentCo's Alcoa Corporation Business in connection with the separation and distribution described herein. Prior to the transfer of these businesses to us by ParentCo, which will occur prior to the distribution, Alcoa Corporation will have no operations. The address of our principal executive offices will be 390 Park Avenue, New York, New York 10022-4608. Our telephone number after the distribution will be (212) 518-5400. We will maintain an Internet site at *www.alcoa.com*. **Our website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to ParentCo shareholders who will receive shares of Alcoa Corporation common stock in the distribution. It is not and is not to be construed as an inducement or encouragement to buy or sell any of Alcoa Corporation's securities. The information contained in this information statement is believed by Alcoa Corporation to be accurate as of the date set forth on its cover. Changes may occur after that date and neither ParentCo nor Alcoa Corporation will update the information except as may be required in the normal course of their respective disclosure obligations and practices.

SUMMARY HISTORICAL AND UNAUDITED PRO FORMA COMBINED FINANCIAL DATA

The following summary financial data reflects the combined operations of Alcoa Corporation. We derived the summary combined income statement data for the years ended December 31, 2015, 2014, and 2013, and summary combined balance sheet data as of December 31, 2015 and 2014, as set forth below, from our audited Combined Financial Statements, which are included in the "Index to Financial Statements" section of this information statement. We derived the summary combined income statement data for the six months ended June 30, 2016 and 2015, and summary combined balance sheet data as of June 30, 2016, as set forth below, from our unaudited Combined Financial Statements, included elsewhere in this information statement. The historical results do not necessarily indicate the results expected for any future period.

The summary unaudited pro forma combined financial data for the year ended December 31, 2015, and for the six months ended June 30, 2016 has been prepared to reflect the separation, including the incurrence by a subsidiary of Alcoa Corporation of indebtedness of approximately $1,250 million. The outstanding indebtedness of Alcoa Corporation and its combined subsidiaries is expected to total $1,463 million. The Unaudited Pro Forma Statement of Combined Operations Data presented for the year ended December 31, 2015 and the six months ended June 30, 2016, assumes the separation occurred on January 1, 2015. The Unaudited Pro Forma Combined Balance Sheet as of June 30, 2016, assumes the separation occurred on June 30, 2016. The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information and we believe such assumptions are reasonable under the circumstances.

The Unaudited Pro Forma Combined Condensed Financial Statements are not necessarily indicative of our results of operations or financial condition had the distribution and its anticipated post-separation capital structure been completed on the dates assumed. They may not reflect the results of operations or financial condition that would have resulted had we been operating as a standalone, publicly traded company during such periods. In addition, they are not necessarily indicative of our future results of operations or financial condition.

You should read this summary financial data together with "Unaudited Pro Forma Combined Condensed Financial Statements," "Capitalization," "Selected Historical Combined Financial Data of Alcoa Corporation," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the Combined Financial Statements and accompanying notes included elsewhere in this information statement.

	As of and for the six months ended June 30,			As of and for the year ended December 31,			
(dollars in millions, except realized prices; shipments in thousands of metric tons (kmt))	**Pro forma 2016**	**2016**	**2015**	**Pro forma 2015**	**2015**	**2014**	**2013**
Sales	$ 4,452	$ 4,452	$ 6,069	$ 11,199	$11,199	$13,147	$12,573
Amounts attributable to Alcoa Corporation:							
Net (loss) income	$ (147)	$ (265)	$ 69	$ (600)	$ (863)	$ (256)	$ (2,909)
Shipments of alumina (kmt)	4,434	4,434	5,244	10,755	10,755	10,652	9,966
Shipments of aluminum (kmt)	1,534	1,534	1,612	3,227	3,227	3,518	3,742
Alcoa Corporation's average realized price per metric ton of primary aluminum	$ 1,835	$ 1,835	$ 2,331	$ 2,092	$ 2,092	$ 2,396	$ 2,280
Total assets	$ 16,674	$16,374	$17,969	N/A	$16,413	$18,680	$21,126
Total debt	$ 1,463	$ 255	$ 282	N/A	$ 225	$ 342	$ 420

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating Alcoa Corporation and its common stock. Any of the following risks and uncertainties could materially adversely affect our business, financial condition or results of operations. The risk factors generally have been separated into four groups: risks related to our business, risks related to the separation, risks related to our common stock and risks related to our indebtedness.

Risks Related to Our Business

The aluminum industry and aluminum end-use markets are highly cyclical and are influenced by a number of factors, including global economic conditions.

The aluminum industry generally is highly cyclical, and we are subject to cyclical fluctuations in global economic conditions and aluminum end-use markets. The demand for aluminum is sensitive to, and quickly impacted by, demand for the finished goods manufactured by our customers in industries that are cyclical, such as the commercial construction and transportation, automotive, and aerospace industries, which may change as a result of changes in the global economy, currency exchange rates, energy prices or other factors beyond our control. The demand for aluminum is highly correlated to economic growth. For example, the European sovereign debt crisis that began in late 2009 had an adverse effect on European demand for aluminum and aluminum products. The Chinese market is a significant source of global demand for, and supply of, commodities, including aluminum. A sustained slowdown in China's economic growth and aluminum demand, or a significant slowdown in other markets, that is not offset by decreases in supply of aluminum or increased aluminum demand in emerging economies, such as India, Brazil, and several South East Asian countries, could have an adverse effect on the global supply and demand for aluminum and aluminum prices.

While we believe the long-term prospects for aluminum and aluminum products are positive, we are unable to predict the future course of industry variables or the strength of the global economy and the effects of government intervention. Negative economic conditions, such as a major economic downturn, a prolonged recovery period, a downturn in the commodity sector, or disruptions in the financial markets, could have a material adverse effect on our business, financial condition or results of operations.

While the aluminum market is often the leading cause of changes in the alumina and bauxite markets, those markets also have industry-specific risks including, but not limited to, global freight markets, energy markets, and regional supply-demand imbalances. The aluminum industry specific risks can have a material effect on profitability for the alumina and bauxite markets.

We could be materially adversely affected by declines in aluminum prices, including global, regional and product-specific prices.

The overall price of primary aluminum consists of several components: (i) the underlying base metal component, which is typically based on quoted prices from the London Metal Exchange (the "LME"); (ii) the regional premium, which comprises the incremental price over the base LME component that is associated with the physical delivery of metal to a particular region (e.g., the Midwest premium for metal sold in the United States); and (iii) the product premium, which represents the incremental price for receiving physical metal in a particular shape (e.g., coil, billet, slab, rod, etc.) or alloy. Each of the above three components has its own drivers of variability. The LME price is typically driven by macroeconomic factors, global supply and demand of aluminum (including expectations for growth and contraction and the level of global inventories), and trading activity of financial investors. An imbalance in global supply and demand of aluminum, such as decreasing demand without corresponding supply declines, could have a negative impact on aluminum pricing. Speculative trading in aluminum and the influence of hedge funds and other financial institutions participating in commodity markets have also increased in recent years, contributing to higher levels of price volatility. In 2015, the cash

LME price of aluminum reached a high of $1,919 per metric ton and a low of $1,424 per metric ton. High LME inventories, or the release of substantial inventories into the market, could lead to a reduction in the price of aluminum. Declines in the LME price have had a negative impact on our results of operations. Additionally, our results could be adversely affected by decreases in regional premiums that participants in the physical metal market pay for immediate delivery of aluminum. Regional premiums tend to vary based on the supply of and demand for metal in a particular region and associated transportation costs. LME warehousing rules and surpluses have caused regional premiums to decrease, which would have a negative impact on our results of operations. Product premiums generally are a function of supply and demand for a given primary aluminum shape and alloy combination in a particular region. A sustained weak LME aluminum pricing environment, deterioration in LME aluminum prices, or a decrease in regional premiums or product premiums could have a material adverse effect on our business, financial condition, and results of operations or cash flow.

Most of our alumina contracts contain two pricing components: (1) the API price basis and (2) a negotiated adjustment basis that takes into account various factors, including freight, quality, customer location and market conditions. Because the API component can exhibit significant volatility due to market exposure, revenue associated with our alumina operations are exposed to market pricing. Our bauxite-related contracts are typically one to two-year contracts with very little, if any, market exposure; however, we intend to enter into long-term bauxite contracts and therefore, our revenue associated with our bauxite operations may become further exposed to market pricing.

Changes to LME warehousing rules could cause aluminum prices to decrease.

Since 2013, the LME has been engaged in a program aimed at reforming the rules under which registered warehouses in its global network operate. The initial rule changes took effect on February 1, 2015, and the LME has announced additional changes that will be implemented in 2016. These rule changes, and any subsequent changes the exchange chooses to make, could impact the supply/demand balance in the primary aluminum physical market and may impact regional delivery premiums and LME aluminum prices. Decreases in regional delivery premiums and/or decreases in LME aluminum prices could have a material adverse effect on our business, financial condition, and results of operations or cash flow.

We may not be able to realize the expected benefits from our strategy of creating a lower cost, competitive commodity business by optimizing our portfolio.

We are continuing to execute a strategy of creating a lower cost, competitive integrated aluminum production business by optimizing our portfolio. We are creating a competitive standalone business by taking decisive actions to lower the cost base of our upstream operations, including closing, selling or curtailing high-cost global smelting capacity, optimizing alumina refining capacity, and pursuing the sale of our interest in certain other operations.

We have made, and may continue to plan and execute, acquisitions and divestitures and take other actions to grow or streamline our portfolio. There is no assurance that anticipated benefits of our strategic actions will be realized. With respect to portfolio optimization actions such as divestitures, curtailments and closures, we may face barriers to exit from unprofitable businesses or operations, including high exit costs or objections from various stakeholders. In addition, we may incur unforeseen liabilities for divested entities if a buyer fails to honor all commitments. Our business operations are capital intensive, and curtailment or closure of operations or facilities may include significant charges, including employee separation costs, asset impairment charges and other measures. There can be no assurance that divestitures or closures will be undertaken or completed in their entirety as planned or that they will be beneficial to the company.

Market-driven balancing of global aluminum supply and demand may be disrupted by non-market forces or other impediments to production closures.

In response to market-driven factors relating to the global supply and demand of aluminum and alumina, we have curtailed or closed portions of our aluminum and alumina production capacity. Certain other industry producers have independently undertaken to reduce production as well. Reductions in production may be delayed or impaired by the terms of long-term contracts to buy power or raw materials.

The existence of non-market forces on global aluminum industry capacity, such as political pressures in certain countries to keep jobs or to maintain or further develop industry self-sufficiency, may prevent or delay the closure or curtailment of certain producers' smelters, irrespective of their position on the industry cost curve. For example, continued Chinese excess capacity overhanging the market and increased exports from China of heavily subsidized aluminum products may continue to materially disrupt world aluminum markets causing continued pricing deterioration.

If industry overcapacity persists due to the disruption by such non-market forces on the market-driven balancing of the global supply and demand of aluminum, the resulting weak pricing environment and margin compression may adversely affect the operating results of the company.

Our operations consume substantial amounts of energy; profitability may decline if energy costs rise or if energy supplies are interrupted.

Our operations consume substantial amounts of energy. Although we generally expect to meet the energy requirements for our alumina refineries and primary aluminum smelters from internal sources or from long-term contracts, certain conditions could negatively affect our results of operations, including the following:

- significant increases in electricity costs rendering smelter operations uneconomic;
- significant increases in fuel oil or natural gas prices;
- unavailability of electrical power or other energy sources due to droughts, hurricanes or other natural causes;
- unavailability of energy due to local or regional energy shortages resulting in insufficient supplies to serve consumers;
- interruptions in energy supply or unplanned outages due to equipment failure or other causes;
- curtailment of one or more refineries or smelters due to the inability to extend energy contracts upon expiration or to negotiate new arrangements on cost-effective terms or due to the unavailability of energy at competitive rates; or
- curtailment of one or more smelters due to discontinuation of power supply interruptibility rights granted to us under an interruptibility regime in place under the laws of the country in which the smelter is located, or due to a determination that such arrangements do not comply with applicable laws, thus rendering the smelter operations that had been relying on such country's interruptibility regime uneconomic.

If events such as those listed above were to occur, the resulting high energy costs or the disruption of an energy source or the requirement to repay all or a portion of the benefit we received under a power supply interruptibility regime could have a material adverse effect on our business and results of operations.

Our global operations expose us to risks that could adversely affect our business, financial condition, operating results or cash flows.

We have operations or activities in numerous countries and regions outside the United States, including Australia, Brazil, Canada, Europe, Guinea, and the Kingdom of Saudi Arabia. The company's global operations are subject to a number of risks, including:

- economic and commercial instability risks, including those caused by sovereign and private debt default, corruption, and changes in local government laws, regulations and policies, such as those related to tariffs and trade barriers, taxation, exchange controls, employment regulations and repatriation of earnings;

- geopolitical risks, such as political instability, civil unrest, expropriation, nationalization of properties by a government, imposition of sanctions, changes to import or export regulations and fees, renegotiation or nullification of existing agreements, mining leases and permits;
- war or terrorist activities;
- major public health issues, such as an outbreak of a pandemic or epidemic (such as Sudden Acute Respiratory Syndrome, Avian Influenza, H7N9 virus, the Ebola virus or the Zika virus), which could cause disruptions in our operations or workforce;
- difficulties enforcing intellectual property and contractual rights in certain jurisdictions; and
- unexpected events, including fires or explosions at facilities, and natural disasters.

While the impact of any of the foregoing factors is difficult to predict, any one or more of them could adversely affect our business, financial condition, operating results or cash flows. Existing insurance arrangements may not provide protection for the costs that may arise from such events.

Our global operations expose us to various legal and regulatory systems, and changes in conditions beyond our control in foreign countries.

In addition to the business risks inherent in operating outside the United States, legal and regulatory systems may be less developed and predictable and the possibility of various types of adverse governmental action more pronounced. For example, we have several state agreements with the government of Western Australia that establish and govern our alumina refining activities in Western Australia. Unexpected or uncontrollable events or circumstances in any of these foreign markets, including actions by foreign governments such as changes in fiscal regimes, termination of our agreements with foreign governments or increased government regulation could materially and adversely affect our business, financial condition, results of operations or cash flows.

We face significant competition, which may have an adverse effect on profitability.

Alcoa Corporation competes with a variety of both U.S. and non-U.S. aluminum industry competitors. Alcoa Corporation's metals also compete with other materials, such as steel, titanium, plastics, composites, ceramics, and glass, among others. Technological advancements or other developments by or affecting Alcoa Corporation's competitors or customers could affect Alcoa Corporation's results of operations. In addition, Alcoa Corporation's competitive position depends, in part, on its ability to leverage its innovation expertise across its businesses and key end markets and having access to an economical power supply to sustain its operations in various countries. See "Business—Competition."

Our business is capital intensive, and if there are downturns in the industries that we serve, we may be forced to significantly curtail or suspend operations with respect to those industries, which could result in our recording asset impairment charges or taking other measures that may adversely affect our results of operations and profitability.

Our business operations are capital intensive, and we devote a significant amount of capital to certain industries. If there are downturns in the industries that we serve, we may be forced to significantly curtail or suspend our operations with respect to those industries, including laying-off employees, recording asset impairment charges and other measures. In addition, we may not realize the benefits or expected returns from announced plans, programs, initiatives and capital investments. Any of these events could adversely affect our results of operations and profitability.

Our business and growth prospects may be negatively impacted by limits in our capital expenditures.

We require substantial capital to invest in growth opportunities and to maintain and prolong the life and capacity of our existing facilities. Insufficient cash generation or capital project overruns may negatively impact our ability to fund as planned our sustaining and return-seeking capital projects. We may also need to address commercial and political issues in relation to reductions in capital expenditures in certain of the jurisdictions in which we operate. If our interest in our joint ventures is diluted or we lose key concessions, our growth could be constrained. Any of the foregoing could have a material adverse effect on our business, results of operations, financial condition and prospects.

Our capital resources may not be adequate to provide for all of our cash requirements, and we are exposed to risks associated with financial, credit, capital and banking markets.

In the ordinary course of business, we expect to seek to access competitive financial, credit, capital and/or banking markets. Currently, we believe we have adequate access to these markets to meet our reasonably anticipated business needs based on our historic financial performance, as well as our expected continued strong financial position. To the extent our access to competitive financial, credit, capital and/or banking markets was to be impaired, our operations, financial results and cash flows could be adversely impacted.

Deterioration in our credit profile could increase our costs of borrowing money and limit our access to the capital markets and commercial credit.

We expect to request that the major credit rating agencies evaluate our creditworthiness and give us specified credit ratings. These ratings would be based on a number of factors, including our financial strength and financial policies as well as our strategies, operations and execution. These credit ratings are limited in scope, and do not address all material risks related to investment in us, but rather reflect only the view of each rating agency at the time the rating is issued. Nonetheless, the credit ratings we receive will impact our borrowing costs as well as our access to sources of capital on terms that will be advantageous to our business. Failure to obtain sufficiently high credit ratings could adversely affect the interest rate in future financings, our liquidity or our competitive position and could also restrict our access to capital markets. In addition, our credit ratings could be lowered or withdrawn entirely by a rating agency if, in its judgment, the circumstances warrant. If a rating agency were to downgrade our rating, our borrowing costs would increase, and our funding sources could decrease. As a result of these factors, a downgrade of our credit ratings could have a materially adverse impact on our future operations and financial position.

We may not realize expected benefits from our productivity and cost-reduction initiatives.

We have undertaken, and may continue to undertake, productivity and cost-reduction initiatives to improve performance and conserve cash, including procurement strategies for raw materials, labor productivity, improving operating performance, deployment of company-wide business process models, such as our degrees of implementation process in which ideas are executed in a disciplined manner to generate savings, and overhead cost reductions. There is no assurance that these initiatives will be successful or beneficial to us or that estimated cost savings from such activities will be realized.

Cyber attacks and security breaches may threaten the integrity of our intellectual property and other sensitive information, disrupt our business operations, and result in reputational harm and other negative consequences that could have a material adverse effect on our financial condition and results of operations.

We face global cybersecurity threats, which may range from uncoordinated individual attempts to sophisticated and targeted measures, known as advanced persistent threats, directed at the company. Cyber attacks and security breaches may include, but are not limited to, attempts to access information, computer viruses, denial of service and other electronic security breaches.

We believe that we face a heightened threat of cyber attacks due to the industries we serve and the locations of our operations. We have experienced cybersecurity attacks in the past, including breaches of our information technology systems in which information was taken, and may experience them in the future, potentially with more frequency or sophistication. Based on information known to date, past attacks have not had a material impact on our financial condition or results of operations. However, due to the evolving nature of cybersecurity threats, the scope and impact of any future incident cannot be predicted. While the company continually works to safeguard our systems and mitigate potential risks, there is no assurance that such actions will be sufficient to prevent cyber attacks or security breaches that manipulate or improperly use our systems or networks, compromise confidential or otherwise protected information, destroy or corrupt data, or otherwise disrupt our operations. The occurrence of such events could negatively impact our reputation and our competitive position and could result in litigation with third parties, regulatory action, loss of business, potential liability and increased remediation costs, any of which could have a material adverse effect on our financial condition and results of operations. In addition, such attacks or breaches could require significant management attention and resources, and result in the diminution of the value of our investment in research and development.

Our profitability could be adversely affected by increases in the cost of raw materials, by significant lag effects of decreases in commodity or LME-linked costs or by large or sudden shifts in the global inventory of aluminum and the resulting market price impacts.

Our results of operations are affected by changes in the cost of raw materials, including energy, carbon products, caustic soda and other key inputs, as well as freight costs associated with transportation of raw materials to refining and smelting locations. We may not be able to fully offset the effects of higher raw material costs or energy costs through price increases, productivity improvements or cost reduction programs. Similarly, our operating results are affected by significant lag effects of declines in key costs of production that are commodity or LME-linked. For example, declines in the costs of alumina and power during a particular period may not be adequate to offset sharp declines in metal price in that period. We could also be adversely affected by large or sudden shifts in the global inventory of aluminum and the resulting market price impacts. Increases in the cost of raw materials or decreases in input costs that are disproportionate to concurrent sharper decreases in the price of aluminum, or shifts in global inventory of aluminum that result in changes to market prices, could have a material adverse effect on our operating results.

Joint ventures and other strategic alliances may not be successful.

We participate in joint ventures and have formed strategic alliances and may enter into other similar arrangements in the future. For example, Alcoa World Alumina and Chemicals (AWAC) is an unincorporated global joint venture between Alcoa Corporation and Alumina Limited. AWAC consists of a number of affiliated entities, which own, operate or have an interest in, bauxite mines and alumina refineries, as well as certain aluminum smelters, in seven countries. In addition, Alcoa Corporation is party to a joint venture with Ma'aden, the Saudi Arabian Mining Company, to develop a fully integrated aluminum complex (including a bauxite mine, alumina refinery, aluminum smelter and rolling mill) in the Kingdom of Saudi Arabia. Although the company has, in connection with these and our other existing joint ventures and strategic alliances, sought to protect our interests, joint ventures and strategic alliances inherently involve special risks. Whether or not the company holds majority interests or maintains operational control in such arrangements, our partners may:

- have economic or business interests or goals that are inconsistent with or opposed to those of the company;
- exercise veto rights so as to block actions that we believe to be in our or the joint venture's or strategic alliance's best interests;
- take action contrary to our policies or objectives with respect to our investments; or
- as a result of financial or other difficulties, be unable or unwilling to fulfill their obligations under the joint venture, strategic alliance or other agreements, such as contributing capital to expansion or maintenance projects.

There can be no assurance that our joint ventures or strategic alliances will be beneficial to us, whether due to the above-described risks, unfavorable global economic conditions, increases in construction costs, currency fluctuations, political risks, or other factors.

We could be adversely affected by changes in the business or financial condition of a significant customer or joint venture partner.

A significant downturn or deterioration in the business or financial condition of a key customer or joint venture partner could affect our results of operations in a particular period. Our customers may experience delays in the launch of new products, labor strikes, diminished liquidity or credit unavailability, weak demand for their products or other difficulties in their businesses. If we are not successful in replacing business lost from such customers, profitability may be adversely affected. Our joint venture partners could be rendered unable to contribute their share of operating or capital costs, having an adverse impact on our business.

Customer concentration and supplier capacity in the Rolled Products segment could adversely impact margins.

Our Rolled Products segment primarily serves the North American aluminum food and beverage can and bottle markets. Four aluminum can and bottle manufacturers comprise over 90% of the aluminum beverage can and bottle market; Rolled Products competes with both domestic and foreign sheet rolling mills to supply these manufacturers. In this segment, customers tend to sign multiple year supply contracts for the vast majority of their requirements. Our customer mix reflects industry concentrations and norms; loss of existing customers or renegotiated pricing on new contracts could adversely affect both operating levels and profitability.

An adverse decline in the liability discount rate, lower-than-expected investment return on pension assets and other factors could affect our results of operations or amount of pension funding contributions in future periods.

Our results of operations may be negatively affected by the amount of expense we record for our pension and other post-retirement benefit plans, reductions in the fair value of plan assets and other factors. U.S. generally accepted accounting principles (“GAAP”) require that we calculate income or expense for our plans using actuarial valuations.

These valuations reflect assumptions about financial market and other economic conditions, which may change based on changes in key economic indicators. The most significant year-end assumptions used by the company to estimate pension or other postretirement benefit income or expense for the following year are the discount rate applied to plan liabilities and the expected long-term rate of return on plan assets. In addition, the company is required to make an annual measurement of plan assets and liabilities, which may result in a significant charge to shareholders’ equity. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Pension and Other Postretirement Benefits” and Note W to the Combined Financial Statements under the caption “Pension and Other Postretirement Benefits.” Although GAAP expense and pension funding contributions are impacted by different regulations and requirements, the key economic factors that affect GAAP expense would also likely affect the amount of cash or securities we would contribute to the pension plans.

Potential pension contributions include both mandatory amounts required under federal law and discretionary contributions to improve the plans’ funded status. The Moving Ahead for Progress in the 21st Century Act (“MAP-21”), enacted in 2012, provided temporary relief for employers like the company who sponsor defined benefit pension plans related to funding contributions under the Employee Retirement Income Security Act of 1974 by allowing the use of a 25-year average discount rate within an upper and lower range for purposes of determining minimum funding obligations. In 2014, the Highway and Transportation Funding Act (“HATFA”) was signed into law. HATFA extended the relief provided by MAP-21 and modified the interest

rates that had been set by MAP-21. In 2015, the Bipartisan Budget Act of 2015 (BBA 2015) was enacted, which extends the relief period provided by HAFTA. We believe that the relief provided by BBA 2015 will moderately reduce the cash flow sensitivity of the company's U.S. pension plans' funded status to potential declines in discount rates over the next several years. However, higher than expected pension contributions due to a decline in the plans' funded status as a result of declines in the discount rate or lower-than-expected investment returns on plan assets could have a material negative effect on our cash flows. Adverse capital market conditions could result in reductions in the fair value of plan assets and increase our liabilities related to such plans, adversely affecting our liquidity and results of operations.

We are exposed to fluctuations in foreign currency exchange rates and interest rates, as well as inflation, and other economic factors in the countries in which we operate.

Economic factors, including inflation and fluctuations in foreign currency exchange rates and interest rates, competitive factors in the countries in which we operate, and continued volatility or deterioration in the global economic and financial environment could affect our revenues, expenses and results of operations. Changes in the valuation of the U.S. dollar against other currencies, particularly the Australian dollar, Brazilian real, Canadian dollar, Euro and Norwegian kroner, may affect our profitability as some important inputs are purchased in other currencies, while our products are generally sold in U.S. dollars. In addition, although a strong U.S. dollar generally has a positive impact on our near-term profitability, over a longer term, a strong U.S. dollar may have an unfavorable impact on our position on the global aluminum cost curve due to the company's U.S. smelting portfolio. As the U.S. dollar strengthens, the cost curve shifts down for smelters outside the United States but costs for our U.S. smelting portfolio may not decline.

Weakness in global economic conditions or in any of the industries or geographic regions in which we or our customers operate, as well as the cyclical nature of our customers' businesses generally or sustained uncertainty in financial markets, could adversely impact our revenues and profitability by reducing demand and margins.

Our results of operations may be materially affected by the conditions in the global economy generally and in global capital markets. There has been extreme volatility in the capital markets and in the end markets and geographic regions in which we or our customers operate, which has negatively affected our revenues. Many of the markets in which our customers participate are also cyclical in nature and experience significant fluctuations in demand for our products based on economic conditions, consumer demand, raw material and energy costs, and government actions. Many of these factors are beyond our control.

A decline in consumer and business confidence and spending, together with severe reductions in the availability and cost of credit, as well as volatility in the capital and credit markets, could adversely affect the business and economic environment in which we operate and the profitability of our business. We are also exposed to risks associated with the creditworthiness of our suppliers and customers. If the availability of credit to fund or support the continuation and expansion of our customers' business operations is curtailed or if the cost of that credit is increased, the resulting inability of our customers or of their customers to either access credit or absorb the increased cost of that credit could adversely affect our business by reducing our sales or by increasing our exposure to losses from uncollectible customer accounts. These conditions and a disruption of the credit markets could also result in financial instability of some of our suppliers and customers. The consequences of such adverse effects could include the interruption of production at the facilities of our customers, the reduction, delay or cancellation of customer orders, delays or interruptions of the supply of raw materials we purchase, and bankruptcy of customers, suppliers or other creditors. Any of these events could adversely affect our profitability, cash flow and financial condition.

Unanticipated changes in our tax provisions or exposure to additional tax liabilities could affect our future profitability.

We are subject to income taxes in both the United States and various non-U.S. jurisdictions. Our domestic and international tax liabilities are dependent upon the distribution of income among these different jurisdictions. Changes in applicable domestic or foreign tax laws and regulations, or their interpretation and application, including the possibility of retroactive effect, could affect the company's tax expense and profitability. Our tax expense includes estimates of additional tax that may be incurred for tax exposures and reflects various estimates and assumptions. The assumptions include assessments of future earnings of the company that could impact the valuation of our deferred tax assets. Our future results of operations could be adversely affected by changes in the effective tax rate as a result of a change in the mix of earnings in countries with differing statutory tax rates, changes in the overall profitability of the company, changes in tax legislation and rates, changes in generally accepted accounting principles, changes in the valuation of deferred tax assets and liabilities, the results of tax audits and examinations of previously filed tax returns or related litigation and continuing assessments of our tax exposures. Corporate tax reform and tax law changes continue to be analyzed in the United States and in many other jurisdictions. Significant changes to the U.S. corporate tax system in particular could have a substantial impact, positive or negative, on our effective tax rate, cash tax expenditures and deferred tax assets and liabilities.

We may be exposed to significant legal proceedings, investigations or changes in U.S. federal, state or foreign law, regulation or policy.

Our results of operations or liquidity in a particular period could be affected by new or increasingly stringent laws, regulatory requirements or interpretations, or outcomes of significant legal proceedings or investigations adverse to the company. We may experience a change in effective tax rates or become subject to unexpected or rising costs associated with business operations or provision of health or welfare benefits to employees due to changes in laws, regulations or policies. We are also subject to a variety of legal compliance risks. These risks include, among other things, potential claims relating to product liability, health and safety, environmental matters, intellectual property rights, government contracts, taxes and compliance with U.S. and foreign export laws, anti-bribery laws, competition laws and sales and trading practices. We could be subject to fines, penalties, damages (in certain cases, treble damages), or suspension or debarment from government contracts. In addition, if we violate the terms of our agreements with governmental authorities, we may face additional monetary sanctions and such other remedies as a court deems appropriate.

While we believe we have adopted appropriate risk management and compliance programs to address and reduce these risks, the global and diverse nature of our operations means that these risks will continue to exist, and additional legal proceedings and contingencies may arise from time to time. In addition, various factors or developments can lead the company to change current estimates of liabilities or make such estimates for matters previously not susceptible of reasonable estimates, such as a significant judicial ruling or judgment, a significant settlement, significant regulatory developments or changes in applicable law. A future adverse ruling or settlement or unfavorable changes in laws, regulations or policies, or other contingencies that the company cannot predict with certainty could have a material adverse effect on our results of operations or cash flows in a particular period. See "Business—Legal Proceedings" and Note A under the caption "Litigation Matters" and Note N under the caption "Contingencies and Commitments—Contingencies—Litigation" to the Combined Financial Statements.

We are subject to a broad range of health, safety and environmental laws and regulations in the jurisdictions in which we operate and may be exposed to substantial costs and liabilities associated with such laws and regulations.

Our operations worldwide are subject to numerous complex and increasingly stringent health, safety and environmental laws and regulations. The costs of complying with such laws and regulations, including

participation in assessments and cleanups of sites, as well as internal voluntary programs, are significant and will continue to be so for the foreseeable future. Environmental laws may impose cleanup liability on owners and occupiers of contaminated property, including past or divested properties, regardless of whether the owners and occupiers caused the contamination or whether the activity that caused the contamination was lawful at the time it was conducted. Environmental matters for which we may be liable may arise in the future at our present sites, where no problem is currently known, at previously owned sites, at sites previously operated by the company, at sites owned by our predecessors or at sites that we may acquire in the future. Compliance with environmental, health and safety legislation and regulatory requirements may prove to be more limiting and costly than we anticipate. Our results of operations or liquidity in a particular period could be affected by certain health, safety or environmental matters, including remediation costs and damages related to certain sites. Additionally, evolving regulatory standards and expectations can result in increased litigation and/or increased costs, all of which can have a material and adverse effect on earnings and cash flows.

Climate change, climate change legislation or regulations and greenhouse effects may adversely impact our operations and markets.

Energy is a significant input in a number of our operations. There is growing recognition that consumption of energy derived from fossil fuels is a contributor to global warming.

A number of governments or governmental bodies have introduced or are contemplating legislative and regulatory change in response to the potential impacts of climate change. There is also current and emerging regulation, such as the mandatory renewable energy target in Australia, Québec's transition to a "cap and trade" system, the European Union Emissions Trading Scheme and the United States' clean power plan, which became effective on December 22, 2015. We will likely see changes in the margins of greenhouse gas-intensive assets and energy-intensive assets as a result of regulatory impacts in the countries in which we operate. These regulatory mechanisms may be either voluntary or legislated and may impact our operations directly or indirectly through customers or our supply chain. Inconsistency of regulations may also change the attractiveness of the locations of some of the company's assets. Assessments of the potential impact of future climate change legislation, regulation and international treaties and accords are uncertain, given the wide scope of potential regulatory change in countries in which we operate. We may realize increased capital expenditures resulting from required compliance with revised or new legislation or regulations, costs to purchase or profits from sales of, allowances or credits under a "cap and trade" system, increased insurance premiums and deductibles as new actuarial tables are developed to reshape coverage, a change in competitive position relative to industry peers and changes to profit or loss arising from increased or decreased demand for goods produced by the company and, indirectly, from changes in costs of goods sold.

The potential physical impacts of climate change on the company's operations are highly uncertain, and will be particular to the geographic circumstances. These may include changes in rainfall patterns, shortages of water or other natural resources, changing sea levels, changing storm patterns and intensities, and changing temperature levels. These effects may adversely impact the cost, production and financial performance of our operations.

Our operations may impact the environment or cause exposure to hazardous substances, and our properties may have environmental contamination, which could result in material liabilities to us.

We may be subject to claims under federal and state statutes and/or common law doctrines for toxic torts and other damages as well as for natural resource damages and the investigation and clean-up of soil, surface water, groundwater, and other media under laws such as the federal Comprehensive Environmental Response, Compensation and Liabilities Act (CERCLA, commonly known as Superfund). Such claims may arise, for example, out of current or former conditions at sites that we own or operate currently, as well as at sites that we and companies we acquired owned or operated in the past, and at contaminated sites that have always been owned or operated by third parties. Liability may be without regard to fault and may be joint and several, so that we may be held responsible for more than our share of the contamination or other damages, or even for the entire share.

These and other similar unforeseen impacts that our operations may have on the environment, as well as exposures to hazardous substances or wastes associated with our operations, could result in costs and liabilities that could materially and adversely affect us.

Loss of key personnel may adversely affect our business.

Our success greatly depends on the performance of our executive management team. The loss of the services of any member of our executive management team or other key persons could have a material adverse effect on our business, results of operations and financial condition.

Union disputes and other employee relations issues could adversely affect our financial results.

A significant portion of our employees are represented by labor unions in a number of countries under various collective bargaining agreements with varying durations and expiration dates. See "Business—Employees." We may not be able to satisfactorily renegotiate collective bargaining agreements when they expire. In addition, existing collective bargaining agreements may not prevent a strike or work stoppage at our facilities in the future. We may also be subject to general country strikes or work stoppages unrelated to our business or collective bargaining agreements. Any such work stoppages (or potential work stoppages) could have a material adverse effect on our financial results.

Risks Related to the Separation

We have no recent history of operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

The historical information about Alcoa Corporation in this information statement refers to Alcoa Corporation's businesses as operated by and integrated with ParentCo. Our historical and pro forma financial information included in this information statement is derived from the consolidated financial statements and accounting records of ParentCo. Accordingly, the historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the factors described below:

- Generally, our working capital requirements and capital for our general corporate purposes, including capital expenditures and acquisitions, have historically been satisfied as part of the corporate-wide cash management policies of ParentCo. Following the completion of the separation, our results of operations and cash flows are likely to be more volatile and we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and may be more costly.
- Prior to the separation, our business has been operated by ParentCo as part of its broader corporate organization, rather than as an independent company. ParentCo or one of its affiliates performed various corporate functions for us, such as legal, treasury, accounting, auditing, human resources, investor relations, and finance. Our historical and pro forma financial results reflect allocations of corporate expenses from ParentCo for such functions, which are likely to be less than the expenses we would have incurred had we operated as a separate publicly traded company.
- Currently, our business is integrated with the other businesses of ParentCo. Historically, we have shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. While we have sought to separate these arrangements with minimal impact on Alcoa Corporation, there is no guarantee these arrangements will continue to capture these benefits in the future.

- As a current part of ParentCo, we take advantage of ParentCo's overall size and scope to procure more advantageous distribution arrangements, including shipping costs and arrangements. After the separation, as a standalone company, we may be unable to obtain similar arrangements to the same extent as ParentCo did, or on terms as favorable as those ParentCo obtained, prior to completion of the separation.
- After the completion of the separation, the cost of capital for our business may be higher than ParentCo's cost of capital prior to the separation.
- Our historical financial information does not reflect the debt that we have incurred as part of the separation and distribution.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a company separate from ParentCo. For additional information about the past financial performance of our business and the basis of presentation of the historical combined financial statements and the Unaudited Pro Forma Combined Condensed Financial Statements of our business, see "Unaudited Pro Forma Combined Condensed Financial Statements," "Selected Historical Combined Financial Data of Alcoa Corporation," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and accompanying notes included elsewhere in this information statement.

We may not achieve some or all of the expected benefits of the separation, and the separation may materially adversely affect our business.

We may not be able to achieve the full strategic and financial benefits expected to result from the separation, or such benefits may be delayed or not occur at all. The separation is expected to provide the following benefits, among others: (i) enabling the management of each company to more effectively pursue its own distinct operating priorities and strategies, and enable the management of each company to focus on strengthening its core business and its unique needs, and pursue distinct and targeted opportunities for long-term growth and profitability; (ii) permitting each company to allocate its financial resources to meet the unique needs of its own business, which will allow each company to intensify its focus on its distinct strategic priorities and to more effectively pursue its own distinct capital structures and capital allocation strategies; (iii) allowing each company to more effectively articulate a clear investment thesis to attract a long-term investor base suited to its business and providing investors with two distinct and targeted investment opportunities; (iv) creating an independent equity currency tracking each company's underlying business, affording Alcoa Corporation and Arconic direct access to the capital markets and facilitating each company's ability to consummate future acquisitions or other restructuring transactions utilizing its common stock; (v) allowing each company more consistent application of incentive structures and targets, due to the common nature of the underlying businesses; and (vi) separating and simplifying the structures currently required to manage two distinct and differing underlying businesses.

We may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (i) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business; (ii) following the separation, we may be more susceptible to market fluctuations, including fluctuations in commodities prices, and other adverse events than if we were still a part of ParentCo because our business will be less diversified than ParentCo's business prior to the completion of the separation; (iii) after the separation, as a standalone company, we may be unable to obtain certain goods, services and technologies at prices or on terms as favorable as those ParentCo obtained prior to completion of the separation; (iv) the separation may require Alcoa Corporation to pay costs that could be substantial and material to our financial resources, including accounting, tax, legal, and other professional services costs, recruiting and relocation costs associated with hiring key senior management and personnel new to Alcoa Corporation, and tax costs; and (v) the separation will entail changes to our information technology systems, reporting systems, supply chain and other operations that may require significant expense and may not be implemented in an as timely and effective fashion as we expect. If we fail to achieve some or all of the

benefits expected to result from the separation, or if such benefits are delayed, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

Our plan to separate into two independent publicly traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense, which could disrupt or adversely affect our business.

On September 28, 2015, ParentCo announced plans to separate into two independent publicly traded companies. The separation is subject to approval by the ParentCo Board of Directors of the final terms of the separation and market and certain other conditions. Unanticipated developments, including changes in the competitive conditions of ParentCo's markets, regulatory approvals or clearances, the uncertainty of the financial markets and challenges in executing the separation, could delay or prevent the completion of the proposed separation, or cause the separation to occur on terms or conditions that are different or less favorable than expected.

The process of completing the proposed separation has been and is expected to continue to be time-consuming and involves significant costs and expenses. For example, during the six months ended June 30, 2016, ParentCo recorded nonrecurring separation costs of $63 million, which were primarily related to third-party consulting, contractor fees and other incremental costs directly associated with the separation process. The separation costs may be significantly higher than what we currently anticipate and may not yield a discernible benefit if the separation is not completed or is not well executed, or the expected benefits of the separation are not realized. Executing the proposed separation will also require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business. Other challenges associated with effectively executing the separation include attracting, retaining and motivating employees during the pendency of the separation and following its completion; addressing disruptions to our supply chain, manufacturing and other operations resulting from separating ParentCo into two large but independent companies; separating ParentCo's information systems; and establishing a new brand identity in the marketplace.

The combined post-separation value of one share of Arconic common stock and one-third of a share of Alcoa Corporation common stock may not equal or exceed the pre-distribution value of one share of ParentCo common stock.

As a result of the distribution, ParentCo expects the trading price of shares of Arconic common stock immediately following the distribution to be different from the "regular-way" trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the Alcoa Corporation Business held by Alcoa Corporation. There can be no assurance that the aggregate market value of one share of Arconic common stock and one-third of a share of Alcoa Corporation common stock following the separation will be higher or lower than the market value of a share of ParentCo common stock if the separation did not occur.

Challenges in the commercial and credit environment may adversely affect our ability to complete the separation and our future access to capital.

Our ability to issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for our products or in the solvency of our customers or suppliers or other significantly unfavorable changes in economic conditions. Volatility in the world financial markets could increase borrowing costs or affect our ability to access the capital markets. These conditions may adversely affect our ability to obtain and maintain investment grade credit ratings prior to and following the separation.

We expect to incur both one-time and ongoing material costs and expenses as a result of our separation from ParentCo, which could adversely affect our profitability.

We expect to incur, as a result of our separation from ParentCo, both one-time and ongoing costs and expenses that are greater than those we currently incur. These increased costs and expenses may arise from various factors, including financial reporting, costs associated with complying with federal securities laws (including compliance with the Sarbanes-Oxley Act of 2002, as amended ("Sarbanes-Oxley")), tax administration, and legal and human resources related functions, and it is possible that these costs will be material to our business.

We could experience temporary interruptions in business operations and incur additional costs as we build our information technology infrastructure and transition our data to our own systems.

We are in the process of creating our own, or engaging third parties to provide, information technology infrastructure and systems to support our critical business functions, including accounting and reporting, in order to replace many of the systems ParentCo currently provides to us. We may incur temporary interruptions in business operations if we cannot transition effectively from ParentCo's existing operating systems, databases and programming languages that support these functions to our own systems. Our failure to implement the new systems and transition our data successfully and cost-effectively could disrupt our business operations and have a material adverse effect on our profitability. In addition, our costs for the operation of these systems may be higher than the amounts reflected in our historical combined financial statements.

Our accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject as a standalone publicly traded company following the distribution.

Our financial results previously were included within the consolidated results of ParentCo, and we believe that our reporting and control systems were appropriate for those of subsidiaries of a public company. However, we were not directly subject to the reporting and other requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). As a result of the distribution, we will be directly subject to reporting and other obligations under the Exchange Act, including the requirements of Section 404 of Sarbanes-Oxley, which will require annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm addressing these assessments. These reporting and other obligations will place significant demands on our management and administrative and operational resources, including accounting resources. We may not have sufficient time following the separation to meet these obligations by the applicable deadlines.

Moreover, to comply with these requirements, we anticipate that we will need to migrate our systems, including information technology systems, implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff. We expect to incur additional annual expenses related to these steps, and those expenses may be significant. If we are unable to upgrade our financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on our business, financial condition, results of operations and cash flows.

In connection with our separation from ParentCo, ParentCo will indemnify us for certain liabilities and we will indemnify ParentCo for certain liabilities. If we are required to pay under these indemnities to ParentCo, our financial results could be negatively impacted. The ParentCo indemnity may not be sufficient to hold us harmless from the full amount of liabilities for which ParentCo will be allocated responsibility, and ParentCo may not be able to satisfy its indemnification obligations in the future.

Pursuant to the separation agreement and certain other agreements with ParentCo, ParentCo will agree to indemnify us for certain liabilities, and we will agree to indemnify ParentCo for certain liabilities, in each case

for uncapped amounts, as discussed further in “Certain Relationships and Related Party Transactions.” Indemnities that we may be required to provide ParentCo are not subject to any cap, may be significant and could negatively impact our business. Third parties could also seek to hold us responsible for any of the liabilities that ParentCo has agreed to retain. Any amounts we are required to pay pursuant to these indemnification obligations and other liabilities could require us to divert cash that would otherwise have been used in furtherance of our operating business. Further, the indemnity from ParentCo may not be sufficient to protect us against the full amount of such liabilities, and ParentCo may not be able to fully satisfy its indemnification obligations. Moreover, even if we ultimately succeed in recovering from ParentCo any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, results of operations and financial condition.

We may be held liable to ParentCo if we fail to perform certain services under the transition services agreement, and the performance of such services may negatively impact our business and operations.

Alcoa Corporation and ParentCo will enter into a transition services agreement in connection with the separation pursuant to which Alcoa Corporation and ParentCo will provide each other, on an interim, transitional basis, various services, including, but not limited to, employee benefits administration, specialized technical and training services and access to certain industrial equipment, information technology services, regulatory services, continued industrial site remediation and closure services on discrete projects, project management services for certain equipment installation and decommissioning projects, general administrative services and other support services. If we do not satisfactorily perform our obligations under the agreement, we may be held liable for any resulting losses suffered by ParentCo, subject to certain limits. In addition, during the transition services periods, our management and employees may be required to divert their attention away from our business in order to provide services to ParentCo, which could adversely affect our business.

ParentCo may fail to perform under various transaction agreements that will be executed as part of the separation or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.

In connection with the separation, Alcoa Corporation and ParentCo will enter into a separation and distribution agreement and will also enter into various other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement, a stockholder and registration rights agreement with respect to Arconic’s continuing ownership of Alcoa Corporation common stock, intellectual property license agreements, a metal supply agreement, real estate and office leases, a spare parts loan agreement and an agreement relating to the North American packaging business. The separation agreement, the tax matters agreement and the employee matters agreement, together with the documents and agreements by which the internal reorganization will be effected, will determine the allocation of assets and liabilities between the companies following the separation for those respective areas and will include any necessary indemnifications related to liabilities and obligations. The separation agreement also provides that Alcoa Corporation will pay over to ParentCo the proceeds in respect of the pending sale of ParentCo’s Yadkin hydroelectric project following the effective time of the distribution. The transition services agreement will provide for the performance of certain services by each company for the benefit of the other for a period of time after the separation. Alcoa Corporation will rely on ParentCo to satisfy its performance and payment obligations under these agreements. If ParentCo is unable or unwilling to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties and/or losses. If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services once certain transaction agreements expire, we may not be able to operate our business effectively and our profitability may decline. We are in the process of creating our own, or engaging third parties to provide, systems and services to replace many of the systems and services that ParentCo currently provides to us. However, we may not be successful in implementing these systems and services, we may incur additional costs in connection with, or following, the implementation of these systems and services, and we may not be successful in transitioning data from ParentCo’s systems to ours.

We may not be able to engage in desirable capital-raising or strategic transactions following the separation.

Under current U.S. federal income tax law, a spin-off that otherwise qualifies for tax-free treatment can be rendered taxable to the parent corporation and its shareholders as a result of certain post-spin-off transactions, including certain acquisitions of shares or assets of the spun-off corporation. To preserve the tax-free treatment of the separation and the distribution, and in addition to Alcoa Corporation's indemnity obligation described above, the tax matters agreement will restrict Alcoa Corporation, for the two-year period following the distribution, except in specific circumstances, from: (i) entering into any transaction pursuant to which all or a portion of Alcoa Corporation stock would be acquired, whether by merger or otherwise, (ii) issuing equity securities beyond certain thresholds, (iii) repurchasing shares of Alcoa Corporation stock other than in certain open-market transactions, (iv) ceasing to actively conduct certain of its businesses or (v) taking or failing to take any other action that prevents the distribution and certain related transactions from qualifying as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code. These restrictions may limit Alcoa Corporation's ability to pursue certain equity issuances, strategic transactions or other transactions that may maximize the value of Alcoa Corporation's business. For more information, see "Certain Relationships and Related Party Transactions—Tax Matters Agreement" and "Material U.S. Federal Income Tax Consequences."

The terms we will receive in our agreements with ParentCo could be less beneficial than the terms we may have otherwise received from unaffiliated third parties.

The agreements we will enter into with ParentCo in connection with the separation, including a separation and distribution agreement, a transition services agreement, a tax matters agreement, an employee matters agreement, a stockholder and registration rights agreement with respect to ParentCo's continuing ownership of Alcoa Corporation common stock, intellectual property license agreements, a metal supply agreement, real estate and office leases, a spare parts loan agreement and an agreement relating to the North American packaging business were prepared in the context of the separation while Alcoa Corporation was still a wholly owned subsidiary of ParentCo. Accordingly, during the period in which the terms of those agreements were prepared, Alcoa Corporation did not have an independent Board of Directors or a management team that was independent of ParentCo. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. See "Certain Relationships and Related Party Transactions."

If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, ParentCo, Alcoa Corporation, and ParentCo shareholders could be subject to significant tax liabilities and, in certain circumstances, Alcoa Corporation could be required to indemnify ParentCo for material taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement.

It is a condition to the distribution that (i) the private letter ruling from the IRS regarding certain U.S. federal income tax matters relating to the separation and the distribution received by ParentCo remain valid and be satisfactory to the ParentCo Board of Directors and (ii) ParentCo receive an opinion of its outside counsel, satisfactory to the ParentCo Board of Directors, regarding the qualification of the distribution, together with certain related transactions, as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code. The IRS private letter ruling is and the opinion of counsel will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of ParentCo and Alcoa Corporation, including those relating to the past and future conduct of ParentCo and Alcoa Corporation. If any of these representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if ParentCo or Alcoa Corporation breaches any of its representations or covenants contained in any of the separation–related agreements and documents or in any documents relating to the IRS private letter ruling and/or the opinion of counsel, the IRS private letter ruling and/or the opinion of counsel may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding receipt of the IRS private letter ruling and the opinion of counsel, the IRS could determine that the distribution and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings upon which the IRS private letter ruling or the opinion of counsel was based are false or have been violated. In addition, the IRS private letter ruling does not address all of the issues that are relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes, and the opinion of counsel will represent the judgment of such counsel and will not be binding on the IRS or any court and the IRS or a court may disagree with the conclusions in the opinion of counsel. Accordingly, notwithstanding receipt by ParentCo of the IRS private letter ruling and the opinion of counsel, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, ParentCo, Alcoa Corporation and ParentCo shareholders could be subject to significant U.S. federal income tax liability.

If the distribution, together with certain related transactions, fails to qualify as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, ParentCo would recognize taxable gain as if it had sold the Alcoa Corporation common stock in a taxable sale for its fair market value and ParentCo shareholders who receive Alcoa Corporation shares in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares. For more information, see "Material U.S. Federal Income Tax Consequences."

Under the tax matters agreement that ParentCo will enter into with Alcoa Corporation, Alcoa Corporation may be required to indemnify ParentCo against any additional taxes and related amounts resulting from (i) an acquisition of all or a portion of the equity securities or assets of Alcoa Corporation, whether by merger or otherwise (and regardless of whether Alcoa Corporation participated in or otherwise facilitated the acquisition), (ii) other actions or failures to act by Alcoa Corporation or (iii) any of Alcoa Corporation's representations, covenants or undertakings contained in any of the separation-related agreements and documents or in any documents relating to the IRS private letter ruling and/or the opinion of counsel being incorrect or violated. Any such indemnity obligations could be material. For a more detailed discussion, see "Certain Relationships and Related Party Transactions—Tax Matters Agreement." In addition, ParentCo, Alcoa Corporation and their respective subsidiaries may incur certain tax costs in connection with the separation, including non-U.S. tax costs resulting from separations in non-U.S. jurisdictions, which may be material.

Certain contingent liabilities allocated to Alcoa Corporation following the separation may mature, resulting in material adverse impacts to our business.

After the separation, there will be several significant areas where the liabilities of ParentCo may become our obligations. For example, under the Code and the related rules and regulations, each corporation that was a member of the ParentCo consolidated U.S. federal income tax return group during a taxable period or portion of a taxable period ending on or before the effective date of the distribution is severally liable for the U.S. federal income tax liability of the ParentCo consolidated U.S. federal income tax return group for that taxable period. Consequently, if ParentCo is unable to pay the consolidated U.S. federal income tax liability for a pre-separation period, we could be required to pay the amount of such tax, which could be substantial and in excess of the amount allocated to us under the tax matters agreement. For a discussion of the tax matters agreement, see "Certain Relationships and Related Party Transactions—Tax Matters Agreement." Other provisions of federal law establish similar liability for other matters, including laws governing tax-qualified pension plans, as well as other contingent liabilities.

The transfer to us of certain contracts, permits and other assets and rights may require the consents or approvals of, or provide other rights to, third parties and governmental authorities. If such consents or approvals are not obtained, we may not be entitled to the benefit of such contracts, permits and other assets and rights, which could increase our expenses or otherwise harm our business and financial performance.

The separation agreement will provide that certain contracts, permits and other assets and rights are to be transferred from ParentCo or its subsidiaries to Alcoa Corporation or its subsidiaries in connection with the separation. The transfer of certain of these contracts, permits and other assets and rights may require consents or approvals of third parties or governmental authorities or provide other rights to third parties. In addition, in some circumstances, we and ParentCo are joint beneficiaries of contracts, and we and ParentCo may need the consents of third parties in order to split or bifurcate the existing contracts or the relevant portion of the existing contracts to us or ParentCo.

Some parties may use consent requirements or other rights to seek to terminate contracts or obtain more favorable contractual terms from us, which, for example, could take the form of price increases, require us to expend additional resources in order to obtain the services or assets previously provided under the contract, or require us to seek arrangements with new third parties or obtain letters of credit or other forms of credit support. If we are unable to obtain required consents or approvals, we may be unable to obtain the benefits, permits, assets and contractual commitments that are intended to be allocated to us as part of our separation from ParentCo, and we may be required to seek alternative arrangements to obtain services and assets which may be more costly and/or of lower quality. The termination or modification of these contracts or permits or the failure to timely complete the transfer or bifurcation of these contracts or permits could negatively impact our business, financial condition, results of operations and cash flows.

Until the separation occurs, ParentCo has sole discretion to change the terms of the separation in ways which may be unfavorable to us.

Until the separation occurs, Alcoa Corporation will be a wholly owned subsidiary of ParentCo. Accordingly, ParentCo will have the sole and absolute discretion to determine and change the terms of the separation, including the establishment of the record date for the distribution and the distribution date, as well as to reduce the amount of outstanding shares of common stock of Alcoa Corporation that it will retain, if any, following the distribution. These changes could be unfavorable to us. In addition, ParentCo may decide at any time not to proceed with the separation and distribution.

No vote of ParentCo shareholders is required in connection with the distribution. As a result, if the distribution occurs and you do not want to receive Alcoa Corporation common stock in the distribution, your sole recourse will be to divest yourself of your ParentCo common stock prior to the record date.

No vote of ParentCo shareholders is required in connection with the distribution. Accordingly, if the distribution occurs and you do not want to receive Alcoa Corporation common stock in the distribution, your only recourse will be to divest yourself of your ParentCo common stock prior to the record date for the distribution.

Risks Related to Our Common Stock

We cannot be certain that an active trading market for our common stock will develop or be sustained after the separation and, following the separation, our stock price may fluctuate significantly.

A public market for our common stock does not currently exist. We anticipate that on or prior to the record date for the distribution, trading of shares of our common stock will begin on a “when-issued” basis and will continue through the distribution date. However, we cannot guarantee that an active trading market will develop or be sustained for our common stock after the separation, nor can we predict the prices at which shares of our common stock may trade after the separation. Similarly, we cannot predict the effect of the separation on the

trading prices of our common stock or whether the combined market value of one-third of a share of our common stock and one share of Arconic common stock will be less than, equal to or greater than the market value of one share of ParentCo common stock prior to the distribution.

The market price of our common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- changes in earnings estimated by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- actual or anticipated fluctuations in commodities prices;
- changes to the regulatory and legal environment under which we operate; and
- domestic and worldwide economic conditions.

A significant number of shares of our common stock may be sold following the distribution, including the sale by Arconic of the shares of our common stock that it may retain after the distribution, which may cause our stock price to decline.

Any sales of substantial amounts of our common stock in the public market or the perception that such sales might occur, in connection with the distribution or otherwise, may cause the market price of our common stock to decline. Upon completion of the distribution, we expect that we will have an aggregate of approximately 182,467,761 shares of our common stock issued and outstanding. Shares distributed to ParentCo shareholders in the separation will generally be freely tradeable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the “Securities Act”), except for shares owned by one of our “affiliates,” as that term is defined in Rule 405 under the Securities Act.

Following the distribution, Arconic will retain approximately 19.9% of our outstanding shares of our common stock. Pursuant to the IRS private letter ruling, Arconic will be required to dispose of such shares of our common stock that it owns as soon as practicable and consistent with its reasons for retaining such shares, but in no event later than five years after the distribution. We will agree that, following the 60-day period commencing immediately after the effective time of the distribution, upon the request of Arconic, we will use commercially reasonable efforts to effect a registration under applicable federal and state securities laws of any shares of our common stock retained by Arconic. See “Certain Relationships and Related Person Transactions—Stockholder and Registration Rights Agreement.” Any disposition by Arconic, or any significant stockholder, of our common stock in the public market, or the perception that such dispositions could occur, could adversely affect prevailing market prices for our common stock.

We are unable to predict whether large amounts of our common stock will be sold in the open market following the distribution. We are also unable to predict whether a sufficient number of buyers of our common stock to meet the demand to sell shares of our common stock at attractive prices would exist at that time.

Your percentage of ownership in Alcoa Corporation may be diluted in the future.

In the future, your percentage ownership in Alcoa Corporation may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including any equity awards that we will grant to our directors, officers and employees. Our employees will have stock-based awards that correspond to shares of our common stock after the distribution as a result of conversion of their ParentCo stock-based awards. We anticipate that our compensation committee will grant additional stock-based awards to our employees after the distribution. Such awards will have a dilutive effect on our earnings per share, which could adversely affect the market price of our common stock. From time to time, we will issue additional stock-based awards to our employees under our employee benefits plans.

Anti-takeover provisions could enable our management to resist a takeover attempt by a third party and limit the power of our stockholders.

Alcoa Corporation's amended and restated certificate of incorporation and bylaws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with Alcoa Corporation's Board of Directors rather than to attempt a hostile takeover. These provisions are expected to include, among others:

- the inability of our stockholders to act by written consent unless such written consent is unanimous;
- the ability of our remaining directors to fill vacancies on our Board of Directors;
- limitations on stockholders' ability to call a special stockholder meeting;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings; and
- the right of our Board of Directors to issue preferred stock without stockholder approval.

In addition, we expect to be subject to Section 203 of the Delaware General Corporation Law ("DGCL"), which could have the effect of delaying or preventing a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with persons that acquire, more than 15% of the outstanding voting stock of a Delaware corporation may not engage in a business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or any of its affiliates becomes the holder of more than 15% of the corporation's outstanding voting stock.

We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our Board of Directors and by providing our Board of Directors with more time to assess any acquisition proposal. These provisions are not intended to make Alcoa Corporation immune from takeovers; however, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our Board of Directors determines is not in the best interests of Alcoa Corporation's and our stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors. See "Description of Alcoa Corporation Capital Stock—Anti-Takeover Effects of Various Provisions of Delaware Law and our Certificate of Incorporation and Bylaws."

In addition, an acquisition or further issuance of our stock could trigger the application of Section 355(e) of the Code. For a discussion of Section 355(e), see "Material U.S. Federal Income Tax Consequences." Under the tax matters agreement, Alcoa Corporation would be required to indemnify ParentCo for the resulting tax, and this indemnity obligation might discourage, delay or prevent a change of control that our stockholders may consider favorable.

We cannot guarantee the timing, amount or payment of dividends on our common stock.

The timing, declaration, amount and payment of future dividends to our stockholders will fall within the discretion of our Board of Directors. The Board of Directors' decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, covenants associated with certain of our debt service obligations, industry practice, legal requirements, regulatory constraints and other factors that our Board of Directors deems relevant. For more information, see "Dividend Policy." Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. We cannot guarantee that we will pay a dividend in the future or continue to pay any dividend at the same rate or at all if we commence paying dividends.

Our amended and restated certificate of incorporation will designate the state courts within the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could discourage lawsuits against Alcoa Corporation and our directors and officers.

Our amended and restated certificate of incorporation will provide that unless the Board of Directors otherwise determines, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Alcoa Corporation, any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer of Alcoa Corporation to Alcoa Corporation or to Alcoa Corporation stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, any action asserting a claim against Alcoa Corporation or any current or former director or officer of Alcoa Corporation arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or bylaws, any action asserting a claim relating to or involving Alcoa Corporation governed by the internal affairs doctrine, or any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. However, if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, the action may be brought in the federal court for the District of Delaware.

Although our amended and restated certificate of incorporation will include this exclusive forum provision, it is possible that a court could rule that this provision is inapplicable or unenforceable. This exclusive forum provision may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with Alcoa Corporation or our directors or officers, which may discourage such lawsuits against Alcoa Corporation and our directors and officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect our business, results of operations and financial condition.

Risks Related to Our Indebtedness

Our indebtedness, including the notes, restricts our current and future operations, which could adversely affect our ability to respond to changes in our business and manage our operations.

The terms of the Revolving Credit Agreement and the indenture governing the notes include a number of restrictive covenants that impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- make investments, loans, advances, guarantees and acquisitions;
- dispose of assets;
- incur or guarantee additional debt and issue certain disqualified equity interests and preferred stock;
- make certain restricted payments, including a limit on dividends on equity securities or payments to redeem, repurchase or retire equity securities or other indebtedness;
- engage in transactions with affiliates;
- materially alter the business we conduct;
- enter into certain restrictive agreements;
- create liens on assets to secure debt;
- consolidate, merge, sell or otherwise dispose of all or substantially all of Alcoa Corporation's, the Issuer's or a subsidiary guarantor's assets; and
- take any actions that would reduce our ownership of AWAC entities below an agreed level.

In addition, the Revolving Credit Agreement requires us to comply with financial covenants. The Revolving Credit Agreement requires that we maintain a leverage ratio no greater than 2.25 to 1.00 and an interest expense coverage ratio no less than 5.00 to 1.00, in each case, for any period of four consecutive fiscal quarters of Alcoa Corporation.

For more information on the restrictive covenants in the Revolving Credit Agreement, see “Description of Material Indebtedness.”

Our ability to comply with these agreements may be affected by events beyond our control, including prevailing economic, financial and industry conditions. These covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, merger and acquisition or other opportunities. The breach of any of these covenants or restrictions could result in a default under the Revolving Credit Agreement or the indenture governing the notes.

Our failure to comply with the agreements relating to our outstanding indebtedness, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our business, financial condition, results of operations or cash flows.

If there were an event of default under any of the agreements relating to our outstanding indebtedness, including the Revolving Credit Agreement and the indenture governing the notes, we may not be able to incur additional indebtedness under the Revolving Credit Agreement and the holders of the defaulted debt could cause all amounts outstanding with respect to that debt to be due and payable immediately. We cannot assure you that our assets or cash flow would be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default, which could have a material adverse effect on our ability to continue to operate as a going concern. Further, if we are unable to repay, refinance or restructure our secured indebtedness, the holders of such indebtedness could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument also could result in an event of default under one or more of our other debt instruments.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This information statement and other materials ParentCo and Alcoa Corporation have filed or will file with the SEC contain or incorporate by reference "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. Forward-looking statements include those containing such words as "anticipates," "believes," "could," "estimates," "expects," "forecasts," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," or other words of similar meaning. All statements that reflect Alcoa Corporation's expectations, assumptions, or projections about the future other than statements of historical fact are forward-looking statements, including, without limitation, statements regarding the separation and distribution, including the timing and expected benefits thereof; forecasts concerning global demand growth for aluminum, end market conditions, supply/demand balances, and growth opportunities for aluminum in automotive, aerospace, and other applications; targeted financial results or operating performance; and statements about Alcoa Corporation's strategies, outlook, and business and financial prospects. These statements reflect beliefs and assumptions that are based on Alcoa Corporation's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Forward-looking statements are subject to a number of known and unknown risks, uncertainties, and other factors and are not guarantees of future performance. Actual results, performance, or outcomes may differ materially from those expressed in or implied by those forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, among others:

- whether the separation is completed, as expected or at all, and the timing of the separation and the distribution;
- whether the conditions to the distribution are satisfied;
- whether the operational, strategic and other benefits of the separation can be achieved;
- whether the costs and expenses of the separation can be controlled within expectations;
- material adverse changes in aluminum industry conditions, including global supply and demand conditions and fluctuations in LME-based prices, and premiums, as applicable, for primary aluminum, alumina, and other products, and fluctuations in index-based and spot prices for alumina;
- deterioration in global economic and financial market conditions generally;
- unfavorable changes in the markets served by Alcoa Corporation or ParentCo, including aerospace, automotive, commercial transportation, building and construction, packaging, defense, and industrial gas turbine;
- the impact on costs and results of changes in foreign currency exchange rates, particularly the Australian dollar, Brazilian real, Canadian dollar, Euro, and Norwegian kroner;
- increases in energy costs or the unavailability or interruption of energy supplies;
- increases in the costs of other raw materials;
- Alcoa Corporation's inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations (including moving its alumina refining and aluminum smelting businesses down on the industry cost curves) anticipated from its restructuring programs and productivity improvement, cash sustainability, technology, and other initiatives;
- Alcoa Corporation's inability to realize expected benefits, in each case as planned and by targeted completion dates, from sales of assets, closures or curtailments of facilities, newly constructed, expanded, or acquired facilities, or international joint ventures, including our joint venture with Alumina Limited and our joint venture in Saudi Arabia;

- risks relating to operating globally, including geopolitical, economic, and regulatory risks and unexpected events beyond Alcoa Corporation's control, such as unfavorable changes in laws and governmental policies, civil unrest, imposition of sanctions, expropriation of assets, major public health issues, and terrorism;
- the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation;
- adverse changes in discount rates or investment returns on pension assets;
- the impact of cyber attacks and potential information technology or data security breaches;
- unexpected events, unplanned outages, supply disruptions or failure of equipment or processes to meet specifications;
- the loss of customers, suppliers and other business relationships as a result of competitive developments, or other factors;
- the potential failure to retain key employees of Alcoa Corporation; and
- compliance with debt covenants and maintenance of credit ratings as well as the impact of interest and principal repayment of our existing and any future debt.

The above list of factors is not exhaustive or necessarily in order of importance. Additional information concerning factors that could cause actual results to differ materially from those in forward-looking statements include those discussed under "Risk Factors" in this information statement and in our publicly filed documents referred to in "Where You Can Find More Information." Alcoa Corporation disclaims any intention or obligation to update publicly any forward-looking statements, whether in response to new information, future events, or otherwise, except as required by applicable law.

THE SEPARATION AND DISTRIBUTION

Overview

On September 28, 2015, ParentCo announced its intention to separate its Alcoa Corporation Business from its Arconic Business. The separation will occur by means of a pro rata distribution to ParentCo shareholders of at least 80.1% of the outstanding shares of common stock of Alcoa Corporation, which was formed to hold ParentCo's Bauxite, Alumina, Aluminum, Cast Products and Energy businesses ParentCo's rolling mill operations in Warrick, Indiana, and ParentCo's 25.1% interest in the Ma'aden Rolling Company in Saudi Arabia. Following the distribution, ParentCo shareholders will own directly at least 80.1% of the outstanding shares of common stock of Alcoa Corporation, and Alcoa Corporation will be a separate company from ParentCo. ParentCo will retain no more than 19.9% of the outstanding shares of common stock of Alcoa Corporation following the distribution. Prior to completing the separation, ParentCo may adjust the percentage of Alcoa Corporation shares to be distributed to ParentCo shareholders and retained by ParentCo in response to market and other factors, and it will amend this information statement to reflect any such adjustment. The number of shares of ParentCo common stock you own will not change as a result of the separation.

In connection with such distribution, Alcoa Corporation has incurred approximately $1,250 million of indebtedness, and we expect that:

- ParentCo will complete an internal reorganization, which we refer to as the "internal reorganization," as a result of which Alcoa Corporation will become the parent company of the ParentCo operations comprising, and the entities that will conduct, the Alcoa Corporation Business;
- ParentCo will change its name to "Arconic Inc."; and
- "Alcoa Upstream Corporation" will change its name to "Alcoa Corporation".

On September 29, 2016, the ParentCo Board of Directors approved the distribution of approximately 80.1% of Alcoa Corporation's issued and outstanding shares of common stock on the basis of one share of Alcoa Corporation common stock for every three shares of ParentCo common stock held as of the close of business on October 20, 2016, the record date for the distribution. Arconic currently plans to dispose of all of the Alcoa Corporation common stock that it retains after the distribution, which may include dispositions through one or more subsequent exchanges for debt or equity or a sale of its shares for cash, following a 60-day lock-up period and within the 18-month period following the distribution, subject to market conditions. Any shares not disposed of by Arconic during such 18-month period will be sold or otherwise disposed of by Arconic consistent with the business reasons for the retention of those shares, but in no event later than five years after the distribution.

At 12:01 a.m., Eastern Time, on November 1, 2016, the distribution date, each ParentCo shareholder will receive one share of Alcoa Corporation common stock for every three shares of ParentCo common stock held at the close of business on the record date for the distribution, as described below. ParentCo shareholders will receive cash in lieu of any fractional shares of Alcoa Corporation common stock that they would have received after application of this ratio. Upon completion of the separation, each ParentCo shareholder as of the record date will continue to own shares of ParentCo (which, as a result of ParentCo's name change to Arconic, will be Arconic shares) and will own a proportionate share of the outstanding common stock of Alcoa Corporation to be distributed. You will not be required to make any payment, surrender or exchange your ParentCo common stock or take any other action to receive your shares of Alcoa Corporation common stock in the distribution. The distribution of Alcoa Corporation common stock as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see "—Conditions to the Distribution."

Reasons for the Separation

The ParentCo Board of Directors believes that separating its Alcoa Corporation Business from its Arconic Business is in the best interests of ParentCo and its shareholders for a number of reasons, including:

- *Management Focus on Core Business and Distinct Opportunities*. The separation will permit each company to more effectively pursue its own distinct operating priorities and strategies, and will enable the management teams of each company to focus on strengthening its core business, unique operating and other needs, and pursue distinct and targeted opportunities for long-term growth and profitability.
- *Allocation of Financial Resources and Separate Capital Structures.* The separation will permit each company to allocate its financial resources to meet the unique needs of its own business, which will allow each company to intensify its focus on its distinct strategic priorities. The separation will also allow each business to more effectively pursue its own distinct capital structures and capital allocation strategies.
- *Targeted Investment Opportunity.* The separation will allow each company to more effectively articulate a clear investment thesis to attract a long-term investor base suited to its business, and will facilitate each company's access to capital by providing investors with two distinct and targeted investment opportunities.
- *Creation of Independent Equity Currencies.* The separation will create two independent equity securities, affording Alcoa Corporation and Arconic direct access to the capital markets and enabling each company to use its own industry-focused stock to consummate future acquisitions or other restructuring transactions. As a result, each company will have more flexibility to capitalize on its unique strategic opportunities.
- *Employee Incentives, Recruitment and Retention.* The separation will allow each company to more effectively recruit, retain and motivate employees through the use of stock-based compensation that more closely reflects and aligns management and employee incentives with specific growth objectives, financial goals and business performance. In addition, the separation will allow incentive structures and targets at each company to be better aligned with each underlying business. Similarly, recruitment and retention will be enhanced by more consistent talent requirements across the businesses, allowing both recruiters and applicants greater clarity and understanding of talent needs and opportunities associated with the core business activities, principles and risks of each company.
- *Other Business Rationale.* The separation will separate and simplify the structures currently required to manage two distinct and differing underlying businesses. These differences include exposure to industry cycles, manufacturing and procurement methods, customer base, research and development activities, and overhead structures.

The ParentCo Board of Directors also considered a number of potentially negative factors in evaluating the separation, including:

- *Risk of Failure to Achieve Anticipated Benefits of the Separation.* We may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: the separation will require significant amounts of management's time and effort, which may divert management's attention from operating our business; and following the separation, we may be more susceptible to market fluctuations, including fluctuations in commodities prices, and other adverse events than if we were still a part of ParentCo because our business will be less diversified than ParentCo's business prior to the completion of the separation.
- *Loss of Scale and Increased Administrative Costs.* As a current part of ParentCo, Alcoa Corporation takes advantage of ParentCo's size and purchasing power in procuring certain goods and services. After the separation, as a standalone company, we may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those ParentCo obtained prior to completion of the

separation. In addition, as a part of ParentCo, Alcoa Corporation benefits from certain functions performed by ParentCo, such as accounting, tax, legal, human resources and other general and administrative functions. After the separation, Arconic will not perform these functions for us, other than certain functions that will be provided for a limited time pursuant to the transition services agreement, and, because of our smaller scale as a standalone company, our cost of performing such functions could be higher than the amounts reflected in our historical financial statements, which would cause our profitability to decrease.

- *Disruptions and Costs Related to the Separation.* The actions required to separate Arconic's and Alcoa Corporation's respective businesses could disrupt our operations. In addition, we will incur substantial costs in connection with the separation and the transition to being a standalone public company, which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to Alcoa Corporation, tax costs and costs to separate information systems.
- *Limitations on Strategic Transactions.* Under the terms of the tax matters agreement that we will enter into with ParentCo, we will be restricted from taking certain actions that could cause the distribution or certain related transactions to fail to qualify as tax-free transactions under applicable law. These restrictions may limit for a period of time our ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of our business.
- *Uncertainty Regarding Stock Prices.* We cannot predict the effect of the separation on the trading prices of Alcoa Corporation or Arconic common stock or know with certainty whether the combined market value of one-third of a share of our common stock and one share of Arconic common stock will be less than, equal to or greater than the market value of one share of ParentCo common stock prior to the distribution.

In determining to pursue the separation, the ParentCo Board of Directors concluded the potential benefits of the separation outweighed the foregoing factors. See the sections entitled "The Separation and Distribution—Reasons for the Separation" and "Risk Factors" included elsewhere in this information statement.

Reasons for Arconic's Retention of Up to 19.9% of Alcoa Corporation Shares

In considering the appropriate structure for the separation, ParentCo determined that, immediately after the distribution becomes effective, Arconic will own no more than 19.9% of the outstanding shares of common stock of Alcoa Corporation. In light of recent volatile commodity market conditions and conditions in the high-yield debt market, Arconic's retention of Alcoa Corporation shares positions both companies with appropriate capital structures, liquidity, and financial flexibility and resources that support their individual business strategies. The retention enables Alcoa Corporation to be separated with low leverage, and thus significant flexibility to manage through future market cycles. At the same time, the retention reduces Arconic's reliance on Alcoa Corporation raising debt in the current high-yield market environment to fund payments to Arconic to optimize its own capital structure. The retention of Alcoa Corporation shares strengthens Arconic's balance sheet by providing Arconic a liquid security that can be monetized or exchanged to accelerate debt reduction and/or fund future growth initiatives, thereby facilitating an appropriate capital structure and financial flexibility necessary for Arconic to execute its growth strategy. Arconic's retained interest shows confidence in the future of Alcoa Corporation and will allow Arconic's balance sheet to benefit from any near-term improvements in commodity markets. Arconic intends to responsibly dispose of any Alcoa Corporation common stock that it retains after the distribution, which may include dispositions through one or more subsequent exchanges for debt or equity or a sale of its shares for cash, following a 60-day lock-up period and within the 18-month period following the distribution, subject to market conditions. Any shares not disposed of by Arconic during such 18-month period will be sold or otherwise disposed of by Arconic consistent with the business reasons for the retention of those shares, but in no event later than five years after the distribution. ParentCo intends to continue to monitor market conditions in the commodity and high-yield debt market, and to assess the impact of each on the ultimate structure of the separation.

Formation of Alcoa Corporation

Alcoa Upstream Corporation was formed in Delaware on March 10, 2016 for the purpose of holding ParentCo's Alcoa Corporation Business, and it will be renamed Alcoa Corporation in connection with the separation and distribution. As part of the plan to separate the Alcoa Corporation Business from the remainder of its businesses, in connection with the internal reorganization, ParentCo plans to transfer, or otherwise ensure the transfer of, the equity interests of certain entities that are expected to operate the Alcoa Corporation Business and the assets and liabilities of the Alcoa Corporation Business to Alcoa Corporation prior to the distribution.

When and How You Will Receive the Distribution

With the assistance of Computershare Trust Company, N.A., the distribution agent for the distribution, (the "distribution agent" or "Computershare"), ParentCo expects to distribute Alcoa Corporation common stock at 12:01 a.m., Eastern Time, on November 1, 2016, the distribution date, to all holders of outstanding ParentCo common stock as of the close of business on October 20, 2016, the record date for the distribution. Computershare, which currently serves as the transfer agent and registrar for ParentCo common stock, will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for Alcoa Corporation common stock.

If you own ParentCo common stock as of the close of business on the record date for the distribution, Alcoa Corporation common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If you are a registered holder, Computershare will then mail you a direct registration account statement that reflects your shares of Alcoa Corporation common stock. If you hold your ParentCo shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Alcoa Corporation shares. Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to shareholders, as is the case in this distribution. If you sell ParentCo common stock in the "regular-way" market up to and including the distribution date, you will be selling your right to receive shares of Alcoa Corporation common stock in the distribution.

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your ParentCo common stock and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of Alcoa Corporation common stock that have been registered in book-entry form in your name.

Most ParentCo shareholders hold their common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm is said to hold the shares in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your ParentCo common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Alcoa Corporation common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," please contact your bank or brokerage firm.

Transferability of Shares You Receive

Shares of Alcoa Corporation common stock distributed to holders in connection with the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be our affiliates. Persons who may be deemed to be our affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with us, which may include certain of our executive officers, directors or principal shareholders. Securities held by our affiliates will be subject to resale restrictions under the Securities Act. Our affiliates will be permitted to sell shares of our common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act. We will agree that, following the 60-day period commencing immediately after the effective time of the distribution, upon the request of Arconic, we will use commercially reasonable efforts to effect a registration under applicable federal and state securities laws of any shares of our common stock retained by Arconic.

Number of Shares of Alcoa Corporation Common Stock You Will Receive

For every three shares of ParentCo common stock that you own at the close of business on October 20, 2016, the record date for the distribution, you will receive one of Alcoa Corporation common stock on the distribution date. ParentCo will not distribute any fractional shares of Alcoa Corporation common stock to its shareholders. Instead, if you are a registered holder, Computershare will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by ParentCo or Alcoa Corporation, will determine when, how, and through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either ParentCo or Alcoa Corporation and the distribution agent is not an affiliate of either ParentCo or Alcoa Corporation. Neither Alcoa Corporation nor ParentCo will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The net cash proceeds of these sales of fractional shares will be taxable for U.S. federal income tax purposes. See “Material U.S. Federal Income Tax Consequences” for an explanation of the material U.S. federal income tax consequences of the distribution. If you hold physical certificates for shares of ParentCo common stock and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the net cash proceeds of the sales. We estimate that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the net cash proceeds. If you hold your shares of ParentCo common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

Treatment of Equity-Based Compensation

In connection with the separation, equity-based awards granted by ParentCo prior to the separation are expected to be treated as described below. As of the separation, these awards will be held by (i) current and former employees of Alcoa Corporation and its subsidiaries and certain other former employees classified as former employees of Alcoa Corporation for purposes of post-separation compensation and benefits matters (collectively, the “Alcoa Corporation Employees and Alcoa Corporation Former Employees”) and (ii) current and former employees of Arconic and its subsidiaries and certain other former employees classified as former employees of Arconic for purposes of post-separation compensation and benefits matters (collectively, the “Arconic Employees and Arconic Former Employees”).

Stock Options

Stock Options Held by Alcoa Corporation Employees and Alcoa Corporation Former Employees. Each award of ParentCo stock options held by an Alcoa Corporation Employee or Alcoa Corporation Former Employee will be converted into an award of stock options with respect to Alcoa Corporation common stock. The exercise price of, and number of shares subject to, each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original ParentCo award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original ParentCo award immediately prior to the separation.

Stock Options Held by Arconic Employees and Former Arconic Employees. Each award of ParentCo stock options held by an Arconic Employee or Former Arconic Employee will continue to relate to ParentCo common stock (which, as a result of ParentCo’s name change to Arconic, will be Arconic common stock after the separation), provided that the exercise price of, and number of shares subject to, each such award will be adjusted

in a manner intended to preserve the aggregate intrinsic value of the original ParentCo award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original ParentCo award immediately prior to the separation.

Restricted Share Units

Restricted ShareStock Units Held by Alcoa Corporation Employees and Alcoa Corporation Former Employees. Each award of ParentCo restricted share units held by an Alcoa Corporation Employee or Alcoa Corporation Former Employee will be converted into an award of restricted share units with respect to Alcoa Corporation common stock. The number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original ParentCo award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original ParentCo award immediately prior to the separation.

Restricted Stock Units Held by Arconic Employees and Former Arconic Employees. Each award of ParentCo restricted share units held by an Arconic Employee or Former Arconic Employee will continue to relate to ParentCo common stock (which, as a result of ParentCo's name change to Arconic, will be Arconic common stock after the separation), provided that the number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original ParentCo award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original ParentCo award immediately prior to the separation.

Performance-Based Restricted Share Units

Performance-Based Restricted Share Units Held by Alcoa Corporation Employees and Alcoa Corporation Former Employees. Each award of ParentCo performance-based restricted share units held by an Alcoa Corporation Employee or Alcoa Corporation Former Employee will be converted into an award of performance-based restricted share units with respect to Alcoa Corporation common stock. The number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original ParentCo award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original ParentCo award immediately prior to the separation.

Performance-Based Restricted Share Units Held by Arconic Employees and Former Arconic Employees. Each award of ParentCo performance-based restricted share units held by an Arconic Employee or Former Arconic Employee will continue to relate to ParentCo common stock (which, as a result of ParentCo's name change to Arconic, will be Arconic common stock after the separation), provided that the number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original ParentCo award as measured immediately before and immediately after the separation, subject to rounding. Such adjusted award will otherwise continue to have the same terms and conditions that applied to the original ParentCo award immediately prior to the separation.

Internal Reorganization

As part of the separation, and prior to the distribution, ParentCo and its subsidiaries expect to complete an internal reorganization in order to transfer to Alcoa Corporation the Alcoa Corporation Business that it will hold following the separation. Among other things and subject to limited exceptions, the internal reorganization is expected to result in Alcoa Corporation owning, directly or indirectly, the operations comprising, and the entities that conduct, the Alcoa Corporation Business.

The internal reorganization is expected to include various restructuring transactions pursuant to which (i) the operations, assets and liabilities of ParentCo and its subsidiaries used to conduct the Alcoa Corporation Business will be separated from the operations, assets and liabilities of ParentCo and its subsidiaries used to conduct the Arconic Business and (ii) such Alcoa Corporation Business operations, assets and liabilities and investments will be contributed, transferred, allocated through the Pennsylvania division statute (Section 361 et seq. of the Pennsylvania Business Corporation Law) or otherwise allocated to Alcoa Corporation or one of its direct or indirect subsidiaries. Such restructuring transactions may take the form of asset transfers, mergers, demergers, divisions, dividends, contributions and similar transactions, and may involve the formation of new subsidiaries in U.S. and non-U.S. jurisdictions to own and operate the Alcoa Corporation Business or the Arconic Business in such jurisdictions.

As part of this internal reorganization, ParentCo will contribute to Alcoa Corporation certain assets, including equity interests in entities that are expected to conduct the Alcoa Corporation Business.

Following the completion of the internal reorganization and immediately prior to the distribution, Alcoa Corporation will be the parent company of the entities that will conduct the Alcoa Corporation Business, and ParentCo (through subsidiaries other than Alcoa Corporation and its subsidiaries) will remain the parent company of the entities that are expected to conduct the Arconic Business.

Results of the Distribution

After the distribution, Alcoa Corporation will be an independent, publicly traded company. The actual number of shares to be distributed will be determined at the close of business on October 20, 2016, the record date for the distribution, and will reflect any exercise of ParentCo options between the date the ParentCo Board of Directors declares the distribution and the record date for the distribution. The distribution will not affect the number of outstanding shares of ParentCo common stock or any rights of ParentCo shareholders. ParentCo will not distribute any fractional shares of Alcoa Corporation common stock.

We will enter into a separation agreement and other related agreements with ParentCo before the distribution to effect the separation and provide a framework for our relationship with Arconic after the separation. These agreements will provide for the allocation between Arconic and Alcoa Corporation of ParentCo's assets, liabilities and obligations (including employee benefits, intellectual property, equipment sharing, and tax-related assets and liabilities) attributable to periods prior to Alcoa Corporation's separation from ParentCo and will govern the relationship between Arconic and Alcoa Corporation after the separation. For a more detailed description of these agreements, see "Certain Relationships and Related Party Transactions."

Market for Alcoa Corporation Common Stock

There is currently no public trading market for Alcoa Corporation common stock. Alcoa Corporation intends to apply to list its common stock on the NYSE under the symbol "AA." Alcoa Corporation has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

We cannot predict the price at which Alcoa Corporation common stock will trade after the distribution. In fact, the combined trading prices, after the distribution, of the shares of Alcoa Corporation common stock that each ParentCo shareholder will receive in the distribution and the ParentCo common stock held at the record date for the distribution may not equal the "regular-way" trading price of the ParentCo common stock immediately prior to the distribution. The price at which Alcoa Corporation common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for Alcoa Corporation common stock will be determined in the public markets and may be influenced by many factors. See "Risk Factors—Risks Related to Our Common Stock."

Incurrence of Debt

A subsidiary of Alcoa Corporation has incurred certain indebtedness, including (i) a secured revolving credit agreement providing for revolving loans in an aggregate principal amount of up to $1.5 billion and (ii) $1.25 billion of senior notes. Upon release of the senior notes from escrow, Alcoa Corporation intends to pay a substantial portion of the proceeds of the senior notes to Arconic. ParentCo's existing senior notes are expected to remain an obligation of Arconic after the separation, except to the extent that Arconic uses funds received by it from Alcoa Corporation to repay existing indebtedness. For more information, see "Description of Material Indebtedness."

Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date for the distribution and continuing up to and including through the distribution date, ParentCo expects that there will be two markets in ParentCo common stock: a "regular-way" market and an "ex-distribution" market. ParentCo common stock that trades on the "regular-way" market will trade with an entitlement to Alcoa Corporation common stock distributed in the distribution. ParentCo common stock that trades on the "ex-distribution" market will trade without an entitlement to Alcoa Corporation common stock distributed in the distribution. Therefore, if you sell shares of ParentCo common stock in the "regular-way" market up to and including through the distribution date, you will be selling your right to receive shares of Alcoa Corporation common stock in the distribution. If you own ParentCo common stock at the close of business on the record date and sell those shares on the "ex-distribution" market up to and including through the distribution date, you will receive the shares of Alcoa Corporation common stock that you are entitled to receive pursuant to your ownership of shares of ParentCo common stock as of the record date.

Furthermore, beginning on or shortly before the record date for the distribution and continuing up to and including the distribution date, Alcoa Corporation expects that there will be a "when-issued" market in its common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for Alcoa Corporation common stock that will be distributed to holders of ParentCo common stock on the distribution date. If you owned ParentCo common stock at the close of business on the record date for the distribution, you would be entitled to Alcoa Corporation common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Alcoa Corporation common stock, without trading the ParentCo common stock you own, on the "when-issued" market. On the first trading day following the distribution date, "when-issued" trading with respect to Alcoa Corporation common stock will end, and "regular-way" trading will begin.

Conditions to the Distribution

The distribution will be effective at 12:01 a.m., Eastern Time, on November 1, 2016, which is the distribution date, provided that the conditions set forth in the separation agreement have been satisfied (or waived by ParentCo in its sole and absolute discretion), including, among others:

- the SEC declaring effective the registration statement of which this information statement forms a part; there being no order suspending the effectiveness of the registration statement in effect; and no proceedings for such purposes having been instituted or threatened by the SEC;
- the mailing of this information statement to ParentCo shareholders;
- (i) the private letter ruling from the IRS received by ParentCo regarding certain U.S. federal income tax matters relating to the separation and distribution being satisfactory to the Board of Directors and remaining valid, and (ii) the receipt by ParentCo of an opinion of its outside counsel, satisfactory to the ParentCo Board of Directors, regarding the qualification of the distribution, together with certain related transactions, as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code;

- the internal reorganization having been completed and the transfer of assets and liabilities of the Alcoa Corporation Business from ParentCo to Alcoa Corporation, and the transfer of assets and liabilities of the Arconic Business from Alcoa Corporation to ParentCo, having been completed in accordance with the separation and distribution agreement;
- the receipt of one or more opinions from an independent appraisal firm to the ParentCo Board of Directors as to the solvency of ParentCo and Alcoa Corporation after the completion of the distribution, in each case in a form and substance acceptable to the ParentCo Board of Directors in its sole and absolute discretion;
- all actions necessary or appropriate under applicable U.S. federal, state or other securities or blue sky laws and the rule and regulations thereunder having been taken or made and, where applicable, having become effective or been accepted;
- the execution of certain agreements contemplated by the separation and distribution agreement;
- no order, injunction or decree issued by any government authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution or any of the related transactions being in effect;
- the shares of Alcoa Corporation common stock to be distributed having been accepted for listing on the NYSE, subject to official notice of distribution;
- ParentCo having received certain proceeds from the financing arrangements described under "Description of Material Indebtedness" and being satisfied in its sole and absolute discretion that, as of the effective time of the distribution, it will have no further liability under such arrangements; and
- no other event or development existing or having occurred that, in the judgment of ParentCo's Board of Directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution and the other related transactions.

ParentCo will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution and the distribution date, and the distribution ratio, as well as to reduce the amount of outstanding shares of common stock of Alcoa Corporation that it will retain, if any, following the distribution. ParentCo will also have sole and absolute discretion to waive any of the conditions to the distribution. ParentCo does not intend to notify its shareholders of any modifications to the terms of the separation or distribution that, in the judgment of its Board of Directors, are not material. For example, the ParentCo Board of Directors might consider material such matters as significant changes to the distribution ratio and the assets to be contributed or the liabilities to be assumed in the separation. To the extent that the ParentCo Board of Directors determines that any modifications by ParentCo materially change the material terms of the distribution, ParentCo will notify ParentCo shareholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K or circulating a supplement to this information statement.

DIVIDEND POLICY

The payment of any dividends in the future, and the timing and amount thereof, is within the discretion of Alcoa Corporation's Board of Directors. The Board of Directors' decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in our debt, industry practice, legal requirements, regulatory constraints and other factors that our Board of Directors deems relevant. Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. We cannot guarantee that we will pay a dividend in the future or continue to pay any dividends if and when we commence paying dividends.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2016 on a historical basis and on a pro forma basis to give effect to the pro forma adjustments included in our unaudited pro forma financial information. The information below is not necessarily indicative of what our capitalization would have been had the separation, distribution and related financing transactions been completed as of June 30, 2016. In addition, it is not indicative of our future capitalization. This table should be read in conjunction with "Unaudited Pro Forma Combined Condensed Financial Statements," "Selected Historical Combined Financial Data of Alcoa Corporation," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and our combined financial statements and notes included in the "Index to Financial Statements" section of this information statement.

(amounts in millions)	June 30, 2016	
	Actual	**Pro Forma**
	(Unaudited)	
Cash		
Cash and cash equivalents	$ 332	$ 632
Capitalization:		
Debt Outstanding		
Long-term debt, including amount due within one year	$ 255	$ 1,463
Equity		
Common stock, par value	$ —	$ 182
Additional paid-in capital	—	10,165
Net parent investment	11,137	—
Accumulated other comprehensive loss	(1,456)	(4,160)
Total net parent investment and accumulated other comprehensive loss	9,681	6,187
Noncontrolling interest	2,180	2,180
Total equity	11,861	8,367
Total capitalization	$12,116	$ 9,830

SELECTED HISTORICAL COMBINED FINANCIAL DATA OF ALCOA CORPORATION

The following table presents the selected historical combined financial data for Alcoa Corporation. We derived the selected statement of combined operations data for the six months ended June 30, 2016 and 2015 and the selected combined balance sheet data as of June 30, 2016 from our unaudited Combined Financial Statements included in this information statement. We derived the selected statement of combined operations data for the years ended December 31, 2015, 2014, and 2013, and the selected combined balance sheet data as of December 31, 2015 and 2014, as set forth below, from our audited Combined Financial Statements, which are included in the "Index to Financial Statements" section of this information statement. We derived the selected statement of combined operations data for the years ended December 31, 2012 and 2011 and the selected combined balance sheet data as of December 31, 2013, 2012, and 2011 from Alcoa Corporation's unaudited underlying financial records, which were derived from the financial records of ParentCo and are not included in this information statement.

The historical results do not necessarily indicate the results expected for any future period. To ensure a full understanding, you should read the selected historical combined financial data presented below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined financial statements and accompanying notes included elsewhere in this information statement.

(dollars in millions, except realized prices; shipments in thousands of metric tons (kmt))	As of and for the six months ended June 30,		As of and for the year ended December 31,				
	2016	2015	2015	2014	2013	2012	2011
Sales	$ 4,452	$ 6,069	$11,199	$13,147	$12,573	$13,060	$14,709
Amounts attributable to Alcoa Corporation:							
Net (loss) income	$ (265)	$ 69	$ (863)	$ (256)	$ (2,909)	$ (219)	$ 129
Shipments of alumina (kmt)	4,434	5,244	10,755	10,652	9,966	9,295	9,218
Shipments of aluminum (kmt)	1,534	1,612	3,227	3,518	3,742	3,933	3,932
Alcoa Corporation's average realized price per metric ton of primary aluminum	$ 1,835	$ 2,331	$ 2,092	$ 2,396	$ 2,280	$ 2,353	$ 2,669
Total assets	$16,374	$17,969	$16,413	$18,680	$21,126	$24,777	$24,772
Total debt	$ 255	$ 282	$ 225	$ 342	$ 420	$ 507	$ 759

UNAUDITED PRO FORMA COMBINED CONDENSED FINANCIAL STATEMENTS

The Unaudited Pro Forma Combined Condensed Financial Statements presented below have been derived from Alcoa Corporation's historical combined financial statements included in this information statement. While the historical combined financial statements reflect the past financial results of the Alcoa Corporation Business, these pro forma statements give effect to the separation of that business into a standalone, publicly traded company. The pro forma adjustments to reflect the separation include:

- the effect of our post-separation capital structure, which includes the incurrence by a subsidiary of Alcoa Corporation of $1,250 million of indebtedness as described in this information statement;
- the expected transfer to Alcoa Corporation, upon completion of the separation transaction, of certain pension and postretirement benefit plan liabilities that were not included in the historical combined balance sheet;
- the distribution of at least 80.1% of our issued and outstanding common stock by ParentCo in connection with the separation; and
- the impact of, and transactions contemplated by, the separation and distribution agreement, including the transition services agreement and tax matters agreement, between us and ParentCo and the provisions contained therein.

The pro forma adjustments are based on available information and assumptions our management believes are reasonable; however, such adjustments are subject to change as the costs of operating as a standalone company are determined. In addition, such adjustments are estimates and may not prove to be accurate. The Unaudited Pro Forma Combined Condensed Financial Statements have been derived from our historical combined financial statements included in this information statement and include certain adjustments to give effect to events that are (i) directly attributable to the distribution and related transaction agreements, (ii) factually supportable, and (iii) with respect to the statement of operations, expected to have a continuing impact on Alcoa Corporation. Any change in costs or expenses associated with operating as a standalone company would constitute projected amounts based on estimates and, therefore, are not factually supportable; as such, the Unaudited Pro Forma Combined Condensed Financial Statements have not been adjusted for any such estimated changes.

The Unaudited Pro Forma Statement of Combined Operations for the fiscal year ended December 31, 2015 and the six months ended June 30, 2016 has been prepared as though the separation occurred on January 1, 2015. The Unaudited Pro Forma Combined Balance Sheet at June 30, 2016 has been prepared as though the separation occurred on June 30, 2016. The Unaudited Pro Forma Combined Condensed Financial Statements are for illustrative purposes only, and do not reflect what our financial position and results of operations would have been had the separation occurred on the dates indicated and are not necessarily indicative of our future financial position and future results of operations.

The Unaudited Pro Forma Combined Condensed Financial Statements should be read in conjunction with our historical combined financial statements, "Capitalization" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this information statement. The Unaudited Pro Forma Combined Condensed Financial Statements constitute forward-looking information and are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See "Cautionary Statement Concerning Forward-Looking Statements" included elsewhere in this information statement.

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Alcoa Corporation
Unaudited Pro Forma Statement of Combined Operations
(in millions, except per share data)

For the six months ended June 30, 2016	As Reported	Pro Forma Adjustments		Pro Forma	
Total sales	$ 4,452			$ 4,452	
Cost of goods sold (exclusive of expenses below)	3,797	(15)	(a)	3,782	
Selling, general administrative, and other expenses	175	(31)	(b)	144	
Research and development expenses	28			28	
Provision for depreciation, depletion, and amortization	355			355	
Restructuring and other charges	92			92	
Interest expense	130	(72)	(c)	58	
Other expenses, net	16			16	
Total costs and expenses	4,593			4,475	
Loss before income taxes	(141)			(23)	
Provision for income taxes	86	—	(d)	86	
Net loss	(227)			(109)	
Less: Net income attributable to noncontrolling interests	38			38	
Net loss attributable to Alcoa Corporation	$ (265)			$ (147)	
Unaudited pro forma earnings per share:					
Basic				$ (0.81)	(e)
Diluted				$ (0.81)	(e)
Weighted-average shares outstanding:					
Basic				182.4	(e)
Diluted				182.4	(e)

Alcoa Corporation
Unaudited Pro Forma Statement of Combined Operations
(in millions, except per share data)

For the year ended December 31, 2015	As Reported	Pro Forma Adjustments		Pro Forma	
Total sales	$ 11,199			$ 11,199	
Cost of goods sold (exclusive of expenses below)	9,039	(98)	(a)	8,941	
Selling, general administrative, and other expenses	353	(12)	(b)	341	
Research and development expenses	69			69	
Provision for depreciation, depletion, and amortization	780			780	
Restructuring and other charges	983			983	
Interest expense	270	(153)	(c)	117	
Other expenses, net	42			42	
Total costs and expenses	11,536			11,273	
Loss before income taxes	(337)			(74)	
Provision for income taxes	402	—	(d)	402	
Net loss	(739)			(476)	
Less: Net income attributable to noncontrolling interests	124			124	
Net loss attributable to Alcoa Corporation	$ (863)			$ (600)	
Unaudited pro forma earnings per share:					
Basic				$ (3.30)	(e)
Diluted				$ (3.30)	(e)
Weighted-average shares outstanding:					
Basic				181.7	(e)
Diluted				181.7	(e)

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Alcoa Corporation
Unaudited Pro Forma Condensed Combined Balance Sheet
(in millions)

June 30, 2016	As Reported	Pro Forma Adjustments		Pro Forma
Assets				
Current assets:				
Cash and cash equivalents	$ 332	300	(f)	$ 632
Receivables from customers	426			426
Inventories	1,166			1,166
Other current assets	462			462
Total current assets	2,386			2,686
Properties, plants, and equipment, net	9,569			9,569
Other noncurrent assets	4,419			4,419
Total Assets	$ 16,374			$ 16,674
Liabilities				
Current liabilities:				
Accounts payable, trade	$ 1,277			$ 1,277
Other current liabilities	832	143	(g) (h)	975
Long-term debt due within one year	22			22
Total current liabilities	2,131			2,274
Long-term debt, less amount due within one year	233	1,208	(f)	1,441
Accrued pension and other postretirement benefits	424	2,389	(g)	2,813
Environmental remediation	206	54	(h)	260
Asset retirement obligations	553			553
Other noncurrent liabilities	966			966
Total liabilities	4,513			8,307
Contingencies and commitments				
Equity				
Common stock	—	182	(i)	182
Additional paid-in capital	—	10,165	(i)	10,165
Net parent investment	11,137	(790)	(j)	—
		(10,347)	(i)	
Accumulated other comprehensive loss	(1,456)	(2,704)	(g)	(4,160)
Total net parent investment and accumulated other comprehensive loss	9,681			6,187
Noncontrolling interest	2,180			2,180
Total equity	11,861			8,367
Total Liabilities and Equity	$ 16,374			$ 16,674

Alcoa Corporation
Notes to Unaudited Pro Forma Combined Financial Statements
(dollars in millions)

(a) Reflects the favorable pro forma adjustment of $15 for the six months ended June 30, 2016, and $98 for year ended December 31, 2015, relating to the defined benefit pension and other post-retirement employee benefit (OPEB) plans that were legally separated and created as new plans to be assumed by Alcoa Corporation, had the separation occurred at the beginning of the period presented. On a carve-out basis, the ParentCo plans were accounted for on a multi-employer basis, with related expenses allocated to Alcoa Corporation based primarily on: a) pensionable compensation with respect to active participants; and b) Alcoa Corporation's revenues as a percentage of ParentCo.'s total segment revenues with respect to ParentCo.'s general corporate participants and closed or sold operations. These historical allocated expenses are higher than the expense that would have been recognized had the new pension and OPEB plans been recorded as direct plans of Alcoa Corporation as of the beginning of the period presented. The new plans have a low ratio of active participants as compared to retired participants for Alcoa Corporation. As such, the amortization period for unrecognized gains and losses was based on the average remaining life expectancy of plan participants (ParentCo shared plans used average remaining service period of active employees).

The plan assumptions used to measure pro forma pension and OPEB expense for the six months ended June 30, 2016, were also used for purposes of measuring pro forma expense for the year ended December 31, 2015.

The calculation of the pro forma adjustment is as follows:

	Year ended December 31, 2015	Six months ended June 30, 2016
Expense for Shared Plans in historical financial statements	$ 191	$ 62
Estimated expense for new separated plans	93	47
Pro forma adjustment	$ (98)	$ (15)

(b) Reflects the removal of costs related to the separation that were incurred during the historical periods that will not continue to be incurred post-separation. These costs were primarily for legal, tax, and accounting, and other professional fees.

(c) Reflects a net adjustment to interest expense resulting from the incurrence by a subsidiary of Alcoa Corporation of third-party indebtedness (see note (f) below) as part of the capital structure to be established at the time of separation and the removal of certain historical interest expense. The interest rate of the incremental $1,250 third-party indebtedness is fixed at 6.75% for $750 and 7.00% for $500, resulting in incremental expense of $46 and $91 (includes amortization of deferred financing costs) for the six months ended June 30, 2016 and the year ended December 31, 2015, respectively. The incremental interest expense from the issuance of additional third-party indebtedness is offset by the elimination of $118 and $244 in interest expense for the six months ended June 30, 2016, and the year ended December 31, 2015, respectively, which represents an allocation of the cost of ParentCo's debt included in the historical combined financial statements that will not be an obligation of Alcoa Corporation following the separation.

(d) Alcoa Corporation does not anticipate any income tax impact related to the pro forma adjustments described in notes (a), (b), and (c) above.

(e) Pro forma earnings per share and pro forma weighted-average shares outstanding are based on the number of shares of ParentCo outstanding as of June 30, 2016, and December 31, 2015, respectively, adjusted for: a) the 1-for-3 reverse stock split for ParentCo's common stock that was effected on October 5, 2016; b) an assumed distribution ratio of one share of Alcoa Corporation common stock for every three shares of

ParentCo common stock (giving effect to the 1-for-3 reverse split mentioned above) held on the record date; and c) approximately 36 million additional shares to be retained by ParentCo. While the actual future impact of potential dilution from shares of common stock related to equity awards granted to our employees under ParentCo's equity plans will depend on various factors, including employees who may change employment from one company to another, we do not currently estimate that the future dilutive impact is material. For the periods presented, the impact of such equity awards would have been anti-dilutive.

(f) Reflects the incurrence by a subsidiary of Alcoa Corporation of $1,250 in third-party indebtedness (of which $750 has an eight-year term and $500 has a ten-year term) as part of the capital structure to be established at the time of separation, of which Alcoa Corporation will retain approximately $300 in cash and the remainder will be distributed to ParentCo. Additionally, Alcoa Corporation will have access to a senior secured $1,500 revolving credit facility (estimated 5-year term), which is expected to be undrawn at the time of separation. Total deferred financing costs associated with these instruments are $42, which will be amortized to interest expense over the terms of the respective instruments, and are reflected as a reduction to long-term debt.

(g) Reflects the addition of estimated net benefit plan liabilities that will be transferred to Alcoa Corporation in connection with the planned separation. These net benefit plan liabilities have not been included in the historical combined balance sheet of Alcoa Corporation. A full valuation allowance is expected to be recorded against the deferred tax asset associated with the net benefit plan liabilities.

(h) Reflects the net addition of $61 (of which $7 is current) in environmental remediation liabilities associated with certain former operating locations of ParentCo, including those related to retained obligations from operating locations previously divested, that will be assumed by Alcoa Corporation in accordance with the terms of the separation and distribution agreement.

(i) On the distribution date, ParentCo's net investment in Alcoa Corporation (after reflecting the impact of the pro forma adjustment described in notes (g), (h), and (j)) will be re-designated as Alcoa Corporation's shareholders' equity and will be allocated between common stock and additional paid in capital based on the number of shares of Alcoa Corporation common stock outstanding at the distribution date.

(j) Reflects a net adjustment for the distribution of net proceeds for additional third-party indebtedness described in note (f) above and the establishment of both defined benefit plan and environmental remediation liabilities described in notes (g) and (h) above.

BUSINESS

All amounts discussed in this section are in millions of U.S. dollars, unless otherwise indicated. This section discusses Alcoa Corporation's business assuming the completion of all of the transactions described in this information statement, including the separation.

Our Company

Alcoa Corporation is a global industry leader in the production of bauxite, alumina and aluminum, enhanced by a strong portfolio of value-added cast and rolled products and substantial energy assets. Alcoa Corporation draws on the innovation culture, customer relationships and strong brand of ParentCo. Previously known as the Aluminum Company of America, ParentCo pioneered the aluminum industry 128 years ago with the discovery of the first commercial process for the affordable production of aluminum. Since the discovery, Alcoa aluminum was used in the Wright brothers' first flight (1903), ParentCo helped produce the first aluminum-sheathed skyscraper (1952), the first all-aluminum vehicle frame (1994) and the first aluminum beer bottle (2004). Today, Alcoa Corporation extends this heritage of product and process innovation as it strives to continuously redefine world-class operational performance at its locations, while partnering with its customers across its range of global products. We believe that the lightweight capabilities and enhanced performance attributes that aluminum offers across a number of end markets are in increasingly high demand and underpin strong growth prospects for Alcoa Corporation.

Alcoa Corporation's operations encompass all major production processes in the primary aluminum industry value chain, which we believe provides Alcoa Corporation with a strong platform from which to serve our customers in each critical segment. Our portfolio is well-positioned to take advantage of a projected 5% growth in global aluminum demand in 2016 and to be globally cost competitive throughout all phases of the aluminum commodity price cycle.

Our Strengths

Alcoa Corporation's significant competitive advantages distinguish us from our peers.

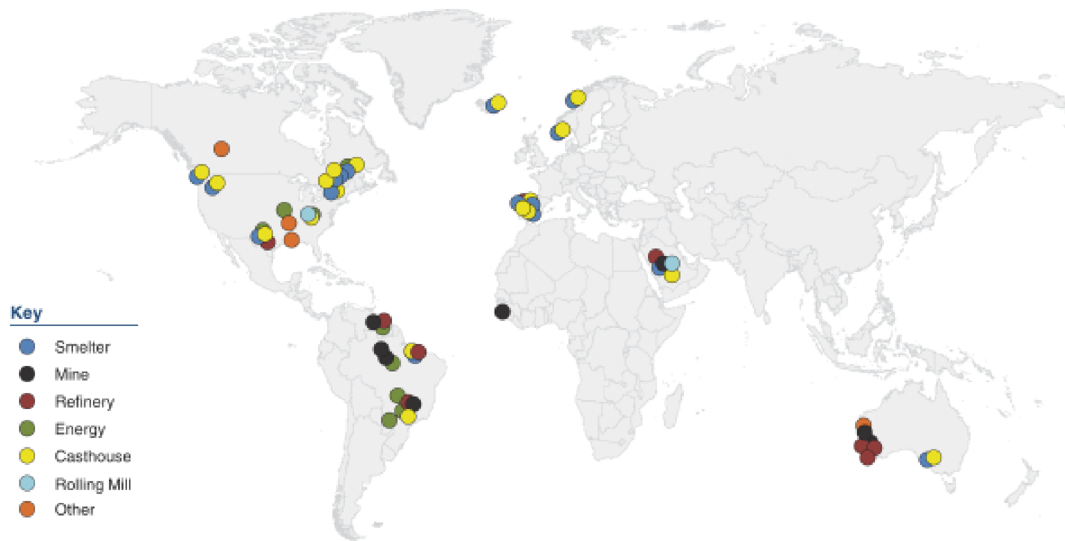
World-class aluminum assets. Alcoa Corporation has an industry-leading, cost-competitive portfolio comprising six businesses—Bauxite, Alumina, Aluminum, Cast Products, Rolled Products and Energy. These assets include the largest bauxite mining portfolio in the world; a first quartile low cost, globally diverse alumina refining system; and a newly optimized aluminum smelting portfolio. With our innovative network of casthouses, we can customize the majority of our primary aluminum production to the precise specifications of our customers and we believe that our rolling mills provide us with a cost competitive and efficient platform to serve the North American packaging market. Our portfolio of energy assets provides third-party sales opportunities, and in some cases, the operational flexibility to either support metal production or capture earnings through third-party power sales. In

addition, the expertise within each business supports the next step in our value chain by providing optimized products and process knowledge.

Our fully integrated Saudi Arabian joint venture, formed in 2009 with the Saudi Arabian Mining Company (Ma'aden), showcases those synergies. Through our Ma'aden joint venture, we have developed the lowest cost aluminum production complex within the worldwide Alcoa Corporation system. The complex includes a bauxite mine, an alumina refinery, an aluminum smelter and a rolling mill. The complex, which relies on low-cost and clean power generation, is an integral part of Alcoa Corporation's strategy to lower its overall production cost base. By establishing a strong footprint in the growing Middle East region, Alcoa Corporation is also well-positioned to capitalize on growth and new market opportunities in the region. Ma'aden owns a 74.9% interest in the joint venture. Alcoa Corporation owns a 25.1% interest in the smelter and rolling mill; and Alcoa World Alumina and Chemicals (which is owned 60% by Alcoa Corporation) holds a 25.1% interest in the mine and refinery.

Customer relationships across the industry spectrum and around the world. As a well-established world leader in the production of bauxite, alumina and aluminum products, Alcoa Corporation has the scale, global reach and proximity to major markets to deliver our products to our customers and their supply chains all over the world. We believe Alcoa Corporation's global network, broad product portfolio and extensive technical expertise position us to be the supplier of choice for a range of customers across the entire aluminum value chain. Our global reach also provides portfolio diversity that can enable us to benefit from local or regional economic cycles. Every Alcoa Corporation business segment operates in multiple countries and both hemispheres.

Alcoa Corporation Global Footprint



Access to key strategic markets. As illustrated by our bauxite mining operations in the Brazilian Amazon rainforest, and our participation in the first fully integrated aluminum complex in Saudi Arabia, our ability to operate successfully and sustainably has allowed us to forge partnerships in new markets, enter markets more efficiently, gain local knowledge, develop local capacity and reduce risk. We believe that these attributes also make us a preferred strategic partner of our current host countries and of those looking to evaluate and build future opportunities in our industry.

Experienced management team with substantial industry expertise. Our management team has a strong track record of performance and execution. Roy C. Harvey, who has served as President of ParentCo's Global

Primary Products business, will be Alcoa Corporation's Chief Executive Officer. Mr. Harvey has served more than 14 years in various capacities at ParentCo, including as ParentCo's Executive Vice President of Human Resources and Environment, Health, Safety and Sustainability and Vice President of Investor Relations. In addition, William F. Oplinger, ParentCo's Executive Vice President and Chief Financial Officer, will become Alcoa Corporation's Executive Vice President and Chief Financial Officer. Tómas Már Sigurdsson, the Chief Operating Officer of ParentCo's Global Primary Products business, will become Alcoa Corporation's Executive Vice President and Chief Operating Officer. Our senior management team collectively has more than 110 years of experience in the metals and mining, commodities and aluminum industries.

History of operational excellence and continuous productivity improvements. Alcoa Corporation's dedication to operational excellence has enabled us to withstand unfavorable market conditions. In addition, our productivity program has allowed us to capture cost savings and, by focusing on continuously improving our manufacturing and procurement processes, we seek to produce ongoing cost benefits through the efficient use of raw materials, resources and other inputs. We believe that Alcoa Corporation is positioned to be resilient against market down-swings and to capitalize on the upswings throughout the market cycle.

Positioned for future market scenarios. Since 2010, we have reshaped our portfolio and implemented other changes to our business model in order to make Alcoa Corporation more resilient in times of market volatility. We believe these changes will continue to drive value-creation opportunities in years ahead. Among other disciplined actions, we have:

- closed, divested or curtailed 35% of total smelting operating capacity and 25% of total operating refining capacity, enabling us to become more cost competitive;
- enhanced our portfolio through our 25.1% investment in the Alcoa Corporation-Ma'aden joint venture in Saudi Arabia, the lowest-cost integrated aluminum complex within the worldwide Alcoa Corporation system, which is now fully operational;
- revolutionized the way we sell smelter-grade alumina by shifting our pricing model to an Alumina Price Index (API) or spot pricing, which reflects alumina supply and demand fundamentals;
- grown our portfolio of value-added cast product offerings, and increased the percentage of value-added products we sell;
- transitioned our non-rolling assets from a regional operating structure to five separate business units focused on Bauxite, Alumina, Aluminum, Cast Products and Energy, and taken significant steps to position each business unit for greater efficiency, profitability and value-creation at each stage of the value chain; and
- reduced costs in our Rolled Products operations, and intensified our focus on innovation and value-added products, including aluminum bottle and specialty coatings.

Through our actions, we have improved the position of our alumina refining system on the global alumina cost curve from the 30th percentile in 2010 to the 17th percentile as of the date of this information statement, 4 points better than our 2016 target of the 21st percentile. We have also improved 13 points on the global aluminum cost curve since 2010, to the 38th percentile as of the date of this information statement, achieving our 2016 target. In addition, we have maintained a first quartile 19th percentile position on the global bauxite cost curve.

The combined effect of these actions has been to enhance our business position in a recovering macroeconomic environment for bauxite, alumina, aluminum and aluminum products, which we believe will allow us to weather the market downturns today while preparing to capitalize on upswings in the future.

Dedication to environmental excellence and safety. We regularly review our strategy and performance with a view toward maximizing our efficient use of resources and our effective control of emissions, waste and land use, and to improve our environmental performance. For example, in order to lessen the impact of our mining activities, we have targeted minimum environmental footprints for each mine to achieve by 2020. Three of our mines that were active in 2015 have already achieved their minimum environmental footprint. During 2015, we disturbed a total of 2,988 acres of mine lands worldwide and rehabilitated 3,233 acres. Alcoa Corporation's business lowered its CO2 intensity by more than 12% between 2010 and 2015, achieving its target of 30% reduction in CO2 intensity from a 2005 baseline, a full five years ahead of target. Alcoa Corporation is also committed to a world-class health and safety culture that has consistently delivered incident rates below industry averages. As part of ParentCo, the Alcoa Corporation business improved its Days Away, Restricted, and Transfer (DART) rate—a measure of days away from work or job transfer due to injury or illnesses—by 62% between 2010 and 2015. Alcoa Corporation intends to continue to intensify our fatality prevention efforts and the safety and well-being of our employees will remain the top priority for Alcoa Corporation.

Our Strategies

As Alcoa Corporation, we intend to continue to be an industry leader in the production of bauxite, alumina, primary aluminum and aluminum cast and rolled products. We will remain focused on cost efficiency and profitability, while also seeking to develop operational and commercial innovations that will sharpen our competitive edge. Our management team has considerable experience in managing through tough market cycles, which we believe will enable us to profit through commodity down-swings. In upswings, we believe our low cost assets will be well positioned to deliver strong returns.

Alcoa Corporation will also remain focused on our core values. We will continue to hold ourselves to the highest standards of environmental and ethical practices, support our communities through Alcoa Foundation grants and employee volunteerism, and maintain transparency in our actions and ongoing dialogue with local stakeholders. We believe that this is essential to support our license to operate in the unique communities in which we do business, ensuring sustainability, and making us the partner of choice. Combined with our continued focus on operational excellence and rigorous management of our assets, we expect to create value for our shareholders and customers and attract and retain highly-qualified talent.

We intend to remain true to our heritage by focusing on the following core principles:

Solution-Oriented Customer Relationships and Programs. We aim to succeed by helping our customers innovate and win in their markets. We will work to provide new and improved products and technical expertise that support our customers' innovation, which we believe will help to strengthen the demand and consumption of aluminum across the globe for all segments of the value chain. We intend to continue prudently investing in our technical resources to both drive our own efficiencies and to help our customers develop solutions to their challenges.

Establishment of a Strong, Operator-Focused Culture. We are proud of the 128 year history of the Alcoa Corporation business and the culture of innovation and operational excellence upon which we are built. We intend to build a culture for Alcoa Corporation that is true to this heritage and focuses our management, operational processes and decision-making on the critical success of our mines and facilities. To support this effort, we will work to have an overhead structure that is appropriately scaled for our business, and will use our deep industry and operational expertise to navigate an ever-changing and volatile industry.

Operational reliability and excellence. We are committed to the development, maintenance and use of our reliability excellence program, which is designed to optimize the operational availability and integrity of our assets, while driving lower costs. We will also continue to build on our "Center of Excellence (COE)" model, which leverages central research and development and technical expertise within each business to facilitate the transfer of best practices, while also providing rapid response to plant level disruptions.

Aggressive asset portfolio management. Alcoa Corporation will continue to review our portfolio of assets and opportunities to maximize value creation. Having delinked the aluminum value chain by restructuring our upstream businesses into standalone units (Bauxite, Alumina, Aluminum, Cast Products, Rolled Products and Energy), we believe we are well-positioned to pursue opportunities to reduce costs and grow revenue and margins across our portfolio. Examples of these opportunities include the growth of our third party bauxite sales, the ability, in some cases, to flex energy between aluminum production and power sales, the increase in our value-added cast products as a percentage of aluminum sales and the combination of the state-of-the-art rolling mill in Saudi Arabia and our Warrick rolling mill's current products and customer relationships. We will also continue to monitor our assets relative to market conditions, industry trends and the position of those assets in their life cycle, and we will curtail, sell or close assets that do not meet our value-generation standards.

Efficient use of available capital. In seeking to allocate our capital efficiently, we expect that our near-term priorities will be to sustain valuable assets in the most cost-effective manner while de-levering our balance sheet by managing debt and long term liabilities. We intend to effectively deploy excess cash to maximize long-term shareholder value, with incremental growth opportunities and other value-creating uses of capital evaluated against return of capital to shareholders. We expect that return on capital (ROC) will be the primary metric we use to drive capital allocation decisions.

Disciplined Execution of High-Return Growth Projects. We expect to continue to look for and implement incremental growth projects that meet our rigorous ROC standards, while working to ensure that those projects are completed on time and within budget.

Continuous pursuit of improvements in productivity. A strong focus on productivity will remain a critical component of Alcoa Corporation's continued success. We believe that our multi-phased approach, consisting of reliability excellence programs, strong procurement strategies across our businesses, and a continuous focus on technical efficiencies, will allow us to continue to drive productivity improvements.

Attracting and Retaining the Best Employees Globally. Our people-processes and career development programs are designed to attract and retain the best employees, whether it be as operators from the local communities in which we work, or senior management with experiences that can strengthen our ability to execute. We will strive to harness the collective creativity and diversity of thought of our workforce to drive better outcomes and to design, build and implement improvements to our processes and products.

Each of Alcoa Corporation's six businesses provides a solid foundation upon which to grow.

Premier bauxite position**.** Alcoa Corporation is the world's largest bauxite miner, with 45.3 million bone dry metric tons of production in 2015, enjoying a first-quartile cost curve position. We have access to large bauxite deposit areas with mining rights that extend in most cases more than 20 years. We have ownership in seven active bauxite mines globally, four of which we operate, that are strategically located near key Atlantic and Pacific markets, including the Huntly mine in Australia, the second largest bauxite mine in the world. In addition to supplying bauxite to our own alumina refining system, we are seeking to grow our newly developed third-party bauxite sales business. For example, during the third quarter of 2015, Alcoa Corporation's affiliate, Alcoa of Australia Limited, received permission from the Government of Western Australia to export trial shipments from its Western Australia mines. In addition, we have secured multiple bauxite supply contracts valued at more than $410 million of revenue over 2016 and 2017. We intend to selectively grow our industry-leading assets, continue to build upon our solid operational strengths and develop new ore reserves. We intend to maintain our focus on mine reclamation and rehabilitation, which we believe not only benefits our current operations, but can facilitate access to new projects in diverse communities and ecosystems globally.

Attractive alumina portfolio**.** We are also the world's largest alumina producer, with a highly competitive first-quartile cost curve position. Alcoa Corporation has nine refineries on five continents, including one of the world's largest alumina production facilities, the Pinjarra refinery in Western Australia. In addition to supplying

our aluminum smelters with high quality feedstock, we also have significant alumina sales to third parties, with almost 70% of 2015 production being sold externally. Our operations are strategically located for access to growing markets in Asia, the Middle East and Latin America. We are improving our alumina margins by continuing to shift the pricing of our third party smelter-grade alumina sales from the historical London Metal Exchange (LME) aluminum-based pricing to API pricing which better reflects alumina production cost and market fundamentals. In 2015, we grew the percentage of third-party smelter grade alumina shipments that were API or spot-priced to 75%, up from 68% in 2014 and up from 5% in 2010. In 2016, we expect that approximately 85% of our third-party alumina shipments will be based on API or spot pricing. We have also steadily increased our system-wide capacity over the past decade through a combination of operational improvements and incremental capacity projects, effectively adding capacity equivalent to a new refinery. We intend to maintain our first quartile global cost position for Alcoa Corporation's Alumina business while incrementally growing capacity and continuously striving for sustained operational excellence.

Smelting portfolio positioned to benefit as aluminum demand increases. As a global aluminum producer with a second-quartile cost curve portfolio, we believe that Alcoa Corporation is well positioned to benefit from robust growth in aluminum demand. We estimate record global aluminum demand in 2016 of 59.7 million metric tons, up 5% over 2015. Global aluminum demand was expected to double between 2010 and 2020 and, through the first half of the decade, demand growth tracked ahead of the projection. We expect that our proximity to major markets—with over 50% of our capacity located in Canada, Iceland and Norway, close to the large North American and European markets—will give us a strategic advantage in capitalizing on growth in aluminum demand. In addition, our 25.1% ownership stake in the low-cost aluminum complex in Saudi Arabia, as well as our proven track record of taking actions to optimize our operations, makes us well-positioned to benefit from improved market conditions in the future. Furthermore, with approximately 75% of our smelter power needs contractually secured through 2022, we believe that Alcoa Corporation is well positioned to manage that important dimension of our cost base. Our Aluminum business intends to continue its pursuit of operating efficiencies and incremental capacity expansion projects. We intend to react quickly to market cycles to curtail unprofitable facilities, if necessary, but also maintain optionality to profit from higher metal price environments through the restart of idled capacity.

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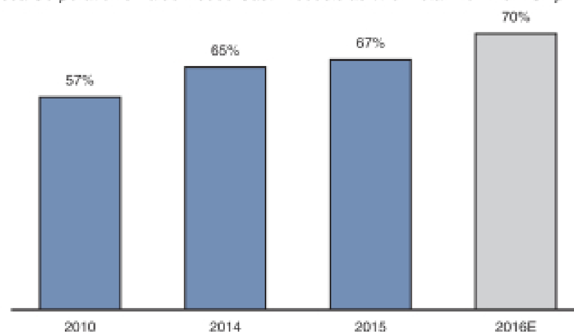
Global network of casthouses. Alcoa Corporation currently operates 15 casthouses providing value-added products to customers in growing markets. We also have three casthouses that are currently curtailed. In our Cast Products business, our aim is to partner with our customers to develop solutions that support their success by providing them with superior quality products, customer service and technical support. Our network of casthouses has enabled us to steadily grow our cast products business by offering differentiated, value-added aluminum products that are cast into specific shapes to meet customer demand. We intend to continue to improve the value of our installed capacity through productivity and technology gains, and will look for opportunities to add new capacity and develop new product lines in markets where we believe superior returns can be realized. Value-added products grew to 67% of total Cast Products shipments in 2015, compared to 65% in 2014 and 57% in 2010. Our value-added product portfolio has been profitable throughout the primary aluminum market cycle and, from 2010 to 2015, our casting business realized $1.6 billion in incremental margins through value-added sales when compared to selling unalloyed commodity grade ingot. We have also introduced EZCAST™, VERSACAST™, SUPRACAST™ and EVERCAST™ advanced alloys with improved thermal performance and corrosion resistance that have already been qualified with top-tier original equipment manufacturers. Additional trials are underway and more are planned in 2016.



Efficient and focused rolling mills. Alcoa Corporation has rolling operations in Warrick, Indiana and Saudi Arabia which, together, serve the North American aluminum can sheet market. The Warrick Rolling Mill is focused on packaging, producing can body stock, can end and tab stock, bottle stock and food can stock, and industrial sheet and lithographic sheet. The Ma'aden Rolling Mill currently produces can body stock, can end and tab stock, and hot-rolled strip for finishing into automotive sheet. Following the separation, it is anticipated that the facilities manufacturing products for the North American can packaging market will be located only at the Warrick and Ma'aden Rolling Mills, and that the Arconic rolling mills will not compete in this market. As the packaging market in North America has become highly commoditized, we believe that our experience in, and focus on, operational excellence and continuous productivity improvements will be key competitive advantages. We intend to lower costs through productivity improvements, improved capacity utilization and targeted capital deployment.

Substantial energy assets. Our Energy portfolio will continue to be focused on value creation by seeking to lower overall operational costs and maintaining flexibility to sell power or consume it internally. Alcoa Corporation has a valuable portfolio of energy assets with power production capacity of approximately 1,685 megawatts, of which approximately 61% is low-cost hydroelectric power. We believe that our energy assets provide us with operational flexibility to profit from market cyclicality. In continuously assessing the energy market environment, we strive to meet in-house energy requirements at the lowest possible cost and also sell power to external customers at attractive profit margins. With approximately 55% of Alcoa Corporation-generated power being sold externally in 2015, we achieved significant earnings from power sales globally. In addition, our team of Energy employees has considerable expertise in managing our external sourcing of energy for our operations, which has enabled us to achieve favorable commercial outcomes. For example, in 2015, we secured an attractive 12-year gas supply agreement (starting in 2020) to power our extensive alumina refinery operations in Western Australia.

Certain Joint Ventures

AWAC

Alcoa World Alumina and Chemicals (AWAC) is an unincorporated global joint venture between Alcoa Corporation and Alumina Limited, a company incorporated under the laws of the Commonwealth of Australia and listed on the Australian Securities Exchange. AWAC consists of a number of affiliated entities that own, operate or have an interest in, bauxite mines and alumina refineries, as well as certain aluminum smelters, in seven countries. Alcoa Corporation owns 60% and Alumina Limited owns 40% of these entities, directly or indirectly, with such entities being consolidated by Alcoa Corporation for financial reporting purposes.

The scope of AWAC generally includes:

- *Bauxite and Alumina*: The mining of bauxite and other aluminous ores as well as the refining and other processing of these ores into alumina and other ancillary operations;
- *Non-Metallurgical Alumina*: The production and sale of non-metallurgical alumina and other alumina-based chemicals; and
- *Integrated Operations*: Ownership and operation of certain primary aluminum smelting, aluminum fabricating and other ancillary facilities.

Alcoa Corporation is the industrial leader of AWAC and provides the operating management for all of the operating entities forming AWAC. The operating management is subject to direction provided by the Strategic Council of AWAC, which is the principal forum for Alcoa Corporation and Alumina Limited to provide direction and counsel to the AWAC companies regarding strategic and policy matters. The Strategic Council consists of five members, three of whom are appointed by Alcoa Corporation (of which one is the Chairman of the Strategic Council), and two of whom are appointed by Alumina Limited (of which one is the Deputy Chairman of the Strategic Council).

All matters before the Strategic Council are decided by a majority vote of the members, except for certain matters which require approval by at least 80% of the members. Following completion of the separation, such matters will include changes to the scope of AWAC; changes in the dividend policy; equity calls in aggregate greater than $1 billion in any year; sales of all or a majority of the AWAC assets; loans from AWAC companies to Alcoa or Alumina Limited; certain acquisitions, divestitures, expansions, curtailments or closures; certain related-party transactions; financial derivatives, hedges or swap transactions; a decision by AWAC companies to file for insolvency; and changes to pricing formula in certain offtake agreements which may be entered into between AWAC companies and Alcoa Corporation or Alumina Limited.

AWAC Operations

AWAC entities' assets include the following interests:

- 100% of the bauxite mining, alumina refining, and aluminium smelting operations of AofA;
- 100% of the refinery assets at Point Comfort, Texas, United States ("Point Comfort");
- 100% interest in various mining and refining assets and the Hydro-electric facilities in Suriname;
- a 39% interest in the São Luis refinery in Brazil;
- a 8.58% interest in the bauxite mining operations of Mineração Rio Do Norte, an international mining consortium;
- 100% of the Juruti bauxite deposit and mine in Brazil;
- 100% of the refinery and alumina-based chemicals assets at San Ciprian, Spain;
- a 45% interest in Halco (Mining) Inc., a bauxite consortium that owns a 51% interest in Compagnie des Bauxites de Guinée, a bauxite mine in Guinea;

- 100% of Alcoa Steamship Company Inc.; and
- a 25.1% interest in the mine and refinery in Saudi Arabia.
- a 55% interest in the Portland smelter AWAC manages on behalf of the joint venture partners.

Exclusivity

Under the terms of their joint venture agreements, Alcoa Corporation and Alumina Limited have agreed that, subject to certain exceptions, AWAC is their exclusive vehicle for their investments, operations or participation in the bauxite and alumina business, and they will not compete with AWAC in those businesses. In the event of a change of control of either Alcoa Corporation or Alumina Limited, this exclusivity and non-compete restriction will terminate, and the partners will then have opportunities to unilaterally pursue bauxite or alumina projects outside of or within AWAC, subject to certain conditions provided in the Amended and Restated Charter of the Strategic Council.

Equity Calls

The cash flow of AWAC and borrowings are the preferred sources of funding for the needs of AWAC. Should the aggregate annual capital budget of AWAC require an equity contribution from Alcoa Corporation and Alumina Limited, an equity call can be made on 30 days' notice, subject to certain limitations.

Dividend Policy

Effective on completion of the separation, AWAC will generally be required to distribute at least 50% of the prior calendar quarter's net income of each AWAC company, and certain AWAC companies will also be required to pay a distribution every three months equal to the amount of available cash above specified thresholds and subject to the forecast cash needs of the company. Alcoa Corporation has also agreed that, after the separation, it will obtain a limited amount of debt funding for the AWAC companies to fund growth projects, subject to certain restrictions.

Leveraging Policy

Debt of AWAC is subject to a limit of 30% of total capital (defined as the sum of debt (net of cash) plus any minority interest plus shareholder equity). The AWAC joint venture will raise a limited amount of debt to fund growth projects within 12 months of it becoming permissible under Alcoa Corporation's revolving credit line, provided that the amount of debt does not trigger a credit rating downgrade for Alcoa Corporation.

Other Joint Ventures

In December 2009, ParentCo and Saudi Arabian Mining Company (Ma'aden), which was formed by the government of Saudi Arabia to develop its mineral resources and is listed on the Saudi Stock Exchange (Tadawul), entered into a joint venture to develop a fully integrated aluminum complex in the Kingdom of Saudi Arabia. This project is the lowest-cost aluminum production complex within the worldwide Alcoa Corporation system. In its initial phases, the complex includes a bauxite mine with an initial capacity of 4 million bone dry metric tons per year; an alumina refinery with an initial capacity of 1.8 million metric tons per year (mtpy); an aluminum smelter with an initial capacity of ingot, slab and billet of 740,000 mtpy; and a rolling mill with initial capacity of 380,000 mtpy. The smelter, refinery and mine are fully operational. Ma'aden owns a 74.9% interest in the joint venture. Alcoa Corporation owns a 25.1% interest in the smelter and in the rolling mill; and AWAC holds a 25.1% interest in the mine and refinery.

The ABI smelter is a joint venture between Alcoa Corporation and Rio Tinto. Alcoa Corporation is the operating partner and owns 74.95% of the joint venture.

The Machadinho Hydro Power Plant (HPP): Machadinho HPP is a consortium between Alcoa Alumínio (25.8%), Votorantim Energia (33.1%), Tractebel (19.,3%), Vale (8.3%) and other partners (CEEE, InterCement and DME Energetica) located in the Pelotas river, southern Brazil.

Barra Grande Hydro Power Plant (HPP): Barra Grande HPP is a joint venture between Alcoa Alumínio (42.2%), CPFL Energia (25%), Votorantim Energia (15%), InterCement (9%) and DME Energetica (8.8%) located in the Pelotas river, southern Brazil.

Estreito Hydro Power Plant (HPP): Estreito HPP is a consortium between Alcoa Alumínio (25.5%), Tractebel (40.1%), Vale (30%) and InterCement (4.4%) located in the Tocantins river, northern Brazil.

Serra do Facão Hydro Power Plant (HPP): Serra do Facão HPP is a consortium between Alcoa Alumínio (34.9%), Furnas (49.4%), Dme Energetica (10%) and Camargo Correa Energia (5.4%) located in the Sao Marcos river, central-Brazil.

Manicouagan Power Limited Partnership (Manicouagan) is a joint venture between Alcoa Corporation and Hydro Quebec. Manicouagan owns and operates the 335 megawatt McCormick hydroelectric project, which is located on the Manicouagan River in the Province of Quebec. Manicouagan supplies approximately 27% of the electricity requirements of Alcoa Corporation's Baie-Comeau, Quebec, smelter. Alcoa Corporation owns 40% of the joint venture.

The Strathcona calciner is a joint venture between Alcoa Corporation and Rio Tinto. The calciner purchases green coke from the petroleum industry and converts it into calcined coke. The calcined coke is then used as a raw material in an aluminum smelter. Alcoa Corporation owns 39% of the joint venture.

The Alcoa Corporation Business

Bauxite

Bauxite is one of Alcoa Corporation's basic raw materials and is also a product sold into the third-party marketplace. Aluminum is one of the most abundant elements in the earth's crust. Aluminum metal is produced by smelting alumina. Alumina is produced primarily from refining bauxite. Bauxite contains various aluminum hydroxide minerals, the most important of which are gibbsite and boehmite. Alcoa Corporation processes most of the bauxite that it mines into alumina and sells the remainder to third parties. The company obtains bauxite from its own resources and from those belonging to the AWAC enterprise, located in the countries listed in the table below, as well as pursuant to both long-term and short-term contracts and mining leases. Tons of bauxite are reported as bone dry metric tons ("bdmt") unless otherwise stated. See the glossary of bauxite mining-related terms at the end of this section.

During 2015, mines operated by Alcoa Corporation (owned by Alcoa Corporation and AWAC) produced 38.3 million bdmt and separately mines operated by third parties (with Alcoa Corporation and AWAC equity interests) produced 7.0 million bdmt on a proportional equity basis for a total bauxite production of 45.3 million bdmt.

Based on the terms of its bauxite supply contracts, AWAC bauxite purchases from Mineração Rio do Norte S.A. ("MRN") and Compagnie des Bauxites de Guinée ("CBG") differ from its proportional equity in those mines. Therefore during 2015, including those purchases, AWAC had access to 47.8 million bdmt of production from its portfolio of mines.

During 2015, AWAC sold 1.5 million bdmt of bauxite to third parties and purchased 0.2 million bdmt from third parties. The bauxite delivered to Alcoa Corporation and AWAC refineries amounted to 46.8 million bdmt during 2015.

The company is growing its third-party bauxite sales business. For example, during the third quarter of 2015, ParentCo received permission from the Government of Western Australia to export trial shipments from its Western Australia mines.

The company has access to large bauxite deposit areas with mining rights that extend in most cases more than 20 years from the date of this information statement. For purposes of evaluating the amount of bauxite that will be available to supply as feedstock to its refineries, the company considers both estimates of bauxite resources as well as calculated bauxite reserves. Bauxite resources represent deposits for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence based on the amount of exploration sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. Bauxite reserves represent the economically mineable part of resource deposits, and include diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out to define the reserves, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. Alcoa Corporation employs a conventional approach (including additional drilling with successive tightening of the drilling grid) with customized techniques to define and characterize its various bauxite deposit types allowing Alcoa Corporation to confidently establish the extent of its bauxite resources and their ultimate conversion to reserves.

The following table only includes the amount of proven and probable reserves controlled by the company. While the level of reserves may appear low in relation to annual production levels, they are consistent with historical levels of reserves for the company's mining locations and consistent with the company reserves strategy. Given the company's extensive bauxite resources, the abundant supply of bauxite globally and the length of the company's rights to bauxite, it is not cost-effective to invest the significant funds and efforts necessary to establish bauxite reserves that reflect the total size of the bauxite resources available to the company. Rather, bauxite resources are upgraded annually to reserves as needed by the location. Detailed assessments are progressively undertaken within a proposed mining area and mine activity is then planned to achieve a uniform quality in the supply of blended feedstock to the relevant refinery. Alcoa Corporation believes its present sources of bauxite on a global basis are sufficient to meet the forecasted requirements of its alumina refining operations for the foreseeable future.

Bauxite Resource Development Guidelines

Alcoa Corporation has adopted best practice guidelines for bauxite reserve and resource classification at its operating bauxite mines. Alcoa Corporation's reserves are declared in accordance with Alcoa Corporation's internal guidelines as administered by the Alcoa Ore Reserves Committee ("AORC"). The reported ore reserves set forth in the table below are those that Alcoa Corporation estimates could be extracted economically with current technology and in current market conditions. Alcoa Corporation does not use a price for bauxite, alumina or aluminum to determine its bauxite reserves. The primary criteria for determining bauxite reserves are the feed specifications required by the customer alumina refinery. More specifically, reserves are set based on the chemical specifications of the bauxite in order to minimize bauxite processing cost and maximize refinery economics for each individual refinery. The primary specifications that are important to this analysis are the "available alumina" and "reactive silica" content of the bauxite. Each alumina refinery will have a target specification for these parameters, but may receive bauxite within a range that allows blending in stockpiles to achieve the refinery target.

In addition to these chemical specifications, a number of other ore reserve design factors have been applied to differentiate bauxite reserves from other mineralized material. The contours of the bauxite reserves are designed using additional parameters such as available alumina content cutoff grade, reactive silica cutoff grade, ore density, overburden thickness, ore thickness and mine access considerations. These parameters are generally determined by using infill drilling or geological modeling.

Further, Alcoa Corporation mining locations utilize annual in-fill drilling or geological modeling programs designed to progressively upgrade the reserve and resource classification of their bauxite based on the above-described factors.

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Alcoa Corporation Bauxite Interests, Share of Reserves and Annual Production[1]

Country	Project	Owners' Mining Rights (% Entitlement)	Expiration Date of Mining Rights	Probable Reserves (million bdmt)	Proven Reserves (million bdmt)	Available Alumina Content (%) AvA1203	Reactive Silica Content (%) RxSi02	2015 Annual Production (million bdmt)	Ore Reserve Design Factors
Australia	Darling Range Mines ML1SA	Alcoa of Australia Limited (AofA)[2] (100%)	2024	28.5	150.0	33.0 Range: 31.0-34.0	0.9 Max: 1.4	31.7	•AvA1203 ³27.5% •RxSi02 £ 3.5% •Minimum mineable thickness 2m •Minimum bench widths of 45m
Brazil	Poços de Caldas	Alcoa Alumínio S.A. (Alumínio)[3] (100%)	2020[4]	0.9	1.3	39.6 Range: 39.5-41.5	4.4 Range: 3.5-4.5	0.3	•AvA1203 ³ 30% •RxSi02 £ 7%
	Juruti[4] RN101, RN102, RN103, RN104, #34	Alcoa World Alumina Brasil Ltda. (AWA Brasil)[2] (100%)	2100[4]	8.7	26.5	47.7 Range: 46.5-48.5	4.1 Range: 3.3-4.3	4.7	•AvA1203 ³ 35% •RxSi02 £ 10% •Wash Recovery: ³ 30% •Overburden/Ore (m/m) = 10/1
Suriname	Coermotibo and Onverdacht	Suriname Aluminum Company, L.L.C. (Suralco)[2] (55%) N.V. Alcoa Minerals of Suriname (AMS)[5] (45%)	2033[6]	0.0	0.0	N/A	N/A	1.6	N/A
Equity Interests:									
Brazil	Trombetas	Mineração Rio do Norte S.A. (MRN)[7] (18.2%)	2046[4]	3.7	10.4	49.5 Range: 49.0-50.5	4.5 Range: 4.0-4.8	3.0	•AvA1203 ³ 46% •RxSi02 £ 7% •Wash Recovery: ³ 30%
Guinea	Boké	Compagnie des Bauxites de Guinée (CBG)[8] (22.95%)	2038[9]	59.5	23.2	TAl2O3[10] 48.5 Range: 48.5-52.4	TSiO2[10] 1.7 Range: 1.2-2.1	3.4	•AvA1203 ³ 44% •RxSi02 £ 10% •Minimum mineable thickness 2m •Smallest Mining Unit size (SMU) 50m x 50m
Kingdom of Saudi Arabia	Al Ba'itha	Ma'aden Bauxite & Alumina Company (25.1%)[11]	2037	33.8	19.3	TAA[12] 49.4	TSiO2[12] 8.6	0.6	•AvA1203 ³ 40% •Mining dilution modelled as a skin of 12.5cm around the ore •Mining recovery applied as a skin loss of 7.5 cm on each side of the mineralisation •Mineralisation less than 1m thick excluded

1 This table shows only the AWAC and/or Alcoa Corporation share (proportion) of reserve and annual production tonnage.

2 This entity is part of the AWAC group of companies and is owned 60% by Alcoa Corporation and 40% by Alumina Limited.
3 Alumínio is owned 100% by Alcoa Corporation.
4 Brazilian mineral legislation does not establish the duration of mining concessions. The concession remains in force until the exhaustion of the deposit. The company estimates that (i) the concessions at Poços de Caldas will last at least until 2020, (ii) the concessions at Trombetas will last until 2046 and (iii) the concessions at Juruti will last until 2100. Depending, however, on actual and future needs, the rate at which the deposits are exploited and government approval is obtained, the concessions may be extended to (or expire at) a later (or an earlier) date.
5 Alcoa World Alumina LLC (“AWA LLC”) owns 100% of N.V. Alcoa Minerals of Suriname (“AMS”). Suralco and AMS are parts of the AWAC group of companies which are owned 60% by Alcoa Corporation and 40% by Alumina Limited.
6 At the end of 2015, AWAC’s bauxite mineral and mining rights remained valid until 2033. The AWAC mines in Suriname were curtailed in the fourth quarter of 2015. There are no plans for AWAC to restart these mines and there are no reserves to declare.
7 Alumínio holds an 8.58% total interest, AWA Brasil holds a 4.62% total interest and AWA LLC holds a 5% total interest in MRN. MRN is jointly owned with affiliates of Rio Tinto Alcan Inc., Companhia Brasileira de Alumínio, Companhia Vale do Rio Doce, BHP Billiton Plc (“BHP Billiton”) and Norsk Hydro. Alumínio, AWA Brasil, and AWA LLC purchase bauxite from MRN under long-term supply contracts.
8 AWA LLC owns a 45% interest in Halco (Mining), Inc. (“Halco”). Halco owns 100% of Boké Investment Company, a Delaware company, which owns 51% of CBG. The Guinean Government owns 49% of CBG, which has the exclusive right through 2038 to develop and mine bauxite in certain areas within an approximately 2939 square-kilometer concession in northwestern Guinea.
9 AWA LLC and Alũmina Española, S.A. have bauxite purchase contracts with CBG that expire in 2033. Before that expiration date, AWA LLC and Alũmina Española, S.A expect to negotiate extensions of their contracts as CBG will have concession rights until 2038. The CBG concession can be renewed beyond 2038 by agreement of the Government of Guinea and CBG should more time be required to commercialize the remaining economic bauxite within the concession.
10 Guinea—Boké: CBG prices bauxite and plans the mine based on the bauxite qualities of total alumina (TAl2O3) and total silica (TSiO2).
11 Ma’aden Bauxite & Alumina Company is a joint venture owned by Saudi Arabian Mining Company (“Ma’aden”) (74.9%) and AWA Saudi Limited (25.1%). AWA Saudi Limited is part of the AWAC group of companies and is owned 60% by Alcoa Corporation and 40% by Alumina Limited.
12 Kingdom of Saudi Arabia—Al Ba’itha: Bauxite reserves and mine plans are based on the bauxite qualities of total available alumina (TAA) and total silica (TSiO2).

Qualifying statements relating to the table above:

Australia—Darling Range Mines: Huntly and Willowdale are the two AWAC active mines in the Darling Range of Western Australia. The mineral lease issued by the State of Western Australia to Alcoa Corporation’s majority owned subsidiary, Alcoa of Australia Limited (AofA) is known as ML1SA and encompasses a gross area of 712,881 hectares (including private land holdings, state forests, national parks and conservation areas) in the Darling Range and extends from east of Perth to east of Bunbury (the “ML1SA Area”). The ML1SA provides AofA with various rights, including certain exclusivity rights to explore for and mine bauxite, rights to deny third party mining tenements in limited circumstances, rights to mining leases for other minerals in the ML1SA Area, and the right to prevent certain governmental actions from interfering with or prejudicially affecting Alcoa Corporation’s rights. The ML1SA term extends to 2024, however it can be renewed for an additional 21 year period to 2045. The declared reserves are as for December 31, 2015. The amount of reserves reflects the total AWAC share. Additional resources are routinely upgraded by additional exploration and development drilling to reserve status. The Huntly and Willowdale mines supply bauxite to three local AWAC alumina refineries.

Brazil—Poços de Caldas: Declared reserves are as for December 31, 2015. Tonnage is total Alcoa share. Additional resources are being upgraded to reserves as needed.

Brazil—Juruti RN101, RN102, RN103, RN104, #34: Declared reserves are as for December 31, 2015. All reserves are on Capiranga Plateau. Declared reserves are total AWAC share. Declared reserve tonnages and the annual production tonnage are washed product tonnages. The Juruti mine’s operating license is periodically renewed.

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Suriname—Suralco: The AWAC mines in Suriname were curtailed in the fourth quarter of 2015. AWAC has no plans to restart these mines and there are no reserves to declare.

Brazil—Trombetas-MRN: Declared reserves are as for December 31, 2015. The CP Report for December 31, 2015 was issued on February 25, 2016. Declared and annual production tonnages reflect the total for Alumínio and AWAC shares (18.2%). Declared tonnages are washed product tonnages.

Guinea—Boké-CBG: Declared reserves are based on export quality bauxite reserves and are as for December 31, 2015. The CP Report for December 31, 2015 reserves was issued on February 29, 2016. Declared tonnages reflect only the AWAC share of CBG's reserves. Annual production tonnage is reported based on AWAC's 22.95% share. Declared reserves quality is reported based on total alumina ($TAl_2 O_3$) and total silica ($TSiO_2$) because CBG export bauxite is sold on this basis. Additional resources are being routinely drilled and modeled to upgrade to reserves as needed.

Kingdom of Saudi Arabia—Al Ba'itha: The Al Ba'itha Mine began production during 2014 and production was increased in 2015. Declared reserves are as for December 31, 2015. The CP Report for December 31, 2015 reserves was issued on January 17, 2016. The proven reserves have been decremented for 2015 mine production. The declared reserves are located in the South Zone of the Az Zabirah Bauxite Deposit. The reserve tonnage in this declaration is AWAC share only (25.1%).

The following table provides additional information regarding the company's bauxite mines:

Mine & Location	Means of Access	Operator	Title, Lease or Options	History	Type of Mine Mineralization Style	Power Source	Facilities, Use & Condition
Australia—Darling Range; Huntly and Willowdale.	Mine locations accessed by roads. Ore is transported to refineries by long distance conveyor and rail.	Alcoa Corporation	Mining lease from the Western Australia Government. ML1SA. Expires in 2024.	Mining began in 1963.	Open-cut mines. Bauxite is derived from the weathering of Archean granites and gneisses and Precambrian dolerite.	Electrical energy from natural gas is supplied by the refinery.	Infrastructure includes buildings for administration and services; workshops; power distribution; water supply; crushers; long distance conveyors. Mines and facilities are operating.
Brazil—Poços de Caldas. Closest town is Poços de Caldas, MG, Brazil.	Mine locations are accessed by road. Ore transport to the refinery is by road.	Alcoa Corporation	Mining licenses from the Government of Brazil and Minas Gerais. Company claims and third-party leases. Expires in 2020.	Mining began in 1965.	Open-cut mines. Bauxite derived from the weathering of nepheline syenite and phonolite.	Commercial grid power.	Mining offices and services are located at the refinery. Numerous small deposits are mined by contract miners and the ore is trucked to either the refinery stockpile or intermediate stockpile area. Mines and facilities are operating. Mine production has been reduced to align with the reduced production of the Poços refinery which is now producing specialty alumina.

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Mine & Location	Means of Access	Operator	Title, Lease or Options	History	Type of Mine Mineralization Style	Power Source	Facilities, Use & Condition
Brazil—Juruti Closest town is Juruti located on the Amazon River.	The mine's port at Juruti is located on the Amazon River and accessed by ship. Ore is transported from the mine site to the port by company owned rail.	Alcoa Corporation	Mining licenses from the Government of Brazil and Pará. Mining rights do not have a legal expiration date. See footnote 4 to the table above. Operating licenses for the mine, washing plant and RR have been renewed with validity until 2018. Operating license for the port remains valid until the government agency formalizes the renewal.	The Juruti deposit was systematically evaluated by Reynolds Metals Company beginning in 1974. ParentCo merged Reynolds into the Company in 2000. ParentCo then executed a due diligence program and expanded the exploration area. Mining began in 2009.	Open-cut mines. Bauxite derived from weathering during the Tertiary of Cretaceous fine to medium grained feldspathic sandstones. The deposits are covered by the Belterra clays.	Electrical energy from fuel oil is generated at the mine site. Commercial grid power at the port.	At the mine site: Fixed plant facilities for crushing and washing the ore; mine services offices and workshops; power generation; water supply; stockpiles; rail sidings. At the port: Mine and rail administrative offices and services; port control facilities with stockpiles and ship loader. Mine and port facilities are operating.
Suriname—Coermotibo and Onverdacht. Mines are located in the districts of Para and Marowijne.	The mines are accessed by road. Ore is delivered to the refinery by road from the Onverdacht area and by river barge from the Coermotibo area.	Alcoa Corporation	Brokopondo Concession from the Government of Suriname. Concessions formerly owned by a BHP Billiton (BHP) subsidiary that was a 45% joint venture partner in the Surinamese bauxite mining and alumina refining joint ventures. AWA LLC acquired that subsidiary in 2009. After the acquisition of the subsidiary, its name was changed to N.V. Alcoa Minerals of Suriname. Expires in 2033.	ParentCo became active in Suriname in 1916 with the founding of the Suriname Bauxite Company. Bauxite was first exported in 1922. The Brokopondo Agreement was signed in 1958. As noted, Suralco bought the bauxite and alumina interests of a BHP subsidiary from BHP in 2009.	Open-cut mines. At one of the mines, the overburden is dredged and mining progresses with conventional open-cut methods. The protoliths of the bauxite have been completely weathered. The bauxite deposits are mostly derived from the weathering of Tertiary Paleogene arkosic sediments. In some places, the bauxite overlies Precambrian granitic and gneissic rocks which have been deeply weathered to saprolite. Bauxitization likely occurred during the middle to late Eocene Epoch.	Commercial grid power.	In the Onverdacht mining areas, the bauxite is mined and transported to the refinery by truck. In the Coermotibo mining areas, the bauxite is mined, stockpiled and then transported to the refinery by barge. Some of the ore is washed in a small beneficiation plant located in the Coermotibo area. The main mining administrative offices, services, workshops and laboratory are located at the refinery in Paranam. The ore is crushed at Paranam and fed into the refining process. The Suralco mines were curtailed in the fourth quarter of 2015. There are no plans for AWAC to restart these mines.

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Mine & Location	Means of Access	Operator	Title, Lease or Options	History	Type of Mine Mineralization Style	Power Source	Facilities, Use & Condition
Brazil—MRN Closest town is Trombetas in the State of Pará, Brazil.	The mine and port areas are connected by sealed road and company owned rail. Washed ore is transported to Porto Trombetas by rail. Trombetas is accessed by river and by air at the airport.	MRN	Mining rights and licenses from the Government of Brazil. Concession rights expire in 2046.	Mining began in 1979. Major expansion in 2003.	Open-cut mines. Bauxite derived from weathering during the Tertiary of Cretaceous fine to medium grained feldspathic sandstones. The deposits are covered by the Belterra clays.	MRN generates its own electricity from fuel oil.	Ore mined from several plateaus is crushed and transported to the washing plant by long-distance conveyors. The washing plant is located in the mining zone. Washed ore is transported to the port area by company-owned and operated rail. At Porto Trombetas the ore is loaded onto customer ships berthed in the Trombetas River. Some ore is dried and the drying facilities are located in the port area. Mine planning and services and mining equipment workshops are located in the mine zone. The main administrative, rail and port control offices and various workshops are located in the port area. MRN's main housing facilities, "the city", are located near the port. The mines, port and all facilities are operating.

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Mine & Location	Means of Access	Operator	Title, Lease or Options	History	Type of Mine Mineralization Style	Power Source	Facilities, Use & Condition
Guinea—CBG Closest town to the mine is Sangaredi. Closest town to the port is Kamsar. The CBG Lease is located within the Boké, Telimele and Gaoual administrative regions.	The mine and port areas are connected by sealed road and company-operated rail. Ore is transported to the port at Kamsar by rail. There are air strips near both the mine and port. These are not operated by the company.	CBG	CBG Lease expires in 2038. The lease is renewable in 25-year increments. CBG's rights are specified within the Basic Agreement and Amendment 1 to the Basic Agreement with the Government of Guinea.	Construction began in 1969. First export ore shipment was in 1973.	Open-cut mines. The bauxite deposits within the CBG lease are of two general types. TYPE 1: In-situ laterization of Ordovician and Devonian plateau sediments locally intruded by dolerite dikes and sills. TYPE 2: Sangaredi type deposits are derived from clastic deposition of material eroded from the Type 1 laterite deposits and possibly some of the proliths from the TYPE 1 plateaus deposits.	The company generates its own electricity from fuel oil at both Kamsar and Sangaredi.	Mine offices, workshops, power generation and water supply for the mine and company mine city are located at Sangaredi. The main administrative offices, port control, railroad control, workshops, power generation and water supply are located in Kamsar. Ore is crushed, dried and exported from Kamsar. CBG has company cities within both Kamsar and Sangaredi. The mines, railroad, driers, port and other facilities are operating.
Kingdom of Saudi Arabia—Al Ba'itha Mine. Qibah is the closest regional centre to the mine, located in the Qassim province.	The mine and refinery are connected by road and rail. Ore is transported to the refinery at Ras Al Khair by rail.	Ma'aden Bauxite & Alumina Company	The current mining lease will expire in 2037.	The initial discovery and delineation of bauxite resources was carried out between 1979 and 1984. The southern zone of the Az Zabirah deposit was granted to Ma'aden in 1999. Mine construction was completed in the second quarter of 2015, and the mining operations continued at planned levels.	Open-cut mine. Bauxite occurs as a paleolaterite profile developed at an angular unconformity between underlying late Triassic to early Cretaceous sediments (parent rock sequence Biyadh Formation) and the overlying late Cretaceous Wasia Formation (overburden sequence).	The company generates electricity at the mine site from fuel oil.	The mine includes fixed plants for crushing and train loading; workshops and ancillary services; power plant; and water supply. There is a company village with supporting facilities. Mining operations commenced in 2014. Mine construction was completed in the second quarter of 2015 and the mining operations continued at planned levels.

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Glossary of Bauxite Mining Related Terms

Term	Abbreviation	Definition
Alcoa Ore Reserves Committee	AORC	The ParentCo group that will be within Alcoa Corporation following the completion of the separation, which is comprised of Alcoa Corporation geologists and engineers, that specifies the guidelines by which bauxite reserves and resources are classified. These guidelines are used by ParentCo managed mines and will be used by Alcoa Corporation managed mines.
Alumina	Al_2O_3	A compound of aluminum and oxygen. Alumina is extracted from bauxite using the Bayer Process. Alumina is a raw material for smelters to produce aluminum metal.
AORC Guidelines		The ParentCo guidelines that are used by ParentCo managed mines, and will be used by Alcoa Corporation managed mines, to classify reserves and resources. These guidelines are issued by the Alcoa Ore Reserves Committee.
Available alumina content	$AvAl_2O_3$	The amount of alumina extractable from bauxite using the Bayer Process.
Bauxite		The principal raw material (rock) used to produce alumina. Bauxite is refined using the Bayer Process to extract alumina.
Bayer Process		The principal industrial means of refining bauxite to produce alumina.
Bone dry metric ton	bdmt	Tonnage reported on a zero moisture basis.
Coermotibo		The mining area in Suriname containing the deposits of Bushman Hill, CBO Explo, Lost Hill and Remnant. These mines have been curtailed.
Competent Persons Report	CP Report	Joiny Ore Reserves Committee (JORC) Code compliant Reserves and Resources Report.
Juruti RN101, RN102, RN103, RN104, #34		Mineral claim areas in Brazil associated with the Juruti mine, within which Alcoa Corporation will have mining operating licenses issued by the state.
ML1SA		The Mineral lease issued by the State of Western Australia to ParentCo’s majority owned subsidiary (which will become Alcoa Corporation’s majority owned subsidiary in connection with the separation), Alcoa of Australia (AofA). AofA mines located at Huntly and Willowdale operate within ML1SA.
Onverdacht		The mining area in Suriname containing the deposits of Kaaimangrasi, Klaverblad, Lelydorp1 and Sumau 1. These mines have been curtailed.
Open-cut mine		The type of mine in which an excavation is made at the surface to extract mineral ore (bauxite). The mine is not underground and the sky is viewable from the mine floor.

Term	Abbreviation	Definition
Probable reserve		That portion of a reserve, i.e. bauxite reserve, where the physical and chemical characteristics and limits are known with sufficient confidence for mining and to which various mining modifying factors have been applied. Probable reserves are at a lower confidence level than proven reserves.
Proven reserve		That portion of a reserve, i. e. bauxite reserve, where the physical and chemical characteristics and limits are known with high confidence and to which various mining modifying factors have been applied.
Reactive silica	$RxSiO_2$	The amount of silica contained in the bauxite that is reactive within the Bayer Process.
Reserve		That portion of mineralized material, i.e. bauxite, that Alcoa Corporation has determined to be economically feasible to mine and supply to an alumina refinery.
Resources		Resources are bauxite occurrences and/or concentrations of economic interest that are in such form, quality and quantity that are reasonable prospects for economic extraction.
Silica	SiO_2	A compound of silicon and oxygen.
Total alumina content	TAl_2O_3	The total amount of alumina in bauxite. Not all of this alumina is extractable or available in the Bayer Process.
Total available alumina	TAA	The total amount of alumina extractable from bauxite by the Bayer Process. This term is commonly used when there is a hybrid or variant Bayer Process that will refine the bauxite.
Total silica	$TSiO_2$	The total amount of silica contained in the bauxite.

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Alumina

Alcoa Corporation is the world's leading producer of alumina. Alcoa Corporation's alumina refining facilities and its worldwide alumina capacity are shown in the following table:

Country	Facility	Owners (% of Ownership)	Nameplate Capacity[1] (000 MTPY)	Alcoa Corporation Consolidated Capacity[2] (000 MTPY)
Australia	Kwinana	AofA[3] (100%)	2,190	2,190
	Pinjarra	AofA (100%)	4,234	4,234
	Wagerup	AofA (100%)	2,555	2,555
Brazil	Poços de Caldas	Alumínio[4] (100%)	390[5]	390
		AWA Brasil[3] (39%)		
		Rio Tinto Alcan Inc.[6] (10%)		
		Alumínio (15%)		
	São Luís (Alumar)	BHP Billiton[6] (36%)	3,500	1,890
Spain	San Ciprián	Alúmina Española, S.A.[3] (100%)	1,500[7]	1,500
Suriname	Suralco	Suralco[3] (55%) AMS[8] (45%)	2,207[9]	2,207
United States	Point Comfort, TX	AWA LLC[3] (100%)	2,305[10]	2,305
TOTAL			**18,881**	**17,271**

Equity Interests:

Country	Facility	Owners (% of Ownership)	Nameplate Capacity[1] (000 MTPY)
Kingdom of Saudi Arabia	Ras Al Khair	Ma'aden Bauxite & Alumina Company (100%)[11]	1,800

1 Nameplate Capacity is an estimate based on design capacity and normal operating efficiencies and does not necessarily represent maximum possible production.

2 The figures in this column reflect Alcoa Corporation's share of production from these facilities. For facilities wholly-owned by AWAC entities, Alcoa Corporation takes 100% of the production.

3 This entity is part of the AWAC group of companies and is owned 60% by Alcoa Corporation and 40% by Alumina Limited.

4 This entity is owned 100% by Alcoa Corporation.

5 As a result of the decision to fully curtail the Poços de Caldas smelter, management initiated a reduction in alumina production at this refinery. The capacity that is operating at this refinery is producing at an approximately 45% output level.

6 The named company or an affiliate holds this interest.

7 The capacity that is operating at this refinery is producing at an approximately 95% output level.

8 AWA LLC owns 100% of N.V. Alcoa Minerals of Suriname ("AMS"). AWA LLC is part of the AWAC group of companies and is owned 60% by Alcoa Corporation and 40% by Alumina Limited.

9 The Suralco alumina refinery has been fully curtailed (see below).

10 The Point Comfort alumina refinery will be fully curtailed (see below).

11. Ma'aden Bauxite & Alumina Company is a joint venture owned by Saudi Arabian Mining Company ("Ma'aden") (74.9%) and AWA Saudi Limited (25.1%). AWA Saudi Limited is part of the AWAC group of companies and is owned 60% by Alcoa Corporation and 40% by Alumina Limited.

As of December 31, 2015, Alcoa Corporation had approximately 2,801,000 mtpy of idle capacity against total Alcoa Corporation Consolidated Capacity of 17,271,000 mtpy. As noted above, Alcoa Corporation and

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Ma’aden developed an alumina refinery in the Kingdom of Saudi Arabia. Initial capacity of the refinery is 1.8 million mtpy, and it produced approximately 1.0 million mt in 2015. For additional information regarding the joint venture, see See Note I to the Combined Financial Statements under the caption “Investments.”

In March 2015, the company initiated a 12-month review of 2,800,000 mtpy in refining capacity for possible curtailment (partial or full), permanent closure or divestiture. This review is part of the company’s target to lower Alcoa Corporation’s refining operations on the global alumina cost curve to the 21st percentile by the end of 2016. The review resulted in the curtailment of the remaining capacity at the Suriname refinery (1,330,000 mtpy) in 2015 and the commencement of the curtailment of the remaining capacity of the Point Comfort, TX refinery (2,010,000 mtpy), which was completed by the end of June 2016. For additional information regarding the curtailments, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Segment Information—Alumina.”

Aluminum

Alcoa Corporation’s primary aluminum smelters and their respective capacities are shown in the following table:

Country	Facility	Owners (% Of Ownership)	Nameplate Capacity[1] (000 MTPY)	Alcoa Corporation Consolidated Capacity[2] (000 MTPY)
Australia	Portland	AofA (55%) CITIC[3] (22.5%) Marubeni[3] (22.5%)	358	197[4,5]
Brazil	São Luís (Alumar)	Alumínio (60%) BHP Billiton[3] (40%)	447	268[6]
Canada	Baie Comeau, Québec	Alcoa Corporation (100%)	280	280
	Bécancour, Québec	Alcoa Corporation (74.95%) Rio Tinto Alcan Inc.[7] (25.05%)	413	310
	Deschambault, Québec	Alcoa Corporation (100%)	260	260
Iceland	Fjarðaál	Alcoa Corporation (100%)	344	344
Norway	Lista	Alcoa Corporation (100%)	94	94
	Mosjøen	Alcoa Corporation (100%)	188	188
Spain	Avilés	Alcoa Corporation (100%)	93[8]	93
	La Coruña	Alcoa Corporation (100%)	87[8]	87
	San Ciprián	Alcoa Corporation (100%)	228	228
United States	Evansville, IN (Warrick)	Alcoa Corporation (100%)	269[9]	269
	Massena West, NY	Alcoa Corporation (100%)	130	130
	Rockdale, TX	Alcoa Corporation (100%)	191[10]	191
	Ferndale, WA (Intalco)	Alcoa Corporation (100%)	279[11]	279
	Wenatchee, WA	Alcoa Corporation (100%)	184[12]	184
TOTAL			3,845	3,401

Equity Interests:

Country	Facility	Owners (% of Ownership)	Nameplate Capacity[1] (000 MTPY)
Kingdom of Saudi Arabia	Ras Al Khair	Alcoa Corporation (25.1%)	740

1 Nameplate Capacity is an estimate based on design capacity and normal operating efficiencies and does not necessarily represent maximum possible production.
2 The figures in this column reflect Alcoa Corporation's share of production from these facilities.
3 The named company or an affiliate holds this interest.
4 This figure includes the minority interest of Alumina Limited in the Portland facility, which is owned by AofA. From this facility, Alcoa Corporation takes 100% of the production allocated to AofA.
5 The Portland smelter has approximately 30,000 mtpy of idle capacity.
6 The Alumar smelter has been fully curtailed since April 2015 (see below).
7 Owned through Rio Tinto Alcan Inc.'s interest in Pechiney Reynolds Québec, Inc., which is owned by Rio Tinto Alcan Inc. and Alcoa Corporation.
8 The Avilés and La Coruña smelters have approximately 56,000 mtpy of idle capacity combined.
9 On March 24, 2016, ParentCo permanently stopped production at the Warrick smelter.
10 The Rockdale smelter has been fully curtailed since the end of 2008.
11 The Intalco smelter has had approximately 49,000 mtpy of idle capacity. In November 2015, ParentCo announced that it would idle the remaining 230,000 mtpy capacity by the end of the first quarter of 2016. In January 2016, ParentCo announced that it will delay this further curtailment of the smelter until the end of the second quarter of 2016. On May 2, 2016, ParentCo announced that it would not curtail the Intalco smelter at the end of the second quarter as previously announced, as a result of an agreement with the Bonneville Power Administration.
12 The Wenatchee smelter has had approximately 41,000 mtpy of idle capacity. Alcoa Corporation idled the remaining 143,000 mtpy of capacity by the end of December 2015.

As of December 31, 2015, Alcoa Corporation had approximately 778,000 mtpy of idle capacity against total Alcoa Corporation Consolidated Capacity of 3,401,000 mtpy. As noted above, Alcoa Corporation and Ma'aden have developed an aluminum smelter in the Kingdom of Saudi Arabia. The smelter has an initial nameplate capacity of 740,000 mtpy. Since mid-2014, the smelter has been operating at full capacity, and it produced 757,833 mt in 2015.

In March 2015, ParentCo initiated a 12-month review of 500,000 mtpy of smelting capacity for possible curtailment (partial or full), permanent closure or divestiture. This review is part of ParentCo's target to lower Alcoa Corporation's smelting operations on the global aluminum cost curve to the 38th percentile by 2016. As a result of this review, the decision was made to curtail the remaining capacity (74,000 mtpy) at the São Luís smelter in Brazil and the Wenatchee, WA smelter (143,000 mtpy); and undertake permanent closures of the capacity at the Warrick, IN smelter (269,000 mtpy) (includes the closure of a related coal mine) and the infrastructure of the Massena East, NY smelter (potlines were previously shut down in both 2013 and 2014). On March 24, 2016, the Warrick smelter was permanently closed.

Separate from the smelting capacity review described above, in June 2015, ParentCo decided to permanently close the Poços de Caldas smelter (96,000 mtpy) in Brazil, which had been temporarily idle since May 2014 due to challenging global market conditions for primary aluminum and higher operating costs, which made the smelter uncompetitive. The decision to permanently close the Poços de Caldas smelter was based on the fact that these underlying conditions had not improved.

For additional information regarding the curtailments and closures, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Our Business—2015 Actions."

Cast Products

Our cast products business offer differentiated, value-added aluminum products that are cast into specific shapes to meet customer demand. Alcoa Corporation has 18 casthouses capable of providing value-added products to customers in growing markets, with 15 currently operating, as shown in the following table:

Country	Facility	Owners (% Of Ownership)
Australia	Portland	AofA (55%) CITIC[1] (22.5%) Marubeni[1] (22.5%)
Brazil	Poços de Caldas	Alcoa Alumínio S.A. (Alumínio)[1] (100%)
	São Luís (Alumar)[2]	Alumínio (60%) BHP Billiton[1] (40%)
Canada	Baie Comeau, Québec	Alcoa Corporation (100%)
	Bécancour, Québec	Alcoa Corporation (74.95%) Rio Tinto Alcan Inc.[3] (25.05%)
	Deschambault, Québec	Alcoa Corporation (100%)
Iceland	Fjarðaál	Alcoa Corporation (100%)
Norway	Lista	Alcoa Corporation (100%)
	Mosjøen	Alcoa Corporation (100%)
Spain	Avilés	Alcoa Corporation (100%)
	La Coruña	Alcoa Corporation (100%)
	San Ciprián	Alcoa Corporation (100%)
United States	Massena, NY	Alcoa Corporation (100%)
	Ferndale, WA (Intalco)	Alcoa Corporation (100%)
	Warrick, IN	Alcoa Corporation (100%)
	Rockdale, TX[4]	Alcoa Corporation (100%)
	Wenatchee, WA[5]	Alcoa Corporation (100%)

EQUITY INTERESTS:

Country	Facility	Owners (% of Ownership)
Kingdom of Saudi Arabia	Ras Al Khair	Alcoa Corporation (25.1%)

1 The named company or an affiliate holds this interest.
2 The Alumar casthouse has been fully curtailed since April 2015.
3 Owned through Rio Tinto Alcan Inc.’s interest in Pechiney Reynolds Québec, Inc., which is owned by Rio Tinto Alcan Inc. and Alcoa Corporation.
4 The Rockdale casthouse has been fully curtailed since the end of 2008.
5 The Wenatchee casthouse has been fully idled since the end of December 2015.

Energy

Employing the Bayer Process, Alcoa Corporation refines alumina from bauxite ore. Alcoa Corporation then produces aluminum from the alumina by an electrolytic process requiring substantial amounts of electric power. Energy accounts for approximately 19% of the company’s total alumina refining production costs. Electric power accounts for approximately 23% of the company’s primary aluminum production costs. In 2015, Alcoa Corporation generated approximately 14% of the power used at its smelters worldwide and generally purchased the remainder under long-term arrangements. The sections below provide an overview of Alcoa Corporation’s energy facilities and summarize the sources of power and natural gas for Alcoa Corporation’s smelters and refineries.

Energy Facilities

The following table sets forth the electricity generation capacity and 2015 generation of facilities in which Alcoa Corporation has an ownership interest (other than the Anglesea facility, which was permanently closed on August 31, 2015):

Country	Facility	Alcoa Corporation Consolidated Capacity (MW)[1]	2015 Generation (MWh)
Brazil	Barra Grande	156	1,562,663
	Estreito	157	1,088,018
	Machadinho	119	1,780,924
	Serra do Facão	60	171,294
Canada	Manicouagan	132	1,161,994
Suriname	Afobaka	189	673,950
United States	Warrick[2]	657	4,538,257
	Yadkin	215	661,214
TOTAL		1,685	11,638,314

1 The Consolidated Capacity of the Brazilian energy facilities is the assured energy that is approximately 55% of hydropower plant nominal capacity.
2 On March 24, 2016, ParentCo permanently stopped production at the Warrick smelter.

In 2015, AofA permanently closed the Anglesea power station and associated coal mine in Victoria. The power station had previously provided electricity to the Point Henry smelter which closed in 2014. Since the Point Henry smelter closure, electricity was sold into the National Electricity Market (“NEM”); however a combination of low electricity prices and significant future capital expenditure meant the facility was no longer viable.

Alumínio owns a 25.74% stake in Consórcio Machadinho, which is the owner of the Machadinho hydroelectric power plant located in southern Brazil. Alumínio also has a 42.18% interest in Energética Barra Grande S.A. (“BAESA”), which built the Barra Grande hydroelectric power plant in southern Brazil. In addition, Alumínio also has a 34.97% share in Serra do Facão Energia S.A., which built the Serra do Facão hydroelectric power plant in the southeast of Brazil. Alumínio is also participating in the Estreito hydropower project in northern Brazil, through Estreito Energia S.A. (an Alumínio wholly owned company) holding a 25.49% stake in Consórcio Estreito Energia, which is the owner of the hydroelectric power plant. A consortium in which Alumínio participates and that had received concessions for the Pai Querê hydropower project in southern Brazil (Alumínio’s share is 35%) decided not to pursue the development of this concession which will be returned to the Federal Government.

Since May 2015 (after full curtailment of Poços de Caldas and São Luís (Alumar) smelters), the excess generation capacity from the above Brazil hydroelectric projects of around 480MW has been sold into the market.

Power generated from Afobaka is primarily sold to the Government of Suriname under a bilateral contract.

Alcoa Corporation’s wholly-owned subsidiary, Alcoa Power Generating Inc. (“APGI”) owns and operates the Yadkin hydroelectric project, consisting of four dams in North Carolina, and the Warrick coal-fired power plant located in Indiana. Power generated from APGI’s Yadkin system is largely being sold to an affiliate, Alcoa Power Marketing LLC, and then to the wholesale market. After the March 2016 closure of the Warrick smelter, approximately 36% of the capacity from the Warrick coal-fired power plant can be sold into the market under its current operating permits. APGI also owns certain FERC-regulated transmission assets in Indiana, North Carolina, Tennessee, New York, and Washington.

Energy Sources

North America—Electricity

The Deschambault, Baie Comeau, and Bécancour smelters in Québec purchase all or a majority of their electricity under contracts with Hydro-Québec that expire on December 31, 2029. Upon expiration, Alcoa Corporation will have the option of extending the term of the Baie Comeau contract to February 23, 2036. The smelter located in Baie Comeau, Québec purchases approximately 73% of its power needs under the Hydro-Québec contract, and the remainder from a 40% owned hydroelectric generating company, Manicouagan Power Limited Partnership.

In the State of Washington, Alcoa Corporation's Wenatchee smelter is served by a contract with Chelan County Public Utility District No. 1 ("Chelan PUD") under which Alcoa Corporation receives approximately 26% of the hydropower output of Chelan PUD's Rocky Reach and Rock Island dams. In November 2015, ParentCo announced the curtailment of the Wenatchee smelter which was completed by the end of December 2015.

Starting on January 1, 2013, the Intalco smelter began receiving physical power from the Bonneville Power Administration ("BPA"), under which the company receives physical power at the Northwest Power Act mandated industrial firm power ("IP") rate through September 30, 2022. In May 2015, the contract was amended to reduce the amount of physical power received from BPA and allow for additional purchases of market power. In February and April 2016, the contract was amended again to reduce the contractual amount through February 2018.

Luminant Generation Company LLC (formerly TXU Generation Company LP) ("Luminant") supplies all of the Rockdale smelter's electricity requirements under a long-term power contract that does not expire until at least the end of 2038, with the parties having the right to terminate the contract after 2013 if there has been an unfavorable change in law or after 2025 if the cost of the electricity exceeds the market price. On April 29, 2014, Luminant Generation LLC, Luminant Mining Company LLC, Sandow Power Company LLC and their affiliated debtors filed petitions under Chapter 11 of the U.S. Bankruptcy Code. The Bankruptcy Court has confirmed the debtors' amended plan of reorganization and has entered an order approving the debtor's assumption of the Sandow Unit 4 agreement and certain other related agreements with Alcoa Corporation.

In the Northeast, the Massena West smelter in New York receives physical power from the New York Power Authority ("NYPA") pursuant to a contract between Alcoa and NYPA that will expire in 2019.

Australia—Electricity

The Portland smelter continues to purchase electricity from the State Electricity Commission of Victoria ("SECV") under a contract with Alcoa Portland Aluminium Pty Ltd, a wholly-owned subsidiary of AofA, that extends to October 2016. Upon the expiration of this contract, the Portland smelter will purchase power from the NEM variable spot market. In March 2010, AofA and Eastern Aluminium (Portland) Pty Ltd separately entered into fixed for floating swap contracts with Loy Yang (now AGL) in order to manage their exposure to the variable energy rates from the NEM. The fixed for floating swap contract with AGL for the Point Henry smelter was terminated in 2013. The fixed for floating swap contract with AGL for the Portland smelter operates from the date of expiration of the current contract with the SECV and continues until December 2036.

Europe—Electricity

Alcoa Corporation's smelters at San Ciprián, La Coruña and Avilés, Spain purchase electricity under bilateral power contracts that expire December 31, 2016.

A competitive bidding mechanism to allocate interruptibility rights in Spain was settled during 2014 to be applied starting from January 1, 2015. The first auction process to allocate rights took place in November 2014,

where ParentCo secured 275MW of interruptibility rights for the 2015 period for the San Ciprián smelter. A second auction process took place in December 2014, where ParentCo secured an additional 100MW of interruptibility rights for the 2015 period for the San Ciprián smelter (20x5MW), 120MW for the La Coruña smelter (24x5MW) and 110MW for the Avilés smelter (22x5MW). The auction process to allocate the rights for the following period took place in the first week of September 2015, where ParentCo secured interruptibility rights for 2016 in the amount of 375MW for San Ciprián Smelter (3x90MW + 21x5MW), 115MW for Avilés Smelter (23x5MW) and 120MW for La Coruña smelter (24x5MW).

Alcoa Corporation owns two smelters in Norway, Lista and Mosjøen, which have long-term power arrangements in place that continue until the end of 2019. Financial compensation of the indirect carbon emissions costs passed through in the electricity bill is received in accordance with EU Commission Guidelines and Norwegian compensation regime.

Iceland—Electricity

Landsvirkjun, the Icelandic national power company, supplies competitively priced electricity to Alcoa Corporation's Fjarðaál smelter in eastern Iceland under a 40-year power contract.

Spain—Natural Gas

In order to facilitate the full conversion of the San Ciprian, Spain alumina refinery from fuel oil to natural gas, in October 2013, Alumina Española SA (AE) and Gas Natural Transporte SDG SL (GN) signed a take or pay gas pipeline utilization agreement. Pursuant to that agreement, the ultimate shareholders of AE, ParentCo and Alumina Limited, agreed to guarantee the payment of AE's contracted gas pipeline utilization over the four years of the commitment period; in the event AE fails to do so, each shareholder being responsible for its respective proportionate share (i.e., 60/40). Such commitment came into force six months after the gas pipeline was put into operation by GN. The gas pipeline was completed in January 2015 and the refinery has switched to natural gas consumption for 100% of its needs.

Natural gas is supplied to the San Ciprián, Spain alumina refinery pursuant to supply contracts with Endesa, BP, Gas Natural Fenosa, expiring in June 2017, December 2016 and December 2016, respectively. Pursuant to those agreements, Alcoa Inversiones España, S.L. and Alumina Limited agreed to guarantee the payment of AE's obligations under the Endesa contract, each shareholder being responsible for its respective proportionate share (i.e., 60/40). Similarly, Alcoa Inespal S.A. and Alumina Limited have agreed to guarantee the payment of AE's obligations under the Gas Natural Fenosa contract over its respective length, with each entity being responsible for its proportionate share (i.e., 60/40).

North America—Natural Gas

In order to supply its refinery and smelters in the U.S. and Canada, Alcoa Corporation generally procures natural gas on a competitive bid basis from a variety of sources including producers in the gas production areas and independent gas marketers. For Alcoa Corporation's larger consuming locations in Canada and the U.S., the gas commodity and the interstate pipeline transportation are procured (directly or via the local distribution companies) to provide increased flexibility and reliability. Contract pricing for gas is typically based on a published industry index or New York Mercantile Exchange ("NYMEX") price. The company may choose to reduce its exposure to NYMEX pricing by hedging a portion of required natural gas consumption.

Australia—Natural Gas

AofA uses gas to co-generate steam and electricity for its alumina refining processes at the Kwinana, Pinjarra and Wagerup refineries. More than 90% of AofA's gas requirements for the remainder of the decade are secured under long-term contracts. In 2015, AofA entered into a number of long-term gas supply agreements

which secured a significant portion of AofA's gas supplies to 2030. AofA is actively involved with projects aimed at developing cost-based gas supply opportunities. In April 2016, Alcoa Energy Holdings Australia Pty Ltd (a wholly owned subsidiary of AofA) sold its 20% equity interest in the Dampier-to-Bunbury natural gas pipeline, which transports gas from the northwest gas fields to AofA's alumina refineries and other users in the Southwest of Western Australia, to DUET Investment Holdings Limited. Our alumina refining activities in Western Australia are provided pursuant to agreements between AofA and the State of Western Australia. These agreements govern AofA's Western Australian operations and permitted AofA to establish the Kwinana, Pinjarra and Wagerup refineries and associated facilities.

Warrick and Ma'aden Rolling Mills

Alcoa Corporation's 100%-owned Warrick rolling mill is located near Evansville, Indiana and has the capacity to produce more than 360,000 mtpy of aluminum sheet. In addition, Alcoa Corporation owns a 25.1% interest in the Ma'aden Rolling Company. As noted above, ParentCo and Ma'aden entered into a joint venture in December 2009 to develop a fully integrated aluminum complex in the Kingdom of Saudi Arabia. It includes, in addition to a bauxite mine, smelter and refinery, the Ma'aden Rolling Company, which owns a rolling mill with capacity to produce 380,000 mtpy and is 74 acres under roof.

The Warrick rolling mill operations are focused almost exclusively on packaging, producing narrow width can body stock, can end and tab stock, can bottle stock and food can stock, and to a lesser extent, industrial sheet and lithographic sheet. The Ma'aden rolling mill currently produces can body stock, can end and tab stock, and hot-rolled strip for finishing into automotive sheet. ParentCo's rolling mill operations in Tennessee currently produce wide can body sheet for the packaging business, but also products for automotive applications. ParentCo plans to shift the production of the wide can body sheet for packaging applications from its Tennessee operations to the Ma'aden Rolling Mill. Accordingly, following the separation, it is expected that the Warrick and Ma'aden Rolling Mills will only be manufacturing products for the North American aluminum can packaging market. However, before the Ma'aden facilities can begin production of the wide can body sheet, product from the facilities must be qualified by existing customers as an acceptable source of supply. During a transition period expected to take approximately 18 months following the separation, pursuant to a transition supply agreement, Arconic will continue producing the wide can body sheet at Tennessee to permit Alcoa Corporation to continue supplying its customers without interruption. Arconic will also provide technical services and support with respect to rolling mill operations to Alcoa Corporation for a transitional period not to exceed 24 months. See "Certain Relationships and Related Party Transactions—Agreements with Arconic—North American Packaging Business Agreement."

Sources and Availability of Raw Materials

Generally, materials are purchased from third-party suppliers under competitively priced supply contracts or bidding arrangements. The company believes that the raw materials necessary to its business are and will continue to be available.

For each metric ton of alumina produced, Alcoa Corporation consumes the following amounts of the identified raw material inputs (approximate range across relevant facilities):

Raw Material	Units	Consumption per MT of Alumina
Bauxite	mt	2.2 – 3.7
Caustic soda	kg	60 – 150
Electricity	kWh	200 – 260 total consumed (0 to 210 imported)
Fuel oil and natural gas	GJ	6.3 – 11.9
Lime (CaO)	kg	6 – 58

For each metric ton of aluminum produced, Alcoa Corporation consumes the following amounts of the identified raw material inputs (approximate range across relevant facilities):

Raw Material	Units	Consumption per MT of Aluminum
Alumina	mt	1.92 ± 0.02
Aluminum fluoride	kg	16.5 ± 6.5
Calcined petroleum coke	mt	0.37 ± 0.02
Cathode blocks	mt	0.006 ± 0.002
Electricity	kWh	12900 – 17000
Liquid pitch	mt	0.10 ± 0.03
Natural gas	mcf	3.5 ± 1.5

Certain aluminum produced by Alcoa Corporation also includes alloying materials. Because of the number of different types of elements that can be used to produce Alcoa Corporation’s various alloys, providing a range of such elements would not be meaningful. With the exception of a very small number of internally used products, Alcoa Corporation produces its alloys in adherence to an Aluminum Association standard. The Aluminum Association, of which ParentCo is an active member and Alcoa Corporation expects to be an active member, uses a specific designation system to identify alloy types. In general, each alloy type has a major alloying element other than aluminum but will also have other constituents as well, but of lesser amounts.

Patents, Trade Secrets and Trademarks

The company believes that its domestic and international patent, trade secret and trademark assets provide it with a significant competitive advantage. The company’s rights under its patents, as well as the products made and sold under them, are important to the company as a whole and, to varying degrees, important to each business segment. Alcoa Corporation’s business as a whole is not, however, materially dependent on any single patent, trade secret or trademark. As a result of product development and technological advancement, the company continues to pursue patent protection in jurisdictions throughout the world. As of August 2016, Alcoa Corporation’s worldwide patent portfolio consisted of approximately 570 granted patents and 325 pending patent applications.

The company also has a number of domestic and international registered trademarks that have significant recognition within the markets that are served, including the name “Alcoa” and the Alcoa symbol for aluminum products. Alcoa Corporation’s rights under its trademarks are important to the company as a whole and, to varying degrees, important to each business segment.

Alcoa Corporation and ParentCo will enter into an agreement in connection with the separation, pursuant to which Alcoa Corporation will permit Arconic to use and display certain Alcoa Corporation trademarks (including the Alcoa name) in connection with, among other things, entity names, inventory for sale, facilities, buildings, signage, documents and other identifiers, for a transitional period following the separation. In addition, two Arconic businesses, Alcoa Wheels and Spectrochemical Standards, will have ongoing rights to use the Alcoa name following the separation. See “Certain Relationships and Related Party Transactions—Agreements with Arconic—Intellectual Property License Agreements.”

Competition

Bauxite:

The third-party market for metallurgical grade bauxite is relatively new and growing quickly as global demand for bauxite increases—particularly in China. The majority of bauxite mined globally is converted to alumina for the production of aluminum metal. While Alcoa Corporation has historically mined bauxite for internal consumption by our alumina refineries, we are focused on building our third-party bauxite business to

meet growing demand. We sold two million tons of bauxite to a diverse third-party customer base in 2015 and also sent trial quantities to numerous alumina refineries worldwide for purposes of metallurgical testing.

Competitors in the third-party bauxite market include Rio Tinto Alcan, Norsk Hydro and multiple suppliers from Malaysia, India and other countries. We compete largely based on bauxite quality, price and proximity to end markets. Alcoa Corporation has a strong competitive position in this market for the following reasons:

- Low Cost Production: Alcoa Corporation is the world's largest bauxite miner, holding a strong first quartile global cost curve position, with best practices in efficient mining operations and sustainability.
- Reliable, Long-Term Bauxite Resources: Alcoa Corporation's strategic bauxite mine locations include Australia and Brazil as well as Guinea, which is home to the world's largest reserves of high-quality metallurgical grade bauxite. Alcoa Corporation has a long history of stable operations in these countries and has access to large bauxite deposits with mining rights that extend in most cases more than 20 years from the date of this information statement.
- Access to Markets: Alcoa Corporation's Australian bauxite mines are located in close proximity to the largest third-party customer base in China and our facilities are also accessible to a significant and growing alumina refining base in the Middle East.

Contracts for bauxite have generally been short-term contracts (two years or less in duration) with spot pricing and adjustments for quality and logistics, although Alcoa Corporation is currently pursuing long-term contracts with potential customers. The primary customer base for third-party bauxite is located in Asia—particularly China—as well as the Middle East.

Alumina:

The alumina market is global and highly competitive, with many active suppliers including producers as well as commodity traders. Alcoa Corporation faces competition from a number of companies in all of the regions in which we operate, including Aluminum Corporation of China Limited, China Hongqiao Group Limited, China Power Investment Corporation, Hindalco Industries Ltd., Hangzhou Jinjiang Group, National Aluminium Company Limited (NALCO), Noranda Aluminum Holding Corporation, Norsk Hydro ASA, Rio Tinto Alcan Inc., Sherwin Alumina Company, LLC, South32 Limited, United Company RUSAL Plc, and Chiping Xinfa Alumina Product Co., Ltd. In recent years, there has been significant growth in alumina refining in China and India. The majority of Alcoa Corporation's product is sold in the form of smelter grade alumina, with 5% to 10% of total global alumina production being produced for non-metallurgical applications.

Key factors influencing competition in the alumina market include: cost position, price, reliability of bauxite supply, quality and proximity to customers and end markets. While we face competition from many industry players, we have several competitive advantages:

- Proximity to Bauxite: Alcoa Corporation's refineries are strategically located next to low cost, upstream bauxite mines, and our alumina refineries are tuned to maximize efficiency with the exact bauxite qualities from these internal mines. In addition to refining efficiencies, vertical integration affords a stable and consistent long-term supply of bauxite to our refining portfolio.
- Low Cost Production: As the world's largest alumina producer, Alcoa Corporation has competitive, efficient assets across its refining portfolio, with a 2015 average cost position in the first quartile of global alumina production. Contributing to this cost position is our experienced workforce and sophistication in refining technology and process automation.
- Access to Markets: Alcoa Corporation is a global supplier of alumina with refining operations in the key markets of North America, South America, Europe, the Middle East, and Australia, enabling us to meet customer demand in the Atlantic and Pacific basins, including China.

Contracts for smelter grade alumina are often multi-year, although contract structures have evolved from primarily long-term contracts with fixed or LME-based pricing to shorter-term contracts with more frequent pricing adjustment. A significant development occurred in the pricing structure for alumina beginning in 2010. Traditionally, most alumina outside of China had been sold to third party smelters with the price calculated as a percentage of the LME aluminum price. In recent years however there has been a low correlation between LME aluminum prices and alumina input costs (principally energy, caustic soda and bauxite/freight). This disparity led to alumina prices becoming disconnected from the underlying economics of producing and selling alumina.

In 2010, a number of key commodity information service providers began publishing daily and weekly alumina (spot) pricing assessments or indices. Since that time, Alcoa Corporation has been systematically moving its third-party alumina sales contracts away from LME aluminum-based pricing to published alumina spot or index pricing, thus de-linking the price for alumina from the aluminum price to better reflect alumina's distinct fundamentals. In 2015, approximately 75% of Alcoa Corporation's smelter grade alumina shipments to third parties were sold at published spot/index prices, compared to 54% in 2013 and 37% in 2012. In 2016, we forecast that approximately 85% of our third-party alumina shipments will be based on API or spot pricing.

Alcoa Corporation's largest customer for smelter grade alumina is its own aluminum smelters, which in 2015 accounted for approximately 34% of its total alumina sales. Remaining sales are made to customers all over the world and are typically priced by reference to published spot market prices.

Primary Aluminum / Cast Products

The market for primary aluminum is global, and demand for aluminum varies widely from region to region. We compete with commodity traders and aluminum producers such as Aluminum Corporation of China Limited, China Hongqiao Group Limited, East Hope Group Co. Ltd., Emirates Global Aluminum, Norsk Hydro, Rio Tinto Alcan Inc., Shandong Xinfa Aluminum & Power Group, State Power Investment Co. (SPIC), United Company RUSAL Plc as well as with alternative materials such as steel, titanium, copper, carbon fiber, composites, plastic and glass, each of which may be substituted for aluminum in certain applications.

The aluminum industry itself is highly competitive; some of the most critical competitive factors in our industry are product quality, production costs (including source and cost of energy), price, proximity to customers and end markets, timeliness of delivery, customer service (including technical support), and product innovation and breadth of offerings. Where aluminum products compete with other materials, the diverse characteristics of aluminum are also a significant factor, particularly its light weight and recyclability.

In addition, in some end-use markets, competition is also affected by customer requirements that suppliers complete a qualification process to supply their plants. This process can be rigorous and may take many months to complete. However, the ability to obtain and maintain these qualifications can represent a competitive advantage.

In recent years, we have seen increasing trade flows between regions despite shipping costs, import duties and the lack of localized customer support. There is a growing trade in higher value-added products, with recent trade patterns seeing more flow toward the deficit regions. However, suppliers in emerging markets may export lower value-added or even commodity aluminum products to larger, more mature markets, as we have seen recently with China.

The strength of our position in the primary aluminum market is largely attributable to the following factors:

- Value-Added Product Portfolio: Alcoa Corporation has 15 casthouses supplying global customers with a diverse product portfolio, both in terms of shapes and alloys. We have steadily grown our cast products business by offering differentiated, value-added aluminum products that are cast into specific shapes to meet customer demand, with 67% of 2015 smelter shipments representing value-added products, compared to 57% in 2010.

- Low Cost Production: As the world's fourth largest aluminum producer in 2015, Alcoa Corporation leverages significant economies of scale in order to continuously reduce costs. As a result, Alcoa operates competitive, efficient assets across its aluminum smelting and casting portfolios, with its 2015 average smelting cost position in the second quartile of global aluminum smelters. This cost position is supported by long-term energy arrangements at many locations; Alcoa Corporation has secured approximately 75% of its smelter power needs through 2022.
- Access to Markets: Alcoa Corporation is a global supplier of aluminum with smelting and casting operations in the key markets of North America, Europe, the Middle East, and Australia, enabling us to access a broad customer base with competitive logistics costs.
- Sustainability: As of June 30, 2016, approximately 70% of our aluminum smelting portfolio runs on clean hydroelectric power, lessening our demand for fossil fuels and potentially mitigating the risk to the company from future carbon tax legislation.

Contracts for primary aluminum vary widely in duration, from multi-year supply contracts to monthly or weekly spot purchases. Pricing for primary aluminum products is typically comprised of three components: (i) the published LME aluminum price for commodity grade P1020 aluminum, (ii) the published regional premium applicable to the delivery locale and (iii) a negotiated product premium which accounts for factors such as shape and alloy.

Alcoa Corporation's largest customer for primary aluminum has historically been internal ParentCo downstream fabricating facilities (including the Warrick Rolling Mill), which in 2015 accounted for approximately 25% of total primary aluminum sales. Remaining sales were made to customers all over the world under contracts with varying terms and duration.

Rolled Products

The Warrick Rolling Mill leads our participation in several segments, including beverage can sheet, food can sheet, lithographic sheet, aluminum bottle sheet, and industrial products. The term "RCS" or Rigid Container Sheet is commonly used for both beverage and food can sheet. This includes the material used to produce the body of beverage containers (bodystock), the lid of beverage containers (endstock and tabstock), the material to produce food can body and lids (food stock) and the material to produce aluminum bottles (bottlestock) and bottle closures (closure sheet). The U.S. aluminum can business comprises approximately 96% beverage can sheet and approximately 4% food can sheet. Alcoa Corporation is the largest food can sheet producer.

The Warrick Rolling Mill competes with other North American producers of RCS products, namely Novelis Corp, Tri-Arrows Aluminum, and Constellium NV.

Buyers of RCS products in North America are large and concentrated and have significant market power. There are essentially five buyers of all the U.S. can sheet sold in the beverage industry (three can makers and the two beverage companies). In 2016, we estimate the North American (Canada/U.S./Mexico) aluminum can buyers and their share of the industry are: AB-Inbev (>35%), Coke (>20%), Ball (>15%), Crown (>15%), Rexam (>5%) and others (2%). The purchase of Rexam by Ball on June 30, 2016, including the divestitures of several U.S. plants to Ardagh Group will change these shares. Buyers traditionally buy RCS in proportions that represent the full aluminum can (80% body stock, 20% end and tab stock). In addition, as the aluminum can sheet represents approximately 60% of their manufacturing costs, there is a heavy focus on cost.

In 2015, our Warrick facility produced and sold 266 kMT of RCS and industrial products, of which 91% was sold to customers in North America. The majority of its sales were coated RCS products (food stock, beverage end and tab stock). Following the separation, both Warrick and Ma'aden will supply body stock material, temporarily supplemented by Arconic's Tennessee Operations under a transition supply agreement.

Can sheet demand is a function of consumer demand for beverages in aluminum packaging. Aluminum cans have a number of functional advantages for beverage companies, including product shelf life, carbonation retention, and logistics/distribution efficiency. Demand is mostly affected by overall demand for carbonated soft

drinks (CSDs) and beer. CSDs and beer compose approximately 60% and 40%, respectively, of overall aluminum can demand. In recent years, CSDs sales have been declining 1% to 4% year over year. At the same time, the aluminum can's share of the beer segment has grown, nearly offsetting the drop in CSDs sales. In 2015, the U.S./Canada aluminum can shipments reached 93.2 billion cans, a 0.1% decline over 2014. Alcoholic can shipments reached 36.9 billion cans, growing 2.3% year over year, while non-alcoholic can shipments reached 56.3 billion, declining 1.7% year over year.

We also compete with competitive package types including PET bottles, glass bottles, steel tin plate and other materials. In the U.S., aluminum cans, PET bottles and glass bottles represent approximately 69%, 29% and 2%, respectively, of the CSDs segment. In the beer segment, aluminum cans, glass bottles, and aluminum bottles represent approximately 73-74%, 21-22% and 5%, respectively, of the business. In the food can segment, steel tin plate cans and aluminum food cans represent approximately 83% and 17%, respectively, with aluminum cans representing approximately 52% of the pet food segment.

We compete on cost, quality, and service. Alcoa Corporation intends to continue to improve our cost position by increasing recycled aluminum content in our metal feedstock as well as continuing to focus on capacity utilization. We believe our team of technical and operational resources provides distinctive quality and customer service. The Warrick Rolling Mill will also be the sole domestic supplier of lithographic sheet, focusing on quality, reduced lead-times and delivery performance.

Energy

Unlike bauxite, alumina and aluminum, electricity markets are regional. They are limited in size by physical and regulatory constraints, including the physical inability to transport electricity efficiently over long distances, the design of the electric grid, including interconnections, and by the regulatory structure imposed by various federal and state entities. Alcoa Corporation owns generation and transmission assets that produce and sell electric energy and ancillary services in the United States and Brazilian wholesale energy markets. Our competitors include integrated electric utilities that may be owned by governments (either fully or partially), cooperatives or investors, independent power producers and energy brokers and traders.

Competition factors in open power markets include fuel supply, production costs, operational reliability, access to the power grid, and environmental attributes (e.g., green power and renewable energy credits). As electricity is difficult and cost prohibitive to store, there are no electricity inventories to cushion the impact of supply and demand factors and the resultant pricing in electricity markets may be volatile. Demand for power varies greatly both seasonally and by time of day. Supply may be impacted in the short term by unplanned generator outages or transmission congestion and longer term by planned generator outages, droughts, high precipitation levels and fuel pricing (coal and/or natural gas).

Electricity contracts may be very short term (real-time), short term (day ahead) or years in duration, and contracts can be executed for immediate delivery or years in advance. Pricing may be fixed, indexed to an underlying fuel source or other index such as LME, cost-based or based on regional market pricing. Pricing may be all inclusive on a per energy unit delivered basis (e.g., dollars per megawatt hour) or the components may be separated and include a demand or capacity charge, an energy charge, an ancillary services charge and a transmission charge to make the delivered energy conform to customer requirements.

Alcoa Corporation's energy assets enjoy several competitive advantages, when compared to other power suppliers:

- Reliability: In the United States, we have operated our thermal energy assets for over 50 years and our hydro energy assets for over 95 years with a high degree of reliability and expect to continue this level of performance. In Brazil, our ownership provides for assured energy from hydroelectric operations through 2032 to 2037.

- Low cost production: Our thermal energy assets' cost advantages include a captive fuel supply and efficiently managed capital and maintenance programs conducted by a highly skilled and experienced work force.
- Access and proximity to markets: Our U.S. assets are positioned to take advantage of sales into some of the more liquid power markets, including sales of both energy and capacity.
- Sustainable (green) energy sources: A majority of our generating assets use renewable (hydroelectric) sources of fuel for generation. In addition, our U.S. assets have been upgraded to allow for sales of renewable energy credits.

Research and Development

Expenditures for research and development ("R&D") activities were $69 million in 2015, $95 million in 2014 and $86 million in 2013.

Environmental Matters

Alcoa Corporation is subject to extensive federal, state and local environmental laws and regulations, including those relating to the release or discharge of materials into the air, water and soil, waste management, pollution prevention measures, the generation, storage, handling, use, transportation and disposal of hazardous materials, the exposure of persons to hazardous materials, greenhouse gas emissions, and the health and safety of our employees. Alcoa Corporation participates in environmental assessments and cleanups at 39 locations. These include owned or operating facilities and adjoining properties, previously owned or operating facilities and adjoining properties, and waste sites, including Superfund (Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA")) sites. Approved capital expenditures for new or expanded facilities for environmental control are approximately $80 million for 2016 and approximately $130 million for 2017. Additional information relating to environmental matters is included in Note N to the Combined Financial Statements under the caption "Contingencies and Commitments—Environmental Matters."

Employees

Alcoa Corporation's total worldwide employment at the end of 2015 was approximately 16,000 employees in 15 countries. Approximately 11,000 of these employees are represented by labor unions. The company believes that relations with its employees and any applicable union representatives generally are good.

In the U.S., approximately 2,500 employees are represented by various labor unions. The largest collective bargaining agreement is the master collective bargaining agreement with the United Steelworkers ("USW"). The USW master agreement covers approximately 1,950 employees at six U.S. locations. There are three other collective bargaining agreements in the U.S. with varying expiration dates. On a regional basis, collective bargaining agreements with varying expiration dates cover approximately 2,200 employees in Europe, 2,100 employees in Canada, 1,200 employees in Central and South America, and 2,900 employees in Australia.

Legal Proceedings

Italian Energy Matter

Before 2002, ParentCo purchased power in Italy in the regulated energy market and received a drawback of a portion of the price of power under a special tariff in an amount calculated in accordance with a published resolution of the Italian Energy Authority, Energy Authority Resolution n. 204/1999 ("204/1999"). In 2001, the Energy Authority published another resolution, which clarified that the drawback would be calculated in the same manner, and in the same amount, in either the regulated or unregulated market. At the beginning of 2002,

ParentCo left the regulated energy market to purchase energy in the unregulated market. Subsequently, in 2004, the Energy Authority introduced regulation no. 148/2004 which set forth a different method for calculating the special tariff that would result in a different drawback for the regulated and unregulated markets. ParentCo challenged the new regulation in the Administrative Court of Milan and received a favorable judgment in 2006. Following this ruling, ParentCo continued to receive the power price drawback in accordance with the original calculation method, through 2009, when the European Commission declared all such special tariffs to be impermissible “state aid.” In 2010, the Energy Authority appealed the 2006 ruling to the Consiglio di Stato (final court of appeal). On December 2, 2011, the Consiglio di Stato ruled in favor of the Energy Authority and against ParentCo, thus presenting the opportunity for the energy regulators to seek reimbursement from ParentCo of an amount equal to the difference between the actual drawback amounts received over the relevant time period, and the drawback as it would have been calculated in accordance with regulation 148/2004. On February 23, 2012, ParentCo filed its appeal of the decision of the Consiglio di Stato (this appeal was subsequently withdrawn in March 2013). On March 26, 2012, ParentCo received a letter from the agency (Cassa Conguaglio per il Settore Eletrico (CCSE)) responsible for making and collecting payments on behalf of the Energy Authority demanding payment in the amount of approximately $110 million (€85 million), including interest. By letter dated April 5, 2012, ParentCo informed CCSE that it disputes the payment demand of CCSE since (i) CCSE was not authorized by the Consiglio di Stato decisions to seek payment of any amount, (ii) the decision of the Consiglio di Stato has been appealed (see above), and (iii) in any event, no interest should be payable. On April 29, 2012, Law No. 44 of 2012 (“44/2012”) came into effect, changing the method to calculate the drawback. On February 21, 2013, ParentCo received a revised request letter from CCSE demanding ParentCo’s subsidiary, Alcoa Trasformazioni S.r.l., make a payment in the amount of $97 million (€76 million), including interest, which reflects a revised calculation methodology by CCSE and represents the high end of the range of reasonably possible loss associated with this matter of $0 to $97 million (€76 million). ParentCo rejected that demand and formally challenged it through an appeal before the Administrative Court on April 5, 2013. The Administrative Court scheduled a hearing for December 19, 2013, which was subsequently postponed until April 17, 2014, and further postponed until June 19, 2014. On that date, the Administrative Court listened to ParentCo’s oral argument, and on September 2, 2014, rendered its decision. The Administrative Court declared the payment request of CCSE and the Energy Authority to ParentCo to be unsubstantiated based on the 148/2004 resolution with respect to the January 19, 2007 through November 19, 2009 timeframe. On December 18, 2014, the CCSE and the Energy Authority appealed the Administrative Court’s September 2, 2014 decision; however, a date for the hearing has not been scheduled. ParentCo management recorded a partial reserve for this matter of $37 million (€34 million) during the quarter ended December 31, 2015 (see Note N to the Combined Financial Statements under the caption “Contingencies and Commitments—Agreement with Alumina Limited”). At this time, we are unable to reasonably predict an outcome for this matter.

Environmental Matters

ParentCo is involved in proceedings under the Comprehensive Environmental Response, Compensation and Liability Act, also known as Superfund (CERCLA) or analogous state provisions regarding the usage, disposal, storage or treatment of hazardous substances at a number of sites in the U.S. ParentCo has committed to participate, or is engaged in negotiations with federal or state authorities relative to its alleged liability for participation, in clean-up efforts at several such sites. The most significant of these matters are discussed in the Environmental Matters section of Note N to the Combined Financial Statements under the caption “Contingencies and Commitments—Environmental Matters.”

In August 2005, Dany Lavoie, a resident of Baie Comeau in the Canadian Province of Québec, filed a Motion for Authorization to Institute a Class Action and for Designation of a Class Representative against Alcoa Canada Ltd., Alcoa Limitée, Societe Canadienne de Metaux Reynolds Limitée and Canadian British Aluminum in the Superior Court of Québec in the District of Baie Comeau. Plaintiff seeks to institute the class action on behalf of a putative class consisting of all past, present and future owners, tenants and residents of Baie Comeau’s St. Georges neighborhood. He alleges that defendants, as the present and past owners and operators of an aluminum smelter in Baie Comeau, have negligently allowed the emission of certain contaminants from the

smelter, specifically Polycyclic Aromatic Hydrocarbons or “PAHs,” that have been deposited on the lands and houses of the St. Georges neighborhood and its environs causing damage to the property of the putative class and causing health concerns for those who inhabit that neighborhood. Plaintiff originally moved to certify a class action, sought to compel additional remediation to be conducted by the defendants beyond that already undertaken by them voluntarily, sought an injunction against further emissions in excess of a limit to be determined by the court in consultation with an independent expert, and sought money damages on behalf of all class members. In May 2007, the court authorized a class action suit to include only people who suffered property damage or personal injury damages caused by the emission of PAHs from the smelter. In September 2007, plaintiffs filed the claim against the original defendants, which the court had authorized in May. ParentCo filed its Statement of Defense and plaintiffs filed an Answer to that Statement. ParentCo also filed a Motion for Particulars with respect to certain paragraphs of plaintiffs’ Answer and a Motion to Strike with respect to certain paragraphs of plaintiffs’ Answer. In late 2010, the court denied these motions. The Soderberg smelting process that plaintiffs allege to be the source of emissions of concern has ceased operations and has been dismantled. Plaintiffs filed a motion seeking appointment of an expert to advise the court on matters of sampling of homes and standards for interior home remediation. ParentCo opposed the motion. After a March 25, 2016 hearing on the motion, the court granted, in a ruling dated April 8, 2016, the motion and directed the parties to confer on potential experts and protocols for sampling of residences. The court has identified a sampling expert. The parties are advising the expert on their respective views on the appropriate protocol for sampling. Further proceedings in the case will await the independent expert’s report. At-this stage of the proceeding, we are unable to reasonably predict an outcome or to estimate a range of reasonably possible loss.

In October 2006, in Barnett, et al. v. Alcoa and Alcoa Fuels, Inc., Warrick Circuit Court, County of Warrick, Indiana; 87-C01-0601-PL-499, forty-one plaintiffs sued ParentCo and one of its subsidiary, asserting claims similar to those asserted in Musgrave v. Alcoa, et al., Warrick Circuit Court, County of Warrick, Indiana; 87-C01-0601-CT-006. In November 2007, ParentCo and its subsidiary filed a motion to dismiss the Barnett cases. In October 2008, the Warrick County Circuit Court granted ParentCo’s motions to dismiss, dismissing all claims arising out of alleged occupational exposure to wastes at the Squaw Creek Mine, but in November 2008, the trial court clarified its ruling, indicating that the order does not dispose of plaintiffs’ personal injury claims based upon alleged “recreational” or non-occupational exposure. Plaintiffs also filed a “second amended complaint” in response to the court’s orders granting ParentCo’s motion to dismiss. On July 7, 2010, the court granted the parties’ joint motions for a general continuance of trial settings. Discovery in this matter remains stayed. We are unable to reasonably predict an outcome or to estimate a range of reasonably possible loss because plaintiffs have merely alleged that their medical condition is attributable to exposure to materials at the Squaw Creek Mine but no further information is available due to the discovery stay.

In 1996, ParentCo acquired the Fusina, Italy smelter and rolling operations and the Portovesme, Italy smelter (both of which are owned by ParentCo’s subsidiary, Alcoa Trasformazioni S.r.l.) from Alumix, an entity owned by the Italian Government. ParentCo also acquired the extrusion plants located in Feltre and Bolzano, Italy. At the time of the acquisition, Alumix indemnified ParentCo for pre-existing environmental contamination at the sites. In 2004, the Italian Ministry of Environment (MOE) issued orders to Alcoa Trasformazioni S.r.l. and Alumix for the development of a clean-up plan related to soil contamination in excess of allowable limits under legislative decree and to institute emergency actions and pay natural resource damages. On April 5, 2006, Alcoa Trasformazioni S.r.l.’s Fusina site was also sued by the MOE and Minister of Public Works (MOPW) in the Civil Court of Venice for an alleged liability for environmental damages, in parallel with the orders already issued by the MOE. Alcoa Trasformazioni S.r.l. appealed the orders, defended the civil case for environmental damages and filed suit against Alumix, as discussed below. Similar issues also existed with respect to the Bolzano and Feltre plants, based on orders issued by local authorities in 2006. Most, if not all, of the underlying activities occurred during the ownership of Alumix, the governmental entity that sold the Italian plants to ParentCo.

As noted above, in response to the 2006 civil suit by the MOE and MOPW, Alcoa Trasformazioni S.r.l. filed suit against Alumix claiming indemnification under the original acquisition agreement, but brought that suit in the

Court of Rome due to jurisdictional rules. In June 2008, the parties (ParentCo and now Ligestra S.r.l. (Ligestra), the successor to Alumix) signed a preliminary agreement by which they have committed to pursue a settlement. The Court of Rome accepted the request, and postponed the Court's expert technical assessment, reserving its ability to fix the deadline depending on the development of negotiations. ParentCo and Ligestra agreed to a settlement in December 2008 with respect to the Feltre site. Ligestra paid the sum of 1.08 million Euros and ParentCo committed to clean up the site. Further postponements were granted by the Court of Rome, and the next hearing is fixed for December 20, 2016. In the meantime, Alcoa Trasformazioni S.r.l. and Ligestra reached a preliminary agreement for settlement of the liabilities related to Fusina, allocating 80% and 20% of the remediation costs to Ligestra and ParentCo, respectively. In January 2014, a final agreement with Ligestra was signed, and on February 5, 2014, ParentCo signed a final agreement with the MOE and MOPW settling all environmental issues at the Fusina site. As set out in the agreement between ParentCo and Ligestra, those two parties will share the remediation costs and environmental damages claimed by the MOE and MOPW. The remediation project filed by ParentCo and Ligestra has been approved by the MOE. See Note N to the Combined Financial Statements under the caption "Fusina and Portovesme, Italy." To provide time for settlement with Ligestra, the MOE and ParentCo jointly requested and the Civil Court of Venice has granted a series of postponements of hearings in the Venice trial, assuming that the case will be closed. Following the settlement, the parties caused the Court to dismiss the proceedings. The proceedings were, however, restarted in April 2015 by the MOE and MOPW because the Ministers had not ratified the settlement of February 5, 2014. The Ministers announced in December 2015 that they will ratify the settlement in the following months.

ParentCo and Ligestra have signed a similar agreement relating to the Portovesme site. However, that agreement is contingent upon final acceptance of the proposed soil remediation project for Portovesme that was rejected by the MOE in the fourth quarter of 2013. ParentCo submitted a revised proposal in May 2014 and a further revised proposal in February 2015, in agreement with Ligestra. The MOE issued a Ministerial Decree approving the final project in October 2015. Work on the soil remediation project will commence in 2016 and is expected to be completed in 2019. ParentCo and Ligestra are now working on a final groundwater remediation project which is expected to be submitted to the MOE for review during 2016. While the issuance of the decree for the soil remediation project has provided reasonable certainty regarding liability for the soil remediation, with respect to the groundwater remediation project ParentCo is unable to reasonably predict an outcome or to estimate a range of reasonably possible loss beyond what is described in Footnote N to the Combined Financial Statements for several reasons. First, certain costs relating to the groundwater remediation are not yet fixed. In connection with any proposed groundwater remediation plan for Portovesme, ParentCo understands that the MOE has substantial discretion in defining what must be managed under Italian law, as well as the extent and duration of that remediation program. As a result, the scope and cost of the final groundwater remediation plan remain uncertain for Portovesme; ParentCo and Ligestra are still negotiating a final settlement for groundwater remediation at Portovesme, for an allocation of the cost based on the new remediation project approved by the MOE. In addition, once a groundwater remediation project is submitted, should a final settlement with Ligestra not be reached, we should be held responsible only for ParentCo's share of pollution. However, the area is impacted by many sources of pollution, as well as historical pollution. Consequently, the allocation of liabilities would need a very complex technical evaluation by the authorities that has not yet been performed.

On November 30, 2010, Alcoa World Alumina Brasil Ltda. (AWAB) received notice of a lawsuit that had been filed by the public prosecutors of the State of Pará in Brazil in November 2009. The suit names AWAB and the State of Pará, which, through its Environmental Agency, had issued the operating license for ParentCo's new bauxite mine in Juruti. The suit concerns the impact of the project on the region's water system and alleges that certain conditions of the original installation license were not met by AWAB. In the lawsuit, plaintiffs requested a preliminary injunction suspending the operating license and ordering payment of compensation. On April 14, 2010, the court denied plaintiffs' request. AWAB presented its defense in March 2011, on grounds that it was in compliance with the terms and conditions of its operating license, which included plans to mitigate the impact of the project on the region's water system. In April 2011, the State of Pará defended itself in the case asserting that the operating license contains the necessary plans to mitigate such impact, that the State monitors the performance of AWAB's obligations arising out of such license, that the licensing process is valid and legal, and

that the suit is meritless. ParentCo's position is that any impact from the project had been fully repaired when the suit was filed. ParentCo also believes that Jará Lake has not been affected by any project activity and any evidence of pollution from the project would be unreliable. Following the preliminary injunction request, the plaintiffs took no further action until October 2014, when in response to the court's request and as required by statute, they restated the original allegations in the lawsuit. We are not certain whether or when the action will proceed. Given that this proceeding is in its preliminary stage and the current uncertainty in this case, we are unable to reasonably predict an outcome or to estimate a range of reasonably possible loss.

St. Croix Proceedings

Abednego and Abraham cases. On January 14, 2010, ParentCo was served with a multi-plaintiff action complaint involving several thousand individual persons claiming to be residents of St. Croix who are alleged to have suffered personal injury or property damage from Hurricane Georges or winds blowing material from the St. Croix Alumina, L.L.C. ("SCA") facility on the island of St. Croix (U.S. Virgin Islands) since the time of the hurricane. This complaint, Abednego, et al. v. Alcoa, et al. was filed in the Superior Court of the Virgin Islands, St. Croix Division. Following an unsuccessful attempt by ParentCo and SCA to remove the case to federal court, the case has been lodged in the Superior Court. The complaint names as defendants the same entities that were sued in a February 1999 action arising out of the impact of Hurricane Georges on the island and added as a defendant the current owner of the alumina facility property.

On March 1, 2012, ParentCo was served with a separate multi-plaintiff action complaint involving approximately 200 individual persons alleging claims essentially identical to those set forth in the Abednego v. Alcoa complaint. This complaint, Abraham, et al. v. Alcoa, et al., was filed on behalf of plaintiffs previously dismissed in the federal court proceeding involving the original litigation over Hurricane Georges impacts. The matter was originally filed in the Superior Court of the Virgin Islands, St. Croix Division, on March 30, 2011.

ParentCo and other defendants in the Abraham and Abednego cases filed or renewed motions to dismiss each case in March 2012 and August 2012 following service of the Abraham complaint on ParentCo and remand of the Abednego complaint to Superior Court, respectively. By order dated August 10, 2015, the Superior Court dismissed plaintiffs' complaints without prejudice to re-file the complaints individually, rather than as a multi-plaintiff filing. The order also preserves the defendants' grounds for dismissal if new, individual complaints are filed. As of June 10, 2016, approximately 100 separate complaints had been filed in Superior Court, which alleged claims by about 400 individuals. On June 1, 2016, counsel representing plaintiffs filed a motion seeking additional time to file new complaints. The court has not ruled on that request. No further proceedings have been scheduled, and we are unable to reasonably predict an outcome or to estimate a range of reasonably possible loss.

Glencore Contractual Indemnity Claim. On June 5, 2015, Alcoa World Alumina LLC ("AWA") and St. Croix Alumina, L.L.C. ("SCA") filed a complaint in Delaware Chancery Court for a declaratory judgment and injunctive relief to resolve a dispute between ParentCo and Glencore Ltd. ("Glencore") with respect to claimed obligations under a 1995 asset purchase agreement between ParentCo and Glencore. The dispute arose from Glencore's demand that ParentCo indemnify it for liabilities it may have to pay to Lockheed Martin ("Lockheed") related to the St. Croix alumina refinery. Lockheed had earlier filed suit against Glencore in federal court in New York seeking indemnity for liabilities it had incurred and would incur to the U.S. Virgin Islands to remediate certain properties at the refinery property and claimed that Glencore was required by an earlier, 1989 purchase agreement to indemnify it. Glencore had demanded that ParentCo indemnify and defend it in the Lockheed case and threatened to claim against ParentCo in the New York action despite exclusive jurisdiction for resolution of disputes under the 1995 purchase agreement being in Delaware. After Glencore conceded that it was not seeking to add ParentCo to the New York action, AWA and SCA dismissed their complaint in the Chancery Court case and on August 6, 2015 filed a complaint for declaratory judgment in Delaware Superior Court. AWA and SCA filed a motion for judgment on the pleadings on September 16, 2015. Glencore answered AWA's and SCA's complaint and asserted counterclaims on August 27, 2015, and on October 2, 2015 filed its own motion for judgment on the pleadings. Argument on the parties' motions was held by the court on

December 7, 2015, and by order dated February 8, 2016, the court granted ParentCo's motion and denied Glencore's motion, resulting in ParentCo not being liable to indemnify Glencore for the Lockheed action. The decision also leaves for pretrial discovery and possible summary judgment or trial Glencore's claims for costs and fees it incurred in defending and settling an earlier Superfund action brought against Glencore by the Government of the Virgin Islands. On February 17, 2016, Glencore filed notice of its application for interlocutory appeal of the February 8 ruling. AWA and SCA filed an opposition to that application on February 29, 2016. On March 10, 2016, the court denied Glencore's motion for interlocutory appeal and on the same day entered judgment on claims other than Glencore's claims for costs and fees it incurred in defending and settling the earlier Superfund action brought against Glencore by the Government of the Virgin Islands. On March 29, 2016, Glencore filed a withdrawal of its notice of interlocutory appeal and also noted its intent to appeal the court's March 10, 2016 judgment. Briefing is complete; however, the court has not set a date for argument. At this time, we are unable to reasonably predict an outcome for this matter.

Other Matters

Some of ParentCo's subsidiaries as premises owners are defendants in active lawsuits filed on behalf of persons alleging injury as a result of occupational exposure to asbestos at various facilities. A former affiliate of a ParentCo subsidiary has been named, along with a large common group of industrial companies, in a pattern complaint where ParentCo's involvement is not evident. Since 1999, several thousand such complaints have been filed. To date, the former affiliate has been dismissed from almost every case that was actually placed in line for trial. ParentCo's subsidiaries and acquired companies, all have had numerous insurance policies over the years that provide coverage for asbestos based claims. Many of these policies provide layers of coverage for varying periods of time and for varying locations. ParentCo has significant insurance coverage and believes that its reserves are adequate for its known asbestos exposure related liabilities. The costs of defense and settlement have not been and are not expected to be material to the results of operations, cash flows, and financial position of Alcoa Corporation.

On August 2, 2013, the State of North Carolina, by and through its agency, the North Carolina Department of Administration, filed a lawsuit against Alcoa Power Generating Inc. (APGI) in Superior Court, Wake County, North Carolina (Docket No. 13-CVS-10477). The lawsuit asserts ownership of certain submerged lands and hydropower generating structures situated at ParentCo's Yadkin Hydroelectric Project (the "Yadkin Project"), including the submerged riverbed of the Yadkin River throughout the Yadkin Project and a portion of the hydroelectric dams that APGI owns and operates pursuant to a license from the Federal Energy Regulatory Commission. The suit seeks declaratory relief regarding North Carolina's alleged ownership interests in the riverbed and the dams and further declaration that APGI has no right, license or permission from North Carolina to operate the Yadkin Project. By notice filed on September 3, 2013, APGI removed the matter to the U.S. District Court for the Eastern District of North Carolina (Docket No. Civil Action No. 5: 13-cv-633). By motion filed September 3, 2013, the Yadkin Riverkeeper sought permission to intervene in the case. On September 25, 2013, APGI filed its answer in the case and also filed its opposition to the motion to intervene by the Yadkin Riverkeeper. The Court denied the State's Motion to Remand and initially permitted the Riverkeeper to intervene although the Riverkeeper has now voluntarily withdrawn as an intervening party and will participate as amicus.

On July 21, 2014, the parties each filed a motion for summary judgment. On November 20, 2014, the Court denied APGI's motion for summary judgment and denied in part and granted in part the State of North Carolina's motions for summary judgment. The Court held that under North Carolina law, the burden of proof as to title to property is shifted to a private party opposing a state claim of property ownership. The court conducted a trial on navigability on April 21-22, 2015, and, after ruling orally from the bench on April 22, 2015, on May 5, 2015, entered Findings of Fact and Conclusions of Law as to Navigability, ruling in APGI's favor that the state "failed to meet its burden to prove that the Relevant Segment, as stipulated by the parties, was navigable for commerce at statehood." Subsequently, APGI filed a motion for summary judgment as to title; the state filed opposition papers. On September 28, 2015, the Court granted summary judgment in APGI's favor and found that the evidence demonstrates that APGI holds title to the riverbed. The Court further directed judgment to be entered in APGI's favor and closed the case. The court has set argument for October 27, 2016.

On October 19, 2015, a subsidiary, Alúmina Española S.A., received a request by the Court of Vivero, Spain to provide the names of the "manager," as well as those of the "environmental managers," of the San Ciprián alumina refinery from 2009 to the present date. Upon reviewing the documents filed with the Court, ParentCo learned for the first time that the request is the result of a criminal proceeding that began in 2010 after the filing of a claim by two San Ciprián neighbors alleging that the plant's activities had adverse effects on vegetation, crops and human health. In 2011 and 2012, some neighbors claimed individually in the criminal court for caustic spill damages to vehicles, and the judge decided to administer all issues in the court proceeding (865/2011). Currently, that court proceeding is in its first phase (preliminary investigation phase) led by the judge. The purpose of that investigation is to determine whether there has been a criminal offense for actions against natural resources and the environment. The Spanish public prosecutor is also involved in the case, having requested technical reports. To date, only "Alcoa-Alúmina Española S.A." has been identified as a potential defendant and no ParentCo representative has yet been required to appear before the judge. No other material step has been taken during this preliminary investigation phase. Monetary sanctions for an offense in the form of a fine could range from 30 to 5,000 euros per day, for a maximum period of three years. Given that this proceeding is in its preliminary stage and the current uncertainty in the case, we are unable to reasonably predict an outcome or to estimate a range of reasonably possible loss.

Tax

Between 2000 and 2002, Alcoa Alumínio (Alumínio) sold approximately 2,000 metric tons of metal per month from its Poços de Caldas facility, located in the State of Minas Gerais (the "State"), to Alfio, a customer also located in the State. Sales in the State were exempted from value-added tax (VAT) requirements. Alfio subsequently sold metal to customers outside of the State, but did not pay the required VAT on those transactions. In July 2002, Alumínio received an assessment from State auditors on the theory that Alumínio should be jointly and severally liable with Alfio for the unpaid VAT. In June 2003, the administrative tribunal found Alumínio liable, and Alumínio filed a judicial case in the State in February 2004 contesting the finding. In May 2005, the Court of First Instance found Alumínio solely liable, and a panel of a State appeals court confirmed this finding in April 2006. Alumínio filed a special appeal to the Superior Tribunal of Justice (STJ) in Brasilia (the federal capital of Brazil) later in 2006. In 2011, the STJ (through one of its judges) reversed the judgment of the lower courts, finding that Alumínio should neither be solely nor jointly and severally liable with Alfio for the VAT, which ruling was then appealed by the State. In August 2012, the STJ agreed to have the case reheard before a five-judge panel. A decision from this panel is pending, but additional appeals are likely. At December 31, 2015, the assessment totaled $35 million (R$135 million), including penalties and interest. While we believe we have meritorious defenses, we are unable to reasonably predict an outcome.

Alumina Limited Litigation

On May 27, 2016, ParentCo filed a complaint in the Delaware Court of Chancery seeking a declaratory judgment on an expedited basis to forestall what the complaint alleges are continuing threats by Alumina Limited and certain related parties to attempt to interfere with the separation and distribution. Alumina Limited has claimed that it has certain consent and other rights under certain agreements governing Alcoa World Alumina and Chemicals (AWAC), a global joint venture between Alcoa Corporation and Alumina Limited, in connection with the separation and distribution.

On September 1, 2016, ParentCo, Alumina Limited, Alcoa Corporation and certain of their respective subsidiaries entered into a settlement and release agreement (the "settlement agreement") providing for a full settlement and release by each party of claims arising from or relating to the Delaware litigation. The settlement agreement also provides for certain changes to the governance and financial policies of the AWAC joint venture effective upon the completion of the separation, as well as certain additional changes to their AWAC agreements that become effective only in the event of a change in control of Alumina Limited or Alcoa Corporation. The settlement agreement is not expected to have a material effect, adverse or otherwise, on the future operating results of Alcoa Corporation. See "Business—Certain Joint Ventures—AWAC."

Other Contingencies

In addition to the matters discussed above, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against ParentCo and/or Alcoa Corporation, including those pertaining to environmental, product liability, safety and health, and tax matters. While the amounts claimed in these other matters may be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that exist. Therefore, it is possible that our liquidity or results of operations in a particular period could be materially affected by one or more of these other matters. However, based on facts currently available, management believes that the disposition of these other matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the financial position of Alcoa Corporation.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") in conjunction with the audited Combined Financial Statements and corresponding notes and the Unaudited Pro Forma Combined Condensed Financial Statements and corresponding notes included elsewhere in this information statement. This MD&A contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those projected or implied in the forward-looking statements. Please see "Risk Factors" and "Cautionary Statement Concerning Forward-Looking Statements" for a discussion of the uncertainties, risks and assumptions associated with these statements.

All amounts discussed are in millions of U.S. dollars, unless otherwise indicated.

Overview

The Separation

The Proposed Separation. On September 28, 2015, ParentCo announced that its Board of Directors approved a plan (the "separation") to separate into two independent, publicly-traded companies: Alcoa Upstream Corporation ("Alcoa Corporation"), which will primarily comprise the historical bauxite mining, alumina refining, aluminum production and energy operations of ParentCo, as well as the rolling mill at the Warrick, Indiana, operations and ParentCo's 25.1% stake in the Ma'aden Rolling Company in Saudi Arabia; and a value-add company, that will principally include the Global Rolled Products (other than the Warrick and Ma'aden rolling mills), Engineered Products and Solutions, and Transportation and Construction Solutions segments (collectively, the "Value-Add Businesses") of ParentCo.

The separation will occur by means of a pro rata distribution by ParentCo of at least 80.1% of the outstanding shares of Alcoa Corporation. ParentCo, the existing publicly traded company, will continue to own the Value-Add Businesses, and will become the value-add company. In conjunction with the Separation, ParentCo will change its name to Arconic Inc. ("Arconic") and Alcoa Upstream Corporation will change its name to Alcoa Corporation.

The separation transaction, which is expected to be completed in the second half of 2016, is subject to a number of conditions, including, but not limited to: final approval by ParentCo's Board of Directors; the continuing validity of the private letter ruling from the Internal Revenue Service regarding certain U.S. federal income tax matters relating to the transaction; receipt of an opinion of legal counsel regarding the qualification of the distribution, together with certain related transactions, as a transaction that is generally tax-free for U.S. federal income tax purposes; and the U.S. Securities and Exchange Commission (the "SEC") declaring effective the registration statement of which this information statement forms a part. Upon completion of the separation, ParentCo shareholders will own at least 80.1% of the outstanding shares of Alcoa Corporation, and Alcoa Corporation will be a separate company from Arconic. Arconic will retain no more than 19.9% of the outstanding shares of common stock of Alcoa Corporation following the distribution.

Alcoa Corporation and Arconic will enter into an agreement (the "Separation Agreement") that will identify the assets to be transferred, the liabilities to be assumed and the contracts to be transferred to each of Alcoa Corporation and Aronic as part of the separation of ParentCo into two companies, and will provide for when and how these transfers and assumptions will occur.

ParentCo may, at any time and for any reason until the proposed transaction is complete, abandon the separation plan or modify its terms.

For purposes of the following sections of the MD&A, we use the terms "Alcoa Corporation," "we," "us," and "our," when referring to periods prior to the distribution, to refer to the Alcoa Corporation Business of ParentCo.

Our Business

Alcoa Corporation is the world leader in the production and management of primary aluminum and alumina combined, through its active participation in all major aspects of the industry: technology, mining, refining, smelting, and recycling. Aluminum is a commodity that is traded on the London Metal Exchange (LME) and priced daily. The price of aluminum influences the operating results of Alcoa Corporation.

Alcoa Corporation is a global company operating in ten countries. Based upon the country where the point of sale occurred, the United States and Europe generated 48% and 26%, respectively, of Alcoa Corporation's sales in 2015. In addition, Alcoa Corporation has investments and operating activities in, among others, Australia, Canada, Brazil, Guinea, and Saudi Arabia. Governmental policies, laws and regulations, and other economic factors, including inflation and fluctuations in foreign currency exchange rates and interest rates, affect the results of operations in these countries.

Results of Operations

Earnings Summary

Net loss attributable to Alcoa Corporation for 2015 was $863 compared with Net loss attributable to Alcoa Corporation of $256, in 2014. The increased loss of $607 was primarily due to a lower average realized price for both aluminum and alumina, a charge for legal matters in Italy, discrete income tax charge for valuation allowances on certain deferred tax assets and nondeductible items, lower energy sales, and higher costs. These negative impacts were partially offset by net favorable foreign currency movements, net productivity improvements, and lower charges and expenses related to a number of portfolio actions (such as capacity reductions and divestitures).

Net loss attributable to Alcoa Corporation for 2014 was $256, compared with a Net loss of $2,909, in 2013. The improvement in results of $2,653 was primarily due to the absence of an impairment of goodwill and charges for the resolution of a legal matter. Other significant changes in results included the following: higher energy sales, a higher average realized price for primary aluminum, net productivity improvements, and net favorable foreign currency movements. These other changes were mostly offset by higher charges related to a number of portfolio actions (such as capacity reductions and divestitures), and higher overall input costs.

Sales—Sales for 2015 were $11,199 compared with sales of $13,147 in 2014, a reduction of $1,948, or 14.8%. The decrease was primarily due to the absence of sales related to capacity that was closed, sold or curtailed (see Primary Metals in Segment Information below), a lower average realized price for aluminum and alumina, and lower energy sales (as a result of lower pricing and unfavorable foreign currency movements). These negative impacts were partially offset by higher volumes of alumina and rolled products.

Sales for 2014 were $13,147 compared with sales of $12,573 in 2013, an improvement of $574, or 4.6%. The increase was mainly the result of higher volumes of alumina, higher energy sales resulting from excess power due to curtailed smelter capacity, and a higher average realized price for primary aluminum. These positive impacts were partially offset by lower primary aluminum volumes, including those related to curtailed and shutdown smelter capacity.

Cost of Goods Sold—COGS as a percentage of Sales was 80.7% in 2015 compared with 80.2% in 2014. The percentage was negatively impacted by a lower average realized price for both aluminum and alumina, lower energy sales, higher inventory write-downs related to the decisions to permanently shut down and/or curtail capacity (difference of $35 – see Restructuring and Other Charges below), and higher costs. These negative impacts were mostly offset by net favorable foreign currency movements due to a stronger U.S. dollar, net productivity improvements, a favorable last in, first out (LIFO) adjustment (difference of $103) due to lower prices for aluminum and alumina, and the absence of costs related to a new labor agreement that covers employees at seven locations in the United States (see below).

COGS as a percentage of Sales was 80.2% in 2014 compared with 87.8% in 2013. The percentage was positively impacted by net productivity improvements across all segments, both the previously mentioned higher energy sales and higher average realized price for primary aluminum, net favorable foreign currency movements due to a stronger U.S. dollar, lower costs for caustic and carbon, and the absence of costs related to a planned maintenance outage in 2013 at a power plant in Australia. These positive impacts were partially offset by higher costs for bauxite, energy, and labor; higher inventory write-downs related to the decisions to permanently shut down and/or curtail capacity (difference of $47 – see Restructuring and Other Charges below); less favorable LIFO adjustment (difference of $15); and costs related to a new labor agreement that covers employees at seven locations in the United States (see below).

On June 6, 2014, the United Steelworkers ratified a new five-year labor agreement covering approximately 6,100 employees at 10 U.S. locations of ParentCo (of which seven are part of Alcoa Corporation); the previous labor agreement expired on May 15, 2014. In 2014, as a result of the preparation for and ratification of the new agreement, Alcoa Corporation recognized $7 in COGS for, among other items, business contingency costs and a one-time signing bonus for employees.

Selling, General Administrative, and Other Expenses—SG&A expenses were $353, or 3.2% of Sales, in 2015 compared with $383, or 2.9% of Sales, in 2014. The decline of $30 was principally the result of favorable foreign currency movements due to a stronger U.S. dollar and the absence of SG&A ($15) related to closed and sold locations, partially offset by expenses for professional and consulting services related to the planned separation discussed above ($12).

SG&A expenses were $383, or 2.9% of Sales, in 2014 compared with $406, or 3.2% of Sales, in 2013. The decline of $23 was attributable to favorable foreign currency movements and decreases in various expenses, including legal and consulting fees and contract services, partially offset by higher stock-based compensation expense ($6).

Research and Development Expenses—R&D expenses were $69 in 2015 compared with $95 in 2014 and $86 in 2013. The decrease in 2015 as compared to 2014 primarily resulted from lower spending associated with inert anode and carbothermic technology for the Primary Metals segment. The increase in 2014 as compared to 2013 was primarily caused by additional spending related to inert anode and carbothermic technology for the Primary Metals segment.

Provision for Depreciation, Depletion, and Amortization —The provision for DD&A was $780 in 2015 compared with $954 in 2014. The decrease of $174, or 18.2%, was mostly due to favorable foreign currency movements due to a stronger U.S. dollar, particularly against the Australian dollar and Brazilian real, and the absence of DD&A ($55) related to the divestiture and/or permanent closure of five smelters, one refinery, and one rod mill (see Alumina and Primary Metals in Segment Information below), all of which occurred from March 2014 through June 2015.

The provision for DD&A was $954 in 2014 compared with $1,026 in 2013. The decrease of $72, or 7.0%, was principally the result of favorable foreign currency movements due to a stronger U.S. dollar, particularly against the Australian dollar and Brazilian real, and a reduction in expense ($20) related to the permanent shutdown of smelter capacity in Australia, Canada, the United States, and Italy that occurred at different points during both 2013 and 2014 (see Primary Metals in Segment Information below).

Impairment of Goodwill—In 2013, Alcoa Corporation recognized an impairment of goodwill in the amount of $1,731 ($1,719 after noncontrolling interest) related to the annual impairment review of the Primary Metals reporting unit (see Goodwill in Critical Accounting Policies and Estimates below).

Restructuring and Other Charges—Restructuring and other charges for each year in the three-year period ended December 31, 2015 were comprised of the following:

	2015	2014	2013
Asset impairments	$311	$328	$100
Layoff costs	199	157	152
Legal matters in Italy	201	—	—
Net loss on divestitures of businesses	25	214	—
Resolution of a legal matter	—	—	391
Other*	254	181	73
Reversals of previously recorded layoff and other exit costs	(7)	(17)	(4)
Total Restructuring and other charges	$983	$863	$712

* Includes $32, $23, and $14 in 2015, 2014, and 2013, respectively, related to the allocation of restructuring charges to Alcoa Corporation based on segment revenue.

Layoff costs were recorded based on approved detailed action plans submitted by the operating locations that specified positions to be eliminated, benefits to be paid under existing severance plans, union contracts or statutory requirements, and the expected timetable for completion of the plans.

2015 Actions. In 2015, Alcoa Corporation recorded Restructuring and other charges of $983, which were comprised of the following components: $418 for exit costs related to decisions to permanently shut down and demolish three smelters and a power station (see below); $238 for the curtailment of two refineries and two smelters (see below); $201 related to legal matters in Italy (see Note N to the Combined Financial Statements); a $24 net loss primarily related to post-closing adjustments associated with two December 2014 divestitures (see Note F to the Combined Financial Statements); $45 for layoff costs, including the separation of approximately 465 employees; $33 for asset impairments related to prior capitalized costs for an expansion project at a refinery in Australia that is no longer being pursued; a net credit of $1 for other miscellaneous items; $7 for the reversal of a number of small layoff reserves related to prior periods; and $32 related to Corporate restructuring allocated to Alcoa Corporation.

During 2015, management initiated various alumina refining and aluminum smelting capacity curtailments and/or closures. The curtailments were composed of the remaining capacity at all of the following: the São Luís smelter in Brazil (74 kmt-per-year); the Suriname refinery (1,330 kmt-per-year); the Point Comfort, TX refinery (2,010 kmt-per-year); and the Wenatchee, WA smelter (143 kmt-per-year). All of the curtailments were completed in 2015 except for 1,635 kmt-per-year at the Point Comfort refinery, which is expected to be completed by the end of June 2016. The permanent closures were composed of the capacity at the Warrick, IN smelter (269 kmt-per-year) (includes the closure of a related coal mine) and the infrastructure of the Massena East, NY smelter (potlines were previously shut down in both 2013 and 2014 – see 2013 Actions and 2014 Actions below), as the modernization of this smelter is no longer being pursued. The shutdown of the Warrick smelter is expected to be completed by the end of March 2016.

The decisions on the above actions were part of a separate 12-month review in refining (2,800 kmt-per-year) and smelting (500 kmt-per-year) capacity initiated by management in March 2015 for possible curtailment (partial or full), permanent closure or divestiture. While many factors contributed to each decision, in general, these actions were initiated to maintain competitiveness amid prevailing market conditions for both alumina and aluminum. Demolition and remediation activities related to the Warrick smelter and the Massena East location will begin in 2016 and are expected to be completed by the end of 2020.

Separate from the actions initiated under the reviews described above, in mid-2015, management approved the permanent shutdown and demolition of the Poços de Caldas smelter (capacity of 96 kmt-per-year) in Brazil and the Anglesea power station (includes the closure of a related coal mine) in Australia. The entire capacity at

Poços de Caldas had been temporarily idled since May 2014 and the Anglesea power station was shut down at the end of August 2015. Demolition and remediation activities related to the Poços de Caldas smelter and the Anglesea power station began in late 2015 and are expected to be completed by the end of 2026 and 2020, respectively.

The decision on the Poços de Caldas smelter was due to management's conclusion that the smelter was no longer competitive as a result of challenging global market conditions for primary aluminum, which led to the initial curtailment, that have not dissipated and higher costs. For the Anglesea power station, the decision was made because a sale process did not result in a sale and there would have been imminent operating costs and financial constraints related to this site in the remainder of 2015 and beyond, including significant costs to source coal from available resources, necessary maintenance costs, and a depressed outlook for forward electricity prices. The Anglesea power station previously supplied approximately 40 percent of the power needs for the Point Henry smelter, which was closed in August 2014 (see 2014 Actions below).

In 2015, costs related to the shutdown and curtailment actions included asset impairments of $226, representing the write-off of the remaining book value of all related properties, plants, and equipment; $154 for the layoff of approximately 3,100 employees (1,800 in the Primary Metals segment and 1,300 in the Alumina segment), including $30 in pension costs (see Note W to the Combined Financial Statements); accelerated depreciation of $85 related to certain facilities as they continued to operate during 2015; and $222 in other exit costs. Additionally in 2015, remaining inventories, mostly operating supplies and raw materials, were written down to their net realizable value, resulting in a charge of $90, which was recorded in Cost of goods sold on the accompanying Statement of Combined Operations. The other exit costs of $222 represent $72 in asset retirement obligations and $85 in environmental remediation, both of which were triggered by the decisions to permanently shut down and demolish the aforementioned structures in the United States, Brazil, and Australia (includes the rehabilitation of a related coal mine in each of Australia and the United States), and $65 in supplier and customer contract-related costs.

As of December 31, 2015, approximately 740 of the 3,600 employees were separated. The remaining separations for 2015 restructuring programs are expected to be completed by the end of 2016. In 2015, cash payments of $26 were made against layoff reserves related to 2015 restructuring programs.

2014 Actions. In 2014, Alcoa Corporation recorded Restructuring and other charges of $863, which were comprised of the following components: $526 for exit costs related to decisions to permanently shut down and demolish three smelters (see below); a $216 net loss for the divestitures of three operations (see Note F to the Combined Financial Statements); $61 for the temporary curtailment of two smelters and a related production slowdown at one refinery (see below); $33 for asset impairments related to prior capitalized costs for a modernization project at a smelter in Canada that is no longer being pursued; $9 for layoff costs, including the separation of approximately 60 employees; a net charge of $4 for an environmental charge at a previously shut down refinery; $9 primarily for the reversal of a number of layoff reserves related to prior periods; and $23 related to Corporate restructuring allocated to Alcoa Corporation.

In early 2014, management approved the permanent shutdown and demolition of the remaining capacity (84 kmt-per-year) at the Massena East, NY smelter and the full capacity (190 kmt-per-year) at the Point Henry smelter in Australia. The capacity at Massena East was fully shut down by the end of March 2014 and the Point Henry smelter was fully shut down in August 2014. Demolition and remediation activities related to both the Massena East and Point Henry smelters began in late 2014 and are expected to be completed by the end of 2020 and 2018, respectively.

The decisions on the Massena East and Point Henry smelters were part of a 15-month review of 460 kmt of smelting capacity initiated by management in May 2013 (see 2013 Actions below) for possible curtailment. Through this review, management determined that the remaining capacity of the Massena East smelter was no longer competitive and the Point Henry smelter had no prospect of becoming financially viable. Management

also initiated the temporary curtailment of the remaining capacity (62 kmt-per-year) at the Poços de Caldas smelter and additional capacity (85 kmt-per-year) at the São Luís smelter, both in Brazil. These curtailments were completed by the end of May 2014. As a result of these curtailments, 200 kmt-per-year of production at the Poços de Caldas refinery was reduced by the end of June 2014.

Additionally, in August 2014, management approved the permanent shutdown and demolition of the capacity (150 kmt-per-year) at the Portovesme smelter in Italy, which had been idle since November 2012. This decision was made because the fundamental reasons that made the Portovesme smelter uncompetitive remained unchanged, including the lack of a viable long-term power solution. Demolition and remediation activities related to the Portovesme smelter will begin in 2016 and are expected to be completed by the end of 2020 (delayed due to discussions with the Italian government and other stakeholders).

In 2014, costs related to the shutdown and curtailment actions included $149 for the layoff of approximately 1,290 employees, including $24 in pension costs (see Note W to the Combined Financial Statements); accelerated depreciation of $146 related to the Point Henry smelter in Australia as they continued to operate during 2014; asset impairments of $150 representing the write-off of the remaining book value of all related properties, plants, and equipment; and $152 in other exit costs. Additionally in 2014, remaining inventories, mostly operating supplies and raw materials, were written down to their net realizable value, resulting in a charge of $55, which was recorded in Cost of goods sold on the accompanying Statement of Combined Operations. The other exit costs of $152 represent $87 in asset retirement obligations and $24 in environmental remediation, both of which were triggered by the decisions to permanently shut down and demolish the aforementioned structures in Australia, Italy, and the United States, and $41 in other related costs, including supplier and customer contract-related costs.

As of December 31, 2015, the separations associated with 2014 restructuring programs were essentially complete. In 2015 and 2014, cash payments of $34 and $87, respectively, were made against layoff reserves related to 2014 restructuring programs.

2013 Actions. In 2013, Alcoa Corporation recorded Restructuring and other charges of $712, which were comprised of the following components: $391 related to the resolution of a legal matter (see Government Investigations under Litigation in Note N to the Combined Financial Statements); $244 for exit costs related to the permanent shutdown and demolition of certain structures at three smelter locations (see below); $38 for layoff costs, including the separation of approximately 370 employees, of which 280 relates to a global overhead reduction program; $23 for asset impairments related to the write-off of capitalized costs for projects no longer being pursued due to the market environment; a net charge of $2 for other miscellaneous items; and $14 related to Corporate restructuring allocated to Alcoa Corporation.

In May 2013, management approved the permanent shutdown and demolition of two potlines (capacity of 105 kmt-per-year) that utilize Soderberg technology at the Baie Comeau smelter in Québec, Canada (remaining capacity of 280 kmt-per-year composed of two prebake potlines) and the full capacity (44 kmt-per-year) at the Fusina smelter in Italy. Additionally, in August 2013, management approved the permanent shutdown and demolition of one potline (capacity of 41 kmt-per-year) that utilizes Soderberg technology at the Massena East, NY smelter (remaining capacity of 84 kmt-per-year composed of two Soderberg potlines). The aforementioned Soderberg lines at Baie Comeau and Massena East were fully shut down by the end of September 2013 while the Fusina smelter was previously temporarily idled in 2010. Demolition and remediation activities related to all three facilities began in late 2013 and are expected to be completed by the end of 2016 for Massena East and by the end of 2017 for both Baie Comeau and Fusina.

The decisions on the Soderberg lines for Baie Comeau and Massena East were part of a 15-month review of 460 kmt of smelting capacity initiated by management in May 2013 for possible curtailment, while the decision on the Fusina smelter was in addition to the capacity being reviewed. Factors leading to all three decisions were in general focused on achieving sustained competitiveness and included, among others: lack of an economically viable, long-term power solution (Italy); changed market fundamentals; other existing idle capacity; and restart costs.

In 2013, exit costs related to the shutdown actions included $113 for the layoff of approximately 550 employees (Primary Metals segment), including $78 in pension costs (see Note W to the Combined Financial Statements); accelerated depreciation of $58 (Baie Comeau) and asset impairments of $19 (Fusina and Massena East) representing the write-off of the remaining book value of all related properties, plants, and equipment; and $54 in other exit costs. Additionally in 2013, remaining inventories, mostly operating supplies and raw materials, were written down to their net realizable value resulting in a charge of $8, which was recorded in Cost of goods sold on the accompanying Statement of Combined Operations. The other exit costs of $54 represent $47 in asset retirement obligations and $5 in environmental remediation, both of which were triggered by the decisions to permanently shut down and demolish these structures, and $2 in other related costs.

As of December 31, 2015, the separations associated with 2013 restructuring programs were essentially complete. In 2015, 2014, and 2013, cash payments of $6, $24, and $23, respectively, were made against layoff reserves related to 2013 restructuring programs.

Alcoa Corporation does not include Restructuring and other charges in the results of its reportable segments. The pretax impact of allocating such charges to segment results would have been as follows:

	2015	2014	2013
Bauxite	$ 16	$—	$—
Alumina	212	283	10
Aluminum	610	559	296
Cast Products	2	(2)	—
Energy	84	—	—
Rolled Products	9	—	—
Segment total	933	840	306
Corporate	50	23	406
Total restructuring and other charges	$983	$863	$712

Interest Expense—Interest expense was $270 in 2015 compared with $309 in 2014. The decrease of $39, or 12.6%, was largely due to a lower allocation to Alcoa Corporation of ParentCo's interest expense, which is primarily a function of the lower ratio in 2015 (as compared to 2014) of capital invested in Alcoa Corporation to the total capital invested by ParentCo in both Alcoa Corporation and Arconic, partially offset by higher interest expense at ParentCo subject to allocation.

Interest expense was $309 in 2014 compared with $305 in 2013. The increase of $4, or 1.3%, was primarily driven by a higher allocation to Alcoa Corporation of ParentCo's interest expense, due mainly to higher interest expense at ParentCo subject to allocation.

Other Expenses (Income), net— Other expenses, net was $42 in 2015 compared with $58 in 2014. The decrease of $16 was mainly the result of net favorable foreign currency movements ($23) and lower equity losses ($5), partially offset by an unfavorable change in mark-to-market derivative contracts ($13).

Other expenses, net was $58 in 2014 compared with $14 in 2013. The change of $44 was mostly due to an unfavorable change in mark-to-market derivative aluminum contracts ($49) and a higher equity loss related to Alcoa Corporation's share of the joint venture in Saudi Arabia due to start-up costs of the entire complex, including restart costs for one of the smelter potlines that was previously shut down due to a period of instability. These items were partially offset by a gain on the sale of a mining interest in Suriname ($28).

Income Taxes — Alcoa Corporation's effective tax rate was 119% (provision on a loss) in 2015 compared with the U.S. federal statutory rate of 35%. The effective tax rate differs from the U.S. federal statutory rate mainly due to U.S. losses and tax credits with no tax benefit realizable in Alcoa Corporation, a $141 discrete

income tax charge ($107 after noncontrolling interest) for valuation allowances on certain deferred tax assets in Iceland and Suriname (see Income Taxes in Critical Accounting Policies and Estimates below) and a $201 charge for legal matters in Italy (see Restructuring and Other Charges above) that are nondeductible for income tax purposes, and restructuring charges related to the curtailment of a refinery in Suriname (see Restructuring and Other Charges above), a portion for which no tax benefit was recognized.

Alcoa Corporation's effective tax rate was 451% (provision on a loss) in 2014 compared with the U.S. federal statutory rate of 35%. The effective tax rate differs from the U.S. federal statutory rate mainly due to U.S. losses and tax credits with no tax benefit realizable in Alcoa Corporation, restructuring charges related to operations in Italy (no tax benefit) and Australia (benefit at a lower tax rate) (see Restructuring and Other Charges above), a $52 ($31 after noncontrolling interest) discrete income tax charge related to a tax rate change in Brazil (see below), and a $27 ($16 after noncontrolling interest) discrete income tax charge for the remeasurement of certain deferred tax assets of a subsidiary in Spain due to a November 2014 enacted tax rate change (from 30% in 2014 to 28% in 2015, and from 28% to 25% in 2016). These items were somewhat offset by foreign income taxed in lower-rate jurisdictions.

In December 2011, one of Alcoa Corporation's subsidiaries in Brazil applied for a tax holiday related to its expanded mining and refining operations. During 2013, the application was amended and re-filed and, separately, a similar application was filed for another one of ParentCo's subsidiaries in Brazil that has significant operations of Alcoa Corporation. The deadline for the Brazilian government to deny the application was July 11, 2014. Since Alcoa Corporation did not receive notice that its applications were denied, the tax holiday took effect automatically on July 12, 2014. As a result, the tax rate for these entities decreased significantly (from 34% to 15.25%), resulting in future cash tax savings over the 10-year holiday period (retroactively effective as of January 1, 2013). Additionally, a portion of the Alcoa Corporation subsidiary's net deferred tax asset that reverses within the holiday period was remeasured at the new tax rate (the net deferred tax asset of the other entity was not remeasured since it could still be utilized against the subsidiary's future earnings not subject to the tax holiday). This remeasurement resulted in a decrease to that entity's net deferred tax asset and a noncash charge to earnings in Alcoa Corporation's combined statement of operations of $52 ($31 after noncontrolling interest).

Alcoa Corporation's effective tax rate was 4% in 2013 (provision on a loss) compared with the U.S. federal statutory rate of 35%. The effective tax rate differs from the U.S. federal statutory rate primarily due to a $1,731 impairment of goodwill (see Impairment of Goodwill above), U.S. losses and tax credits with no tax benefit realizable in Alcoa Corporation and a $209 charge for a legal matter (see Restructuring and Other Charges above) that are nondeductible for income tax purposes, a $128 discrete income tax charge for valuation allowances on certain deferred tax assets in Spain (see Income Taxes in Critical Accounting Policies and Estimates below), restructuring charges related to operations in Canada (benefit at a lower tax rate) and Italy (no tax benefit) (see Restructuring and Other Charges above).

Management anticipates that the effective tax rate in 2016 will be approximately 60% (provision on a loss). However, changes in the current economic environment, tax legislation or rate changes, currency fluctuations, ability to realize deferred tax assets, and the results of operations in certain taxing jurisdictions may cause this estimated rate to fluctuate.

Noncontrolling Interests—Net income attributable to noncontrolling interests was $124 in 2015 compared with Net loss attributable to noncontrolling interests of $91 in 2014 and Net income attributable to noncontrolling interests of $39 in 2013. These amounts are related to Alumina Limited's 40% ownership interest in AWAC. In 2015, AWAC generated income compared to a loss in both 2014 and 2013.

In 2015, the change in AWAC's results was principally due to improved operating results, the absence of restructuring and other charges related to both the permanent shutdown of the Point Henry smelter in Australia (see Restructuring and Other Charges above) and the divestiture of an ownership interest in a mining and refining

joint venture in Jamaica (see Alumina in Segment Information below), and the absence of a combined $79 ($32 was noncontrolling interest's share) discrete income tax charge related to a respective tax rate change in both Brazil and Spain (see Income Taxes above). These positive impacts were somewhat offset by restructuring charges related to the curtailment of both the refinery in Suriname and in Point Comfort, TX and the permanent closure of the Anglesea power station and coal mine (see Restructuring and Other Charges above), an $85 ($34 was noncontrolling interest's share) discrete income tax charge for a valuation allowance on certain deferred tax assets (see Income Taxes above), and the absence of a $28 gain ($11 was noncontrolling interest's share) on the sale of a mining interest in Suriname. The improvement in AWAC's operating results was largely attributable to net favorable foreign currency movements, net productivity improvements, and lower input costs, slightly offset by a lower average realized price (see Alumina in Segment Information below).

In 2014, AWAC generated a smaller loss compared to 2013 mainly driven by the absence of a $384 charge for a legal matter (see below), improved operating results, and a $28 gain ($11 was noncontrolling interest's share) on the sale of a mining interest in Suriname. These positive impacts were mostly offset by restructuring and other charges associated with both the decision to permanently shut down the Point Henry smelter in Australia (see Restructuring and Other Charges above) and the divestiture of an ownership interest in a mining and refining joint venture in Jamaica (see Alumina in Segment Information below) and a combined $79 ($32 was noncontrolling interest's share) discrete income tax charge related to a tax rate change in both Brazil and Spain (see Income Taxes above). The improvement in AWAC's operating results was principally due to net favorable foreign currency movements and net productivity improvements, partially offset by an increase in input costs. Even though AWAC generated an overall loss in both 2014 and 2013, the noncontrolling interest's share resulted in income in 2013 due to the manner in which the charges and costs related to a legal matter were allocated, as discussed below.

The noncontrolling interest's share of AWAC's charge for a legal matter in 2013 and 2012 was $58 (related to the aforementioned $384) and $34 (an $85 charge related to the civil portion of the same legal matter), respectively. In 2012, the $34 was based on the 40% ownership interest of Alumina Limited, while, in 2013, the $58 was based on 15%. The application of a different percentage was due to the criteria in a 2012 allocation agreement between ParentCo and Alumina Limited related to this legal matter being met. Additionally, the $34 charge, as well as costs related to this legal matter, was retroactively adjusted to reflect the terms of the allocation agreement, resulting in a credit to Noncontrolling interests of $41 in 2013. In summary, Noncontrolling interests included a charge of $17 and $34 related to this legal matter in 2013 and 2012, respectively.

Segment Information

Alcoa Corporation is primarily a producer of bauxite, alumina, aluminum ingot, and aluminum sheet. Alcoa Corporation's segments are organized by product on a worldwide basis. Segment performance under Alcoa Corporation's management reporting system is evaluated based on a number of factors; however, the primary measure of performance is the after-tax operating income (ATOI) of each segment. Certain items such as the impact of LIFO inventory accounting; metal price lag; interest expense; non-controlling interests; corporate expense (primarily comprising general administrative and selling expenses of operating the corporate headquarters and other global administrative facilities, along with depreciation and amortization on corporate-owned assets); restructuring and other charges; intersegment profit elimination; the impact of discrete tax items, any deferred tax valuation allowance adjustments and other differences between tax rates applicable to the segments and the combined effective tax rate; and other non-operating items such as foreign currency transaction gains/losses and interest income are excluded from segment ATOI.

Effective January 1, 2015, Alcoa Corporation redefined its operating segments concurrent with an internal reorganization for certain of its businesses. Following this reorganization, Alcoa Corporation's operations consist of six segments: Bauxite, Alumina, Aluminum, Cast Products, Energy and Rolled Products. Under the applicable reporting guidance, when a Company changes its organizational structure, it should generally prepare its segment information based on the new segments and provide comparative information for related periods. However, in

certain instances, changes to the structure of an internal organization could change the composition of its reportable segments and it may not be practical to retrospectively revise prior periods. In connection with the January 1, 2015 reorganization, Alcoa Corporation fundamentally altered the commercial nature of how certain internal businesses transact with each other, moving from a cost-based transfer pricing model to one based on estimated market pricing. As a result, certain operations (such as bauxite mining, aluminum smelting and casting) that had previously been measured and evaluated primarily based on costs incurred were transformed into separate businesses with full profit and loss information. In addition, this reorganization involved converting regional-based management responsibility to global responsibility for each business, which had a further impact on overall cost structures of the segments.

As a result of the significant changes associated with the reorganization (including substantial information system modifications), which were implemented on a prospective basis only, Alcoa Corporation does not have all of the information that would be necessary to present certain segment data, specifically ATOI, income taxes and total assets, for periods prior to 2015. This information is not available to Alcoa Corporation management for its own internal use, and it is impracticable to obtain or generate this information, as underlying commercial transactions between the segments, which are necessary to determine these income-based and asset-based segment measures, did not take place prior to 2015.

The following discussion includes amounts for 2015 related to Alcoa Corporation’s current six segments. In addition, comparative information for 2015, 2014 and 2013 is provided on a supplemental basis for the segments that were in effect for periods prior to 2015: Alumina, Primary Metals and Rolled Products.

ATOI for all segments under the current segment reporting totaled $1,010 in 2015. The following information provides shipments (where appropriate), sales, and ATOI data for each segment, as well as certain production, realized price, and average cost data, for the period ended December 31, 2015. See Note Q to the Combined Financial Statements of this information statement for additional information.

Bauxite

	2015
Bauxite production (bone dry metric tons, or bdmt), in millions	45.3
Alcoa Corporation’s average cost per bdmt of bauxite*	$ 19
Third-party sales	$ 71
Intersegment sales	1,160
Total sales	$1,231
ATOI	$ 258

* Includes all production-related costs, including conversion costs, such as labor, materials, and utilities; depreciation, depletion, and amortization; and plant administrative expenses.

During 2015, mines operated by Alcoa Corporation (owned by Alcoa Corporation and AWAC) produced 38.3 million bdmt and separately mines operated by third parties (with Alcoa Corporation and AWAC equity interests) produced 7.0 million bdmt on a proportional equity basis for a total bauxite production of 45.3 million bdmt.

Based on the terms of its bauxite supply contracts, AWAC bauxite purchases from Mineração Rio do Norte S.A. (MRN) and Compagnie des Bauxites de Guinée (CBG) differ from its proportional equity in those mines. Therefore during 2015, AWAC had access to 47.8 million bdmt of production from its portfolio of mines.

During 2015, AWAC sold 1.5 million bdmt of bauxite to third parties and purchased 0.2 million bdmt from third parties. The bauxite delivered to Alcoa Corporation and AWAC refineries amounted to 46.8 million bdmt during 2015.

Alcoa Corporation is growing its third-party bauxite sales business. During the third quarter of 2015, Alcoa Corporation received permission from the Government of Western Australia to export trial shipments from its Western Australia mines.

In 2016, management will continue to focus on expanding its third-party bauxite business while also leveraging the strategic advantage of it close proximity to its owned refinery operations.

Alumina

	2015
Alumina production (kmt)	15,720
Third-party alumina shipments (kmt)	10,755
Alcoa Corporation's average realized price per metric ton of alumina	$ 311
Alcoa Corporation's average cost per metric ton of alumina*	$ 266
Third-party sales	$ 3,343
Intersegment sales	1,687
Total sales	$ 5,030
ATOI	$ 476

* Includes all production-related costs, including raw materials consumed; conversion costs, such as labor, materials, and utilities; depreciation, depletion, and amortization; and plant administrative expenses.

In March 2015, Alcoa Corporation initiated a 12-month review of 2,800,000 mtpy in refining capacity for possible curtailment (partial or full), permanent closure or divestiture. This review is part of Alcoa Corporation's target to lower its refining operations on the global alumina cost curve to the 21st percentile by the end of 2016. As part of this review, in March 2015, Alcoa Corporation decided to curtail 443,000 mtpy (one digester) of capacity at the Suralco refinery; this action was completed by the end of April 2015.

Additionally, in September, Alcoa Corporation decided to curtail the remaining capacity (887,000 mtpy—two digesters) at Suralco; Alcoa Corporation completed it by the end of November 2015 (877,000 mtpy of capacity at Suralco had previously been curtailed). Alcoa Corporation is currently in discussions with the Suriname government to determine the best long-term solution for Suralco due to limited bauxite reserves and the absence of a long-term energy alternative.

During 2015, Alcoa Corporation undertook curtailment of the remaining 2,010,000 mtpy of capacity at the Point Comfort, Texas refinery (295,000 mtpy had previously been curtailed). This action is expected to be completed by the end of June 2016 (375,000 mtpy was completed by the end of December 2015).

In 2016, alumina production will be approximately 2,500 kmt lower, mostly due to the curtailment of the Point Comfort and Suralco refineries. Also, the continued shift towards alumina index and spot pricing is expected to average 85% of third-party smelter-grade alumina shipments. Additionally, net productivity improvements are anticipated.

Aluminum

	2015
Aluminum production (kmt)	2,811
Alcoa Corporation's average cost per metric ton of aluminum*	$1,828
Third-party sales	$ 14
Intersegment sales	5,092
Total sales	$5,106
ATOI	$ 1

* Includes all production-related costs, including raw materials consumed; conversion costs, such as labor, materials, and utilities; depreciation, depletion, and amortization; and plant administrative expenses.

In March 2015, Alcoa Corporation initiated a 12-month review of 500,000 mtpy of smelting capacity for possible curtailment (partial or full), permanent closure or divestiture. This review is part of Alcoa Corporation’s target to lower its smelting operations on the global aluminum cost curve to the 38th percentile by 2016. As part of this review, in March 2015, Alcoa Corporation decided to curtail the remaining capacity (74,000 mtpy) at the Alumar smelter; this action was completed in April 2015.

Separate from the smelting capacity review described above, in June 2015, Alcoa Corporation decided to permanently close the Poços de Caldas smelter (96,000 mtpy) in Brazil effective immediately. The Poços de Caldas smelter had been temporarily idle since May 2014 due to challenging global market conditions for primary aluminum and higher operating costs, which made the smelter uncompetitive. The decision to permanently close the Poços de Caldas smelter was based on the fact that these underlying conditions had not improved.

In November 2015, Alcoa Corporation announced that it would curtail 503,000 mtpy of aluminum smelting capacity amid prevailing market conditions by idling capacity at the Massena West (130,000 mtpy), Intalco (230,000 mtpy) and Wenatchee (143,000 mtpy) smelters. The curtailment of the remaining capacity at Wenatchee was completed by the end of December 2015. Later in November 2015, Alcoa Corporation announced that it had entered into a three-and-a-half year agreement with New York State to increase the competitiveness of the Massena West smelter. As a result, the Massena West smelter will continue to operate.

In January 2016, Alcoa Corporation announced it would delay the curtailment (230,000 mtpy) of its Intalco smelter in Ferndale, Washington until the end of the second quarter of 2016. Recent decreases in energy and raw material costs had made it more cost effective in the near term to keep the smelter operating. In May 2016, Alcoa Corporation announced that it had entered into a one-and-a-half year agreement with the Bonneville Power Administration (BPA) that will help improve the competitiveness of the Intalco smelter. As a result, the smelter will not be curtailed at the end of the second quarter of 2016 as previously announced.

In January 2016, Alcoa Corporation announced that it will permanently close its 269,000 mtpy Warrick Operations smelter in Evansville, Indiana by the end of the first quarter of 2016. The rolling mill and power plant at Warrick Operations will continue to operate.

In 2016, aluminum production and third party sales in the Aluminum segment will be lower reflecting the 2015 curtailment and closure actions.

Cast Products

	2015
Third-party aluminum shipments (kmt)	2,957
Alcoa Corporation’s average third party realized price per metric ton of aluminum*	$2,092
Alcoa Corporation’s average cost per metric ton of aluminum**	$2,019
Third-party sales	$6,186
Intersegment sales	46
Total sales	$6,232
ATOI	$ 110

* Average realized price per metric ton of aluminum includes three elements: a) the underlying base metal component, based on quoted prices from the LME; b) the regional premium, which represents the incremental price over the base LME component that is associated with the physical delivery of metal to a particular region (for example the Midwest premium for metal sold in the United States); and c) the product premium, which represents the incremental price for receiving physical metal in a particular shape (such as billet, slab, rod, etc.) or alloy.

** Includes all production-related costs, including raw materials consumed; conversion costs, such as labor, materials, and utilities; depreciation, depletion, and amortization; and plant administrative expenses.

In 2015, casting production was impacted by smelter curtailments (see Aluminum above). The casthouses associated with the 2015 smelter curtailments were also curtailed with the exception of the Massena West casthouse, which will continue to operate.

In 2016, casting production and third party sales will be lower due to the curtailment of the Wenatchee smelter (see Aluminum above) and lower product premiums and mix.

Energy

	2015
Third-party sales (GWh)	6,604
Third-party sales	$ 426
Intersegment sales	297
Total sales	$ 723
ATOI	$ 145

In 2015, third party sales volume of electricity was principally comprised of the Brazil hydro facilities and the Warrick, IN power plant. During the year, management elected to permanently shut down the Anglesea power station and associated coal mine in Victoria, Australia. The power station previously provided electricity to the Pt. Henry smelter.

In 2016, energy sales in Brazil will be negatively impacted (as compared to 2015) by a decline in energy prices and net unfavorable foreign currency movements due to a stronger U.S. dollar against the Brazilian real. The sales volume at Warrick will decline by approximately 40% as a result of the closure of the Warrick smelter.

Rolled Products

	2015
Third-party aluminum shipments (kmt)	266
Alcoa’s average realized price per metric ton of aluminum	$3,728
Third-party sales	$ 993
Intersegment sales	18
Total sales	$1,011
ATOI	$ 20

In 2015, third-party sales for the Rolled Products segment were impacted by unfavorable pricing, mostly due to a decrease in metal prices (both LME and regional premium components) as well as pricing pressure in the packaging end market.

In 2016, as a result of the planned closure of the Warrick smelter, additional costs are expected to secure alternative metal supply as the Warrick, IN rolling facility transitions to a cold metal rolling mill. Productivity improvements are anticipated to help offset some of these costs.

Reconciliation of ATOI to Combined Net Income (Loss) Attributable to Alcoa Corporation

Items required to reconcile total segment ATOI to combined net income (loss) attributable to Alcoa Corporation include: the impact of LIFO inventory accounting; metal price lag; interest expense; non-controlling interests; corporate expense (primarily comprising general administrative and selling expenses of operating the corporate headquarters and other global administrative facilities, along with depreciation and amortization on corporate-owned assets); restructuring and other charges; intersegment profit elimination; the impact of any discrete tax items, deferred tax valuation allowance adjustments and other differences between tax rates applicable to the segments and the combined effective tax rate; and other non-operating items such as foreign currency transaction gains/losses and interest income.

The following table reconciles total segment ATOI to combined net (loss) income attributable to Alcoa Corporation:

	2015
Net (loss) income attributable to Alcoa Corporation:	
Total segment ATOI(1)	$1,010
Unallocated amounts:	
Impact of LIFO	107
Metal price lag	(30)
Interest expense	(270)
Non-controlling interest (net of tax)	(124)
Corporate expense	(180)
Restructuring and other charges	(983)
Income taxes	(41)
Other	(352)
Combined net loss attributable to Alcoa Corporation	$ (863)

(1) Segment ATOI information is not available for periods prior to 2015 and it is impracticable to obtain.

Segments Prior to 2015

As discussed above, the following information regarding Alcoa Corporation’s segments in effect prior to January 2015 (Alumina, Primary Metals, and Rolled Products) is being provided on a supplemental basis.

ATOI for all segments in effect prior to January 2015 totaled $902 in 2015, $1,018 in 2014, and $275 in 2013. The following information provides shipments (where appropriate), sales, and ATOI data for each segment, as well as certain production, realized price, and average cost data, for each of the three years in the period ended December 31, 2015. See Note Q to the Combined Financial Statements included in this information statement for additional information.

Alumina

	2015	2014	2013
Alumina production (kmt)	15,720	16,606	16,618
Third-party alumina shipments (kmt)	10,755	10,652	9,966
Alcoa Corporation’s average realized price per metric ton of alumina	$ 317	$ 324	$ 328
Alcoa Corporation’s average cost per metric ton of alumina*	$ 237	$ 282	$ 295
Third-party sales	$ 3,455	$ 3,509	$ 3,326
Intersegment sales	1,687	1,941	2,235
Total sales	$ 5,142	$ 5,450	$ 5,561
ATOI	$ 746	$ 370	$ 259

* Includes all production-related costs, including raw materials consumed; conversion costs, such as labor, materials, and utilities; depreciation, depletion, and amortization; and plant administrative expenses.

This segment represents a portion of Alcoa Corporation's upstream operations and consists of its worldwide refining system. Alumina mines bauxite, from which alumina is produced and then sold directly to external smelter customers, as well as to the Primary Metals segment (see Primary Metals below), or to customers who process it into industrial chemical products. More than half of Alumina's production is sold under supply contracts to third parties worldwide, while the remainder is used internally by the Primary Metals segment. Alumina produced by this segment and used internally is transferred to the Primary Metals segment at prevailing market prices. A portion of this segment's third-party sales are completed through the use of agents, alumina traders, and distributors. Generally, the sales of this segment are transacted in U.S. dollars while costs and expenses of this segment are transacted in the local currency of the respective operations, which are the Australian dollar, the Brazilian real, the U.S. dollar, and the euro.

AWAC is an unincorporated global joint venture between ParentCo and Alumina Limited and consists of a number of affiliated entities, which own, or have an interest in, or operate the bauxite mines and alumina refineries within the Alumina segment (except for the Poços de Caldas refinery in Brazil and a portion of the São Luís refinery in Brazil). ParentCo owns 60% and Alumina Limited owns 40% of these individual entities, which are consolidated for purposes of ParentCo's and Alcoa Corporation's financial statements and financial reporting. As such, the results and analysis presented for the Alumina segment are inclusive of Alumina Limited's 40% interest.

In December 2014, AWAC completed the sale of its ownership stake in Jamalco, a bauxite mine and alumina refinery joint venture in Jamaica, to Noble Group Ltd. Jamalco was 55% owned by a subsidiary of AWAC, and, while owned by AWAC, 55% of both the operating results and assets and liabilities of this joint venture were included in the Alumina segment. As it relates to AWAC's previous 55% ownership stake, the refinery (AWAC's share of the capacity was 779 kmt-per-year) generated sales (third-party and intersegment) of approximately $200 in 2013, and the refinery and mine combined, at the time of divestiture, had approximately 500 employees. See Restructuring and Other Charges in Results of Operations above.

In 2015, alumina production decreased by 886 kmt compared to 2014. The decline was mostly the result of the absence of production at the Jamalco refinery (see above) and lower production at the Suralco (Suriname—see below) and Poços de Caldas (Brazil—see below) refineries, slightly offset by higher production at the San Ciprian (Spain) and Point Comfort (Texas) refineries.

In March 2015, management initiated a 12-month review of 2,800 kmt in refining capacity for possible curtailment (partial or full), permanent closure or divestiture. This review is part of management's target to lower Alcoa Corporation's refining operations on the global alumina cost curve to the 21st percentile by the end of 2016. As part of this review, in 2015, management decided to curtail all of the operating capacity at both the Suralco (1,330 kmt-per-year) and Point Comfort (2,010 kmt-per-year) refineries. The curtailment of the capacity at Suralco was completed by the end of November 2015. Management is currently in discussions with the Suriname government to determine the best long-term solution for Suralco due to limited bauxite reserves and the absence of a long-term energy alternative. The curtailment of the capacity at Point Comfort is expected to be completed by the end of June 2016 (375 kmt-per-year was completed by the end of December 2015). Suralco and Point Comfort have nameplate capacity of 2,207 kmt-per-year and 2,305 kmt-per-year, respectively, of which 877 kmt and 295 kmt, respectively was curtailed prior to the review. See Restructuring and Other Charges in Results of Operations above for a description of the associated charges related to these actions.

In 2014, alumina production decreased by 12 kmt compared to 2013. The decline was mainly driven by lower production at the Poços de Caldas, Jamalco, and San Ciprian refineries, mostly offset by higher production at every other refinery in the global system. The Poços de Caldas refinery started to reduce production in early 2014 in response to management's decision to fully curtail the Poços de Caldas smelter by the end of May 2014 (see Primary Metals below). As a result, management reduced the alumina production at the Poços de Caldas refinery by approximately 200 kmt-per-year by mid-2014. This reduction was replaced by an increase in

production at lower cost refineries within Alcoa's global system. Additionally, the decrease at the refinery in Jamaica was due to the absence of production for one month as a result of the sale of the ownership stake in Jamalco (see above).

Third-party sales for the Alumina segment decreased 2% in 2015 compared with 2014, largely attributable to a 2% decline in average realized price, somewhat offset by a 1% increase in volume. The change in average realized price was mostly driven by a decrease in both the average alumina index/spot price and average LME-based price, somewhat offset by a higher percentage (75% compared to 68%) of smelter-grade alumina shipments linked to an alumina index/spot price instead of an LME-based price.

Third-party sales for this segment improved 6% in 2014 compared with 2013, primarily related to a 7% improvement in volume.

Intersegment sales for the Alumina segment declined 13% in both 2015 compared with 2014 and 2014 compared with 2013. The decrease in both periods was mostly the result of lower demand from the Primary Metals segment, as a result of the closure, curtailment or divestiture of a number of smelters (see Primary Metals below), and a lower average realized price.

ATOI for the Alumina segment increased $376 in 2015 compared with 2014, mainly caused by net favorable foreign currency movements due to a stronger U.S. dollar, especially against the Australian dollar and Brazilian real; net productivity improvements; and lower input costs, including natural gas, fuel oil, and transportation, all of which were slightly offset by higher labor and maintenance costs. These positive impacts were slightly offset by the previously mentioned lower average realized price and the absence of a gain on the sale of a mining interest in Suriname ($18).

ATOI for this segment improved $111 in 2014 compared with 2013, mostly due to net favorable foreign currency movements due to a stronger U.S. dollar, especially against the Australian dollar, net productivity improvements, and a gain on the sale of a mining interest in Suriname ($18). These positive impacts were partially offset by higher input costs, including natural gas (particularly higher prices in Australia), bauxite (mainly due to a new mining site in Suriname), and labor and maintenance, all of which were somewhat offset by lower costs for caustic; and a higher equity loss due to start-up costs of the bauxite mine and refinery in Saudi Arabia.

Primary Metals

	2015	2014	2013
Aluminum production (kmt)	2,811	3,125	3,550
Third-party aluminum shipments (kmt)	2,961	3,261	3,481
Alcoa Corporation's average realized price per metric ton of aluminum*	$2,092	$2,396	$2,280
Alcoa Corporation's average cost per metric ton of aluminum**	$2,064	$2,252	$2,201
Third-party sales	$6,737	$8,601	$8,191
Intersegment sales	532	614	610
Total sales	$7,269	$9,215	$8,801
ATOI	$ 136	$ 627	$ (36)

* Average realized price per metric ton of aluminum includes three elements: a) the underlying base metal component, based on quoted prices from the LME; b) the regional premium, which represents the incremental price over the base LME component that is associated with the physical delivery of metal to a particular region (for example the Midwest premium for metal sold in the United States); and c) the product premium, which represents the incremental price for receiving physical metal in a particular shape (such as billet, slab, rod, etc.) or alloy.

** Includes all production-related costs, including raw materials consumed; conversion costs, such as labor, materials, and utilities; depreciation and amortization; and plant administrative expenses.

This segment represents a portion of Alcoa Corporation's upstream operations and consists of its worldwide smelting system. Primary Metals purchases alumina, mostly from the Alumina segment (see Alumina above), from which primary aluminum is produced and then sold directly to external customers and traders, as well as to Arconic. Results from the sale of aluminum powder, scrap, and excess energy are also included in this segment. Primary aluminum produced by Alcoa Corporation and sold to Arconic is sold at prevailing market prices. The sale of primary aluminum represents approximately 90% of this segment's third-party sales. Generally, the sales of this segment are transacted in U.S. dollars while costs and expenses of this segment are transacted in the local currency of the respective operations, which are the U.S. dollar, the euro, the Norwegian kroner, Icelandic krona, the Canadian dollar, the Brazilian real, and the Australian dollar.

In November 2014, Alcoa Corporation completed the sale of an aluminum rod plant located in Bécancour, Québec, Canada to Sural Laminated Products. This facility takes molten aluminum and shapes it into the form of a rod, which is used by customers primarily for the transportation of electricity. While owned by Alcoa Corporation, the operating results and assets and liabilities of this plant were included in the Primary Metals segment. In conjunction with this transaction, Alcoa Corporation entered into a multi-year agreement with Sural Laminated Products to supply molten aluminum for the rod plant. The aluminum rod plant generated sales of approximately $200 in 2013 and, at the time of divestiture, had approximately 60 employees. See Restructuring and Other Charges in Results of Operations above.

In December 2014, Alcoa Corporation completed the sale of its 50.33% ownership stake in the Mt. Holly smelter located in Goose Creek, South Carolina to Century Aluminum Company. While owned by Alcoa Corporation, 50.33% of both the operating results and assets and liabilities related to the smelter were included in the Primary Metals segment. As it relates to Alcoa Corporation's previous 50.33% ownership stake, the smelter (Alcoa Corporation's share of the capacity was 115 kmt-per-year) generated sales of approximately $280 in 2013 and, at the time of divestiture, had approximately 250 employees. See Restructuring and Other Charges in Results of Operations above.

At December 31, 2015, Alcoa Corporation had 778 kmt of idle capacity on a base capacity of 3,401 kmt. In 2015, idle capacity increased 113 kmt compared to 2014, mostly due to the curtailment of 217 kmt combined at a smelter in each the United States and Brazil, partially offset by the permanent closure of the Poços de Caldas smelter in Brazil (96 kmt-per-year). Base capacity declined 96 kmt between December 31, 2015 and 2014 due to the previously mentioned permanent closure of the Poços de Caldas smelter. A detailed description of each of these actions follows below.

At December 31, 2014, Alcoa Corporation had 665 kmt of idle capacity on a base capacity of 3,497 kmt. In 2014, idle capacity increased 10 kmt compared to 2013 due to the curtailment of 159 kmt combined at two smelters in Brazil, mostly offset by the permanent closure of the Portovesme smelter in Italy (150 kmt-per-year). Base capacity declined 540 kmt between December 31, 2014 and 2013 due to the permanent closure of both a smelter in Australia and two remaining potlines at a smelter in the United States (274 kmt combined), the previously mentioned permanent closure of the Portovesme smelter, and the sale of Alcoa Corporation's ownership stake in the Mt. Holly smelter (see above). A detailed description of each of these actions follows below.

In March 2015, Alcoa Corporation initiated a 12-month review of 500,000 mtpy of smelting capacity for possible curtailment (partial or full), permanent closure or divestiture. This review is part of Alcoa Corporation's target to lower its smelting operations on the global aluminum cost curve to the 38th percentile by 2016. As part of this review, in March 2015, Alcoa Corporation decided to curtail the remaining capacity (74,000 mtpy) at the Alumar smelter; this action was completed in April 2015.

In November 2015, Alcoa Corporation announced that it would curtail 503,000 mtpy of aluminum smelting capacity amid prevailing market conditions by idling capacity at the Massena West (130,000 mtpy), Intalco (230,000 mtpy) and Wenatchee (143,000 mtpy) smelters. The curtailment of the remaining capacity at

Wenatchee was completed by the end of December 2015. Later in November 2015, Alcoa Corporation announced that it had entered into a three-and-a-half year agreement with New York State to increase the competitiveness of the Massena West smelter. As a result, the Massena West smelter will continue to operate.

In January 2016, Alcoa Corporation announced it would delay the curtailment (230,000 mtpy) of its Intalco smelter in Ferndale, Washington until the end of the second quarter of 2016. Recent decreases in energy and raw material costs had made it more cost effective in the near term to keep the smelter operating. In May 2016, Alcoa Corporation announced that it had entered into a one-and-a-half year agreement with the Bonneville Power Administration (BPA) that will help improve the competitiveness of the Intalco smelter. As a result, the smelter will not be curtailed at the end of the second quarter of 2016 as previously announced.

In January 2016, Alcoa Corporation announced that it will permanently close its 269,000 mtpy Warrick Operations smelter in Evansville, Indiana, which was completed by the end of the first quarter of 2016. The rolling mill and power plant at Warrick Operations will continue to operate.

Separate from the 2015 smelting capacity review described above, in June 2015, management approved the permanent closure of the Poços de Caldas smelter effective immediately. The Poços de Caldas smelter had been temporarily idle since May 2014 (see below) due to challenging global market conditions for primary aluminum and higher operating costs, which made the smelter uncompetitive. The decision to permanently close the Poços de Caldas smelter was based on the fact that these underlying conditions had not improved.

In May 2013, management initiated a 15-month review of 460 kmt in smelting capacity for possible curtailment. This review was aimed at maintaining Alcoa Corporation’s competitiveness despite falling aluminum prices and focused on the highest-cost smelting capacity and those plants that have long-term risk due to factors such as energy costs or regulatory uncertainty. In 2014, an additional 250 kmt of smelting capacity was included in the review. In summary, under this review, management approved the closure of 146 kmt-per-year and 274 kmt-per-year and the curtailment of 131 kmt-per-year and 159 kmt-per-year in 2013 and 2014, respectively. The following is a description of each action.

Also in May 2013, management approved the permanent closure of two potlines (105 kmt-per-year) that utilize Soderberg technology at the Baie Comeau smelter in Quebec, Canada. Additionally, in August 2013, management approved the permanent closure of one potline (41 kmt-per-year) that utilizes Soderberg technology at the Massena East, NY smelter. The shutdown of these three lines was completed by the end of September 2013. The Baie Comeau smelter has a remaining capacity of 280 kmt-per-year composed of two prebake potlines and the Massena East smelter had a remaining capacity of 84 kmt-per-year composed of two Soderberg potlines (see below).

Additionally, in August 2013, management decided to curtail 97 kmt-per-year at the São Luís smelter and 31 kmt-per-year at the Poços de Caldas smelter. This action was also completed by the end of September 2013. An additional 3 kmt-per-year was curtailed at the Poços de Caldas smelter by the end of 2013.

In January 2014, management approved the permanent closure of the remaining capacity (84 kmt-per-year) at the Massena East smelter, which represented two Soderberg potlines that were no longer competitive. This shutdown was completed by the end of March 2014. In February 2014, management approved the permanent closure of the Point Henry smelter (190 kmt-per-year) in Australia. This decision was made as management determined that the smelter had no prospect of becoming financially viable. The shutdown of the Point Henry smelter was completed in August 2014.

Also, in March 2014, management decided to curtail the remaining capacity (62 kmt-per-year) at the Poços de Caldas smelter and additional capacity (85 kmt-per-year) at the São Luís smelter. The curtailment of this capacity was completed by the end of May 2014. An additional 12 kmt-per-year was curtailed at the São Luís smelter during the remainder of 2014.

Separate from the 2013-2014 smelting capacity review described above, in June 2013, management approved the permanent closure of the Fusina smelter (44 kmt-per-year) in Italy as the underlying conditions that led to the idling of the smelter in 2010 had not fundamentally changed, including low aluminum prices and the lack of an economically viable, long-term power solution. In August 2014, management approved the permanent closure of the Portovesme smelter, which had been idle since November 2012. This decision was made because the fundamental reasons that made the Portovesme smelter uncompetitive remained unchanged, including the lack of a viable long-term power solution.

See Restructuring and Other Charges in Results of Operations above for a description of the associated charges related to all of the above actions in 2015, 2014, and 2013.

In 2015, aluminum production declined by 314 kmt, mainly the result of the absence of and/or lower production at the combined four smelters (Point Henry, São Luís, Massena East, and Poços de Caldas) impacted by the 2014 and 2015 capacity reviews and at the smelter divested in 2014 (Mt. Holly), all of which is described above.

In 2014, aluminum production decreased by 425 kmt, mostly due to lower production at the five smelters (São Luís, Massena East, Point Henry, Baie Comeau, and Poços de Caldas) impacted by the 2013-2014 capacity review described above.

Third-party sales for the Primary Metals segment declined 22% in 2015 compared with 2014, primarily due to a 13% drop in average realized price; lower sales to Arconic locations (approximately $700) following the divestiture or closure of several rolling mills in December 2014; the absence of sales (approximately $585) from five smelters and a rod mill that were closed, curtailed or divested in 2014; and lower energy sales in Brazil, due to both a decrease in energy prices and a weaker Brazilian real. These negative impacts were slightly offset by higher volume in the remaining smelter portfolio. The change in average realized price was largely attributable to a 10% lower average LME price (on 15-day lag) and lower regional premiums, which dropped by an average of 39% in the United States and Canada and 44% in Europe.

Third-party sales for the Primary Metals segment increased 5% in 2014 compared with 2013, mainly due to higher energy sales in Brazil resulting from excess power due to curtailed smelter capacity, and a 8% increase in average realized price, mostly offset by lower volumes, including from the five smelters impacted by the 2013 and 2014 capacity reductions. The change in average realized price was driven by higher regional premiums, which increased by an average of 84% in the United States and Canada and 56% in Europe.

ATOI for the Primary Metals segment decreased $491 in 2015 compared with 2014, primarily caused by both the previously mentioned lower average realized aluminum price and lower energy sales, higher energy costs (mostly in Spain as the 2014 interruptibility rights were more favorable than the 2015 structure), and an unfavorable impact related to the curtailment of the São Luís smelter. These negative impacts were somewhat offset by net favorable foreign currency movements due to a stronger U.S. dollar against most major currencies, net productivity improvements, the absence of a write-off of inventory related to the permanent closure of the Portovesme, Point Henry, and Massena East smelters ($44), and a lower equity loss related to the joint venture in Saudi Arabia, including the absence of restart costs for one of the potlines that was previously shut down due to a period of instability.

ATOI for this segment climbed $663 in 2014 compared with 2013, principally related to a higher average realized aluminum price; the previously mentioned energy sales in Brazil; net productivity improvements; net favorable foreign currency movements due to a stronger U.S. dollar against all major currencies; lower costs for carbon and alumina; and the absence of costs related to a planned maintenance outage in 2013 at a power plant in Australia. These positive impacts were slightly offset by an unfavorable impact associated with the 2013 and 2014 capacity reductions described above, including a write-off of inventory related to the permanent closure of the Portovesme, Point Henry, and Massena East smelters ($44), and higher energy costs (particularly in Spain), labor, and maintenance.

Rolled Products

	2015	2014	2013
Third-party aluminum shipments (kmt)	266	257	261
Alcoa Corporation's average realized price per metric ton of aluminum	$3,728	$4,012	$4,043
Third-party sales	$ 993	$1,033	$1,055
ATOI	$ 20	$ 21	$ 52

This segment represents Alcoa Corporations's rolling operations in Warrick, Indiana and the investment in the Ma'aden rolling mill. Most of the third-party shipments in this segment consist of sheet sold directly to customers in the packaging end market for the production of aluminum cans (beverage, food, and pet food). Seasonal increases in can sheet sales are generally experienced in the second and third quarters of the year, and a significant amount of sales of sheet is to a relatively small number of customers. Generally, the sales and costs and expenses of this segment are transacted in the local currency of the respective operations, which are mostly the U.S. dollar.

Third-party sales for the Rolling segment declined 4% in 2015 compared with 2014, primarily driven by unfavorable pricing, mostly due to a decrease in metal prices (both LME and regional premium components).

Third-party sales for this segment decreased 2% in 2014 compared with 2013, principally by unfavorable price/product mix.

ATOI for the Rolling segment decreased $1 in 2015 compared with 2014, primarily attributable to unfavorable price/product mix, largely the result of overall pricing pressure in the global can sheet packaging end market.

ATOI for this segment declined $31 in 2014 compared with 2013, mainly the result of unfavorable price/product mix and a larger equity loss due to start-up costs related to the rolling mill at the joint venture in Saudi Arabia.

Reconciliation of ATOI to Combined Net Income (Loss) Attributable to Alcoa Corporation

Items required to reconcile total segment ATOI to combined net income (loss) attributable to Alcoa Corporation include: the impact of LIFO inventory accounting; metal price lag; interest expense; non-controlling interests; corporate expense (primarily comprising general administrative and selling expenses of operating the corporate headquarters and other global administrative facilities, along with depreciation and amortization on corporate-owned assets); restructuring and other charges; intersegment profit elimination; the impact of any discrete tax items, deferred tax valuation allowance adjustments and other differences between tax rates applicable to the segments and the combined effective tax rate; and other non-operating items such as foreign currency transaction gains/losses and interest income.

The following table reconciles total segment ATOI to combined net (loss) income attributable to Alcoa Corporation:

	2015	2014	2013
Net (loss) income attributable to Alcoa Corporation:			
Total segment ATOI	$ 902	$1,018	$ 275
Unallocated amounts:			
Impact of LIFO	107	4	19
Metal price lag	(30)	15	(5)
Interest expense	(270)	(309)	(305)
Non-controlling interest (net of tax)	(124)	91	(39)
Corporate expense	(180)	(208)	(204)
Impairment of goodwill	—	—	(1,731)
Restructuring and other charges	(983)	(863)	(712)
Income taxes	(96)	110	(108)
Other	(189)	(114)	(99)
Combined net loss attributable to Alcoa Corporation	$(863)	$ (256)	$(2,909)

The significant changes in the reconciling items between total segment ATOI and combined net income (loss) attributable to Alcoa Corporation for 2015 compared with 2014 consisted of:

- a change in the Impact of LIFO, mostly due to lower prices for both aluminum, driven by both lower base metal prices (LME) and regional premiums, and alumina (decrease in price at December 31, 2015 indexed to December 31, 2014 compared to an increase in price at December 31, 2014 indexed to December 31, 2013);
- a change in Metal price lag, the result of lower prices for aluminum;
- a decrease in Interest expense, principally due to a lower allocation to Alcoa Corporation of ParentCo's interest expense, which is primarily a function of the lower ratio in 2015 (as compared to 2014) of capital invested in Alcoa Corporation to the total capital invested by ParentCo in both Alcoa Corporation and Arconic, partially offset by higher interest expense at ParentCo;
- a change in Noncontrolling interests, due to the change in results of AWAC, primarily driven by improved operating results and lower restructuring and other charges related to a number of portfolio actions (e.g. capacity reductions and a divestiture), slightly offset by the absence of a gain on the sale of a mining interest in Suriname ($11 was noncontrolling interest's share);
- a decline in Corporate expense, largely attributable to decreases in various expenses, partially offset by expenses related to the planned Separation ($12);
- an increase in Restructuring and other charges, mostly the result of a charge for legal matters in Italy, partially offset by lower restructuring and other charges associated with a number of portfolio actions (e.g. capacity reductions and divestitures);
- an unfavorable change in Income taxes, primarily due to the reversal in 2015 of the income tax benefit on U.S. operating losses reflected in ATOI (as compared to the reversal in 2014 of the income tax cost on U.S. operating income reflected in ATOI) and higher discrete tax charges ($62) as compared to 2014, primarily associated with valuation allowance adjustments on certain deferred tax assets in Suriname and Iceland that were higher than 2014's discrete tax charges associated with tax rate changes in Brazil and Spain; and
- a change in Other, primarily due to write-downs of inventories related to various shutdown and curtailment actions ($90).

The significant changes in the reconciling items between total segment ATOI and combined net (loss) income attributable to Alcoa Corporation for 2014 compared with 2013 consisted of:

- a change in the Impact of LIFO, mostly due to the absence in 2014 of a partial liquidation of lower-cost LIFO inventory base ($11) that happened in 2013;
- a change in Metal price lag, the result of higher prices for aluminum;
- a change in Noncontrolling interests, due to the change in results of AWAC, mainly driven by restructuring and other charges associated with both the decision to permanently shut down the Point Henry smelter in Australia and the divestiture of an ownership interest in a mining and refining joint venture in Jamaica and a discrete income tax charge related to a tax rate change in both Brazil and Spain ($32 combined was noncontrolling interest's share), partially offset by improved operating results, the absence of a charge for a legal matter ($17 was noncontrolling interest's share) and a gain on the sale of a mining interest in Suriname ($11 was noncontrolling interest's share);
- an increase in Restructuring and other charges, principally caused by higher costs related to decisions to permanently divest, shut down and/or temporarily curtail refinery and smelter capacity, partially offset by the absence of a charge for a legal matter $391; and
- a favorable change in Income taxes, primarily due to the reversal in 2014 of the income tax cost on U.S. operating income reflected in ATOI (as compared to the reversal in 2013 of the income tax benefit on U.S. operating losses reflected in ATOI) and lower discrete tax charges ($49), primarily due to 2014 discrete tax charges associated with tax rate changes in Brazil and Spain being lower than the 2013 valuation allowance adjustments on certain deferred tax assets in Spain.

Environmental Matters

See the Environmental Matters section of Note N to the Combined Financial Statements of Alcoa Corporation in this information statement.

Liquidity and Capital Resources

Historically, ParentCo has provided capital, cash management and other treasury services to Alcoa Corporation. ParentCo will continue to provide these services to Alcoa Corporation until the separation is consummated. Only cash amounts specifically attributable to Alcoa Corporation are reflected in the Combined Financial Statements of Alcoa Corporation. Transfers of cash, both to and from ParentCo's centralized cash management system, are reflected as a component of Net parent investment in the Combined Financial Statements of Alcoa Corporation.

Alcoa Corporation's primary future cash needs will be centered on operating activities, including working capital, as well as recurring and strategic capital expenditures. Following the separation, Alcoa Corporation's capital structure and sources of liquidity will change significantly from its historical capital structure. A subsidiary of Alcoa Corporation has incurred certain indebtedness in connection with the separation, including a secured revolving credit agreement providing for revolving loans in an aggregate principal amount of up to $1,500 and $1,250 of senior notes. Please refer to the "The Separation and Distribution", "Capitalization" and "Unaudited Pro Forma Combined Condensed Financial Statements" sections included elsewhere in this information statement for additional information regarding the capital structure of Alcoa Corporation following the distribution.

Following the separation, Alcoa Corporation will no longer participate in capital management with ParentCo, rather Alcoa Corporation's ability to fund its cash needs will depend on its ongoing ability to generate and raise cash in the future. Although we believe that our future cash from operations, together with our access to capital markets, will provide adequate resources to fund our operating and investing needs, our access to, and the availability of, financing on acceptable terms in the future will be affected by many factors, including: (i) our credit rating; (ii) the

liquidity of the overall capital markets; and (iii) the current state of the economy and commodity markets. There can be no assurances that we will continue to have access to capital markets on terms acceptable to us. See "Risk Factors" for a further discussion.

ParentCo has an arrangement with several financial institutions to sell certain customer receivables without recourse on a revolving basis. The sale of such receivables is completed through the use of a bankruptcy-remote special-purpose entity, which is a consolidated subsidiary of ParentCo. In connection with this arrangement, certain of Alcoa Corporation's customer receivables are sold on a revolving basis to this bankruptcy-remote subsidiary of ParentCo; these sales are reflected as a component of Net parent investment in the Combined Financial Statements of Alcoa Corporation.

In addition, ParentCo participates in several accounts payable settlement arrangements with certain vendors and third-party intermediaries. These arrangements provide that, at the vendor's request, the third-party intermediary advances the amount of the scheduled payment to the vendor, less an appropriate discount, before the scheduled payment date and ParentCo makes payment to the third-party intermediary on the date stipulated in accordance with the commercial terms negotiated with its vendors. In connection with these arrangements, certain of Alcoa Corporation's accounts payable are settled, at the vendor's request, before the scheduled payment date; these settlements are reflected as a component of Net parent investment in the Combined Financial Statements of Alcoa Corporation.

Management intends to seek similar arrangements for Alcoa Corporation regarding the potential sale of certain customer receivables and settlement of accounts payable upon separation. However, there can be no assurance that we will be able to establish such arrangements on terms acceptable to it.

Cash from Operations

Cash provided from operations in 2015 was $875 compared with $842 in 2014. The increase of $33 was due to a positive change associated with working capital of $500 and lower pension contributions of $85, mostly offset by a negative change in noncurrent assets of $324 (largely due to a pre-payment in connection with a gas supply agreement—see below) and lower operating results (net loss plus net add-back for noncash transactions in earnings),

The components of the positive change in working capital were as follows:

- a favorable change of $221 and $338 in receivables and inventory, respectively, mostly driven by lower alumina and aluminum prices, as well as the impact of closures and curtailments;
- a favorable change of $79 in prepaid expenses and other current assets;
- a negative change of $266 in accounts payable, trade, principally the result of timing of payments;
- a positive change of $93 in accrued expenses; and
- a positive change of $35 in taxes, including income taxes.

On April 8, 2015, Alcoa Corporation's majority-owned subsidiary, Alcoa of Australia Limited (AofA), which is part of AWAC, secured a new 12-year gas supply agreement to power its three alumina refineries in Western Australia beginning in July 2020. This agreement was conditional on the completion of a third-party acquisition of the related energy assets from the then-current owner, which occurred in June 2015. The terms of AofA's gas supply agreement require a prepayment of $500 to be made in two installments. The first installment of $300 was made at the time of the completion of the third-party acquisition and the second installment of $200 will be made in April 2016 (previously was scheduled in January 2016).

Cash provided from operations in 2014 was $842 compared with $452 in 2013. The increase of $390 was due primarily to higher operating results (net income plus net add-back for noncash transactions in earnings), partially offset by a negative change associated with working capital of $494 and higher pension contributions of $26.

The components of the negative change in working capital were as follows:

- an unfavorable change of $29 in receivables, primarily related to higher customer sales;
- a negative change of $162 in inventories;
- an unfavorable change of $20 in prepaid expenses and other current assets;
- a negative change of $109 in accounts payable, trade, principally the result of timing of payments; and
- a negative change of $163 in taxes, including income taxes, mostly driven by higher pre-tax income.

The higher pension contributions of $26 were principally driven by special termination benefits for employees affected by the 2013 shutdown of capacity at a smelter in Canada.

In 2014, Alcoa World Alumina LLC, a majority-owned subsidiary of Alcoa Corporation, paid a combined $88 to the United States government due to the resolution of a legal matter (paid on January 22, 2014). Additionally, another $74 was paid in 2015 and will be paid in each of the three subsequent years, 2016 (paid in January 2016) through 2018.

Financing Activities

Cash used for financing activities was $162 in 2015 compared with $444 in 2014 and cash provided from financing activities of $429 in 2013, primarily reflecting net cash activity between Alcoa Corporation and ParentCo. Other financing activities during 2015, 2014 and 2013, included payments on debt of $24, $36 and $41, respectively, and net cash paid to the noncontrolling interest in AWAC, Alumina Limited, of $104, $77 and $98, respectively.

Investing Activities

Cash used for investing activities was $384 in 2015 compared with $338 in 2014 and $802 in 2013.

The use of cash in 2015 was mainly due to $391 in capital expenditures (includes costs related to environmental control in new and expanded facilities of $122), 7% of which related to growth projects and $63 in additions to investments, including $29 related to the aluminum complex joint venture in Saudi Arabia. These items were somewhat offset by $70 in proceeds from the sale of assets, including a land sale in the United States, plus post-closing adjustments related to an ownership stake in a smelter, and an ownership stake in a bauxite mine/alumina refinery divested in 2014.

The use of cash in 2014 was principally due to $444 capital expenditures (includes costs related to environmental control in new and expanded facilities of $120), 2% of which related to growth projects; and $145 in additions to investments, including equity contributions of $120 related to the aluminum complex joint venture in Saudi Arabia. These items were slightly offset by $223 in proceeds from the sale of assets and businesses, largely attributable to the sale of an ownership stake in a bauxite mine and refinery in Jamaica (see Alumina in Segment Information above), and an ownership stake in a smelter in the United States (see Primary Metals in Segment Information above); and $28 in sales of investments related to the sale of a mining interest in Suriname.

The use of cash in 2013 was primarily due to $567 in capital expenditures (includes costs related to environmental control in new and expanded facilities of $138), 12% of which related to growth projects, and $242 in additions to investments, including equity contributions of $171 related to the aluminum complex joint venture in Saudi Arabia.

<u>Contractual Obligations and Off-Balance Sheet Arrangements</u>

Following the separation, Alcoa Corporation's capital structure and sources of liquidity will differ from our historical capital structure. A subsidiary of Alcoa Corporation has incurred certain indebtedness in connection

with the separation, including a secured revolving credit agreement providing for revolving loans in an aggregate principal amount of up to $1,500 and $1,250 of senior notes. Please refer to the “The Separation and Distribution”, “Capitalization” and “Unaudited Pro Forma Combined Condensed Financial Statements” sections included elsewhere in this information statement for additional information regarding the capital structure of Alcoa Corporation following the distribution.

Following the separation, Alcoa Corporation will no longer participate in cash management and intercompany funding arrangements with ParentCo. Our ability to fund our operating and capital needs will depend on our ability to generate cash from operations and access capital markets. The following table and discussion summarize our contractual obligations as of December 31, 2015, that may have an impact on liquidity and cash flows in future periods.

Contractual Obligations. Alcoa Corporation is required to make future payments under various contracts, including long-term purchase obligations, financing arrangements, and lease agreements. Alcoa Corporation also has commitments to fund its pension plans, provide payments for other postretirement benefit plans, and fund capital projects. As of December 31, 2015, a summary of Alcoa Corporation’s outstanding contractual obligations is as follows (these contractual obligations are grouped in the same manner as they are classified in the Statement of Combined Cash Flows in order to provide a better understanding of the nature of the obligations and to provide a basis for comparison to historical information):

	Total	2016	2017-2018	2019-2020	Thereafter
Operating activities:					
Energy-related purchase obligations	$16,497	$1,279	$2,105	$2,007	$ 11,106
Raw material purchase obligations	6,231	1,236	981	654	3,360
Other purchase obligations	1,278	159	313	314	492
Operating leases	389	107	133	93	56
Interest related to total debt	114	15	27	22	50
Estimated minimum required pension funding	262	51	105	106	—
Other postretirement benefit payments	47	5	8	10	24
Layoff and other restructuring payments	152	138	14	—	—
Deferred revenue arrangements	92	8	16	16	52
Uncertain tax positions	29	—	—	—	29
Financing activities:					
Total debt	225	18	33	30	144
Investing activities:					
Capital projects	394	222	135	37	—
Equity contributions	10	10	—	—	—
Totals	$25,720	$3,248	$3,870	$3,289	$ 15,313

Obligations for Operating Activities

Energy-related purchase obligations consist primarily of electricity and natural gas contracts with expiration dates ranging from 1 year to 32 years. Raw material obligations consist mostly of bauxite (relates to Alcoa Corporation’s bauxite mine interests in Guinea and Brazil), caustic soda, alumina, aluminum fluoride, calcined petroleum coke, and cathode blocks with expiration dates ranging from less than 1 year to 18 years. Other purchase obligations consist principally of freight for bauxite and alumina with expiration dates ranging from 1 to 16 years. Many of these purchase obligations contain variable pricing components, and, as a result, actual cash payments may differ from the estimates provided in the preceding table. Operating leases represent multi-year obligations for certain land and buildings, alumina refinery process control technology, plant equipment, vehicles, and computer equipment.

Interest related to total debt is based on interest rates in effect as of December 31, 2015 and is calculated on debt with maturities that extend to 2031. As the contractual interest rates for certain debt are variable, actual cash payments may differ from the estimates provided in the preceding table.

Estimated minimum required pension funding and postretirement benefit payments for the Direct Plans are based on actuarial estimates using current assumptions for discount rates, long-term rate of return on plan assets, rate of compensation increases, and health care cost trend rates, among others. The minimum required contributions for pension funding are estimated to be $51 for 2016, $52 for 2017, and $53 for each of 2018, 2019, and 2020. Other postretirement benefit payments are expected to approximate $5 annually for years 2016 through 2025. Alcoa Corporation has determined that it is not practicable to present pension funding and other postretirement benefit payments beyond 2020 and 2025, respectively.

In addition, in connection with the separation, the Shared Plans are being separated; Alcoa Corporation will be the sponsor of new defined benefit pension and other postretirement benefit plans and assume the associated unfunded obligations. For additional information, please refer to the "Unaudited Pro Forma Combined Condensed Financial Statements" section included elsewhere in this information statement.

Layoff and other restructuring payments expected to be paid within one year mostly relate to severance costs. Amounts scheduled to be paid beyond one year are related to ongoing site remediation work and special separation benefit payments.

Deferred revenue arrangements require Alcoa Corporation to deliver alumina to a certain customer over the specified contract period (through 2027). While this obligation is not expected to result in cash payments, it represents a contractual obligation for which Alcoa Corporation would be obligated if the specified product deliveries could not be made.

Uncertain tax positions taken or expected to be taken on an income tax return may result in additional payments to tax authorities. The amount in the preceding table includes interest and penalties accrued related to such positions as of December 31, 2015. The total amount of uncertain tax positions is included in the "Thereafter" column as ParentCo is not able to reasonably estimate the timing of potential future payments. If a tax authority agrees with the tax position taken or expected to be taken or the applicable statute of limitations expires, then additional payments will not be necessary.

Obligations for Financing Activities

Total debt amounts in the preceding table represent the principal amounts of all outstanding debt, including short-term borrowings and long-term debt. Maturities for long-term debt extend to 2031.

A subsidiary of Alcoa Corporation has incurred certain indebtedness in connection with the separation, including a secured revolving credit agreement providing for revolving loans in an aggregate principal amount of up to $1,500 and $1,250 of senior notes. Please refer to "The Separation and Distribution", "Capitalization" and "Unaudited Pro Forma Combined Condensed Financial Statements" sections included elsewhere in this information statement for additional information regarding the capital structure of Alcoa Corporation following the separation.

Obligations for Investing Activities

Capital projects in the preceding table only include amounts approved by management as of December 31, 2015. Funding levels may vary in future years based on anticipated construction schedules of the projects. It is expected that significant expansion projects will be funded through various sources, including cash provided from operations. Total capital expenditures are anticipated to be approximately $425 in 2016.

Equity contributions represent Alcoa Corporation's committed investment related to a joint venture in Saudi Arabia. Alcoa Corporation is a participant in a joint venture to develop a new aluminum complex in Saudi Arabia, comprised of a bauxite mine, alumina refinery, aluminum smelter, and rolling mill, which requires Alcoa Corporation to contribute approximately $1,100. As of December 31, 2015, Alcoa Corporation has made equity contributions of $981. Based on changes to both the project's capital investment and equity and debt structure from the initial plans, the estimated $1,100 equity contribution may be reduced. The timing of the amounts included in the preceding table may vary based on changes in anticipated construction schedules of the project.

Off-Balance Sheet Arrangements. At December 31, 2015, Alcoa Corporation has maximum potential future payments for guarantees issued on behalf of a third party of $478. These guarantees expire at various times between 2017 and 2024 and relate to project financing for the aluminum complex in Saudi Arabia. Alcoa Corporation also has outstanding bank guarantees related to environmental obligations, workers compensation, tax matters, outstanding debt, and energy contracts, among others. The total amount committed under these guarantees, which expire at various dates between 2016 and 2017 was $190 at December 31, 2015.

Alcoa Corporation has outstanding letters of credit primarily related to energy contracts (including $200 related to an expected prepayment under a gas supply contract that was made in April 2016). The total amount committed under these letters of credit, which automatically renew or expire at various dates, mostly in 2016, was $363 at December 31, 2015. Alcoa Corporation also has outstanding surety bonds primarily related to contract performance, workers compensation, environmental-related matters, and customs duties. The total amount committed under these bonds, which automatically renew or expire at various dates, mostly in 2016, was $43 at December 31, 2015.

Critical Accounting Policies and Estimates

Basis of Presentation. The preparation of the Combined Financial Statements of Alcoa Corporation in accordance with accounting principles generally accepted in the United States of America requires management to make certain judgments, estimates, and assumptions regarding uncertainties that affect the amounts reported in the Combined Financial Statements of Alcoa Corporation and disclosed in the accompanying Notes. Areas that require significant judgments, estimates, and assumptions include accounting for derivatives and hedging activities; environmental and litigation matters; asset retirement obligations; the testing of goodwill, equity investments, and properties, plants, and equipment for impairment; estimating fair value of businesses to be divested; pension plans and other postretirement benefits obligations; stock-based compensation; and income taxes. The Combined Financial Statements of Alcoa Corporation include the accounts of Alcoa Corporation and companies in which Alcoa Corporation has a controlling interest. Intercompany transactions have been eliminated. The equity method of accounting is used for investments in affiliates and other joint ventures over which Alcoa Corporation has significant influence but does not have effective control. Investments in affiliates in which Alcoa Corporation cannot exercise significant influence are accounted for on the cost method.

Management uses historical experience and all available information to make these judgments, estimates, and assumptions, and actual results may differ from those used to prepare the Combined Financial Statements of Alcoa Corporation at any given time. Despite these inherent limitations, management believes that Management's Discussion and Analysis of Financial Condition and Results of Operations and the Combined Financial Statements of Alcoa Corporation and accompanying Notes provide a meaningful and fair perspective of Alcoa Corporation.

A summary of Alcoa Corporation's significant accounting policies is included in Note A to the Combined Financial Statements of Alcoa Corporation in this information statement. Management believes that the application of these policies on a consistent basis enables Alcoa Corporation to provide the users of the Combined Financial Statements of Alcoa Corporation with useful and reliable information about Alcoa Corporation's operating results and financial condition.

Corporate Expense Allocation. The Combined Financial Statements of Alcoa Corporation include general corporate expenses of ParentCo that were not historically charged to Alcoa Corporation for certain support functions that are provided on a centralized basis, such as expenses related to finance, audit, legal, information technology, human resources, communications, compliance, facilities, employee benefits and compensation, and research and development ("R&D") activities. These general corporate expenses are included in the combined statement of operations within Cost of goods sold, Research and development expenses, and Selling, general administrative and other expenses. These expenses have been allocated to Alcoa Corporation on the basis of direct usage when identifiable, with the remainder allocated based on Alcoa Corporation's segment revenue as a percentage of ParentCo's total segment revenue for both Alcoa Corporation and Arconic.

All external debt not directly attributable to Alcoa Corporation has been excluded from the combined balance sheet of Alcoa Corporation. Financing costs related to these debt obligations have been allocated to Alcoa Corporation based on the ratio of capital invested in Alcoa Corporation to the total capital invested by ParentCo in both Alcoa Corporation and Arconic, and are included in the Statement of Combined Operations within Interest expense.

The following table reflects the allocations of those detailed above:

	Amount allocated to Alcoa Corporation		
	2015	2014	2013
Cost of goods sold(1)	$ 93	$ 76	$109
Selling, general administrative, and other expenses	146	158	154
Research and development expenses	17	21	16
Provision for depreciation, depletion, and amortization	22	37	38
Restructuring and other charges(2)	32	23	14
Interest expense	245	278	272
Other expenses (income), net	12	5	(1)

(1) Allocation relates to ParentCo's retained pension and Other postemployment benefits expenses for closed and sold operations.
(2) Allocation primarily relates to layoff programs for ParentCo employees.

Management believes the assumptions regarding the allocation of ParentCo's general corporate expenses and financing costs are reasonable.

Nevertheless, the Combined Financial Statements of Alcoa Corporation may not reflect the actual expenses that would have been incurred and may not reflect Alcoa Corporation's combined results of operations, financial position and cash flows had it been a standalone company during the periods presented. Actual costs that would have been incurred if Alcoa Corporation had been a standalone company would depend on multiple factors, including organizational structure, capital structure, and strategic decisions made in various areas, including information technology and infrastructure. Transactions between Alcoa Corporation and ParentCo, including sales to Arconic, have been included as related party transactions in these Combined Financial Statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these transactions is reflected in the Statements of Combined Cash Flows as a financing activity and in the Combined Balance Sheet as Net parent investment.

Derivatives and Hedging. Derivatives are held for purposes other than trading and are part of a formally documented risk management program. For derivatives designated as cash flow hedges, Alcoa Corporation measures hedge effectiveness by formally assessing, at least quarterly, the probable high correlation of the expected future cash flows of the hedged item and the derivative hedging instrument. The ineffective portions of both types of hedges are recorded in sales or other income or expense in the current period. If the hedging relationship ceases to be highly effective or it becomes probable that an expected transaction will no longer occur, future gains or losses on the derivative instrument are recorded in other income or expense.

Alcoa Corporation accounts for certain forecasted transactions as cash flow hedges. The fair values of the derivatives are recorded in other current and noncurrent assets and liabilities in the Combined Balance Sheet. The effective portions of the changes in the fair values of these derivatives are recorded in other comprehensive income and are reclassified to sales, cost of goods sold, or other income or expense in the period in which earnings are impacted by the hedged items or in the period that the transaction no longer qualifies as a cash flow hedge. These contracts cover the same periods as known or expected exposures, generally not exceeding five years.

If no hedging relationship is designated, the derivative is marked to market through earnings.

Cash flows from derivatives are recognized in the Statement of Combined Cash Flows in a manner consistent with the underlying transactions.

See the Derivatives section of Note X to the Combined Financial Statements of Alcoa Corporation in this information statement.

Environmental Matters. Expenditures and liabilities related to current or past Alcoa Corporation operations are reflected in the Combined Financial Statements of Alcoa Corporation. Expenditures for current operations are expensed or capitalized, as appropriate. Expenditures relating to existing conditions caused by past operations, which will not contribute to future revenues, are expensed. Liabilities are recorded when remediation costs are probable and can be reasonably estimated. The liability may include costs such as site investigations, consultant fees, feasibility studies, outside contractors, and monitoring expenses. Estimates are generally not discounted or reduced by potential claims for recovery. Claims for recovery are recognized as agreements are reached with third parties. The estimates also include costs related to other potentially responsible parties to the extent that Alcoa Corporation has reason to believe such parties will not fully pay their proportionate share. The liability is continuously reviewed and adjusted to reflect current remediation progress, prospective estimates of required activity, and other factors that may be relevant, including changes in technology or regulations.

Litigation Matters. For asserted claims and assessments, liabilities are recorded when an unfavorable outcome of a matter is deemed to be probable and the loss is reasonably estimable. Management determines the likelihood of an unfavorable outcome based on many factors such as the nature of the matter, available defenses and case strategy, progress of the matter, views and opinions of legal counsel and other advisors, applicability and success of appeals processes, and the outcome of similar historical matters, among others. Once an unfavorable outcome is deemed probable, management weighs the probability of estimated losses, and the most reasonable loss estimate is recorded. If an unfavorable outcome of a matter is deemed to be reasonably possible, then the matter is disclosed and no liability is recorded. With respect to unasserted claims or assessments, management must first determine that the probability that an assertion will be made is likely, then, a determination as to the likelihood of an unfavorable outcome and the ability to reasonably estimate the potential loss is made. Legal matters are reviewed on a continuous basis to determine if there has been a change in management's judgment regarding the likelihood of an unfavorable outcome or the estimate of a potential loss.

Asset Retirement Obligations. Alcoa Corporation recognizes asset retirement obligations (AROs) related to legal obligations associated with the normal operation of Alcoa Corporation's bauxite mining, alumina refining, and aluminum smelting facilities. These AROs consist primarily of costs associated with spent pot lining disposal, closure of bauxite residue areas, mine reclamation, and landfill closure. Alcoa Corporation also recognizes AROs for any significant lease restoration obligation, if required by a lease agreement, and for the disposal of regulated waste materials related to the demolition of certain power facilities. The fair values of these AROs are recorded on a discounted basis, at the time the obligation is incurred, and accreted over time for the change in present value. Additionally, Alcoa Corporation capitalizes asset retirement costs by increasing the carrying amount of the related long-lived assets and depreciating these assets over their remaining useful life.

Certain conditional asset retirement obligations (CAROs) related to alumina refineries, aluminum smelters, power and rolled products facilities have not been recorded in the Combined Financial Statements of Alcoa

Corporation due to uncertainties surrounding the ultimate settlement date. A CARO is a legal obligation to perform an asset retirement activity in which the timing and/or method of settlement are conditional on a future event that may or may not be within Alcoa Corporation's control. Such uncertainties exist as a result of the perpetual nature of the structures, maintenance and upgrade programs, and other factors. At the date a reasonable estimate of the ultimate settlement date can be made, Alcoa Corporation would record an ARO for the removal, treatment, transportation, storage and/or disposal of various regulated assets and hazardous materials such as asbestos, underground and aboveground storage tanks, polychlorinated biphenyls, various process residuals, solid wastes, electronic equipment waste, and various other materials. Such amounts may be material to the Combined Financial Statements of Alcoa Corporation in the period in which they are recorded. If Alcoa Corporation was required to demolish all such structures immediately, the estimated CARO as of December 31, 2015 ranges from less than $3 to $28 per structure (25 structures) in today's dollars.

Goodwill. Goodwill is not amortized; instead, it is reviewed for impairment annually (in the fourth quarter) or more frequently if indicators of impairment exist or if a decision is made to sell or exit a business. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include deterioration in general economic conditions, negative developments in equity and credit markets, adverse changes in the markets in which an entity operates, increases in input costs that have a negative effect on earnings and cash flows, or a trend of negative or declining cash flows over multiple periods, among others. The fair value that could be realized in an actual transaction may differ from that used to evaluate the impairment of goodwill.

Goodwill is allocated among and evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. For 2015, Alcoa Corporation has two reporting units that contain goodwill; Bauxite ($51) and Alumina ($101); and four reporting units that contain no goodwill: Aluminum, Cast Products, Energy, and Rolled Products. Prior to 2015, Alcoa Corporation had three reporting units which were Alumina (Bauxite, Alumina and a small portion of Energy) and Primary Metals (Aluminum, Cast Products and the majority of Energy), and Rolled Products. All goodwill related to Primary Metals was impaired in 2013—see below. The previous amounts mentioned related to Bauxite and Alumina include an allocation of corporate goodwill.

In reviewing goodwill for impairment, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (greater than 50%) that the estimated fair value of a reporting unit is less than its carrying amount. If an entity elects to perform a qualitative assessment and determines that an impairment is more likely than not, the entity is then required to perform the existing two-step quantitative impairment test (described below); otherwise, no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, proceed directly to the two-step quantitative impairment test. The ultimate outcome of the goodwill impairment review for a reporting unit should be the same whether an entity chooses to perform the qualitative assessment or proceeds directly to the two-step quantitative impairment test.

Alcoa Corporation's policy for its annual review of goodwill is to perform the qualitative assessment for all reporting units not subjected directly to the two-step quantitative impairment test. Generally, management will proceed directly to the two-step quantitative impairment test for each of its two reporting units that contain goodwill at least once during every three-year period.

Under the qualitative assessment, various events and circumstances (or factors) that would affect the estimated fair value of a reporting unit are identified (similar to impairment indicators above). These factors are then classified by the type of impact they would have on the estimated fair value using positive, neutral, and adverse categories based on current business conditions. Additionally, an assessment of the level of impact that a particular factor would have on the estimated fair value is determined using high, medium, and low weighting. Furthermore, management considers the results of the most recent two-step quantitative impairment test completed for a reporting unit and compares the weighted average cost of capital (WACC) between the current and prior years for each reporting unit.

During the 2015 annual review of goodwill, management performed the qualitative assessment for two reporting units, Bauxite and Alumina. Management concluded it was not more likely than not that the estimated fair values of the two reporting units were less than their carrying values. As such, no further analysis was required.

Under the two-step quantitative impairment test, the evaluation of impairment involves comparing the current fair value of each reporting unit to its carrying value, including goodwill. Alcoa Corporation uses a discounted cash flow (DCF) model to estimate the current fair value of its reporting units when testing for impairment, as management believes forecasted cash flows are the best indicator of such fair value. A number of significant assumptions and estimates are involved in the application of the DCF model to forecast operating cash flows, including markets and market share, sales volumes and prices, production costs, tax rates, capital spending, discount rate, and working capital changes. Certain of these assumptions can vary significantly among the reporting units. Cash flow forecasts are generally based on approved business unit operating plans for the early years and historical relationships in later years. The betas used in calculating the individual reporting units' WACC rate are estimated for each business with the assistance of valuation experts.

In the event the estimated fair value of a reporting unit per the DCF model is less than the carrying value, additional analysis would be required. The additional analysis would compare the carrying amount of the reporting unit's goodwill with the implied fair value of that goodwill, which may involve the use of valuation experts. The implied fair value of goodwill is the excess of the fair value of the reporting unit over the fair value amounts assigned to all of the assets and liabilities of that unit as if the reporting unit was acquired in a business combination and the fair value of the reporting unit represented the purchase price. If the carrying value of goodwill exceeds its implied fair value, an impairment loss equal to such excess would be recognized, which could significantly and adversely impact reported results of operations and shareholders' equity.

Goodwill impairment tests in prior years indicated that goodwill was not impaired for any of Alcoa Corporation's reporting units, except for the former Primary Metals segment in 2013 (see below), and there were no triggering events since that time that necessitated an impairment test.

In 2013, for the former Primary Metals reporting unit (see above), the estimated fair value as determined by the DCF model was lower than the associated carrying value. As a result, management performed the second step of the impairment analysis in order to determine the implied fair value of Primary Metals' goodwill. The results of the second-step analysis showed that the implied fair value of goodwill was zero. Therefore, in the fourth quarter of 2013, Alcoa Corporation recorded a goodwill impairment of $1,731 ($1,719 after noncontrolling interest). As a result of the goodwill impairment, there is no goodwill remaining for the Primary Metals reporting unit.

The impairment of the Primary Metals goodwill resulted from several causes: the prolonged economic downturn; a disconnect between industry fundamentals and pricing that has resulted in lower metal prices; and the increased cost of alumina, a key raw material, resulting from expansion of the Alumina Price Index throughout the industry. All of these factors, exacerbated by increases in discount rates, continued to place significant downward pressure on metal prices and operating margins, and the resulting estimated fair value, of the Primary Metals business. As a result, management decreased the near-term and long-term estimates of the operating results and cash flows utilized in assessing Primary Metals' goodwill for impairment. The valuation of goodwill for the second step of the goodwill impairment analysis is considered a level 3 fair value measurement, which means that the valuation of the assets and liabilities reflect management's own judgments regarding the assumptions market participants would use in determining the fair value of the assets and liabilities.

Equity Investments. ParentCo invests in a number of privately-held companies, primarily through joint ventures and consortia, which are accounted for purposes of Alcoa Corporation's combined financial statements on the equity method. The equity method is applied in situations where Alcoa Corporation has the ability to exercise significant influence, but not control, over the investee. Management reviews equity investments for

impairment whenever certain indicators are present suggesting that the carrying value of an investment is not recoverable. This analysis requires a significant amount of judgment from management to identify events or circumstances indicating that an equity investment is impaired. The following items are examples of impairment indicators: significant, sustained declines in an investee's revenue, earnings, and cash flow trends; adverse market conditions of the investee's industry or geographic area; the investee's ability to continue operations measured by several items, including liquidity; and other factors. Once an impairment indicator is identified, management uses considerable judgment to determine if the impairment is other than temporary, in which case the equity investment is written down to its estimated fair value. An impairment that is other than temporary could significantly and adversely impact reported results of operations.

Properties, Plants, and Equipment. Properties, plants, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (asset group) may not be recoverable. Recoverability of assets is determined by comparing the estimated undiscounted net cash flows of the operations related to the assets (asset group) to their carrying amount. An impairment loss would be recognized when the carrying amount of the assets (asset group) exceeds the estimated undiscounted net cash flows. The amount of the impairment loss to be recorded is calculated as the excess of the carrying value of the assets (asset group) over their fair value, with fair value determined using the best information available, which generally is a DCF model. The determination of what constitutes an asset group, the associated estimated undiscounted net cash flows, and the estimated useful lives of assets require significant judgments.

Pension and Other Postretirement Benefits. Certain Alcoa Corporation employees participate in defined benefit pension and other postretirement benefit plans sponsored by ParentCo, which also includes Arconic participants. For purposes of these standalone financial statements, Alcoa Corporation accounts for these plans as multiemployer benefit plans. Accordingly, Alcoa Corporation does not record an asset or liability to recognize the funded status of these shared plans. However, the related expense allocated to Alcoa Corporation are based primarily on pensionable compensation and estimated interest costs attributable to Alcoa Corporation participants.

Certain plans are specific to Alcoa Corporation employees and are accounted for as defined benefit pension and other postretirement benefit plans for purpose of the Combined Financial Statements. Accordingly, the funded and unfunded position of each of these plans is recorded in the Combined Balance Sheet. Actuarial gains and losses that have not yet been recognized through income are recorded in accumulated other comprehensive income net of taxes, until they are amortized as a component of net periodic benefit cost. Liabilities and expenses for these pension and other postretirement benefits are determined using actuarial methodologies and incorporate significant assumptions, including the interest rate used to discount the future estimated liability, the expected long-term rate of return on plan assets, and several assumptions relating to the employee workforce (salary increases, health care cost trend rates, retirement age, and mortality).

The discount rates for the plans are primary determined by using yield curve models developed with the assistance of an external actuary. The cash flows of the plans' projected benefit obligations are discounted using a single equivalent rate derived from yields on high-quality corporate bonds, which represent a broad diversification of issuers in various sectors. The yield curve model parallels the plans' projected cash flows, which have an average duration ranging from 11 to 15 years. The underlying cash flows of the bonds included in the models exceed the cash flows needed to satisfy plans' obligations multiple times. If a deep market of high quality corporate bonds does not exist in a country, then the yield on government bonds plus a corporate bond yield spread is used. In 2015, 2014, and 2013, the discount rate used to determine benefit obligations for pension and other postretirement benefit plans was 4.03%, 4.09%, and 5.14%, respectively. The impact on the liabilities of a change in the discount rate of one-fourth of 1% would be approximately $66 and either a charge or credit of approximately $1 to after-tax earnings in the following year.

In conjunction with the annual measurement of the funded status of Alcoa Corporation's pension and other postretirement benefit plans at December 31, 2015, management elected to change the manner in which the

interest cost component of net periodic benefit cost will be determined in 2016 and beyond. Previously, the interest cost component was determined by multiplying the single equivalent rate described above and the aggregate discounted cash flows of the plans' projected benefit obligations. Under the new methodology, the interest cost component will be determined by aggregating the product of the discounted cash flows of the plans' projected benefit obligations for each year and an individual spot rate (referred to as the "spot rate" approach). This change will result in a lower interest cost component of net periodic benefit cost under the new methodology compared to the previous methodology of approximately $11 in 2016. Management believes this new methodology, which represents a change in an accounting estimate, is a better measure of the interest cost as each year's cash flows are specifically linked to the interest rates of bond payments in the same respective year.

The expected long-term rate of return on plan assets is generally applied to a four-year or five-year average value of plan assets for certain plans, or the fair value at the plan measurement date. The process used by management to develop this assumption is one that relies on forward-looking returns by asset class. Management incorporates expected future returns on current and planned asset allocations using information from various external investment managers and consultants, as well as management's own judgment. For 2015, 2014, and 2013, management used 6.91%, 6.91% and 6.98%, respectively, as its expected long-term rate of return. For 2016, management anticipates that 6.92% will be the expected long-term rate of return.

A change in the assumption for the expected long-term rate of return on plan assets of one-fourth of 1% would impact after-tax earnings by approximately $3 for 2015.

Stock-based Compensation. Alcoa Corporation employees have historically participated in ParentCo's equity-based compensation plans. Until consummation of the distribution, Alcoa Corporation will continue to participate in ParentCo's stock-based compensation plans and record compensation expense based on the awards granted to Alcoa Corporation employees. ParentCo recognizes compensation expense for employee equity grants using the non-substantive vesting period approach, in which the expense (net of estimated forfeitures) is recognized ratably over the requisite service period based on the grant date fair value. The fair value of new stock options is estimated on the date of grant using a lattice-pricing model. Determining the fair value of stock options at the grant date requires judgment, including estimates for the average risk-free interest rate, dividend yield, volatility, annual forfeiture rate, and exercise behavior. These assumptions may differ significantly between grant dates because of changes in the actual results of these inputs that occur over time.

Equity grants are issued in January each year. As part of ParentCo's stock-based compensation plan design, individuals who are retirement-eligible have a six-month requisite service period in the year of grant. As a result, a larger portion of expense will be recognized in the first half of each year for these retirement-eligible employees. Compensation expense recorded in 2015, 2014, and 2013 was $35, $39, and $33, respectively. Alcoa Corporation did not recognize any tax benefit associated with this expense. Of this amount, $3, $4, and $4 in 2015, 2014, and 2013, respectively, pertains to the acceleration of expense related to retirement-eligible employees. The portion of this expense related to corporate employees, allocated based on segment revenue, was $21, $21, and $16 in 2015, 2014, and 2013, respectively

Most plan participants can choose whether to receive their award in the form of stock options, stock awards, or a combination of both. This choice is made before the grant is issued and is irrevocable.

Income Taxes. The provision for income taxes in Alcoa Corporation's combined statement of operations is based on a separate return methodology using the asset and liability approach of accounting for income taxes. Under this approach, the provision for income taxes represents income taxes paid or payable (or received or receivable) for the current year plus the change in deferred taxes during the year calculated as if Alcoa Corporation was a standalone taxpayer filing hypothetical income tax returns where applicable. Any additional accrued tax liability or refund arising as a result of this approach is assumed to be immediately settled with ParentCo as a component of Net parent investment. Deferred taxes represent the future tax consequences expected to occur when the reported amounts of assets and liabilities are recovered or paid, and result from differences between the

financial and tax bases of Alcoa Corporation's assets and liabilities and are adjusted for changes in tax rates and tax laws when enacted. Deferred tax assets are reflected in the combined balance sheet for net operating losses, credits or other attributes to the extent that such attributes are expected to transfer to Alcoa Corporation upon the Separation. Any difference from attributes generated in a hypothetical return on a separate return basis is adjusted as a component of Net parent investment.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not (greater than 50%) that a tax benefit will not be realized. In evaluating the need for a valuation allowance, management considers all potential sources of taxable income, including income available in carryback periods, future reversals of taxable temporary differences, projections of taxable income, and income from tax planning strategies, as well as all available positive and negative evidence. Positive evidence includes factors such as a history of profitable operations, projections of future profitability within the carryforward period, including from tax planning strategies, and Alcoa Corporation's experience with similar operations. Existing favorable contracts and the ability to sell products into established markets are additional positive evidence. Negative evidence includes items such as cumulative losses, projections of future losses, or carryforward periods that are not long enough to allow for the utilization of a deferred tax asset based on existing projections of income. Deferred tax assets for which no valuation allowance is recorded may not be realized upon changes in facts and circumstances, resulting in a future charge to establish a valuation allowance. Existing valuation allowances are re-examined under the same standards of positive and negative evidence. If it is determined that it is more likely than not that a deferred tax asset will be realized, the appropriate amount of the valuation allowance, if any, is released. Deferred tax assets and liabilities are also re-measured to reflect changes in underlying tax rates due to law changes and the granting and lapse of tax holidays.

In 2013, Alcoa Corporation recognized a $128 discrete income tax charge for a valuation allowance on the full value of the deferred tax assets related to a Spanish consolidated tax group. These deferred tax assets have an expiration period ranging from 2016 (for certain credits) to an unlimited life (for operating losses). After weighing all available positive and negative evidence, as described above, management determined that it was no longer more likely than not that Alcoa Corporation will realize the tax benefit of these deferred tax assets. This was mainly driven by a decline in the outlook of the Primary Metals business (2013 realized prices were the lowest since 2009) combined with prior year cumulative losses of the Spanish consolidated tax group. During 2014, the underlying value of the deferred tax assets decreased due to a remeasurement as a result of the enactment of new tax rates in Spain beginning in 2016 (see Income Taxes in Earnings Summary under Results of Operations above), and a change in foreign currency exchange rates. As a result, the valuation allowance decreased by the same amount. At December 31, 2015, the amount of the valuation allowance was $91. This valuation allowance was reevaluated as of December 31, 2015, and no change to the allowance was deemed necessary based on all available evidence. The need for this valuation allowance will be assessed on a continuous basis in future periods and, as a result, a portion or all of the allowance may be reversed based on changes in facts and circumstances.

In 2015, Alcoa Corporation recognized an additional $141 discrete income tax charge for valuation allowances on certain deferred tax assets in Iceland and Suriname. Of this amount, an $85 valuation allowance was established on the full value of the deferred tax assets in Suriname, which were related mostly to employee benefits and tax loss carryforwards. These deferred tax assets have an expiration period ranging from 2016 to 2022. The remaining $56 charge relates to a valuation allowance established on a portion of the deferred tax assets recorded in Iceland. These deferred tax assets have an expiration period ranging from 2017 to 2023. After weighing all available positive and negative evidence, as described above, management determined that it was no longer more likely than not that Alcoa Corporation will realize the tax benefit of either of these deferred tax assets. This was mainly driven by a decline in the outlook of the Primary Metals business, combined with prior year cumulative losses and a short expiration period. The need for this valuation allowance will be assessed on a continuous basis in future periods and, as a result, a portion or all of the allowance may be reversed based on changes in facts and circumstances.

Tax benefits related to uncertain tax positions taken or expected to be taken on a tax return are recorded when such benefits meet a more likely than not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that the statute of limitation has expired or the appropriate taxing authority has completed their examination even though the statute of limitations remains open. Interest and penalties related to uncertain tax positions are recognized as part of the provision for income taxes and are accrued beginning in the period that such interest and penalties would be applicable under relevant tax law until such time that the related tax benefits are recognized.

Related Party Transactions

Alcoa Corporation buys products from and sells products to various related companies, including entities in which Alcoa Corporation retains a 50% or less equity interest, at negotiated prices between the two parties. Transactions between Alcoa Corporation and Arconic have been presented as related party transactions in the Combined Financial Statements of Alcoa Corporation. See Note T to the Combined Financial Statements of Alcoa Corporation in this information statement.

Recently Adopted Accounting Guidance

See the Recently Adopted Accounting Guidance section of Note A to the Combined Financial Statements of Alcoa Corporation in this information statement.

Recently Issued Accounting Guidance

See the Recently Issued Accounting Guidance section of Note A to the Combined Financial Statements of Alcoa Corporation in this information statement.

Six Months Ended June 30, 2016 and 2015

Results of Operations

Net loss attributable to Alcoa Corporation was $265 in the 2016 six-month period compared with Net income of $69 in the 2015 six-month period. The decrease in results of $334 was primarily the result of lower pricing in all operations, partially offset by net productivity improvements, lower restructuring-related charges, a lower income tax provision, and net favorable foreign currency movements.

Sales declined $1,617, or 27%, in the 2016 six-month period compared to the same period in 2015. The decrease was largely attributable to a lower average realized price for both aluminum and alumina; lower volume in the Alumina segment; the absence of sales related to capacity that was closed or curtailed (see Aluminum and Cast Products in Segment Information below); and lower energy sales. These negative impacts were slightly offset by higher bauxite sales.

Cost of goods sold (COGS) as a percentage of Sales was 85.3% in the 2016 six-month period compared with 76.5% in the 2015 six-month period. The percentage was negatively impacted by a lower average realized price for both aluminum and alumina, partially offset by net productivity improvements across all segments and net favorable foreign currency movements due to a stronger U.S. dollar.

Selling, general administrative, and other expenses (SG&A) increased $9 in the 2016 six-month period compared to the corresponding period in 2015. The increase was principally due to costs related to the planned separation of ParentCo ($31), partially offset by a decrease in corporate overhead expenses and favorable foreign currency movements due to a stronger U.S. dollar.

Research and development expenses (R&D) declined $30, or 52%, in the 2016 six-month period compared with the same period in 2015. The decrease was primarily driven by lower spending related to the inert anode and carbothermic technology for the Aluminum segment.

Depreciation, depletion, and amortization (DD&A) declined $49, or 12%, in the 2016 six-month period compared to the corresponding period in 2015. The decrease was mainly caused by favorable foreign currency movements due to a stronger U.S. dollar and the absence of DD&A ($11) related to capacity reductions at a refinery and smelter in South America that occurred at different points during 2015 and a smelter in the United States that occurred in March 2016.

Restructuring and other charges in the 2016 six-month period were $92, which were comprised of the following components: $86 for additional net costs related to decisions made in the fourth quarter of 2015 to permanently close and demolish the Warrick (Indiana) smelter and to curtail the Wenatchee (Washington) smelter and Point Comfort (Texas) refinery (see below); $11 for layoff costs related to cost reduction initiatives and the planned separation of ParentCo, including the separation of approximately 30 employees in the Aluminum segment; and $5 for the reversal of a number of small layoff reserves related to prior periods.

In the 2016 six-month period, costs related to the closure and curtailment actions included accelerated depreciation of $70 related to the Warrick smelter as it continued to operate during the 2016 first quarter; $20 for the reversal of severance costs initially recorded in the 2015 fourth quarter; and $36 in other costs. Additionally in the 2016 six-month period, remaining inventories, mostly operating supplies and raw materials, were written down to their net realizable value, resulting in a charge of $5, which was recorded in COGS. The other costs of $36 represent $27 for contract termination, $7 in asset retirement obligations for the rehabilitation of a coal mine related to the Warrick smelter, and $2 in other related costs. Additional charges may be recognized in future periods related to these actions.

Restructuring and other charges in the 2015 six-month period were $243, which were comprised of the following components: $179 for exit costs related to decisions to permanently shut down and demolish a smelter and a power station (see below); $24 related to post-closing adjustments associated with two December 2014 divestitures; $34 for the separation of approximately 800 employees (680 in the Aluminum segment and 120 combined in the Alumina and Bauxite segments), supplier contract-related costs, and other charges associated with the decisions to temporarily curtail certain capacity at the São Luís smelter and the refinery in Suriname; $11 for layoff costs, including the separation of approximately 150 employees in the Aluminum segment; $4 for the reversal of a number of small layoff reserves related to prior periods; and a net credit of $1 related to Corporate restructuring allocated to Alcoa Corporation.

In the second quarter of 2015, management approved the permanent shutdown and demolition of the Poços de Caldas smelter (capacity of 96 kmt-per-year) in Brazil and the Anglesea power station (includes the closure of a related coal mine) in Australia. The entire capacity at Poços de Caldas has been temporarily idled since May 2014 and the Anglesea power station was shut down at the end of August 2015. Demolition and remediation activities related to the Poços de Caldas smelter and the Anglesea power station began in late 2015 and are expected to be completed by the end of 2026 and 2020, respectively.

The decision on the Poços de Caldas smelter was due to management’s conclusion that the smelter was no longer competitive as a result of challenging global market conditions for primary aluminum that have not dissipated, which led to the initial curtailment, and higher costs. For the Anglesea power station, the decision was made because a sale process did not result in a sale and there would be imminent operating costs and financial constraints related to this site in the remainder of 2015 and beyond, including significant costs to source coal from available resources, necessary maintenance costs, and a depressed outlook for forward electricity prices. The Anglesea power station previously supplied approximately 40 percent of the power needs for the Point Henry smelter, which was closed in August 2014.

In the 2015 six-month period, costs related to the shutdown actions included asset impairments of $86, representing the write-off of the remaining book value of all related properties, plants, and equipment; $11 for the layoff of approximately 100 employees (80 in the Aluminum segment and 20 in the Energy segment); and $82 in other exit costs. Additionally in the 2015 six-month period, remaining inventories, mostly operating

supplies and raw materials, were written down to their net realizable value, resulting in a charge of $4, which was recorded in COGS. The other exit costs of $82 represent $45 in asset retirement obligations and $29 in environmental remediation, both of which were triggered by the decisions to permanently shut down and demolish the aforementioned structures in Brazil and Australia (includes the rehabilitation of a related coal mine), and $8 in supplier and customer contract-related costs.

Alcoa Corporation does not include Restructuring and other charges in the results of its reportable segments. The pretax impact of allocating such charges to segment results would have been as follows:

Six months ended June 30,	2016	2015
Bauxite	$—	$ 2
Alumina	2	13
Aluminum	68	147
Cast Products	—	—
Energy	22	52
Rolled Products	—	—
Total segment	92	214
Corporate	—	29
Total restructuring and other charges	$ 92	$243

As of June 30, 2016, approximately 26 of the 30 employees associated with 2016 restructuring programs and approximately 2,400 of the 2,700 employees associated with 2015 restructuring programs were separated. As of March 31, 2016, the separations associated with the 2014 restructuring programs were essentially complete. Most of the remaining separations for the 2016 restructuring programs and all of the remaining separations for the 2015 restructuring programs are expected to be completed by the end of 2016.

In the 2016 six-month period, cash payments of $3, $51, and $1 were made against the layoff reserves related to 2016, 2015, and 2014, respectively, restructuring programs.

Interest expense decreased $9, or 6%, in the 2016 six-month period compared to the corresponding period in 2015. The decrease was largely due to a lower allocation to Alcoa Corporation of ParentCo's interest expense, which is primarily a function of the lower ratio in the 2016 six-month period (as compared to the 2015 six-month period) of capital invested in Alcoa Corporation to the total capital invested by ParentCo in both Alcoa Corporation and Arconic.

Other expenses, net was $16 in the 2016 six-month period compared with Other income, net of $13 in the 2015 six-month period. The change of $29 was mainly the result of net unfavorable foreign currency movements ($40) and the absence of a gain on the sale of land around the Lake Charles anode facility ($29), partially offset by a gain on the sale of an equity interest in a natural gas pipeline in Australia ($27) and a benefit for an arbitration recovery related to a 2010 fire at the Iceland smelter ($14).

The effective tax rate for the 2016 and 2015 six-month periods was 61% (provision on a loss) and 54% (provision on income), respectively.

The rate for the 2016 six-month period differs (by (96) percentage points) from the U.S. federal statutory rate of 35% primarily due to U.S. losses and tax credits with no tax benefit realizable in Alcoa Corporation, a $5 discrete income tax charge for valuation allowances of certain deferred tax assets in Australia, somewhat offset by foreign income taxed in lower rate jurisdictions.

The rate for the 2015 six-month period differs from the U.S. federal statutory rate of 35% primarily due to an $85 discrete income tax charge ($51 after noncontrolling interest) for a valuation allowance on certain deferred tax assets in Suriname, which were mostly related to employee benefits and tax loss carryforwards.

Net income attributable to noncontrolling interest was $38 in the 2016 six-month period compared with $127 in the 2015 six-month period. These amounts were related to Alumina Limited of Australia's 40% ownership interest in AWAC. In the 2016 six-month period, AWAC generated lower income compared to the same period in 2015.

The change in AWAC's results was mainly driven by a decline in operating results (see below), partially offset by the absence of restructuring charges related to the permanent closure of the Anglesea power station and coal mine (see Restructuring and other charges above), a $27 ($8 was noncontrolling interest's share) gain on the sale of an equity interest in a natural gas pipeline in Australia, and the absence of an $85 ($34 was noncontrolling interest's share) discrete income tax charge for a valuation allowance on certain deferred tax assets (see Income taxes above).

The decrease in AWAC's operating results was largely due to a lower average realized alumina price and an unfavorable impact related to the curtailment of the Point Comfort refinery, somewhat offset by net productivity improvements and net favorable foreign currency movements (see Alumina in Segment Information below).

Segment Information

Bauxite

	Six months ended June 30,	
	2016	2015
Bauxite production (bone dry metric tons, or bdmt), in millions	22.1	22.2
Alcoa Corporation's average cost per bdmt of bauxite*	$ 15	$ 19
Third-party sales	$ 131	$ 29
Intersegment sales	357	570
Total sales	$ 488	$ 599
ATOI	$ 101	$ 106

* Includes all production-related costs, including conversion costs, such as labor, materials, and utilities; depreciation, depletion, and amortization; and plant administrative expenses.

Bauxite production decreased slightly in the 2016 six-month period compared with the corresponding period in 2015. The decrease was largely attributable to the curtailment of the Suralco mine and refinery (see Alumina below), partially offset by higher production across the remaining mining portfolio.

Total sales for the Bauxite segment declined 19% in the 2016 six-month period compared to the same period in 2015. The decrease was primarily due to a lower bauxite price and a decrease in internal demand from the Alumina segment due to curtailments (see Alumina below). These negative impacts were partially offset by higher third-party shipments as Alcoa Corporation continues to expand its third-party bauxite business.

ATOI for this segment decreased $5 in the 2016 six-month period compared to the same period in 2015. This decrease was principally driven by the decline in bauxite prices. These negative impacts were partially offset by net favorable foreign currency movements due to a stronger U.S. dollar, especially against the Australian dollar and Brazilian real, net productivity improvements, and higher equity earnings from a jointly-owned mine in Brazil.

In the 2016 third quarter (comparison with the 2015 third quarter), third-party bauxite shipments are expected to increase and productivity improvements are anticipated to continue.

Alumina

	Six months ended June 30,	
	2016	2015
Alumina production (kmt)	6,646	7,910
Third-party alumina shipments (kmt)	4,434	5,244
Alcoa Corporation's average realized price per metric ton of alumina	$ 247	$ 335
Alcoa Corporation's average cost per metric ton of alumina*	$ 243	$ 272
Third-party sales	$ 1,097	$ 1,758
Intersegment sales	613	934
Total sales	$ 1,710	$ 2,692
ATOI	$ 5	$ 324

* Includes all production-related costs, including raw materials consumed; conversion costs, such as labor, materials, and utilities; depreciation, depletion, and amortization; and plant administrative expenses.

Alumina production decreased 16% in the 2016 six-month period compared with the corresponding period in 2015. The decline was largely attributable to lower production at the Point Comfort (Texas) refinery (see below) and the absence of production at the Suralco (Suriname) refinery (see below).

In March 2015, management initiated a 12-month review of 2,800 kmt in refining capacity for possible curtailment (partial or full), permanent closure or divestiture. This review was part of management's target to lower Alcoa Corporation's refining operations on the global alumina cost curve to the 21st percentile by the end of 2016. As part of this review, in 2015, management decided to curtail the remaining operating capacity at both the Suralco (1,330 kmt-per-year) and Point Comfort (2,010 kmt-per-year) refineries. The curtailment of the capacity at Suralco and Point Comfort was completed by the end of November 2015 and June 2016 (375 kmt-per-year was completed by the end of December 2015), respectively. While management has completed this specific review of Alcoa's refining capacity, analysis of portfolio optimization in light of changes in the marketplace that may occur at any given time is ongoing.

Third-party sales for the Alumina segment decreased 38% in the 2016 six-month period compared to the same period in 2015. The decline was primarily due to a 26% decrease in average realized price and a 15% decline in volume. The change in average realized price was mostly driven by a drop in the average alumina index price.

Intersegment sales decreased 34% in the 2016 six-month period compared with the corresponding period in 2015 due to a lower average realized price and lower demand from the Primary Metals segment. The lower demand was caused by lower shipments to the Warrick (Indiana) smelter (closed in the first quarter of 2016) and the absence of shipments to both the Wenatchee (Washington) smelter (curtailed in the fourth quarter of 2015) and the São Luís (Brazil) smelter (curtailed in the second quarter of 2015).

ATOI for this segment declined $319 in the 2016 six-month period compared to the same period in 2015. The decrease was principally related to the previously mentioned lower average realized alumina price and an unfavorable impact related to the curtailment of the Point Comfort refinery. These negative impacts were somewhat offset by net productivity improvements and net favorable foreign currency movements due to a stronger U.S. dollar, especially against the Australian dollar and Brazilian real.

In the 2016 third quarter (comparison with the 2015 third quarter), alumina production will reflect the absence of approximately 680 kmt due to the curtailment of the Point Comfort and Suralco refineries. Additionally, net productivity improvements are anticipated in this segment.

Aluminum

	Six months ended June 30,	
	2016	2015
Aluminum production (kmt)	1,250	1,412
Alcoa Corporation’s average cost per metric ton of aluminum*	$ 1,560	$ 1,800
Third-party sales	$ 15	$ 2
Intersegment sales	1,889	2,908
Total sales	$ 1,904	$ 2,910
ATOI	$ (26)	$ 185

* Includes all production-related costs, including raw materials consumed; conversion costs, such as labor, materials, and utilities; depreciation, depletion, and amortization; and plant administrative expenses.

At June 30, 2016, Alcoa Corporation had 778 kmt of idle capacity on a base capacity of 3,133 kmt. During the six months ended June 30, 2016, base capacity decreased 269 kmt compared to December 31 2015, due to the permanent closure of the Warrick, IN, smelter.

In March 2015, management initiated a 12-month review of 500 kmt in smelting capacity for possible curtailment (partial or full), permanent closure or divestiture. This review was part of management’s target to lower Alcoa Corporation’s smelting operations on the global aluminum cost curve to the 38th percentile by the end of 2016. As part of this review, in 2015, management decided to curtail the remaining operating capacity at both the São Luís smelter (74 kmt-per-year) in Brazil and at the Wenatchee smelter (143 kmt-per-year) in Washington and to permanently close the Warrick smelter (269 kmt-per-year) in Indiana. The curtailment of capacity at São Luís and Wenatchee was completed in April 2015 and by the end of December 2015, respectively, and the permanent closure of Warrick was completed by the end of March 2016. Previously under this review (November 2015), management decided to curtail the remaining capacity at the Intalco smelter in Washington by the end of June 2016; however, in May 2016, Alcoa reached agreement on a new power contract that will help improve the competiveness of the smelter, resulting in the termination of the planned curtailment. While management has completed this specific review of Alcoa’s smelting capacity, analysis of portfolio optimization in light of changes in the marketplace that may occur at any given time is ongoing.

Aluminum production decreased 11% in the 2016 six-month period compared with the corresponding period in 2015. The decline was the result of lower production at the Warrick smelter and the absence of production at the Wenatchee smelter and the São Luís smelter.

Total sales for the Aluminum segment decreased 35% in the 2016 six-month period compared to the same period in 2015. The decrease was mainly attributable to a decrease in aluminum prices and the absence of sales (approximately $195) from the Wenatchee and São Luís smelters that were curtailed in 2015 as well as lower sales (approximately $135) from the Warrick smelter that was permanently closed at the end of March 2016. The negative impacts were slightly offset by higher volume in the remaining smelter portfolio. The change in aluminum price was driven by a 15% lower average LME price (on 15-day lag) and lower regional premiums, which dropped by an average of 52% in the United States and Canada, 56% in Europe, and 64% in the Pacific region.

ATOI for this segment decreased $211 in the 2016 six-month period compared to the same period in 2015. The decline was primarily driven by the previously-mentioned lower aluminum price. This negative impact was partially offset by lower costs for alumina and net productivity improvements.

In the 2016 third quarter (comparison with the 2015 third quarter), aluminum production will be approximately 100 kmt lower as a result of the closure of the Warrick smelter and the curtailment of the Wenatchee smelter. Also, total sales will reflect the absence of approximately $165 due to the closure of the Warrick smelter and the curtailment of the Wenatchee smelter. Additionally, net productivity improvements are anticipated in this segment.

Cast Products

	Six months ended June 30,	
	2016	2015
Third-party aluminum shipments (kmt)	1,401	1,478
Alcoa Corporation's average realized price per metric ton of aluminum*	$ 1,835	$ 2,331
Alcoa Corporation's average cost per metric ton of aluminum**	$ 1,739	$ 2,257
Third-party sales	$ 2,570	$ 3,444
Intersegment sales	106	23
Total sales	$ 2,676	$ 3,467
ATOI	$ 89	$ 43

* Average realized price per metric ton of aluminum includes three elements: a) the underlying base metal component, based on quoted prices from the LME; b) the regional premium, which represents the incremental price over the base LME component that is associated with the physical delivery of metal to a particular region (e.g., the Midwest premium for metal sold in the United States); and c) the product premium, which represents the incremental price for receiving physical metal in a particular shape (e.g., billet, slab, rod, etc.) or alloy.

** Includes all production-related costs, including raw materials consumed; conversion costs, such as labor, materials, and utilities; depreciation, depletion, and amortization; and plant administrative expenses.

Third-party sales for the Cast Products segment decreased 25% in the 2016 six-month period compared to the same period in 2015. The decrease was mostly the result of a 21% decrease in average realized aluminum price and lower value-add product sales (approximately $190) due to 2015 smelter curtailments (see Aluminum above).

ATOI for this segment increased $46 in the 2016 six-month period compared to the same period in 2015. The increase was primarily driven by net productivity improvements, improved equity results from the Ma'aden casthouse, and net favorable foreign currency movements due to a stronger U.S. dollar. These favorable impacts were partially offset by lower product premiums and mix.

In the 2016 third quarter (comparison with the 2015 third quarter), price and mix impacts are expected to be offset by continued net productivity improvements. Also, third-party sales will reflect the absence of approximately $60 due to the Wenatchee smelter curtailment.

Energy

	Six months ended June 30,	
	2016	2015
Third-party sales (GWh)	3,550	3,204
Third-party sales	$ 132	$ 244
Intersegment sales	86	154
Total sales	$ 218	$ 398
ATOI	$ 36	$ 79

Third-party sales (GWh) for the Energy segment increased 11% in the 2016 six-month period compared to the same period in 2015. The increase was the result of more power being available for third-party sales due to the curtailment of the Suralco refinery (see Alumina above) and the Sao Luis and Warrick smelters (see Aluminum above), higher water inflows at Yadkin, NC, and an increase in the distribution of assured energy from the Brazil hydro facilities (assured energy is Alcoa Corporation's share of the facilities' commercial capacity). These positive impacts were partially offset by the absence of generation at Anglesea, Australia, which closed in August 2015.

Total sales for the Energy segment decreased 45% in the 2016 six-month period compared to the same period in 2015. The decrease was mostly the result of lower energy prices, mainly in Brazil, and lower energy sales to Alcoa Corporation's refineries and smelters offset by higher energy sales to third parties described above. Sales also declined as a result of unfavorable foreign currency movements due to a stronger U.S. dollar against the Brazilian real.

ATOI for this segment decreased $43 in the 2016 six-month period compared to the same period in 2015. The decline was primarily driven by the previously-mentioned change in sales and net unfavorable foreign currency movements due to a stronger U.S. dollar against the Brazilian real.

In the 2016 third quarter (comparison with the 2015 third quarter), energy prices are expected to be lower in Brazil.

Rolled Products

	Six months ended June 30,	
	2016	2015
Third-party aluminum shipments (kmt)	133	134
Alcoa Corporation's average realized price per metric ton of aluminum	$3,344	$3,851
Third-party sales	$ 446	$ 515
ATOI	$ (16)	$ 11

Third-party sales for the Rolled Products segment decreased 13% in the 2016 six-month period compared with the corresponding period in 2015. The decline was mostly due to a decrease in metal prices (both LME and regional premium components) and pricing pressure in the packaging end market.

ATOI for this segment decreased $27 in the 2016 six-month period compared to the same period in 2015. The decrease was primarily due to the previously-mentioned pricing pressures and additional costs to secure alternative metal supply as Warrick transitions to a cold metal rolling mill ($20). This was partially offset by net productivity improvements.

In the 2016 third quarter (comparison with the 2015 third quarter), additional costs ($15) related to the conversion of the Warrick smelter into a cold metal plant as well as pricing pressure from the packaging market are expected to continue.

Reconciliation of ATOI to Combined Net (Loss) Income Attributable to Alcoa Corporation

Items required to reconcile total segment ATOI to Combined net (loss) income attributable to Alcoa Corporation include: the impact of LIFO inventory accounting; metal price lag; interest expense; noncontrolling interest; corporate expense (primarily comprising general administrative and selling expenses of operating the corporate headquarters and other global administrative facilities, along with depreciation and amortization on corporate-owned assets); restructuring and other charges; intersegment profit eliminations; the impact of any discrete tax items, deferred tax valuation allowance adjustments, and other differences between tax rates applicable to the segments and the combined effective tax rate; and other non-operating items such as foreign currency transaction gains/losses and interest income.

The following table reconciles total segment ATOI to combined net (loss) income attributable to Alcoa Corporation:

Six months ended June 30,	2016	2015
Total segment ATOI	$ 189	$ 748
Unallocated amounts:		
Impact of LIFO	27	43
Metal price lag	4	(12)
Interest expense	(130)	(139)
Noncontrolling interest (net of tax)	(38)	(127)
Corporate expense	(96)	(102)
Restructuring and other charges	(92)	(243)
Income taxes	(39)	58
Other	(90)	(157)
Combined net (loss) income attributable to Alcoa Corporation	$(265)	$ 69

The changes in the reconciling items between total segment ATOI and combined net (loss) income attributable to Alcoa Corporation for the 2016 six-month period compared with the corresponding period in 2015 consisted of:

- a change in the Impact of LIFO, mostly due to an increase in the price of aluminum (driven by higher base metal prices (LME), slightly offset by lower regional premiums) at June 30, 2016 indexed to December 31, 2015 for the 2016 six-month period compared to a decrease in the price of aluminum (both lower base metal prices (LME) and regional premiums) at June 30, 2015 indexed to December 31, 2014 for the 2015 six-month period (overall, the price of aluminum in the 2016 six-month period was lower compared with the 2015 six-month period);
- a change in Metal price lag, the result of an increase in the price of aluminum (see Impact of LIFO above) at June 30, 2016 indexed to December 31, 2015 for the 2016 six-month period compared to a decrease in the price of aluminum (see Impact of LIFO above) at June 30, 2015 indexed to December 31, 2014 for the 2015 six-month period (Metal price lag describes the timing difference created when the average price of metal sold differs from the average cost of the metal when purchased by Alcoa Corporation's Rolled Products segment. In general, when the price of metal increases, metal price lag is favorable, and when the price of metal decreases, metal price lag is unfavorable);
- a decrease in Interest expense, principally due to a lower allocation to Alcoa Corporation of ParentCo's interest expense, which is primarily a function of the lower ratio in the 2016 six-month period (as compared to the 2015 six-month period) of capital invested in Alcoa Corporation to the total capital invested by ParentCo in both Alcoa Corporation and Arconic;
- a change in Noncontrolling interest, due to the change in results of AWAC, principally driven by a decline in operating results, partially offset by the absence of restructuring charges related to the permanent closure of the Anglesea power station and coal mine, a $27 ($8 was noncontrolling interest's share) gain on the sale of an equity interest in a natural gas pipeline in Australia, and the absence of an $85 ($34 was noncontrolling interest's share) discrete income tax charge for a valuation allowance on certain deferred tax assets;
- a decline in Corporate expense, largely attributable to decreases in various expenses, partially offset by expenses related to the planned separation of ParentCo ($31);
- a decrease in Restructuring and other charges due to fewer portfolio actions; and
- a change in Income taxes, primarily the result of the absence of a discrete income tax charge for a valuation allowance on certain deferred tax assets ($85).

Environmental Matters

See the Environmental Matters section of Note G to the unaudited Combined Financial Statements in this information statement.

Liquidity and Capital Resources

Cash From Operations

Cash used for operations was $451 in the 2016 six-month period compared with cash provided from operations of $511 in the same period of 2015. The increase in cash used for operations of $962 was principally due to lower operating results (net (loss) income plus net add-back for noncash transactions in earnings) and a negative change associated with working capital of $391, principally driven by an unfavorable change in taxes, including income taxes, due to a change from pretax income to a pretax loss. These items were slightly offset by a positive change in noncurrent assets of $139, which was mainly the result of a $100 smaller prepayment made under a natural gas supply agreement in Australia (see below).

On April 8, 2015, Alcoa Corporation's majority-owned subsidiary, Alcoa of Australia Limited (AofA), which is part of AWAC, secured a new 12-year gas supply agreement to power its three alumina refineries in Western Australia beginning in July 2020. This agreement was conditional on the completion of a third-party acquisition of the related energy assets from the then-current owner, which occurred in June 2015. The terms of AofA's gas supply agreement required a prepayment of $500 to be made in two installments. The first installment of $300 was made at the time of completion of the third-party acquisition in June 2015 and the second installment of $200 was made in April 2016.

Financing Activities

Cash provided from financing activities was $250 in the 2016 six-month period compared with cash used for financing activities of $326 in the 2015 six-month period, resulting in an increase in cash provided of $576.

Investing Activities

Cash used for investing activities was $43 in the 2016 six-month period compared with $111 in the 2015 six-month period, resulting in a decrease in cash used of $68. In the 2016 six-month period, the use of cash was principally due to $172 in capital expenditures, of which 8% related to growth projects, mostly offset by $145 in proceeds from the sale of an equity interest in a natural gas pipeline in Australia. The use of cash in the 2015 six-month period was principally due to $157 in capital expenditures, of which 5% related to growth projects, partially offset by $70 in proceeds from the sale of assets and businesses, largely related to post-closing adjustments associated with an ownership stake in a smelter and the sale of land around the Lake Charles, LA anode facility.

Recently Adopted and Recently Issued Accounting Guidance

See Note B to the unaudited Combined Financial Statements in this information statement.

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MANAGEMENT

Executive Officers Following the Distribution

The following table sets forth information as of June 1, 2016 regarding the individuals who are expected to serve as executive officers of Alcoa Corporation following the distribution. While some of Alcoa Corporation's executive officers are currently executive officers and employees of ParentCo, after the distribution, none of these individuals will be employees or executive officers of ParentCo.

Name	Age	Position
Roy C. Harvey	41	Chief Executive Officer
William F. Oplinger	49	Executive Vice President and Chief Financial Officer
Robert S. Collins	50	Executive Vice President and Controller
Leigh Ann C. Fisher	49	Executive Vice President and Chief Administrative Officer
Jeffrey D. Heeter	51	Executive Vice President, General Counsel and Secretary
Tómas Sigurðsson	48	Executive Vice President and Chief Operating Officer

Roy C. Harvey will be the Chief Executive Officer of Alcoa Corporation. Mr. Harvey has served as Executive Vice President of ParentCo and President of ParentCo's Global Primary Products since October 2015. From June 2014 to October 2015, he was Executive Vice President, Human Resources and Environment, Health, Safety and Sustainability at ParentCo. Prior to that, Mr. Harvey was Chief Operating Officer for Global Primary Products at ParentCo from July 2013 to June 2014, and was Chief Financial Officer for Global Primary Products from December 2011 to July 2013. In addition to these roles, Mr. Harvey served as Director of Investor Relations at ParentCo from September 2010 to November 2011 and was Director of Corporate Treasury from January 2010 to September 2010. Mr. Harvey joined ParentCo in 2002 as a business analyst for Global Primary Products in Knoxville, Tennessee.

William F. Oplinger will be Executive Vice President and Chief Financial Officer of Alcoa Corporation. Mr. Oplinger has served as Executive Vice President and Chief Financial Officer of ParentCo since April 1, 2013. Mr. Oplinger joined ParentCo in 2000 and held key corporate positions in financial analysis and planning and as Director of Investor Relations. Mr. Oplinger also held key positions in the ParentCo's Global Primary Products business, including as Controller, Operational Excellence Director, Chief Financial Officer and Chief Operating Officer.

Robert S. Collins will be Executive Vice President and Controller of Alcoa Corporation. Mr. Collins has served as Vice President and Controller of ParentCo since October 2013. He served as Assistant Controller from May 2009 to October 2013. Prior to his role as Assistant Controller, Mr. Collins was Director of Financial Transactions and Policy, providing financial accounting support for ParentCo's transactions in global mergers, acquisitions and divestitures. Before joining ParentCo in 2005, Mr. Collins worked in the audit and mergers and acquisitions practices at PricewaterhouseCoopers LLP for 14 years.

Leigh Ann Fisher will be Executive Vice President and Chief Administrative Officer overseeing Human Resources, Shared Services, Procurement and Information Technology of Alcoa Corporation. Ms. Fisher has served as Chief Financial Officer of ParentCo's Global Primary Products business since July 2013. Ms. Fisher was Group Controller for Global Primary Products at ParentCo from 2011 to 2013. From 2008 to 2011, Ms. Fisher was Group Controller for ParentCo's Engineered Products and Solutions business.

Jeffrey D. Heeter will be Executive Vice President, General Counsel and Secretary of Alcoa Corporation. Mr. Heeter has served as Assistant General Counsel of ParentCo since 2014. Mr. Heeter was Group Counsel for Global Primary Products at ParentCo from 2010 to 2014. From 2008 to 2010, Mr. Heeter was General Counsel of Alcoa of Australia in Perth, Australia.

Tómas Sigurðsson will be Executive Vice President and Chief Operating Officer of Alcoa Corporation. Mr. Sigurðsson has served as Chief Operating Officer of ParentCo's Global Primary Products business since 2014. Mr. Sigurðsson was President of ParentCo's European Region and Global Primary Products Europe from 2012 to 2014. From 2004 to 2011, Mr. Sigurðsson was Managing Director of Alcoa Iceland.

DIRECTORS

Board of Directors Following the Distribution

The following table sets forth information as of September 6, 2016 regarding those persons who are expected to serve on Alcoa Corporation's Board of Directors following completion of the separation and until their respective successors are duly elected and qualified. Alcoa Corporation's amended and restated certificate of incorporation will provide that directors will be elected annually. Ms. Fuller, Mr. Morris, Mr. Owens, Ms. Roberts and Mr. Zedillo currently serve as directors of ParentCo until the separation.

Name	Age	Position
Michael G. Morris	68	Chairman
Mary Anne Citrino	57	Director
Timothy P. Flynn	59	Director
Kathryn S. Fuller	68	Director
Roy C. Harvey	41	Director
James A. Hughes	53	Director
James E. Nevels	65	Director
James W. Owens	69	Director
Carol L. Roberts	55	Director
Suzanne Sitherwood	56	Director
Steven W. Williams	60	Director
Ernesto Zedillo	63	Director

Mary Anne Citrino

Age: 57

Other Current Public Directorships: HP Inc., Dollar Tree Inc., Royal Ahold Delhaize.

Career Highlights and Qualifications: Ms. Citrino has served as Senior Advisor of The Blackstone Group L.P since 2015, and as Senior Managing Director of Blackstone Advisory Partners L.P. from 2004 until 2015. At Blackstone, she advised a broad range of clients in the consumer products industry including Procter & Gamble, Kraft Foods and Nestlé. Before joining Blackstone, she spent more than 20 years advising clients at Morgan Stanley. From 1986 until 2004, she served as a Managing Director at Morgan Stanley, holding positions as Global Head of Consumer Products Investment Banking Group and Co-Head of Health Care Services Investment Banking. She previously served as a Mergers and Acquisitions Analyst at Morgan Stanley from 1982 until 1984.

Other Current Affiliations: In addition to her public company board memberships, Ms. Citrino serves on the Retail & Tourism Advisory Board of the Partnership Fund for New York City and on the Advisory Council at Princeton University's Center for Health and Wellness.

Attributes and Skills: Ms. Citrino's more than 30-year career as an investment banker provides the Board with substantial knowledge regarding business operations strategy, as well as valuable financial and investment expertise. Her expertise in finance and business operations is an invaluable asset to Alcoa Corporation as it pursues its strategic plans as an independent publicly-traded company.

Timothy P. Flynn

Age: 59

Other Current Public Directorships: JPMorgan Chase & Co., Walmart Stores, Inc.

Career Highlights and Qualifications: Mr. Flynn was Chairman of KPMG International, a global professional services organization that provides audit, tax and advisory services, from 2007 until his retirement in October 2011. He served as Chairman from 2005 to 2010 and Chief Executive Officer from 2005 to 2009 of KPMG LLP in the U.S., the largest individual member firm of KPMG International. Before serving as Chairman and CEO, Mr. Flynn was Vice Chairman, Audit and Risk Advisory Services, with operating responsibility for the Audit, Risk Advisory and Financial Advisory Services practices.

Other Current Affiliations: In addition to his public company board memberships, Mr. Flynn serves as a director for International Integrated Reporting Council and the University of St. Thomas – Minnesota.

Previous Directorships: Mr. Flynn was a director of The Chubb Corporation from 2013 until 2016.

Attributes and Skills: Through his leadership positions at KPMG, Mr. Flynn gained perspective on the evolving business and regulatory environment, and brings to the Board his experience with many of the issues facing complex, global companies, as well as expertise in financial services and risk management.

Kathryn S. Fuller

Age: 68

Career Highlights and Qualifications: Ms. Fuller is the Chair of the Smithsonian's National Museum of Natural History, the world's preeminent museum and research complex. She currently serves on the board, and chairs the Nominating and Governance Committee at, The Robert Wood Johnson Foundation, a leading philanthropy in the field of health and health care. Ms. Fuller is also the Chair of the Institute at Brown for Environment & Society (Brown University) which seeks to prepare leaders to understand and holistically manage complex social and environmental systems.

Ms. Fuller retired as Chair of The Ford Foundation, a nonprofit organization, in September 2010, after having served in that position since May 2004.

Ms. Fuller retired as President and Chief Executive Officer of World Wildlife Fund U.S. (WWF), one of the world's largest nature conservation organizations, in July 2005, after having served in those positions since 1989. Ms. Fuller continues her affiliation with WWF as President Emerita and an honorary member of the Board of Directors.

Ms. Fuller was a Public Policy Scholar at the Woodrow Wilson International Center for Scholars, a nonpartisan institute established by Congress for advanced study of national and world affairs, for a year beginning in October 2005.

Ms. Fuller had various responsibilities with WWF and The Conservation Foundation from 1982 to 1989, including executive vice president, general counsel and director of WWF's public policy and wildlife trade monitoring programs. Before that, she held several positions in the U.S. Department of Justice, culminating as Chief, Wildlife and Marine Resources Section, in 1981 to 1982.

Attributes and Skills: Ms. Fuller has led three internationally recognized and respected organizations, having served as the chief executive officer of WWF and Chair of The Ford Foundation and currently serving as Chair of the Smithsonian's National Museum of Natural History. Her experience in managing world-class organizations, combined with her proven leadership skills, international experience and environmental focus have all contributed to the diversity and richness of the Board's deliberations.

The Company has long recognized the need to earn the right to continue to do business in the communities in which it operates, and as a result, the Board seeks the input of directors, such as Ms. Fuller, who have a broad perspective on sustainable development.

Roy C. Harvey

Age: 41

Career Highlights and Qualifications: Mr. Harvey will be the Chief Executive Officer of Alcoa Corporation.

From October 2015 until the separation, he was Executive Vice President of Alcoa and President of Alcoa's Global Primary Products. From June 2014 to October 2015, he was Executive Vice President, Human Resources and Environment, Health, Safety and Sustainability at Alcoa. As part of that role, he also oversaw the Alcoa Foundation, one of the largest corporate foundations in the U.S.

In addition, Mr. Harvey held a variety of operational and financial assignments across the U.S., Europe and Latin America during his career at Alcoa, predominantly in its Upstream business. As the Chief Operating Officer for Global Primary Products at Alcoa from July 2013 to June 2014, he oversaw the day-to-day global operations of the Alcoa Inc.'s mining, refining, smelting, casting and energy businesses. Prior to that role, he was Chief Financial Officer for Global Primary Products from December 2011 to July 2013. Mr. Harvey also interfaced with securities analysts and investors globally as Director of Investor Relations at Alcoa from September 2010 to November 2011, and he was Director of Corporate Treasury from January 2010 to September 2010. Mr. Harvey joined Alcoa in 2002 as a business analyst for Global Primary Products in Knoxville, Tennessee.

Attributes and Skills: As the only management representative on the Board, Mr. Harvey's leadership of, and extensive experience and familiarity with, Alcoa Corporation's businesses provides the Board with invaluable insight into the Company's operations and strategic direction. His broad range of operational, financial, investor relations and other roles at Alcoa has given him an in-depth and well-rounded understanding of the Company.

James A. Hughes

Age: 53

Other Current Public Directorships: TPI Composites Inc.

Career Highlights and Qualifications: Mr. Hughes joined First Solar, Inc. in March 2012 as Chief Commercial Officer and was appointed Chief Executive Officer in May 2012. He stepped down as CEO on June 20, 2016 and left the board on September 1, 2016. Prior to joining First Solar, Mr. Hughes served, from October 2007 until April 2011, as Chief Executive Officer and Director of AEI Services LLC, which owned and operated power distribution, power generation (both thermal and renewable), natural gas transportation and services, and natural gas distribution businesses in emerging markets worldwide. From 2004 to 2007, he engaged in principal investing with a privately held company based in Houston, Texas that focused on micro-cap investments in North American distressed manufacturing assets. Previously, he served, from 2002 until March 2004, as President and Chief Operating Officer of Prisma Energy International, which was formed out of former Enron interests in international electric and natural gas utilities. Prior to that role, Mr. Hughes spent almost a decade with Enron Corporation in positions that included President and Chief Operating Officer of Enron Global Assets, President and Chief Operating Officer of Enron Asia, Pacific, Africa and China and as Assistant General Counsel of Enron International.

Other Current Affiliations: In addition to his public company board membership, Mr. Hughes serves as the Chairman of the Los Angeles Branch of the Federal Reserve Bank of San Francisco.

Previous Directorships: APR Energy PLC, Quicksilver Resources, Inc. and First Solar, Inc.

Attributes and Skills: Mr. Hughes's extensive experience in the energy sector will be a valuable resource to the Company, including the Company's valuable portfolio of energy assets. His previous leadership positions at large energy and utility companies enable him to contribute valuable business, operational and management expertise.

Michael G. Morris

Age: 68

Other Current Public Directorships: L Brands, Inc.; The Hartford Financial Services Group, Inc.; Spectra Energy Corp

Career Highlights and Qualifications: Mr. Morris was Chairman of American Electric Power Company, Inc. (AEP), one of the nation's largest utility generators and owner of the largest electricity transmission system in the United States, from 2004 through 2013. He served as Chief Executive Officer of AEP and all of its major subsidiaries from 2004 until his retirement in November 2011 and as President from 2004 to 2011. From 1997 to 2003, Mr. Morris was Chairman, President and Chief Executive Officer of Northeast Utilities. Prior to that, he held positions of increasing responsibility in energy and natural gas businesses.

Other Current Affiliations: In addition to his public company board memberships, Mr. Morris serves on the U.S. Department of Energy's Electricity Advisory Board, the National Governors Association Task Force on Electricity Infrastructure, the Institute of Nuclear Power Operations and the Business Roundtable (chairing the Business Roundtable's Energy Task Force).

Previous Directorships: Mr. Morris was Chairman of AEP from 2004 to 2013. From 1997 to 2003, Mr. Morris was Chairman of Northeast Utilities. Mr. Morris was previously chairman of the Edison Electric Institute.

Attributes and Skills: Mr. Morris has proven business acumen, having served as the chief executive officer of significant, complex organizations. Mr. Morris' experience in the energy field is a valuable resource to the Company as it engages in renewing its energy supplies. The production of aluminum requires large amounts of energy in an electrolytic smelting process. In addition, Mr. Morris is a leader in developing the carbon sequestration process, which is a technology that may prove to be valuable to the aluminum industry in reducing greenhouse gas emissions.

James E. Nevels

Age: 65

Other Current Public Directorships: First Data Corporation; WestRock Company (Lead Director); The Hershey Company (Lead Independent Director)

Career Highlights and Qualifications: Mr. Nevels founded The Swarthmore Group in 1991 and has served as its Chairman since that time. He has more than 36 years of experience in the securities and investment industry and is a member of The Swarthmore Group's Executive Committee. Mr. Nevels was appointed by the President of the United States to the Advisory Committee to the Pension Benefit Guaranty Corporation and served as Chairman from 2005 until 2007. In December 2001, Mr. Nevels was appointed by the Governor of Pennsylvania as Chairman of the Philadelphia School Reform Commission and served through September 2007 overseeing the turnaround of the Philadelphia School System, then the ninth largest school district in the United States. In addition, Mr. Nevels served as a member of the Board of The Federal Reserve Bank of Philadelphia from 2010 to 2015, and served as Chair of the Board in 2014 and 2016.

Other Current Affiliations: In addition to his public company board memberships, Mr. Nevels is currently a member of the Board of the Hershey Trust Company and Milton Hershey School, member of the Board of the Marine Corps Heritage Foundation, member of the Board of MMG Insurance Company, member of the Board of The Barbara Bush Foundation for Family Literacy, member of the Board of Trustees of the Pro Football Hall of Fame (Emeritus Status) and a member of the Council of Foreign Relations.

Attributes and Skills: Mr. Nevels' background and experience as an investment advisor and board member and chairman of large public companies give him broad knowledge and perspective on the governance and leadership of publicly traded companies, as well as financial expertise that will provide the Board with valuable insight.

James W. Owens

Age: 69

Other Current Public Directorships: International Business Machines Corporation; Morgan Stanley

Career Highlights and Qualifications: Mr. Owens served as Chairman and Chief Executive Officer of Caterpillar Inc., a leading manufacturer of construction and mining equipment, diesel and natural gas engines and industrial gas turbines, from February 2004 through June 2010. He was Executive Chairman from June to October 2010, when he retired from the company.

Mr. Owens served as Vice Chairman of Caterpillar from December 2003 to February 2004 and as Group President from 1995 to 2003, responsible at various times for 13 of the company's 25 divisions. Mr. Owens joined Caterpillar in 1972 as a corporate economist and was named chief economist of Caterpillar Overseas S.A. in Geneva, Switzerland in 1975. From 1980 until 1987, he held managerial positions in the Accounting and Product Source Planning Departments. In 1987, he became managing director of P.T. Natra Raya, Caterpillar's joint venture in Indonesia. He held that position until 1990, when he was elected a Corporate Vice President and named President of Solar Turbines Incorporated, a Caterpillar subsidiary in San Diego, California. In 1993, he was elected Vice President and Chief Financial Officer.

Other Current Affiliations: In addition to his public company board memberships, Mr. Owens serves as a senior advisor to Kohlberg Kravis Roberts & Co. L.P., a global asset manager working in private equity and fixed income. His other major affiliations include the Peterson Institute for International Economics and the Council on Foreign Relations.

Previous Directorships: Mr. Owens was Chairman of Caterpillar Inc. from 2004 to 2010. He was also former Chairman and Executive Committee member of the Business Council.

Attributes and Skills: Mr. Owens' previous leadership positions, including as Chief Executive Officer of a significant, complex global industrial company, bring to the Board proven business acumen, management experience and economics expertise. His background as former Chief Financial Officer of Caterpillar also provides a strong financial foundation for Audit Committee deliberations.

Carol L. Roberts

Age: 55

Career Highlights and Qualifications: Ms. Roberts is Senior Vice President and Chief Financial Officer of International Paper Company (IP), a global leader in packaging and paper with manufacturing operations in 24 countries. Ms. Roberts has over 30 years of industrial manufacturing experience, having worked in multiple facilities and across various functions at IP. Before being named CFO in 2011, Ms. Roberts led IP's largest business, the Industrial Packaging Group. While in that role, she led IP's acquisition of Weyerhaeuser's packaging business. Ms. Roberts has also served as IP's Vice President of People Development for three years, during which she developed human resources programs that have had a major impact on IP's talent posture and employee engagement. Ms. Roberts has served in a variety of operational and technical roles since beginning her career with IP in 1981 as an associate engineer at the company's Mobile, Alabama mill.

Attributes and Skills: Ms. Roberts' career spans engineering, manufacturing, business management, human resources and finance, bringing a strong set of cross-functional experiences to the Board. Her current role as

Chief Financial Officer of IP also provides her with a strong foundation for valuable contributions to Board discussions relating to financial and strategic matters.

Suzanne Sitherwood

Age: 56

Other Current Public Directorships: Spire Inc.

Career Highlights and Qualifications: Ms. Sitherwood has been the President and Chief Executive Officer of Spire Inc. (formerly The Laclede Group, Inc.) since February 2012.

Spire is the fifth largest, publicly-traded natural gas utility in the U.S., serving more than 1.6 million customers. Prior to joining Spire, Ms. Sitherwood was President of Atlanta Gas Light, Chattanooga Gas and Florida City Gas, which were natural gas utility subsidiaries of AGL Resources. Since joining AGL Resources in 1983, she has held executive positions in gas supply, storage and transportation, construction, engineering and rates and regulatory affairs.

Other Current Affiliations: Ms. Sitherwood serves as deputy chair of the Federal Reserve Bank of St. Louis and is a Board Member of Southern Polytechnic State University in Marietta, Georgia. She also serves as a Board Member for Emory Hospital Visiting Committee.

Attributes and Skills: With more than 30 years of experience in the natural gas industry, serving in roles ranging from chief engineer to vice president gas operations and capacity planning to the president of three natural gas utilities, Ms. Sitherwood possesses significant experience working in a regulatory environment while implementing strategic growth initiatives. She brings considerable leadership and management experience to the Board.

Steven W. Williams

Age: 60

Other Current Public Directorships: Suncor Energy Inc.

Career Highlights and Qualifications: Mr. Williams has served as President of Suncor Energy since December 2011 and Chief Executive Officer since May 2012. His career with Suncor Energy began in 2002 when he was appointed Executive Vice President, Corporate Development and Chief Financial Officer. He also served at Suncor Energy as Executive Vice President, Oil Sands, from 2003 to 2007 and as Chief Operating Officer, from 2007 to 2011. Mr. Williams has more than 39 years of international energy industry experience, including 18 years at Esso/Exxon.

Other Current Affiliations: In addition to his public company board membership, Mr. Williams is a fellow of the Institution of Chemical Engineers and is a member of the Institute of Directors. He is one of 12 founding CEOs of Canada's Oil Sands Innovation Alliance (COSIA), a member of the advisory board of Canada's Ecofiscal Commission, a member of the Board of the Business Council of Canada, and vice-chair of the Alberta Premier's Advisory Committee on the Economy.

Attributes and Skills: Mr. Williams has decades of experience in leadership positions at large, publicly-traded energy companies. His expertise in the energy sector, both on the operational and financial side, brings invaluable insight and experience to the Board. Mr. Williams also has extensive experience with business leadership organizations and advising government organizations regarding businesses and the economy.

Ernesto Zedillo

Age: 63

Other Current Public Directorships: Citigroup Inc.; Promotora de Informaciones, S.A.; The Procter & Gamble Company

Career Highlights and Qualifications: Dr. Zedillo has been at Yale University since 2002, where he is the Frederick Iseman ’74 Director of the Yale Center for the Study of Globalization; Professor in the Field of International Economics and Politics; Professor of International and Area Studies; and Professor Adjunct of Forestry and Environmental Studies. He was a Distinguished Visiting Fellow at the London School of Economics in 2001.

Dr. Zedillo was President of Mexico from December 1994 to December 2000. He served in the Federal Government of Mexico as Undersecretary of the Budget (1987-1988); as Secretary of Economic Programming and the Budget and board member of various state owned enterprises, including PEMEX, Mexico’s national oil company (1988-1992); and as Secretary of Education (1992-1993). From 1978 to 1987, he was with the central bank of Mexico where he served as deputy manager of economic research and deputy director. From 1983 to 1987, he was the founding General Director of the Trust Fund for the Coverage of Exchange Risks, a mechanism created to manage the rescheduling of the foreign debt of the country’s private sector that involved negotiations and complex financial operations with hundreds of firms and international banks.

Dr. Zedillo earned his Bachelor’s degree from the School of Economics of the National Polytechnic Institute in Mexico and his M.A., M.Phil. and Ph.D. at Yale University. In Mexico, he taught economics at the National Polytechnic Institute and El Colegio de Mexico.

Other Current Affiliations: In addition to his public company board memberships, Dr. Zedillo belongs to the international advisory board of BP. He is a senior advisor to the Credit Suisse Research Institute. His current service in non-profit institutions includes being a member of the Foundation Board of the World Economic Forum.

Previous Directorships: Dr. Zedillo was a director of Electronic Data Systems Corporation from 2007 to 2008 where he was a member of its Governance Committee. He was a director of the Union Pacific Corporation from 2001 to 2006 where he served on the Audit and Finance Committees.

Attributes and Skills: From his broad experience in government and international politics and his prior service as President of Mexico, Dr. Zedillo brings international perspective and insight to matters such as governmental relations and public issues in the various countries in which Alcoa operates. Dr. Zedillo also has significant financial experience, having previously served on the audit committee of Union Pacific and as the Secretary of Economic Programming and the Budget for Mexico, as well as having held various positions at Banco de México, the central bank of Mexico.

Director Independence

In its Corporate Governance Guidelines, the Board of Directors recognizes that independence depends not only on directors’ individual relationships, but also on the directors’ overall attitude. Providing objective, independent judgment is at the core of the Board of Directors’ oversight function. Under the company’s Director Independence Standards, which conform to the corporate governance listing standards of the NYSE, a director is not considered “independent” unless the Board of Directors affirmatively determines that the director has no material relationship with Alcoa Corporation or any subsidiary in its group. The Director Independence Standards comprise a list of all categories of material relationships affecting the determination of a director’s independence. Any relationship that falls below a threshold set forth in the Director Independence Standards, or is not otherwise listed in the Director Independence Standards, and is not required to be disclosed under Item 404(a) of SEC Regulation S-K, is deemed to be an immaterial relationship.

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Committees of the Board of Directors

Effective upon the completion of the distribution, our Board of Directors will have the following five standing committees: an Audit Committee, a Compensation and Benefits Committee, a Governance and Nominating Committee, an Executive Committee, and a Public Issues Committee. The Board of Directors is expected to adopt written charters for each committee, which will be made available on our website in connection with the separation.

Each of the Audit, Compensation and Benefits, and Governance and Nominating Committees will consist solely of directors who have been determined by the Board of Directors to be independent in accordance with SEC regulations, NYSE listing standards and the company's Director Independence Standards (including the heightened independence standards for members of the Audit and Compensation and Benefits Committees).

The following table sets forth the committees of the Board of Directors and the expected membership and chairpersons of the committees as of the completion of the distribution:

	Audit	Compensation and Benefits	Governance and Nominating	Public Issues
Mary Anne Citrino*			ü	ü
Timothy P. Flynn*	ü			ü
Kathryn S. Fuller*		ü	Chair	
Roy C. Harvey				
James A. Hughes*	ü			ü
Michael G. Morris*				
James E. Nevels*		ü	ü	
James W. Owens*		Chair	ü	
Carol L. Roberts*	Chair	ü		
Suzanne Sitherwood*	ü			ü
Steven W. Williams*		ü	ü	
Ernesto Zedillo*	ü			Chair

* Independent Director

The following table sets forth the expected responsibilities of the committees of the Board of Directors:

Committee	Responsibilities
Audit Committee	• Oversees the integrity of the financial statements and internal controls, including review of the scope and the results of the audits of the internal and independent auditors • Appoints the independent auditors and evaluates their independence and performance • Reviews the organization, performance and adequacy of the internal audit function • Pre-approves all audit, audit-related, tax and other services to be provided by the independent auditors • Oversees the company's compliance with legal, ethical and regulatory requirements • Discusses with management and the auditors the policies with respect to risk assessment and risk management, including major financial risk exposures

Each member of the Audit Committee is expected to be financially literate, and the Board of Directors is expected to determine the committee members who qualify as "audit committee financial experts" under applicable SEC rules.

Compensation and Benefits Committee	• Establishes the Chief Executive Officer's compensation based upon an evaluation of performance in light of approved goals and objectives • Reviews and approves the compensation of the company's officers • Oversees the implementation and administration of the company's compensation and benefits plans, including pension, savings, incentive compensation and equity-based plans • Reviews and approves general compensation and benefit policies • Approves the Compensation Discussion and Analysis for inclusion in the proxy statement • Has the sole authority to retain and terminate a compensation consultant, as well as to approve the consultant's fees and other terms of engagement

The Compensation and Benefits Committee may form and delegate its authority to subcommittees when appropriate (including subcommittees of management). Executive officers do not determine the amount or form of executive or director compensation, although the Chief Executive Officer provides recommendations to the Compensation and Benefits Committee regarding compensation changes and incentive compensation for executive officers other than himself. See "Executive Compensation" and "Compensation Discussion and Analysis."

Executive Committee	• Has the authority to act on behalf of the Board of Directors
Governance and Nominating Committee	• Identifies individuals qualified to become Board of Directors members and recommends them to the full Board of Directors for consideration, including evaluating all potential candidates, whether initially recommended by management, other Board of Directors members or stockholders • Makes recommendations to the Board of Directors regarding committee assignments • Develops and annually reviews corporate governance guidelines for the company, and oversees other corporate governance matters • Reviews related person transactions • Oversees an annual performance review of the Board of Directors, committees and individual director nominees • Periodically reviews and makes recommendations to the Board of Directors regarding director compensation
Public Issues Committee	• Provides guidance on matters relating to the company's corporate social responsibility, including good corporate citizenship, environmental sustainability, health and safety and social issues • Oversees and monitors the company's policies and practices to ensure alignment with the company's vision and values • Advises on significant public issues that are pertinent to the company and its stakeholders

- Considers, and brings to the attention of the Board as appropriate, political, social and environmental trends and major global legislative and regulatory developments or other public policy issues
- Oversees the company's policies and practices relating to the company's political activities, diversity and charitable contributions
- Monitors the company's reputation and environmental sustainability progress

Compensation Committee Interlocks and Insider Participation

During our fiscal year ended December 31, 2015, Alcoa Corporation was not an independent company, and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who currently serve as our executive officers were made by ParentCo, as described in the section of this information statement captioned "Compensation Discussion and Analysis."

Corporate Governance

Stockholder Recommendations for Director Nominees

Any stockholder wishing to recommend a candidate for director should submit the recommendation in writing to our principal executive offices: Alcoa Corporation, Governance and Nominating Committee, c/o Corporate Secretary's Office, 390 Park Avenue, New York, New York 10022-4608. The written submission should comply with all requirements that will be set forth in the company's certificate of incorporation and bylaws. The Governance and Nominating Committee will consider all candidates recommended by stockholders who comply with the foregoing procedures and satisfy the minimum qualifications for director nominees and Board of Directors member attributes.

Alcoa Corporation's amended and restated bylaws will provide that any stockholder entitled to vote at an annual stockholders' meeting may nominate one or more director candidates for election at that annual meeting by following certain prescribed procedures.

Director Qualification Standards and Process for Evaluating Director Candidates

The Governance and Nominating Committee is expected to adopt Criteria for Identification, Evaluation and Selection of Directors as follows:

1. Directors must have demonstrated the highest ethical behavior and must be committed to the company's values.
2. Directors must be committed to seeking and balancing the legitimate long-term interests of all of the company's stockholders, as well as its other stakeholders, including its customers, employees and the communities where the company has an impact. Directors must not be beholden primarily to any special interest group or constituency.
3. No director should have, or appear to have, a conflict of interest that would impair that director's ability to make decisions consistently in a fair and balanced manner.
4. Directors must be independent in thought and judgment. They must each have the ability to speak out on difficult subjects; to ask tough questions and demand accurate, honest answers; to constructively challenge management; and at the same time, act as an effective member of the team, engendering by his or her attitude an atmosphere of collegiality and trust.
5. Each director must have demonstrated excellence in his or her area and must be able to deal effectively with crises and to provide advice and counsel to the Chief Executive Officer and his or her peers.
6. Directors should have proven business acumen, serving or having served as a chief executive officer, chief operating officer or chief financial officer of a significant, complex organization, or other senior

leadership role in a significant, complex organization; or serving or having served in a significant policy-making or leadership position in a well-respected, nationally or internationally recognized educational institution, not-for-profit organization or governmental entity; or having achieved a widely recognized position of leadership in the director's field of endeavor, which adds substantial value to the oversight of material issues related to the company's business.

7. Directors must be committed to understanding the company and its industry; to regularly preparing for, attending and actively participating in meetings of the Board of Directors and its committees; and to ensuring that existing and future individual commitments will not materially interfere with the director's obligations to the company. The number of other board memberships, in light of the demands of a director nominee's principal occupation, should be considered, as well as travel demands for meeting attendance.

8. Directors must understand the legal responsibilities of board service and fiduciary obligations. All members of the Board of Directors should be financially literate and have a sound understanding of business strategy, business environment, corporate governance and board operations. At least one member of the Board must satisfy the requirements of an "audit committee financial expert."

9. Directors must be self-confident and willing and able to assume leadership and collaborative roles as needed. They need to demonstrate maturity, valuing board and team performance over individual performance and respect for others and their views.

10. New director nominees should be able to and committed to serve as a member of the Board of Directors for an extended period of time.

11. While the diversity, the variety of experiences and viewpoints represented on the Board of Directors should always be considered, a director nominee should not be chosen nor excluded solely or largely because of race, color, gender, national origin or sexual orientation or identity. In selecting a director nominee, the committee will focus on any special skills, expertise or background that would complement the existing Board of Directors, recognizing that the company's businesses and operations are diverse and global in nature.

12. Directors should have reputations, both personal and professional, consistent with the company's image and reputation.

The Governance and Nominating Committee will make a preliminary review of a prospective candidate's background, career experience and qualifications based on available information or information provided by an independent search firm that identifies or provides an assessment of a candidate. If a consensus is reached by the committee that a particular candidate would likely contribute positively to the Board of Directors' mix of skills and experiences, and a Board of Directors vacancy exists or is likely to occur, the candidate will be contacted to confirm his or her interest and willingness to serve. The committee will conduct interviews and may invite other Board of Directors members or senior executives to interview the candidate to assess the candidate's overall qualifications. The committee will consider the candidate against the criteria it has adopted in the context of the current composition and needs of the Board of Directors and its committees.

At the conclusion of this process, the committee will reach a conclusion and report the results of its review to the full Board of Directors. The report is expected to include a recommendation whether the candidate should be nominated for election to the Board of Directors. This procedure will be the same for all candidates, including director candidates identified by stockholders.

The Governance and Nominating Committee may retain the services of a search firm that specializes in identifying and evaluating director candidates.

Corporate Governance Principles

Our Board of Directors is expected to adopt a set of Corporate Governance Guidelines in connection with the separation to assist it in guiding our governance practices. These practices will be reviewed annually by the Governance and Nominating Committee in light of changing circumstances in order to continue serving Alcoa Corporation's best interests and the best interests of our stockholders.

Communicating with our Board of Directors

Stockholders and other interested parties wishing to contact the Lead Director or the non-management directors as a group may do so by sending a written communication to the attention of the Lead Director c/o Alcoa Corporation, Corporate Secretary's Office, 390 Park Avenue, New York, New York 10022-4608. To communicate issues or complaints regarding questionable accounting, internal accounting controls or auditing matters, send a written communication to the Audit Committee c/o Alcoa Corporation, Corporate Secretary's Office, 390 Park Avenue, New York, New York 10022-4608. Alternatively, you may place an anonymous, confidential, toll free call in the United States to Alcoa Corporation's Integrity Line at 1-800-346-7319. A listing of Integrity Line telephone numbers outside the United States will be available on our website.

Communications addressed to the Board of Directors or to an individual director are distributed to the Board of Directors or to any individual director or directors as appropriate, depending upon the facts and circumstances outlined in the communication. The Board of Directors is expected to ask the Corporate Secretary's Office to submit to the Board of Directors all communications received, excluding only those items that are not related to its duties and responsibilities, such as junk mail and mass mailings; product complaints and product inquiries; new product or technology suggestions; job inquiries and resumes; advertisements or solicitations; and surveys.

Risk Oversight

The Board of Directors will be actively engaged in overseeing and reviewing the company's strategic direction and objectives, taking into account (among other considerations) the company's risk profile and exposures. It will be management's responsibility to manage risk and bring to the Board of Directors' attention the most material risks to the company. The Board of Directors will have oversight responsibility of the processes established to report and monitor systems for material risks applicable to the company. The Board of Directors will annually review the company's enterprise risk management and receive regular updates on risk exposures.

Business Conduct Policies and Code of Ethics

In connection with the separation, we expect to adopt Business Conduct Policies that apply equally to the directors and to all officers and employees of the company, as well as those of our controlled subsidiaries, affiliates and joint ventures. The directors and employees in positions to make discretionary decisions are surveyed annually regarding their compliance with the policies.

The company is also expected to have a Code of Ethics applicable to the Chief Executive Officer, Chief Financial Officer and other financial professionals, including the principal accounting officer, and those subject to it are surveyed annually for compliance with it. Only the Audit Committee will have the authority to amend or grant waivers from the provisions of the company's Code of Ethics, and any such amendments or waivers will be posted promptly on our website.

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DIRECTOR COMPENSATION

Compensation for non-employee directors of Alcoa Corporation will be a mix of cash and equity-based compensation. Mr. Harvey, who will be the sole director employed by Alcoa Corporation immediately following the separation, will not receive any additional compensation for his service as a member of the Board of Directors of Alcoa Corporation.

The table below sets forth the components of compensation for our non-employee directors (to be prorated based on actual service periods) approved by the ParentCo Board of Directors.

Annual Compensation Element	Amount	
Cash Retainer for Non-Employee Directors[1]	$	120,000
Annual Equity Award for Non-Employee Directors[2]	$	120,000 in grant date value
Other Annual Cash Fees[1]		
• Chairman Fee	$	25,000
• Audit Committee Chair Fee (includes Audit Committee Member Fee)	$	27,500
• Audit Committee Member Fee	$	11,000
• Compensation and Benefits Committee Chair Fee	$	20,000
• Other Committee Chair Fee	$	16,500
Stock Ownership Requirement	$	750,000

1 *Each non-employee director may elect to defer all or part of the cash compensation to the Alcoa Corporation non-employee director deferred compensation plan or to additional restricted stock units.*

2 *To be granted in the form of restricted stock units with a one-year cliff vesting requirement. Vested restricted stock units will be settled in a lump sum or installments following termination of service on the Alcoa Corporation Board of Directors in accordance with the elections made by non-employee directors.*

Cash-settled deferred share units issued under the ParentCo director deferred fee plans to non-employee directors who previously served on the ParentCo Board of Directors will be converted into cash-settled deferred share units relating to Alcoa Corporation common stock in a manner that preserves the aggregate intrinsic value of the units as measured immediately before and immediately after the separation.

COMPENSATION DISCUSSION AND ANALYSIS

As discussed above, Alcoa Corporation is currently part of ParentCo and not an independent company, and its compensation committee has not yet been formed. Decisions regarding the past compensation of Messrs. Harvey, Oplinger, and Collins were made by the Compensation & Benefits Committee of ParentCo (the "ParentCo Compensation Committee"), and decisions regarding the past compensation of Mr. Sigurdsson and Ms. Fisher were made by ParentCo management in accordance with plan results and performance. This Compensation Discussion and Analysis describes the compensation practices of ParentCo as they relate to these executives and also discusses certain aspects of Alcoa Corporation's anticipated compensation structure following the separation. After separation, Alcoa Corporation's executive compensation programs, policies, and practices for its executive officers will be subject to the review and approval of Alcoa Corporation's compensation committee.

For purposes of the following Compensation Discussion and Analysis and executive compensation disclosures, the individuals listed below are collectively referred to as Alcoa Corporation's "named executive officers." They are Alcoa Corporation's chief executive officer, chief financial officer, and, of the other individuals who are expected to be designated as Alcoa Corporation executive officers, the three most highly compensated based on 2015 compensation from ParentCo.

- Roy C. Harvey, Alcoa Corporation Chief Executive Officer. Prior to the separation, Mr. Harvey served as Executive Vice President and Group President, Global Primary Products for ParentCo.
- William F. Oplinger, Alcoa Corporation Executive Vice President and Chief Financial Officer. Prior to the separation, Mr. Oplinger served as Executive Vice President and Chief Financial Officer for ParentCo.
- Tomas Sigurdsson, Alcoa Corporation Executive Vice President and Chief Operating Officer. Prior to the separation, Mr. Sigurdsson served as Vice President and Chief Operating Officer—Global Primary Products for ParentCo.
- Robert S. Collins, Alcoa Corporation Executive Vice President and Controller. Prior to the separation, Mr. Collins served as Vice President and Controller for ParentCo.
- Leigh Ann Fisher, Alcoa Corporation Executive Vice President and Chief Administrative Officer. Prior to the separation, Ms. Fisher served as Chief Financial Officer—Global Primary Products for ParentCo.

The following sections of the Compensation Discussion and Analysis describe ParentCo's compensation philosophy, 2015 compensation targets and results, 2015 pay decisions, and policies and practices as they applied to Alcoa Corporation's named executive officers in 2015.

Compensation Philosophy

ParentCo's Executive Compensation Philosophy is based on three guiding principles to drive pay-for-performance and shareholder alignment:

A. Target salary compensation at median, while using incentive compensation ("IC") and long-term incentive ("LTI") to reward exceptional performance and to attract and retain exceptional talent.

B. Make equity the most dominant portion of total compensation for senior executives and managers, increasing the portion of performance-based equity with the level of responsibility.

C. Choose IC and LTI metrics that focus management's actions on achieving the greatest positive impact on ParentCo's financial performance.

A. Target salary compensation at median, while using IC and LTI to reward exceptional performance and to attract and retain exceptional talent

To attract, motivate, align and retain high performing executives, ParentCo designs its compensation programs at median base salary levels while providing cash and equity incentives that motivate exceptional

performance. Given the demanding leadership challenges confronting the aluminum industry in recent years, the prospect of an upside in IC and LTI has proven to be a major retention factor and has had a demonstrable impact on motivating managers to overcome those obstacles and achieve strong operational and financial performance. To dis-incentivize below-target performance, ParentCo sets thresholds that eliminate payouts for missing targets by more than a small margin. While the reduced payout slope from target to minimum is steep, ParentCo establishes payout multiples for overachievement that can be earned only with significant upside performance.

To help determine total direct compensation for the named executive officers in 2015, ParentCo used a peer group consisting of companies who participated in the Towers Watson Executive Compensation survey with revenues between $15 billion and $50 billion (excluding financial companies) to help estimate competitive compensation. This peer group reflected the broad-based group of companies with which ParentCo competes for non-CEO executive talent. The data from this peer group is considered by ParentCo in establishing executive compensation and to ensure that ParentCo provides and maintains compensation levels in line with the market, and to attract, retain and motivate employees. The ParentCo Compensation Committee's independent compensation consultant has reviewed and endorsed this peer group. For 2015, 137 companies met the revenue and industry criteria and were used to compare compensation for all of the executive level positions; see *"Attachment A"* below.

For future Alcoa Corporation compensation benchmarking, Alcoa Corporation expects to continue to use a broader based peer group for our non-CEO executive positions and a more narrow industry-focused peer group for the CEO.

B. Make equity the most dominant portion of total compensation for senior executives and managers, increasing the portion of performance-based equity with the level of responsibility.

The target pay mix in 2015 for the named executive officers was as follows:

	Base Salary	Annual Cash Incentive	Performance Shares	Stock Options	Time-Vested RSUs
Roy Harvey	22%	18%	48%	12%	0%
Bill Oplinger	18%	18%	51%	13%	0%
Tomas Sigurdsson	31%	21%	24%	12%	12%
Leigh Ann Fisher	40%	22%	19%	0%	19%
Robert Collins	34%	19%	23%	0%	24%

For Mr. Harvey and Mr. Oplinger, who were executive officers of ParentCo in 2015, 80% of the 2015 equity award was granted in the form of performance-based restricted share units and 20% was granted as stock options. For Mr. Sigurdsson, Mr. Collins and Ms. Fisher, who were in their prior roles for ParentCo in 2015, 50% of the 2015 equity awards was granted in the form of performance-based restricted share units and 50% was granted as either time-vested stock options or restricted share units.

C. Choose IC and LTI metrics that focus management's actions on achieving the greatest positive impact on ParentCo's financial performance

Supporting the IC and LTI targets that ParentCo sets each year is a comprehensive approach for establishing business plan targets, which are publicly disclosed by ParentCo. The business plan targets have been consistent with ParentCo's overall strategy to build a globally competitive commodity business while profitably growing ParentCo's value-add businesses.

In January 2014, ParentCo established three-year targets to be reached by the end of 2016. (ParentCo does not set new three-year targets each year.) Because of the diversity of ParentCo's businesses, these three-year targets have taken varying forms for the upstream, midstream and downstream businesses. For example, because the Global Primary Products business largely competes in commodity markets, the focus has been on lowering

costs. Targets are set to lower ParentCo's position on the industry cost curves by the year in which the targets end. The midstream and downstream businesses have targets for profitable growth. The profitability targets for the midstream business are *adjusted EBITDA/MT* and for the downstream business are *adjusted EBITDA Margin Percentage* and *revenue growth*.

The three-year targets are set based on consideration of the following parameters:

1. Market/competitive positioning, both current and projected;
2. Competitor financial benchmarking;
3. Market conditions, both current and projected; and
4. Historical performance.

Annually, ParentCo conducts a rigorous, iterative operational planning process that considers a series of factors:

1. Progress toward attainment of three-year targets;
2. Current and projected market conditions, which are based on assumptions about key financial parameters, such as foreign currency exchange rates ("FX") and prices of metal, energy and raw materials;
3. Capital and operational projects to be completed during the year that increase ParentCo's competitiveness, open new markets or drive additional profitability; and
4. Historical performance and each business' ability to overcome headwinds through ongoing productivity improvements.

Each business plan is evaluated using a number of financial and non-financial metrics, including revenue growth, gross and net productivity, overhead expenditures, capital efficiency (both working capital and capital expenditures), overall profitability, cash generation (both cash from operations and free cash flow ("FCF")), safety, quality and customer metrics. The summation of these group plans then is compared with the financial position of ParentCo in the aggregate to determine whether the targets meet ParentCo's financial ratio and cash requirements. The final result is the annual ParentCo Business Plan.

This rigorous process allows ParentCo to establish one-year and three-year business plan goals on which to base its IC and LTI targets. The LTI target is structured so that ParentCo can monitor and incentivize progress each year of the three-year plan, a critical factor given the volatility of the pricing of the aluminum commodity and of overall business conditions.

The consistent progress toward achieving the three-year business plan goals demonstrates that the annual business plans, on which the IC and LTI targets are based, consistently drive long-term value for ParentCo's shareholders. The tangible evidence of this can be found in the multi-year productivity gains, reductions in days working capital and increases in profitable growth that have facilitated ParentCo's transformation strategy.

ParentCo's choice of metrics is directly related to the major priorities of ParentCo's businesses and is aligned with ParentCo's shareholders.

- **Financial metrics represent 80% of the total IC targets.** ParentCo has consistently chosen IC metrics that motivate high performance in the current environment and LTI metrics that are aligned with its long-term strategy. Because liquidity became the major concern for ParentCo during the economic downturn, FCF was a major financial IC metric beginning in 2009. Since 2014, ParentCo's financial IC metrics are 40% for after-tax income to represent the investor priorities for profitable growth; 33% for FCF to maintain a focus on liquidity; and 7% for Average Year-to-Date Days Working Capital ("DWC") to reduce financing costs by managing inventory, receivables and payables.
- **Non-financial metrics represent 20% of the IC target.** Safety, environmental stewardship and diversity are intrinsic to ParentCo's values and have an impact on ParentCo's business performance.

The safety metric focuses on reducing the number of serious injuries. ParentCo's environmental metric drives reduction of carbon dioxide emissions, strengthening ParentCo's energy efficiency. ParentCo's diversity metric tracks representation of women globally and minorities in the United States, reinforcing ParentCo's goal to draw on every talent pool to attract the best and brightest to ParentCo and to build on diverse viewpoints.

- **Long term metrics**. ParentCo's LTI metrics consist of 75% for EBITDA margin growth and 25% for revenue growth to reinforce its long-term objective of profitable growth in ParentCo's value-add businesses.

To drive management behavior that maximizes financial performance and value, ParentCo holds managers accountable for factors they can directly control. Because ParentCo's compensation philosophy is not to reward or punish management for factors that are outside their control, ParentCo normalizes for those factors. As part of the financial planning process for an upcoming year, ParentCo establishes assumptions for the LME price of aluminum and currency exchange rates, both of which can have significant effects on financial results and neither of which management performance can impact.

LME: Without normalization, in years when the LME rises rapidly relative to plan, such as 2014, IC and LTI would be less effective as a performance incentive because management would receive an unearned benefit. When the LME price of aluminum falls dramatically, as it did in 2015, failure to normalize would demotivate employees by putting any IC and LTI awards out of reach for reasons beyond their control. Instead, ParentCo's use of normalization enables ParentCo to drive operational and financial performance, particularly in recent years of volatile LME aluminum prices. While normalization reinforces management accountability and pay-for-performance, the significant equity portion of executive compensation reinforces management's alignment with shareholders' experience as investors in ParentCo.

Currency Exchange Rates: Since ParentCo's revenues are largely U.S. dollar-denominated, while costs in non-U.S. locations are largely denominated in local currency, the volatility of currency exchange rates also has had a significant impact on ParentCo's earnings. As ParentCo's commodities are traded in U.S. dollars, ParentCo has typically seen an inverse correlation to FX. Therefore, to avoid double counting, the normalization for the commodity price swings needs to be corrected by concurrent normalization of foreign exchange.

Because ParentCo generally does not hedge foreign exchange or LME fluctuations, normalization is a practice that ParentCo has been following for many years. As a result, ParentCo's management has remained highly focused on achieving and surpassing operational and strategic goals that benefit ParentCo's top- and bottom-line performance.

Uncontrollable market forces have significant impact on ParentCo's financial results

Market Force	Benchmark	2015 Sensitivity for Net Income ($M)
LME	+/- $100/MT	+/- $ 190
FX	USD +/- 10%	+/- $ 225

2015 Target Setting and Results

2015 Annual Cash Incentive Compensation

ParentCo's corporate annual cash incentive compensation plan for 2015 was designed to achieve operating goals set at the beginning of the year.

- 80% of the cash incentive formula was based on achieving financial targets for adjusted free cash flow (33%), adjusted net income (40%) and average year-to-date DWC (7%); and
- 20% of the formula was based on achieving safety, environmental and diversity targets.

After establishing the targets for the financial measures, the payout ranges were set above and below the target as shown in the table below:

- The steep curve to achieve 100% performance is intended to drive maximum effort.
- The payouts above target are aligned with achievement levels that ensure a strong return on the additional incentive compensation paid.
- ParentCo believes the challenging market environment for commodities and unexpected integration challenges adversely impacted ParentCo's performance in 2015.

2015 ParentCo Annual Cash Incentive Compensation Plan Design, Targets and Results

		Defined Corporate Level Payout Percentage								
	Metric	**0%**	**50%**	**100% (Target)**	**150%**	**200%**	**Result**	**IC Result**	**Weighting**	**Formula Award**
($ in millions)										
Financial Measures[1]	**Adjusted Free Cash Flow**									
		$ 350	$ 675	$ 1,000	$1,330	$ 1,800	$ 625	42%	33%	14.0%
	Net Income									
		$ 900	$ 1,104	$ 1,307	$1,507	$ 1,807	$ 1,135	58%	40%	23.1%
	Average DWC									
		33.1	32.6	32.1	31.1	30.1	33.3	0%	7%	0.0%
										37.0%
Non-Financial Measures	**Safety**[2]									
	DART		0.304	0.296		0.289	0.314	0%	2.5%	**0.0%**
	FSI Reduction		-1	-4		-7	-28	200%	2.5%	**0.0%**[2]
	Environment[3]									
	CO_2 Emissions Reduction (tons)		166,000	307,000		502,000	250,497	80%	5.0%	**4.0%**
	Diversity[4]									
	Executive Level Women, Global		22.0%	22.3%		23.3%	22.8%	150%	2.5%	3.8%
	Executive Level Minorities, U.S.		16.6%	16.9%		17.9%	16.8%	83%	2.5%	2.1%
	Professional Level Women, Global		27.6%	27.9%		28.9%	28.3%	140%	2.5%	3.5%
	Professional Level Minorities, U.S.		18.1%	18.4%		19.4%	19.0%	160%	2.5%	4.0%
										13.3%
IC RESULT (CALCULATED)									**100%**	**54.3%**
INCREASE IN PAYOUT AS DETERMINED BY COMMITTEE										**34.2%**
FINAL IC TOTAL										**88.5%**

Foreign currency exchange rates and the price of aluminum on the LME were normalized to plan rates and prices to eliminate the effects of fluctuation in such rates and prices, both of which are factors outside management's control. See *"Attachment C—Calculation of Financial Measures" to the ParentCo's Annual Proxy Statement on Definitive Schedule 14A for ParentCo's 2016 Annual Meeting of Shareholders* for calculation of financial measures and for the definition of Adjusted Free Cash Flow and Adjusted Net Income. The threshold payout is 0% for the financial metrics and 50% for the non-financial metrics. The maximum payout for each metric is 200%. For performance between defined levels, the payout is interpolated.

1. 80% of the cash incentive formula was based on achieving financial targets for adjusted free cash flow, adjusted net income and average year-to-date DWC. We achieved a payout of 37.0% for financial metrics in 2015.

2. Safety targets included reductions in (A) the DART (Days Away, Restricted and Transfer) rate, which measures injuries and illnesses that involve one or more days away from work per 100 full-time workers and days in which work is restricted or employees are transferred to another job due to injury per 100 full-time workers and (B) the number of FSI (Fatality and Serious Injury) incidents. Performance against the FSI metric exceeded the maximum, but the payout was reduced to 0% because of work-related fatalities during the year.

3. The environmental target highlights ParentCo's commitment to reduce CO2 emissions in 2015 and make progress against ParentCo's 2030 environmental goals. Performance against this metric was below target at 80% in 2015.

4. Diversity targets were established to increase the representation of executive and professional women on a global basis and to increase the representation of minority executives and professionals in the United States. In 2015, ParentCo exceeded three of the four representation targets, falling short at the executive level for minorities.

2015 Equity Awards: Stock Options, Restricted Share Units and Performance-Based Restricted Share Units

Long-term stock incentives are performance based. ParentCo grants long-term stock awards to align executives' interests with those of shareholders, link compensation to stock price appreciation over a multi-year period and support the retention of our management team. In January 2015, stock awards were made to all the named executive officers. The 2015 annual equity awards to the named executive officers were in the form of performance-based restricted share units and either time-vesting stock options or restricted share units.

- ParentCo believes that stock options further align management's interests with those of ParentCo's shareholders because the options have no value unless the stock price increases. Stock options vest ratably over a three-year period (one-third vests each year on the anniversary of the grant date) and if unexercised, will expire the earlier of ten years from the date of grant or five years after retirement.
- Time-vested restricted share units vest on the third anniversary of the grant date, providing a multi-year retention incentive the value of which is linked to the value of ParentCo's stock.
- For performance-based restricted share units, performance is measured as the three-year average achievement against annual targets. Earned performance-based restricted share units will be converted into shares of common stock three years from the date of the grant if the executive is still actively employed. The number of performance-based restricted share units earned at the end of the three-year plan has been and will be determined as follows, based on the average of the annual payout percentages over the three-year period:
  - 1/3 of the award was based on performance against the 2015 targets (see table below)
  - 1/3 of the award will be based on performance against the targets to be established for 2016, and
  - 1/3 of the award will be based on performance against the targets to be established for 2017.

  For each year, a minimum performance level will also be established. For performance below that level, the portion of the award subject to performance criteria in that year will be forfeited and will not carry over into any future performance period. As with the annual cash IC plan, ParentCo uses a steep curve to achieve 100% performance, which is intended to drive maximum effort.

Upon separation, outstanding equity awards held by the named executive officers will be converted into equity awards relating to Alcoa Corporation stock with the same terms and conditions, including vesting and exercise periods.

2015-2017 Performance-Based Equity Design and Results for 2015*

Performance Measure (%)	Payout Percentage 0%	50%	100% (Target)	150%	200%	2015 Result	Plan Result	Weighting	% of 1/3 of Target Award earned in 2015
Revenue Growth	10.2%	11.2%	12.2%	13.7%	16.2%	6.80%	0.0%	25%	0.0%
Adjusted EBITDA Margin	14.2%	15.6%	16.9%	18.8%	21.9%	16.74%	93.8%	75%	70.4%
TOTAL								**100%**	**70.4%**

* The figures in the 2015 Result and Plan Result columns were rounded to one decimal place for the purposes of the table presentation. However, the figures in the % of 1/3 of Target Award earned in 2015 column were calculated based on the unrounded figures.

Discussion of 2015 Targets & Results

ParentCo set 2015 financial targets that drive long-term shareholder value. ParentCo has a rigorous process to develop the financial targets on which it bases its IC and LTI targets. Given the impact of a variety of external factors affecting ParentCo's financial performance, the target-setting process must take into account the complexities of the business and the multiple external factors that impact it. As ParentCo has successfully addressed the challenging situation facing the aluminum industry during the past seven years, its incentive targets have played a major role in driving ParentCo's year-over-year improvements in underlying operational fundamentals and financial performance. The 2015 IC and LTI financial targets were established to continue that progress. Following the review of ParentCo's 2015 financial plan by the ParentCo Board of Directors in February 2015, the ParentCo Compensation Committee approved the metrics and targets after assessing the relevancy of the metrics to ParentCo's strategy and value creation and the difficulty and appropriateness of the targets to drive performance.

Comparison of 2015 incentive targets to 2014 targets and results. As discussed above, in its compensation plan, ParentCo normalizes for the impact of fluctuations in the LME price of aluminum and FX due to the volatility and magnitude of their effect on key metrics. To provide comparability across years of the financial targets and results, underlying LME aluminum price and currency assumptions need to be consistent in the comparison years.

The 2014 targets as reported in the ParentCo 2015 proxy statement were set in January 2014 based on LME and foreign exchange assumptions in the 2014 financial plan. The 2014 results were also normalized to the 2014 plan assumptions. To compare the 2015 targets to the 2014 targets and results, as presented in the table below, the 2014 targets and results have been normalized to the LME and FX assumptions in the 2015 financial plan.

It is important to remember that **the plan assumptions for LME and foreign exchange do not make the targets harder or easier because the results are normalized** back to the plan assumptions. Whether actual LME or FX exceed or fall short of plan assumptions utilized in setting targets, those impacts are normalized out of the results in the compensation plan. In 2015, when actual LME or FX differed substantially from plan assumptions, that impact was normalized out of the result, raising it for purposes of IC and LTI awards.

	Annual Incentive Metrics: Free Cash Flow (FCF)[1]	Adjusted Net Income[2]	Average YTD DWC	Long-Term Incentive Metrics: Revenue Growth	Adjusted EBITDA Margin[2]
2014 Target					
As reported in 2015 Proxy	-$ 210M	$ 317M	28.9	2.7%	11.6%
Normalized for 2015 Plan LME/Fx	**$ 319M**	**$ 600M**	**30.0**	**2.7%**	**14.5%**
2014 Result					
As reported in 2015 Proxy	$ 21M	$ 627M	30.2	2.7%	13.0%
Normalized for 2015 Plan LME/Fx	**$ 550M**	**$ 910M**	**29.9**	**2.8%**	**16.0%**
2015 Target	***$ 1,000M***	***$ 1,307M***	***32.1***	***12.2%***	***16.9%***

1 Includes Saudi Arabia joint venture investment

2 For definition of Adjusted Net Income and Adjusted EBITDA, see "Attachment C—Calculation of Financial Measures" to the ParentCo's Annual Proxy Statement on Definitive Schedule 14A for ParentCo's 2016 Annual Meeting of Shareholders.

The annual targets for the IC and LTI metrics interact with ParentCo's 3-year business plan. The targets take into account the three-year targets for the businesses and market conditions.

- **The 2015 Adjusted Free Cash Flow target** was **aggressive relative to the 2014 target and result**. The target was set as ParentCo was challenged to continue working capital improvements and significant growth in earnings. The FCF target was not hit in 2015, largely due to the decline in earnings.
- **The 2015 Adjusted Net Income target** was **higher than both the 2014 target and result** despite expectations of lower regional premiums, energy sales and higher energy costs. This challenging target required management to achieve significant improvements in sales volume and productivity in 2015. The target was not achieved as lower than expected regional premiums and alumina prices, along with volume and pricing headwinds, could not be overcome by ParentCo's substantial pre-tax productivity improvements of $1.2 billion, which exceeded the $900 million target.
- **The 2015 Average Year-to-Date DWC target** was set **higher than both the 2014 target and result.** When excluding the impact of acquisitions, the 2015 target was set at an improvement of almost one day over 2014. Due to the aggressiveness of the target and previously discussed higher inventory requirements as the portfolio shifted toward high-growth, value-add businesses, ParentCo missed the DWC target, and this metric did not contribute to the 2015 IC payout. Nonetheless, the 2015 result was in line with the prior year result when excluding the impact of acquisitions.
- **The 2015 Revenue Growth target** was set **well above the target and achieved result in 2014**. This target was especially challenging given the projected lower revenue associated with expected lower regional premiums as well as the significant growth challenge inherent in the target for ParentCo's base business and recent acquisition of Firth Rixson. This target was not met in 2015 due to lower than expected regional premiums and revenue misses in ParentCo's value-add businesses driven by acquisitions, aerospace pricing pressures and adverse conditions in certain markets.
- **The 2015 Adjusted EBITDA Margin target** represents an **improvement over both the 2014 target and 2014 result** especially in light of the planned headwinds discussed in the adjusted net income section above. This result was just under target at 16.7% as strong productivity could not fully offset the headwinds.

Contribution of Global Primary Products business. The Global Primary Products business, which will primarily constitute the business of Alcoa Corporation upon separation, delivered $901 million in adjusted after-tax operating income, despite substantial headwinds as alumina spot prices fell 43% and metal prices fell 28% in 2015. In face of these headwinds, ParentCo announced actions in 2015 to close or curtail approximately 25% of ParentCo's operating smelter capacity and approximately 20% of ParentCo's operating refining capacity, resulting in a decrease of 48% of operating smelter capacity and 36% of operating refinery capacity. ParentCo also delivered significant productivity improvements in ParentCo operations, increased higher margin differentiated products to 67% of total casting product shipments, and successfully converted 75% of ParentCo's third-party smelter grade alumina shipments to the Alumina Price Index or spot price, delinking from LME based pricing. All these actions further contributed to strengthening the competitiveness of ParentCo's upstream business. Messrs. Harvey and Sigurdsson and Ms. Fisher were engaged in ParentCo's Global Primary Products business, and their annual incentive compensation was based, in part or in whole, on its performance, as discussed below.

Determination of final IC and LTI payouts. In determining the IC and LTI payouts, the ParentCo Compensation Committee applied the principles of normalization, and also approved certain adjustments recommended by ParentCo management for items or assumptions not anticipated in the plan**.** For 2015, on a net basis, the normalizations and adjustments increased IC awards by 35.7% points and LTI awards by 64.8% points

compared to formula results before the normalizations and adjustments. Following are the normalizations and adjustments to the 2015 financial results for incentive purposes:

	Annual Incentive Metrics ($M)		Long-Term Incentive Metrics ($M)	
	Free Cash Flow (FCF)*	Adjusted Net Income**	Revenue	Adjusted EBITDA**
Preliminary Result	**$ 375**	**$ 787**	**$ 22,534**	**$ 3,248**
Normalizations & Adjustments				
1. LME & Currency[1]	($ 5)	$ 234	$ 1,073	$ 384
2. Premiums[2]	$ 117	$ 117	$ 209	$ 170
3. Special items[3]	$ 155	($ 3)	($ 398)	$ 118
5. Deferred equity contribution[4]	($ 17)	N/A	N/A	N/A
Final Result	**$ 625**	**$ 1,135**	**$ 23,418**	**$ 3,920**

* *Includes Saudi Arabia joint venture investment*

** *For definition of Adjusted Net Income and Adjusted EBITDA, see "Attachment C—Calculation of Financial Measures" to the ParentCo's Annual Proxy Statement on Definitive Schedule 14A for ParentCo's 2016 Annual Meeting of Shareholders.*

1. The impact of the LME and currency fluctuations in 2015 against plan was a benefit to ParentCo's Free Cash Flow and was a detriment to the other metrics. Under the practice described above, there was a negative normalization applied to the Free Cash result and a positive normalization for each of the other three metrics.
2. Because realized aluminum premiums came in well below plan assumptions, ParentCo management recommended, and the ParentCo Compensation Committee approved, a positive adjustment to all four metrics.
3. ParentCo management recommended, and the ParentCo Compensation Committee approved, adjustments for certain special items. For details, see *"Attachment C—Calculation of Financial Measures" to the ParentCo's Annual Proxy Statement on Definitive Schedule 14A for ParentCo's 2016 Annual Meeting of Shareholders*.
4. ParentCo deferred some Saudi Arabia joint venture equity contributions in 2015, which were adjusted out of the FCF results. The deferred contributions had no impact on the results for the other three metrics.

In determining these normalizations and other adjustments, the ParentCo Compensation Committee made every effort to assure that the incentives are designed to motivate management to maximize performance on factors they can control and that IC and LTI payouts are adjusted—up and down—for uncontrolled and unplanned impacts, such as LME and FX changes. In doing so, the ParentCo Compensation Committee maintained its focus on incentivizing and rewarding exceptional performance that delivers value to ParentCo's shareholders over time.

In determining the final 2015 IC/LTI payouts, the ParentCo Compensation Committee considered significant management performance not captured by the targets. This included the acceleration in late 2014 of ParentCo's transformation strategy with the acquisitions of Firth Rixson and continued in 2015 with the acquisitions of TITAL and RTI, investments that dramatically expanded ParentCo's presence in high growth aerospace markets. The culmination of the transformation provided the foundation to announce in the third quarter of 2015 the separation of ParentCo into two public companies.

The ParentCo Compensation Committee recognized that those decisions will have a strong positive impact on ParentCo's long term financial performance and return to shareholders and that the implementation of those decisions required intense management focus and flexibility, making achievement of ParentCo's 2015 aggressive financial targets significantly more challenging. The ParentCo Compensation Committee considered that two of the three Groups nonetheless exceeded their aggressive targets and that the EPS management team, which missed

its aggressive financial targets, exceeded its target for synergies from the acquisitions and has been skillfully integrating the three global acquisitions for the long term benefit of shareholders of ParentCo, with the rapid achievement of securing $10 billion in multi-year aerospace contracts.

Therefore, while deciding to provide below target IC and LTI payouts, the ParentCo Compensation Committee acknowledged ParentCo's solid 2015 financial performance in a year of significant declines in the price of aluminum and the extraordinary circumstances resulting from major strategic decisions and actions that will have a positive impact on ParentCo's future. Looking to 2016, the ParentCo Compensation Committee recognized the importance of retaining exceptional leaders and motivating the 4000 managers and employees who are entitled to incentive compensation to be fully engaged to capture the many opportunities facing ParentCo as it prepares for the separation and executes on the significant new contracts recently awarded. To address those exceptional circumstances, the ParentCo Compensation Committee approved a 24.8% increase ($16.8 million) to the attained IC pool, resulting in a final below target IC payout of 88.5%. No change was made to the 2015 70.4% below target LTI payout.

2015 Pay Decisions

The ParentCo Compensation Committee uses its business judgment to determine the appropriate compensation targets and awards for the named executive officers, in addition to assessing several factors that include:

- Individual, Group, and Corporate performance;
- Market positioning based on peer group data (described below);
- Complexity and importance of the role and responsibilities;
- Aggressiveness of targets;
- Signing of contracts that will positively impact future year's performance;
- Unanticipated events impacting target achievement;
- Retention of key individuals in a competitive talent market; and
- Leadership and growth potential.

Chief Executive Officer—Mr. Harvey. In January 2015, Mr. Harvey was granted performance-based restricted share awards valued at $1,100,318 and stock options valued at $275,039, in his then role at ParentCo as Executive Vice President, Human Resources and Environment, Health, Safety and Sustainability. This was above the target award as a result of his strong performance review in 2014. Mr. Harvey's annual incentive compensation award for 2015 of $454,307 was above target at 109.8%. The award was based 50% on the corporate incentive compensation plan result of 88.5%, 50% on the incentive compensation plan results for the Global Primary Products (GPP) group, which he has led since his appointment to the position of Executive Vice President and Group President—Global Primary Products in October 2015, and an individual multiplier of 120% based on his performance review for 2015. The GPP group's incentive compensation plan for 2015 had the same design as the corporate plan and similar financial metrics. The GPP group's incentive compensation plan result for 2015 was 107.3% based on the group's contribution to the overall corporate results. Mr. Harvey received a 1.4% salary increase effective October 5, 2015 upon his promotion to his new role.

Executive Vice President and Chief Financial Officer—Mr. Oplinger. In January 2015, in his role as Chief Financial Officer of ParentCo, Mr. Oplinger was granted performance-based restricted share awards valued at $1,600,406 and stock options valued at $400,020, which was above the target award due to his strong performance in 2014. The 24.2% increase in total grant-date value of his January 2015 award was also more commensurate with his increased level of experience in his role and to bring his total direct compensation closer to the median of the peer group. Mr. Oplinger's annual incentive compensation award for 2015 of $479,375 was below target at 88.5% due to the corporate incentive compensation plan result of 88.5% and an individual

multiplier of 100% based on his performance review for 2015. Mr. Oplinger received a 10% salary increase effective March 1, 2015 based on his 2014 performance as Chief Financial Officer and to bring his salary closer to the median of the peer group.

Executive Vice President and Chief Operating Officer—Mr. Sigurdsson. In January 2015, in his ParentCo role of Chief Operating Officer—Global Primary Products, Mr. Sigurdsson was granted performance-based restricted share awards valued at $330,282, stock options valued at $166,150, and time-vesting restricted share units valued at $165,141, which was above the target award based on his strong performance review in 2014. The total grant-date value of his January 2015 award was the same as the prior year. Mr. Sigurdsson's annual incentive compensation award for 2015 of $340,635 was above target at 118% due to the GPP group's incentive compensation plan result of 107.3% and an individual multiplier of 120% based on his performance review for 2015.

Executive Vice President and Controller—Mr. Collins. In January 2015, in his role as Controller of ParentCo, Mr. Collins was granted performance stock awards valued at $202,772 and time-vesting restricted share units valued at $222,772, which was above the target award due to his strong performance review in 2014. Mr. Collins' annual incentive compensation award for 2015 of $189,985 was above target at 110.6% due to the corporate incentive compensation plan result of 88.5% and an individual multiplier of 125% based on his performance review for 2015. Mr. Collins received a 4.0% salary increase effective March 1, 2015 based on his 2014 performance.

Executive Vice President and Chief Administrative Officer—Ms. Fisher. In January 2015, in her ParentCo role as Chief Financial Officer—Global Primary Products, Ms. Fisher was granted performance stock awards valued at $165,452 and time-vesting restricted share units valued at $165,452, which was above the target award based on her strong performance review in 2014. Ms. Fisher's annual incentive compensation award for 2015 of $230,629 was above target at 122.4%. The award was based 50% on the corporate IC plan result of 88.5%, 50% on the Global Primary Products plan result of 107.3%, and an individual multiplier of 125% based on her performance review for 2015. Ms. Fisher received a 7.5% salary increase effective March 1, 2015 based on her 2014 performance and in order to bring her salary closer to the median of the peer group.

Compensation Policies and Practices

Highlighted below are certain executive compensation practices, both the practices ParentCo has implemented to incentivize performance and certain other practices that ParentCo has not implemented because ParentCo does not believe they would serve shareholders' long-term interests. These policies and practices apply to ParentCo, and it is currently anticipated that all of them will be adopted by Alcoa Corporation as well.

What ParentCo Does

Pay for Performance. ParentCo links its executives' compensation to measured performance in key financial and nonfinancial areas. As noted above, performance against rigorous adjusted free cash flow, average year-to-date DWC, adjusted net income, adjusted EBITDA margin, revenue growth, safety, environmental, and workplace diversity targets is measured in determining compensation. These metrics, coupled with the individual performance multipliers, incentivize individual, business group, and corporate performance. ParentCo's strategic priorities are reflected in these compensation metrics.

Consider Peer Groups in Establishing Compensation. ParentCo's aluminum industry peers do not provide an adequate basis for compensation comparison purposes because there are too few of them, they are all located outside of the United States and they do not disclose sufficient comparative compensation data. ParentCo uses Towers Watson's broad-based survey data for companies with revenues between $15 billion and $50 billion (excluding financial companies) to help estimate competitive compensation for executive level positions (other than that of the ParentCo CEO), including the named executive officers. ParentCo targets its compensation structure at the median of this group of companies.

Review Tally Sheets. The ParentCo Compensation Committee reviews tally sheets that summarize various elements of historic and current compensation for each named executive officer of ParentCo in connection with making annual compensation decisions. This information includes compensation opportunity, actual compensation realized and wealth accumulation. ParentCo has found that the tally sheets help to synthesize the various components of ParentCo's compensation program in making decisions.

Maintain Robust Stock Ownership Guidelines. ParentCo's stock ownership requirements further align the interests of management with those of shareholders by requiring executives to hold substantial equity in ParentCo until retirement. ParentCo's stock ownership guidelines require that the ParentCo CEO retain equity equal in value to six times his base salary and that each of the other ParentCo named executive officers retain equity equal in value to three times base salary. These guidelines reinforce management's focus on long-term shareholder value and commitment to ParentCo. Until the stock ownership requirements are met, each executive is required to retain until retirement 50% of shares acquired upon vesting of restricted share units or upon exercise of stock options that vest after March 1, 2011, after deducting shares used to pay for the option exercise price and taxes. Unvested restricted share units, unexercised stock options and any stock appreciation rights do not count towards meeting the stock ownership requirement.

Schedule and Price Stock Option Grants to Promote Transparency and Consistency. ParentCo grants stock options to its named executive officers at a fixed time every year—generally the date of the ParentCo Board and Committee meetings in January. Such meetings occur after ParentCo releases earnings for the prior year and the performance of ParentCo for that year is publicly disclosed. The exercise price of employee stock options is the closing price of ParentCo stock on the grant date, as reported on the New York Stock Exchange.

Maintain Clawback Policies Incorporated into ParentCo Incentive Plans. The 2009, 2013 and 2016 ParentCo Stock Incentive Plans, the Incentive Compensation Plan for annual cash incentives and the ParentCo Internal Revenue Code Section 162(m) Compliant Annual Cash Incentive Compensation Plan each contain provisions permitting recovery of performance-based compensation.

Apply Double-Trigger Equity Vesting in the Event of a Change in Control. Awards granted under the 2009 ParentCo Stock Incentive Plan after February 15, 2011 and all awards granted under the 2013 ParentCo Stock Incentive Plan and the 2016 ParentCo Stock Incentive Plan do not immediately vest upon a change in control if a replacement award is provided. The replacement award would vest immediately if, within a two-year period following a change in control, a plan participant is terminated without cause or leaves for good reason. Performance-based stock awards will be converted to time-vested stock awards upon a change in control under the following terms: (i) if 50% or more of the performance period has been completed as of the date on which the change in control has occurred, then the number of shares or the value of the award will be based on actual performance completed as of the date of the change in control; or (ii) if less than 50% of the performance period has been completed as of the date on which the change in control has occurred, then the number of shares or the value of the award will be based on the target number or value.

Pay Reasonable Salaries to Senior Executives. Each ParentCo named executive officer receives a salary that is determined after consideration of the median of the peer group for his or her position, performance and other factors. ParentCo pays salaries to its named executive officers to ensure an appropriate level of fixed compensation that enables the attraction and retention of highly skilled executives and mitigates the incentive to assume highly risky business strategies to maximize annual cash incentive compensation.

Provide Appropriate Benefits to Senior Executives. The ParentCo named executive officers participate in the same benefit plans as ParentCo's salaried employees. ParentCo provides retirement and benefit plans to senior executives for the same reasons ParentCo provides them to employees—to provide a competitive compensation package that offers an opportunity for retirement, savings and health and welfare benefits. Retirement plans for senior executives, including Alcoa Corporation's named executive officers, generally pay the same formula amount as retirement plans for salaried employees. See discussion relating to *"—2015 Pension Benefits"*.

Maintain a Conservative Compensation Risk Profile. The ParentCo Compensation Committee evaluates the risk profile of ParentCo's compensation programs when establishing policies and approving plan design, and the ParentCo Board of Directors annually considers risks related to compensation in its oversight of enterprise risk management. These evaluations noted numerous ways in which compensation risk is effectively managed or mitigated, including the following factors:

- A balance of corporate and business unit weighting in incentive compensation plans;
- A balanced mix between short-term and long-term incentives;
- Caps on incentives;
- Use of multiple performance measures in the annual cash incentive compensation plan and the equity incentive plan, with a focus on operational targets to drive free cash flow and profitability;
- Discretion retained by the ParentCo Compensation Committee to adjust awards;
- Stock ownership guidelines requiring holding substantial equity in ParentCo until retirement;
- Clawback policies applicable to all forms of incentive compensation;
- Anti-hedging provisions in the Insider Trading Policy; and
- Restricting stock options to 20% of the value of equity awards to senior officers.

In addition, (i) no business unit has a compensation structure significantly different from that of other units or that deviates significantly from ParentCo's overall risk and reward structure; (ii) unlike financial institutions involved in the financial crisis, where leverage exceeded capital by many multiples, ParentCo has a conservative leverage policy with a target of keeping the debt-to-capital ratio in the range of 30% to 35%; and (iii) compensation incentives are not based on the results of speculative trading. In 1994, the ParentCo Board of Directors adopted resolutions creating the Strategic Risk Management Committee with oversight of hedging and derivative risks and a mandate to use such instruments to manage risk and not for speculative purposes. As a result of these evaluations, ParentCo has determined that it is not reasonably likely that risks arising from ParentCo's compensation and benefit plans would have a material adverse effect on ParentCo.

Consider Tax Deductibility When Designing and Administering Incentive Compensation. Section 162(m) of the Internal Revenue Code limits deductibility of certain compensation to $1 million per year for ParentCo's Chief Executive Officer and each of the three other most highly compensated executive officers (other than the Chief Financial Officer) who are employed at year-end. If certain conditions are met, performance-based compensation may be excluded from this limitation. ParentCo's shareholder-approved incentive compensation plans are designed with the intention that performance-based compensation paid under them may be eligible to qualify for deductibility under Section 162(m) and, in making compensation decisions, the ParentCo Compensation Committee considers the potential deductibility of the proposed compensation. However, the ParentCo Compensation Committee retains flexibility in administering ParentCo's compensation programs and may exercise discretion to authorize awards or payments that it deems to be in the best interests of ParentCo and its shareholders which may not qualify for tax deductibility.

The ParentCo Compensation Committee Retains an Independent Compensation Consultant. The ParentCo Compensation Committee has authority under its charter to retain its own advisors, including compensation consultants. In 2015, the ParentCo Compensation Committee directly retained an independent consultant that provided advice as requested by the ParentCo Compensation Committee, on the amount and form of certain executive compensation components, including, among other things, executive compensation best practices, insights concerning SEC and say-on-pay policies, analysis and review of ParentCo's compensation plans for executives and advice on setting the ParentCo CEO's compensation. The independent consultant did not provide any services to ParentCo other than the services provided directly to the ParentCo Compensation Committee. ParentCo uses comparative compensation survey data from Towers Watson to help evaluate whether its compensation programs are competitive with the market. The latter is not customized based on parameters

developed by Towers Watson. Towers Watson does not provide any advice or recommendations to the ParentCo Compensation Committee on the amount or form of executive or director compensation.

What ParentCo Doesn’t Do

No Dividend Equivalents on Stock Options and Unvested Restricted Share Units. Dividend equivalents are not paid currently on any restricted share units (including performance share units), but are accrued and paid only if the award vests. Dividend equivalents that accrue on restricted share units will be calculated at the same rate as dividends paid on the common stock of ParentCo. Dividend equivalents are not paid on stock options.

No Share Recycling. The 2009, 2013 and 2016 ParentCo Stock Incentive Plans prohibit share recycling. Shares tendered in payment of the purchase price of a stock option award or withheld to pay taxes may not be added back to the available pool of shares.

No Repricing of Underwater Stock Options (including cash-outs). The 2009, 2013 and 2016 ParentCo Stock Incentive Plans prohibit repricing, including cash-outs.

No Hedging or Pledging of Company Stock. Short sales of ParentCo securities (a sale of securities which are not then owned) and derivative or speculative transactions in ParentCo securities by ParentCo’s directors, officers and employees are prohibited. No director, officer or employee or any designee of such director, officer or employee is permitted to purchase or use financial instruments (including prepaid variable forward contracts, equity swaps, collars, and exchange funds) that are designed to hedge or offset any decrease in the market value of ParentCo securities. Directors and officers subject to Section 16 of the Securities Exchange Act of 1934 are prohibited from holding ParentCo securities in margin accounts, pledging ParentCo securities as collateral, or maintaining an automatic rebalance feature in savings plans, deferred compensation or deferred fee plans.

No Excise Tax Gross-Ups for New Participants in ParentCo’s Change in Control Severance Plan. The ParentCo Change in Control Severance Plan provides that no excise or other tax gross-ups will be paid, and that severance benefits will be available only upon termination of employment for “good reason” by an officer or without cause by ParentCo, with regard to any new plan participants after January 1, 2010. For a discussion of the ParentCo Change in Control Severance Plan, see “—Potential Payments upon Termination or Change in Control.”.

No Multi-Year Employment Contracts. It is the policy of the ParentCo Compensation Committee not to enter into multi-year employment contracts with senior executives providing for guaranteed payments of cash or equity compensation.

No Significant Perquisites. Consistent with ParentCo’s executive compensation philosophy and its commitment to emphasize performance-based pay, ParentCo limits the perquisites that it provides to its executive officers, including the ParentCo named executive officers, to perquisites that serve reasonable business purposes.

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ATTACHMENT A—Peer Group Companies for Market Information for 2015 Executive Compensation Decisions

3M
ABB
ACH Food
AES Corporation
AbbVie
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Adecco
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Air Liquide
Altria Group
American Electric Power
Amgen
Anadarko Petroleum
Arrow Electronics
Arvato Finance Services
AstraZeneca
Avnet
BAE Systems
Baxter
Beam Suntory
Bechtel Nuclear, Security & Environmental
Berkshire Hathaway Energy
Best Buy
Boehringer Ingelheim US
Bristol-Myers Squibb
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Devon Energy
Diageo North America
Dignity Health
Direct Energy

DuPont
Duke Energy
EMC
EMD Millipore
Eaton
Eli Lilly
Emerson Electric
EnLink Midstream
Ericsson
Exelon
Faurecia US Holdings
FirstEnergy
Freeport-McMoRan
Gap
General Dynamics
General Mills
Gilead Sciences
GlaxoSmithKline
HBO
HCA Healthcare
HollyFrontier Corporation
Honeywell
Iberdrola Renewables
Iberdrola USA
Indianapolis Power & Light Company
International Paper
Jabil Circuit
Johnson Controls
KPMG
Kimberly-Clark
Kinder Morgan
L’Oréal
Lafarge North America
Lear
Lehigh Hanson
Liberty Global
Lockheed Martin
LyondellBasell
Medtronic
Merck & Co
Messier Bugatti Dowty
Micron Technology
Mondelez
Monroe Energy, LLC
Monsanto
NRG Energy

NextEra Energy Inc.
Nike
Nokia
Northrop Grumman
Occidental Petroleum
Office Depot
Pacific Gas & Electric
Pfizer
Philips Electronics
Qualcomm
Ricoh Americas
Rio Tinto
Rolls-Royce North America
Sanofi
Sasol USA
Schlumberger
Schneider Electric
Sears
Sodexo
Southern Company Services
Southwest Airlines
Sprint
Starbucks Coffee
SuperValu Stores
Syngenta
Sysco Corporation
T-Mobile USA
TRW Automotive
Takeda Pharmaceuticals
Tenet Healthcare Corporation
Tesoro
Teva Pharmaceutical
Thermo Fisher Scientific
Time Warner
Time Warner Cable
Turbomeca
Tyson Foods
Union Pacific Corporation
United States Steel
United Water
University of California
Veolia Environmental Services North America
Walt Disney
Whirlpool
eBay

EXECUTIVE COMPENSATION

2015 Summary Compensation Table

The following table sets forth information concerning the compensation historically awarded to, earned by, or paid to, our named executive officers by ParentCo. Titles refer to each named executive officer's accepted position at Alcoa Corporation following the separation.

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Stock Awards ($) (e)	Option Awards ($) (f)	Non-Equity Incentive Plan Compensation ($) (g)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($) (h)	All Other Compensation ($) (i)	Total ($) (j)
Roy C. Harvey *Chief Executive Officer*	**2015**	**$508,068**	**$1,100,318**	**$275,039**	**$ 454,307**	**$ 160,233**	**$ 523,369**	**$3,021,334**
William F. Oplinger *Executive Vice President and Chief Financial Officer*	**2015**	**$541,667**	**$1,600,406**	**$400,020**	**$ 479,375**	**$ 327,386**	**$ 37,500**	**$3,386,354**
	2014	$500,000	$1,288,037	$322,028	$ 849,375	$ 413,526	$ 30,000	$3,402,966
	2013	$436,875	$ 800,088	$202,138	$ 650,557	$ 90,220	$ 26,213	$2,206,091
Tómas Sigurðsson *Executive Vice President and Chief Operating Officer*	**2015**	**$444,000**	**$ 495,423**	**$166,150**	**$ 340,635**	**$ —**	**$ 295,103**	**$1,741,311**
Leigh Ann C. Fisher *Executive Vice President and Chief Administrative Officer*	**2015**	**$342,657**	**$ 330,904**	**$ 0**	**$ 230,629**	**$ 258,983**	**$ 15,900**	**$1,179,073**
Robert S. Collins *Executive Vice President and Controller*	**2015**	**$312,250**	**$ 425,544**	**$ 0**	**$ 189,985**	**$ 76,542**	**$ 15,900**	**$1,020,221**

Notes to 2015 Summary Compensation Table

Column (a)—Named Executive Officers. The named executive officers include the chief executive officer, the chief financial officer, and, of the other individuals who are expected to be designated as Alcoa Corporation executive officers, the three most highly compensated based on 2015 compensation from ParentCo. We have excluded compensation for prior years 2014 and 2013 to the extent permitted by applicable SEC rules. For purposes of determining the most highly compensated executive officers, the amounts shown in column (h) were excluded.

Column (c)—Salary. This column represents each of the named executive officer's total base salary earnings for 2015 and not their current annual base salaries.

Columns (e) and (f)—Stock Awards and Option Awards. The value of stock awards in column (e) and stock options in column (f) equals the grant date fair value, which is calculated in accordance with the Financial Accounting Standards Board's Accounting Standards Codification Topic 718, Compensation —Stock Compensation. Performance share awards granted in January 2015 are shown at 100% of target. The fair value of the performance awards on the date of grant was as follows:

Name	Grant Date Value of Performance Award	
	At Target	At Maximum
Roy C. Harvey	$1,100,318	$2,200,636
William F. Oplinger	$1,600,406	$3,200,812
Tómas Sigurðsson	$ 330,282	$ 660,564
Leigh Ann C. Fisher	$ 165,452	$ 330,904
Robert S. Collins	$ 202,772	$ 405,544

Stock awards are valued at the market price of a share of stock on the date of grant as determined by the closing price of ParentCo common stock. At the date of grant on January 20, 2015, the closing price of ParentCo common stock was $15.55. At December 31, 2015, the closing price of ParentCo common stock was $9.87.

For a discussion of the assumptions used to estimate the fair value of stock awards and stock options, please refer to the following sections in ParentCo's Annual Report on Form 10-K for the year ended December 31, 2015: "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates—Stock-based Compensation" on page 87 and the disclosures on "Stock-Based Compensation" in Notes A and R to the Consolidated Financial Statements on pages 101 and 143 to 144, respectively.

Column (g)—Non-Equity Incentive Plan Compensation. Reflects cash payments made under the annual Incentive Compensation Plan for 2015 performance. See the "2015 Annual Cash Incentive Compensation" section.

Column (h)—Change in Pension Value and Nonqualified Deferred Compensation Earnings. The amount shown reflects the aggregate change in the actuarial present value of each named executive officer's accumulated benefit under all defined benefit and actuarial plans, including supplemental plans, from December 31, 2014 to December 31, 2015. Increases are attributable to changes in the discount rate, mortality and exchange rate assumptions used for measurement of pension obligations from 2014 to 2015. Mr. Sigurðsson does not participate in the defined benefit pension plan for U.S.-based employees.

Earnings on deferred compensation are not reflected in this column because the return on earnings is calculated in the same manner and at the same rate as earnings on externally managed investments of salaried employees participating in the tax-qualified 401(k) plan and dividends on ParentCo stock are paid at the same rate as dividends paid to shareholders.

Column (i)—All Other Compensation.

Company Contributions to Savings Plans. In 2015, the named executive officers were eligible to participate in the Alcoa Retirement Savings Plan, a tax-qualified retirement savings plan maintained by ParentCo, and the Deferred Compensation Plan for U.S. salaried employees, a non-qualified deferred compensation plan maintained by ParentCo. Under ParentCo's 401(k) tax-qualified retirement savings plan, participating employees may contribute up to 25% of base pay on a pretax basis and up to 10% on an after-tax basis. ParentCo matches 100% of employee pretax contributions up to 6% of base pay. For U.S. salaried employees hired on or after March 1, 2006, including Mr. Sigurdsson, ParentCo makes an Employer Retirement Income Contribution in an amount equal to 3% of salary and annual incentive eligible for contribution to the Alcoa Retirement Savings Plan as a pension contribution in lieu of a defined benefit pension plan, which was available to employees hired before March 1, 2006. If a named executive officer's contributions to the savings plan exceed the limit on contributions imposed by the Internal Revenue Code, the executive may elect to have the amount over the limit "spill over" into the nonqualified Deferred Compensation Plan. In 2015, the ParentCo's contributions were as follows:

	Company Matching Contribution		3% Retirement Contribution		
Name	**Savings Plan**	**Def. Comp. Plan**	**Savings Plan**	**Def. Comp. Plan**	**Total Company Contribution**
Roy C. Harvey	$ 15,900	$ 0	$ 0	$ 0	$ 15,900
William F. Oplinger	$ 15,900	$ 16,600	$ 0	$ 0	$ 32,500
Tómas Sigurðsson	$ 15,900	$ 8,520	$ 7,950	$ 21,035	$ 53,405
Leigh Ann C. Fisher	$ 15,900	$ 0	$ 0	$ 0	$ 15,900
Robert S. Collins	$ 15,900	$ 0	$ 0	$ 0	$ 15,900

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Relocation Expenses. In 2015, ParentCo provided a cash allowance of $265,000 to Mr. Harvey related to his temporary commuting arrangement between his home in Knoxville, TN and ParentCo headquarters in New York, NY, in his prior role as Executive Vice President, Human Resources and Environment, Health, Safety and Sustainability. An additional $242,469 was provided as part of his permanent relocation to New York, NY, in his new current role as Executive Vice President and Group President, Global Primary Products. Also in 2015, Mr. Sigurdsson received $222,000 in connection with his relocation from Switzerland to New York, NY. In addition, he received relocation benefits totaling $19,698 to cover tax, financial and other services related to his move, including $1,703 in gross-ups for relocation assistance fees.

Charitable Contributions. In 2015, the Alcoa Foundation matched $5,000 in contributions made by Mr. Oplinger to an approved charitable organization.

2015 Grants of Plan-Based Awards

The following table provides information on equity and non-equity plan-based awards granted by ParentCo to the named executive officers as part of their fiscal year 2015 equity and cash incentive opportunity.

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options[3]	Exercise or Base Price of Option Awards	2015 Grant Date Fair Value of Stock and Option Awards
Name *(a)*	Grant Dates *(b)*	Threshold ($) *(c)*	Target ($) *(d)*	Maximum[4] ($) *(e)*	Threshold (#) *(f)*	Target (#) *(g)*	Maximum (#) *(h)*	(#) *(i)*	(#) *(j)*	($/sh) *(k)*	($) *(l)*
Roy C. Harvey	1/20/2015	$ 206,925	$413,849	$1,241,548	0	70,760	141,520	—	61,530	$ 15.55	$1,375,357
William F. Oplinger	1/20/2015	$ 270,833	$541,667	$1,625,000	0	102,920	205,840	—	89,490	$ 15.55	$2,000,426
Tómas Sigurðsson	1/20/2015	$ 144,300	$288,600	$ 865,800	0	21,240	42,480	10,620	37,170	$ 15.55	$ 661,573
Leigh Ann C. Fisher	1/20/2015	$ 94,231	$188,461	$ 565,384	0	10,640	21,280	10,640	0	—	$ 330,904
Robert S. Collins	1/20/2015	$ 85,869	$171,738	$ 515,213	0	13,040	26,080	13,040	0	—	$ 405,544
	2/19/2015							1,250	0	—	$ 20,000

1 2015 annual cash incentive awards made under the Incentive Compensation Plan, see “Compensation Discussion and Analysis—2015 Annual Cash Incentive Compensation.”

2 Performance equity awards in the form of restricted share units, granted under the 2013 Alcoa Stock Incentive Plan. See “Compensation Discussion and Analysis—2015 Equity Awards: Stock Options, Restricted Share Units and Performance-Based Restricted Share Units.”

3 Time-vested stock options granted under the 2013 Alcoa Stock Incentive Plan, which vest ratably over a 3-year period and terminate the earlier of 10 years after grant or 5 years after retirement.

4 The maximum award under the 2015 cash incentive compensation plan formula is 200% of target. However, the Compensation and Benefits Committee has retained discretion to reduce the calculated award to zero or increase the calculated award by up to 150% of the calculated amount. The maximum amount of the award shown in this column is 150% of 200% to show the maximum discretionary amount that could possibly be awarded.

Grants of Plan Based Awards (Actual Awards)

The Grants of Plan Based Awards table sets forth the 2015 cash incentive and equity incentive opportunity for the named executive officers. The 2015 awards targets and performance are discussed in "Compensation Discussion and Analysis."

Mr. Harvey. On January 20, 2015, Mr. Harvey received an annual grant of 61,530 stock options and a grant of performance equity with a target amount of 70,760 restricted share units. The earned amount of the first third of the performance equity award was 16,606 restricted share units. He was paid cash incentive compensation for 2015 in the amount of $454,307.

Mr. Oplinger. On January 20, 2015, Mr. Oplinger received an annual grant of 89,490 stock options and a grant of performance equity with a target amount of 102,920 restricted share units. The earned amount of the first third of the performance equity award was 24,153 restricted share units. He was paid cash incentive compensation for 2015 in the amount of $479,375.

Mr. Sigurðsson. On January 20, 2015, Mr. Sigurðsson received an annual grant of 37,170 stock options, 10,620 time-vested restricted share units and a grant of performance equity with a target amount of 21,240 restricted share units. The earned amount of the first third of the performance equity award was 4,985 restricted share units. He was paid cash incentive compensation for 2015 in the amount of $340,635.

Ms. Fisher. On January 20, 2015, Ms. Fisher received an annual grant of 10,640 time-vested restricted share units and a grant of performance equity with a target amount of 10,640 restricted share units. The earned amount of the first third of the performance equity award was 2,498 restricted share units. She was paid cash incentive compensation for 2015 in the amount of $230,629.

Mr. Collins. On January 20, 2015, Mr. Collins received an annual grant of 13,040 time-vested restricted share units and a grant of performance equity with a target amount of 13,040 restricted share units. On February 19, 2015, he received an additional recognition award of 1,250 restricted share units. The earned amount of the first third of the performance equity award was 3,061 restricted share units. He was paid cash incentive compensation for 2015 in the amount of $189,985.

2015 Outstanding Equity Awards at Fiscal Year-End

The following table provides information on outstanding ParentCo equity awards held by the named executive officers as of December 31, 2015.

	Option Awards					Stock Awards			
Name *(a)*	Number of Securities of Underlying Unexercised Options (Exercisable) (#) *(b)*	Number of Securities Underlying Unexercised Options (Unexercisable) (#) *(c)*	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) *(d)*	Option Exercise Price ($) *(e)*	Option Expiration Date *(f)*	Number of Shares or Units of Stock That Have Not Vested (#) *(g)*	Market Value of Shares or Units of Stock That Have Not Vested ($) *(h)*	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) *(i)*	Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) *(j)*
Roy C. Harvey									
Stock Awards[1]						20,651	$ 203,825*	91,626	$ 904,349*
Time-Vested Options[2]	—	61,530	—	$ 15.55	1/20/2025				
	34,774	69,546		$ 11.04	1/16/2024				
	13,920	13,920		$ 8.88	1/16/2023				
	10,360	—	—	$ 10.17	1/20/2022				
	24,480	—	—	$ 16.24	1/25/2021				
William F. Oplinger									
Stock Awards[1]						128,984	$1,273,072*	210,733	$2,079,935*
Time-Vested Options[2]	—	89,490	—	$ 15.55	1/20/2025				
	37,797	75,593	—	$ 11.04	1/16/2024				
	60,160	30,080	—	$ 8.88	1/16/2023				
	99,600	—	—	$ 10.17	1/20/2022				
	5,340	—	—	$ 16.24	1/25/2021				
	15,240	—	—	$ 13.54	1/26/2020				
Tómas Sigurðsson									
Stock Awards[1]						83,431	$ 823,464*	37,639	$ 371,497*
Time-Vested Options[2]	—	37,170	—	$ 15.55	1/20/2025				
	29,520	—	—	$ 10.17	1/20/2022				
Leigh Ann C. Fisher									
Stock Awards[1]						31,230	$ 308,240*	19,786	$ 195,288*
Time-Vested Options[2]	9,147	18,293	—	$ 11.04	1/16/2024				
	20,000	10,000		$ 8.88	1/16/2023				
	17,880	—		$ 10.17	1/20/2022				
	11,220	—	—	$ 16.24	1/25/2021				
	24,960	—	—	$ 13.54	1/26/2020				
Robert S. Collins									
Stock Awards[1]						51,321	$ 506,538*	22,026	$ 217,397*
	4,494	8,986		$ 11.04	1/16/2024				
	27,280	13,640		$ 8.88	1/16/2023				
	40,680	—	—	$ 10.17	1/20/2022				
	12,720			$ 16.24	1/25/2021				
	19,260	—	—	$ 13.54	1/26/2020				

* *The closing price of ParentCo's common stock on December 31, 2015 was $9.87.*

1 *Stock awards in column (g) include earned performance share awards and time-vested share awards. Stock awards in column (i) include unearned performance share awards at the target amount. In January 2016, the payout for the second one-third of performance share awards granted in January 2014 and the first one-third of performance share awards granted in January 2015 was determined to be 70.4%. These amounts are shown at target in column (i) above. The full earned amount will be shown in column (g) in next year's proxy statement. All stock awards are in the form of restricted share units that vest three years from the date of grant and are paid in common stock when they vest.*

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2 *Time-vested and performance options include stock options granted at the regular annual grant date when the ParentCo Compensation and Benefits Committee meets in January. Options granted since 2009 have a term of ten years and vest over three years (1/3 each year).*

2015 Option Exercises and Stock Vested

This table sets forth the actual value received by the named executive officers upon exercise of stock options or vesting of stock awards in 2015.

	Option Awards		Stock Awards	
Name *(a)*	**Number of Shares Acquired on Exercise (#)** *(b)*	**Value Realized on Exercise ($)** *(c)*	**Number of Shares Acquired on Vesting (#)** *(d)*	**Value Realized on Vesting ($)** *(e)*
Roy C. Harvey	—	—	12,913	$ 200,797
William F. Oplinger	16,867	$ 128,021	41,379	$ 643,443
Tómas Sigurðsson	—	—	12,266	$ 190,736
Leigh Ann C. Fisher	—	—	5,960	$ 92,678
Robert S. Collins	—	—	—	—

2015 Pension Benefits

Name1	**Plan Name(s)**		**Years of Credited Service**	**Present Value of Accumulated Benefits**	**Payments During Last Fiscal Year**
Roy C. Harvey	Alcoa Retirement Plan		13.87	$ 227,448	
	Excess Benefits Plan C			$ 316,112	
		Total		**$ 543,560**	N/A
William F. Oplinger	Alcoa Retirement Plan		15.78	$ 348,956	
	Excess Benefits Plan C			$ 911,063	
		Total		**$ 1,260,019**	N/A
Leigh Ann C. Fisher	Alcoa Retirement Plan		26.61	$ 784,437	
	Excess Benefits Plan C			$ 655,708	
		Total		**$ 1,440,145**	N/A
Robert S. Collins	Alcoa Retirement Plan		10.92	$ 251,926	
	Excess Benefits Plan C			$ 163,386	
		Total		**$ 415,312**	N/A

Qualified Defined Benefit Plan. In 2015, Messrs. Harvey, Oplinger, and Collins and Ms. Fisher participated in the Alcoa Retirement Plan. The Alcoa Retirement Plan is a funded, tax-qualified, non-contributory defined benefit pension plan maintained by ParentCo in 2015 that covers a majority of U.S. salaried employees. Benefits under the plan are based upon years of service and final average earnings. Final average earnings include salary plus 100% of annual cash incentive compensation, and are calculated using the average of the highest five of the last ten years of earnings in the case of Ms. Fisher and the highest consecutive five for Messrs. Harvey, Oplinger and Collins. The Alcoa Retirement Plan reflects compensation limits imposed by the U.S. tax code, which was $265,000 for 2015. The base benefit payable at age 65 is 1.1% of final average earnings up to the social security covered compensation limit plus 1.475% of final average earnings above the social security covered compensation limit, times years of service. Benefits are payable as a single life annuity, a reduced 50% joint and survivor annuity, or a reduced 75% joint and survivor annuity upon retirement.

Nonqualified Defined Benefit Plans. In 2015, Messrs. Harvey, Oplinger, and Collins and Ms. Fisher participated in ParentCo's Excess Benefits Plan C. This plan is a nonqualified plan which provides for benefits that exceed the limits on compensation imposed by the U.S. tax code. The benefit formula is identical to the

Alcoa Retirement Plan formula. Benefits under the nonqualified plan are payable as a reduced 50% joint and survivor annuity if the executive is married. Otherwise, the benefit is payable as a single life annuity.

Alcoa Retirement Savings Plan. For U.S. salaried employees hired on or after March 1, 2006, including Mr. Sigurdsson, ParentCo makes an Employer Retirement Income Contribution (ERIC) in an amount equal to 3% of salary and annual incentive eligible for contribution to the Alcoa Retirement Savings Plan as a pension contribution in lieu of a defined benefit pension plan, which was available to employees hired before March 1, 2006. ParentCo contributed $8,520 to the account of Mr. Sigurdsson in 2015. In addition, all U.S. salaried employees, including the named executive officers, are eligible to receive a company matching contribution of 100%, up to the first 6%, of deferred salary. In 2015, the company matching contribution amount was $15,900 each for Messrs. Harvey, Oplinger, Sigurdsson, and Collins and Ms. Fisher. These amounts are included in the column “All Other Compensation” in the “2015 Summary Compensation Table.”

2015 Nonqualified Deferred Compensation

Name *(a)*	Executive Contributions in 2015 *(b)*	Registrant Contributions in 2015 *(c)*	Aggregate Earnings in 2015 *(d)*		Aggregate Withdrawals/ Distributions *(e)*	Aggregate Balance at 12/31/2015 FYE *(f)*
Roy C. Harvey	—	—	—		—	—
William F. Oplinger	$ 522,538	$ 16,600	-$ 26,528	E	—	$ 816,321
			$ 324	D		
Tómas Sigurðsson	$ 8,520	$ 29,555	-$ 495	E	—	$ 37,580
			—	D		
Leigh Ann C. Fisher	—	—	-$ 462	E	—	$ 81,948
			—	D		
Robert S. Collins	—	—	$ 123	E	—	$ 103,637
			—	D		

E—Earnings
D—Dividends on Alcoa common stock or share equivalents

The investment options under the ParentCo nonqualified Deferred Compensation Plan are the same choices available to all salaried employees under the Alcoa Retirement Savings Plan and the named executive officers did not receive preferential earnings on their investments. The named executive officers may defer up to 25% of their salaries in total to the Alcoa Retirement Savings Plan and Deferred Compensation Plan and up to 100% of their annual cash incentive compensation to the Deferred Compensation Plan.

To the extent the executive elects, ParentCo contributes matching contributions on employee base salary deferrals that exceed the limits on compensation imposed by the U.S. tax code. In 2015, the ParentCo matching contribution amount was $16,600 for Mr. Oplinger and $8,520 for Mr. Sigurdsson.

In addition, when the U.S. tax code limits on Employer Retirement Income Contributions (ERIC) to the Alcoa Retirement Savings Plan are reached, the ERIC contributions are made into ParentCo’s Deferred Compensation Plan. In 2015, ParentCo contributed $21,035 for Mr. Sigurdsson. Messrs. Harvey and Oplinger and Ms. Fisher do not receive these deferred compensation contributions because they participate in ParentCo’s defined benefit pension plan.

These amounts are included in the column “All Other Compensation” in the “2015 Summary Compensation Table.”

The principal benefit to executives of the Deferred Compensation Plan is that U.S. taxes are deferred until the investment is withdrawn, so that savings accumulate on a pretax basis. ParentCo also benefits from this

arrangement because it does not use its cash to pay the salaries or incentive compensation of the individuals who have deferred receipt of these amounts. ParentCo may use this cash for other purposes until the deferred account is paid to the individual upon termination of employment. All nonqualified pension and deferred compensation are general unsecured assets of ParentCo until paid. Upon termination of employment, deferred compensation will be paid in cash as a lump sum or in up to ten annual installments, depending on the individual's election, account balance and retirement eligibility.

Potential Payments upon Termination or Change in Control

Executive Severance Agreements. ParentCo has entered into severance agreements with certain executives to facilitate transitioning key positions to suit the timing needs of ParentCo. The agreements provide for higher severance benefits than the ParentCo severance plan for salaried employees, but these agreements also require the executives to agree to a two-year non-competition and non-solicitation provision. Mr. Oplinger is the only named executive officer who is party to an executive severance agreement, which agreement provides that, if his employment is terminated without cause, he will receive two years' salary, continued health care benefits for a two-year period, and two additional years of pension accrual. He will also receive a lump sum severance payment of $50,000 upon execution of a general release of legal claims against ParentCo prior to the scheduled payment date. No severance payments will be made under the agreement unless the general release is signed. If severance payments or benefits are payable to Mr. Oplinger under the Change in Control Severance Plan, described below, no payments would be paid under his executive severance agreement. The following table describes the severance payments and benefits that would be provided to Mr. Oplinger under his executive severance agreement if he had experienced a qualifying termination on December 31, 2015.

Name	Estimated net present value of cash severance payments	Estimated net present value of additional pension credits	Estimated net present value of continued health care benefits	Total
William F. Oplinger	$ 1,123,314	$ 138,900	$ 37,916	$1,300,130

Severance Plan for Salaried Employees. Each of the named executive officers, other than Mr. Oplinger, was covered by the ParentCo severance plan for salaried employees in 2015. Such severance plan provides for the following severance benefits:

- A basic benefit equal to four weeks of base pay; and
- An enhanced benefit equal to two weeks of base pay for each full year of continuous service, contingent upon a signed separation agreement.

The combined basic and enhanced benefit provide a minimum of 10 weeks and a maximum of 56 weeks of pay.

Potential Payments upon a Change in Control. In 2002, ParentCo's Board of Directors approved a Change in Control Severance Plan for officers and other key executives designated by ParentCo's Compensation and Benefits Committee. The plan is designed to retain key executives during the period that a transaction is being negotiated or during a period in which a hostile takeover is being attempted and to ensure the impartiality of the key negotiators for ParentCo. The Change in Control Severance Plan provides certain officers with termination compensation if their employment is terminated without cause or if they leave for good reason, in either case within three years after a change in control of ParentCo. Messrs. Harvey and Oplinger participated in this plan in 2015.

Compensation provided by the plan includes: a cash payment equal to three times annual salary plus target annual cash incentive compensation; continuation of health care benefits for three years; growth on pension credits for three years; and six months outplacement. Messrs. Harvey and Oplinger are not eligible for reimbursement of excise taxes.

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ParentCo’s Compensation and Benefits Committee periodically reviews market data, which indicate that most companies have such plans or adopt such plans when a change in control is imminent.

The amounts shown in the table below include the estimated net present value of accelerated vesting of stock options and stock awards for all named executive officers. Awards made prior to February 2011 vest immediately upon a change of control. Awards granted since February 2011 do not have such automatic vesting if a replacement award is provided, but such replacement awards would vest upon a qualifying termination following the change in control. Values presented in the table below assume that both a change in control and a qualifying termination occurred for each named executive officer on December 31, 2015.

Change in Control Severance Benefits

Name	Estimated value of change in control severance and benefits (other than equity award acceleration)	Estimated net present value of accelerated vesting of stock options and stock awards (single and double trigger)	Total
Roy C. Harvey	$ 3,451,220	$ 208,662	$3,659,881
William F. Oplinger	$ 4,128,129	$ 411,510	$4,539,639
Tómas Sigurðsson	$ —	$ 145,116	$ 145,116
Leigh Ann C. Fisher	$ —	$ 79,197	$ 79,197
Robert S. Collins	$ —	$ 101,182	$ 101,182

Retirement benefits. If Messrs. Harvey, Oplinger, and Collins and Ms. Fisher had voluntarily terminated employment as of December 31, 2015, it is estimated that their pensions would have paid an annual annuity as follows:

	Annuity	Starting at Age
Roy C. Harvey	$45,560	55
William F. Oplinger	$78,316	55
Leigh Ann C. Fisher	$91,302	55
Robert S. Collins	$24,891	55

ALCOA CORPORATION 2016 STOCK INCENTIVE PLAN

Alcoa Corporation will adopt the Alcoa Corporation 2016 Stock Incentive Plan (the "Plan") in connection with the separation. The following is a summary of the principal terms of the Plan, which is qualified in its entirety by reference to the full text of the Plan. The Alcoa Corporation equity-based compensation awards into which the outstanding ParentCo equity-based compensation awards are converted upon the separation (see "The Separation and Distribution—Treatment of Equity-Based Compensation") will be issued pursuant to the Plan and will reduce the shares authorized for issuance under the Plan.

Purpose of the Plan

The purpose of the Plan is to encourage participants to acquire a proprietary interest in the long-term growth and financial success of the company and to further link the interests of such individuals to the long-term interests of stockholders. The Plan is designed to permit the grant of awards that are intended to qualify as performance-based compensation under Section 162(m) of the Code ("Section 162(m)").

Administration of the Plan

Under the Plan, the Compensation and Benefits Committee of our Board of Directors of Alcoa Corporation (the "Alcoa Corporation Compensation Committee"), which will be composed of non-employee directors, has authority to grant awards to employees of the company and its subsidiaries, and the full Board of Directors of Alcoa Corporation (the "Alcoa Corporation Board") has authority to grant awards to non-employee directors.

The Alcoa Corporation Compensation Committee has the authority, subject to the terms of the Plan, to select employees to whom it will grant awards, to determine the types of awards and the number of shares covered, to set the terms and conditions of the awards, to cancel or suspend awards and to modify outstanding awards. The Alcoa Corporation Compensation Committee also has authority to interpret the Plan, to establish, amend and rescind rules applicable to the Plan or awards under the Plan, to approve the terms and provisions of any agreements relating to Plan awards, to determine whether any corporate transaction, such as a spin-off or joint venture, will result in a participant's termination of service and to make all determinations relating to awards under the Plan.

The Alcoa Corporation Board of Directors has similar authority with respect to awards to non-employee directors. A non-employee director may not receive awards with an aggregate grant date fair value (determined in accordance with U.S. generally accepted accounting principles) of more than $250,000 in any one year period.

The Plan permits delegation of certain authority to executive officers in limited instances to make, cancel or suspend awards to employees who are not Alcoa Corporation directors or executive officers.

Eligibility

All employees of Alcoa Corporation and its subsidiaries and all non-employee directors of Alcoa Corporation are eligible to be selected as participants. Participation in the Plan is at the discretion of the Alcoa Corporation Compensation Committee or, as applicable, the Alcoa Corporation Board.

Authorized Shares

The total number of shares authorized and available for issuance under the Plan is 19,000,000. Shares of Alcoa Corporation common stock issuable under the Plan may come from authorized but unissued shares, treasury shares, shares purchased on the open market or any combination of the foregoing.

Shares tendered in payment of the purchase price of a stock option or other award or withheld to pay taxes may not be added back to the available pool of shares authorized under the Plan. If awards granted under the Plan are forfeited, cancelled or expire, the shares underlying such awards will become available for issuance under the Plan.

The Alcoa Corporation Compensation Committee may grant substitute awards to employees of companies acquired by Alcoa Corporation or a subsidiary in exchange for, or upon assumption of, outstanding stock-based awards issued by the acquired company. Shares covered by such substitute awards will not reduce the number of shares otherwise available for award under the Plan. As described above, Alcoa Corporation equity-based awards into which the outstanding ParentCo equity-based awards are converted ("Converted Awards") upon separation will reduce the shares authorized for issuance under the Plan.

Types of Awards

The following types of awards may be granted under the Plan:

- Nonqualified stock options;
- Stock appreciation rights;
- Restricted shares;
- Restricted share units; and
- Other forms of awards authorized by the Plan ("Other Awards").

These forms of awards may have a performance feature under which the award is not earned unless performance goals are achieved.

Minimum Vesting Requirements

Stock options and stock appreciation rights granted under the Plan must have a minimum vesting period of one year. The performance period for a performance award may not be less than one year. Time-based restricted shares and restricted share units must have a minimum three-year pro-rata vesting period, except that a shorter vesting period may be approved for awards with respect to up to 5% of the shares reserved under the Plan. The foregoing minimum vesting requirements do not apply to substitute awards, Converted Awards or Other Awards (which may not exceed 5% of shares reserved under the Plan) or in connection with a capitalization adjustment.

Stock Option Awards

Under the Plan, stock option awards entitle a participant to purchase shares of Alcoa Corporation common stock during the option term at a fixed price that is equal to the fair market value of Alcoa Corporation's stock on the date of the grant. The maximum term of stock options granted is ten years. The Alcoa Corporation Compensation Committee has discretion to cap the amount of gain that may be obtained in the exercise of the stock option. The option price must be paid in full by the participant upon exercise of the option, in cash, shares or other consideration having a fair market value equal to the option price or by a combination of cash, shares or other consideration specified by the Alcoa Corporation Compensation Committee.

Stock Appreciation Rights

A stock appreciation right (SAR) entitles the holder to receive, on exercise, the excess of the fair market value of the shares on the exercise date (or, if the Alcoa Corporation Compensation Committee so

determines, as of any time during a specified period before the exercise date) over the SAR grant price. The Alcoa Corporation Compensation Committee may grant SAR awards as stand-alone awards or in combination with a related stock option award under the Plan. The SAR grant price is set by the Alcoa Corporation Compensation Committee and may not be less than the fair market value of the shares on the date of grant. Payment by the company upon exercise will be in cash, stock or other property or any combination of cash, stock or other property as the Alcoa Corporation Compensation Committee may determine. Unless otherwise determined by the Alcoa Corporation Compensation Committee, any related stock option will no longer be exercisable to the extent the SAR has been exercised, and the exercise of an option will cancel the related SAR. The Alcoa Corporation Compensation Committee has discretion to cap the amount of gain that may be obtained in the exercise of a stock appreciation right. The maximum term of stock appreciation rights is ten years, or if granted in tandem with an option, the expiration date of the option.

Restricted Shares

A restricted share is a share issued with such contingencies or restrictions as the Alcoa Corporation Compensation Committee may impose. Until the conditions or contingencies are satisfied or lapse, the stock is subject to forfeiture. A recipient of a restricted share award has the right to vote the shares and, subject to the discussion below under “Dividends,” will receive any dividends on the shares, unless the Alcoa Corporation Compensation Committee determines otherwise. If the participant ceases to be an employee before the end of the contingency period, the award is forfeited, subject to such exceptions as authorized by the Alcoa Corporation Compensation Committee.

Restricted Share Units

A restricted share unit is an award of a right to receive, in cash or shares, as the Alcoa Corporation Compensation Committee may determine, the fair market value of one share of company common stock, on such terms and conditions as the Alcoa Corporation Compensation Committee may determine.

Performance Awards

A performance award may be in any form of award permitted under the Plan. The Alcoa Corporation Compensation Committee may select periods of at least one year during which performance criteria chosen by the Alcoa Corporation Compensation Committee are measured for the purpose of determining the extent to which a performance award has been earned. The Alcoa Corporation Compensation Committee decides whether the performance levels have been achieved, what amount of the award will be paid and the form of payment, which may be cash, stock or other property or any combination thereof.

Dividends

As discussed under “Dividend Policy,” the payment of any dividends in the future, and the timing and amount thereof, is within the discretion of the Alcoa Corporation Board. To the extent that the Alcoa Corporation Board, in its discretion, declares a dividend on the shares, (i) no dividends may be paid on stock options or SARs; (ii) dividend equivalents may not be paid on any unvested restricted share units but will be accrued and paid only if and when the restricted share units vest, unless the Alcoa Corporation Compensation Committee determines otherwise; (iii) no dividends or dividend equivalents may be paid on unearned performance-based restricted share units; and (iv) a recipient of restricted shares will receive dividends on the restricted shares unless the Alcoa Corporation Compensation Committee determines otherwise.

Stock Option and SAR Repricing Prohibited

The Plan prohibits repricing of stock options or SARs without stockholder approval. Repricing means the cancellation of an option or SAR in exchange for cash or other awards at a time when the exercise price of such option or SAR is higher than the fair market value of a share of the company’s stock, the grant of a new

stock option or SAR with a lower exercise price than the original option or SAR, or the amendment of an outstanding award to reduce the exercise price. The grant of a substitute award or a Converted Award is not a repricing.

Adjustment Provision

The Plan defines certain transactions with our stockholders, not involving our receipt of consideration, that affect the shares or the share price of the company's common stock as "equity restructurings" (e.g., a stock dividend, stock split, spin-off, rights offering or recapitalization through a large, nonrecurring cash dividend). In the event that an equity restructuring occurs, the Alcoa Corporation Compensation Committee will adjust the terms of the Plan and each outstanding award as it deems equitable to reflect the equity restructuring, which may include (i) adjusting the number and type of securities subject to each outstanding award and/or adjusting the number of shares available under the Plan or the Section 162(m) award limitations, (ii) adjusting the terms and conditions of (including the grant or exercise price), and the performance targets or other criteria included in, outstanding awards; and (iii) granting new awards or making cash payments to participants. Such adjustments will be nondiscretionary, although the Alcoa Corporation Compensation Committee will determine whether an adjustment is equitable.

Other types of transactions may also affect the company's common stock, such as a dividend or other distribution, reorganization, merger or other changes in corporate structure. In the event that there is such a transaction, which is not an equity restructuring, or in the case of other unusual or nonrecurring transactions or events or changes in applicable laws, regulations or accounting principles, the Alcoa Corporation Compensation Committee will determine, in its discretion, whether any adjustment to the Plan and/or to any outstanding awards is appropriate to prevent any dilution or enlargement of benefits under the Plan or to facilitate such transactions or events or give effect to such changes in laws, regulations or principles.

Consideration for Awards

Unless otherwise determined by the Alcoa Corporation Compensation Committee, and except as required to pay the purchase price of stock options, recipients of awards are not required to make any payment or provide consideration other than rendering of services.

Transferability of Awards

Awards may be transferred by laws of descent and distribution or to a guardian or legal representative or, unless otherwise provided by the Alcoa Corporation Compensation Committee or limited by applicable laws, to family members or a trust for family members; provided however, that awards may not be transferred to a third party for value or consideration.

Change in Control Provisions

The Plan provides for double-trigger equity vesting in the event of a change in control (as defined in the Plan). This generally means that if outstanding awards under the Plan are replaced by the acquirer or related entity in a change in control of the company, those replacement awards will not immediately vest on a "single trigger" basis, but vesting would accelerate only if the participant is terminated without cause or quits for good reason (as those terms are defined in the Alcoa Corporation Change in Control Severance Plan) within 24 months following the change in control.

Performance-Based Compensation—Section 162(m)

The Alcoa Corporation Compensation Committee may grant awards to employees who are or may be "covered employees," as defined in Section 162(m), that are intended to be performance-based compensation within the meaning of Section 162(m) to preserve the deductibility of these awards for federal income tax purposes. The Alcoa Corporation Compensation Committee determines at the time of grant whether awards are

intended to be performance-based compensation within the meaning of Section 162(m). Participants are entitled to receive payment for a Section 162(m) performance-based award for any given performance period only to the extent that pre-established performance goals set by the Alcoa Corporation Compensation Committee for the period are satisfied. These pre-established performance goals are based on one or more of the following performance measures: (i) earnings, including earnings margin, operating income, earnings before or after taxes, and earnings before or after interest, taxes, depreciation, and amortization; (ii) book value per share; (iii) pre-tax income, after-tax income, income from continuing operations, or after tax operating income; (iv) operating profit; (v) earnings per common share (basic or diluted); (vi) return on assets (net or gross); (vii) return on capital; (viii) return on invested capital; (ix) sales, revenues or growth in or returns on sales or revenues; (x) share price appreciation; (xi) total stockholder return; (xii) cash flow, operating cash flow, free cash flow, cash flow return on investment (discounted or otherwise), cash on hand, reduction of debt, capital structure of the company including debt to capital ratios; (xiii) implementation or completion of critical projects or processes; (xiv) economic profit, economic value added or created; (xv) cumulative earnings per share growth; (xvi) achievement of cost reduction goals; (xvii) return on stockholders' equity; (xviii) total stockholders' return; (xix) reduction of days working capital, working capital or inventory; (xx) operating margin or profit margin; (xxi) capital expenditures; (xxii) cost targets, reductions and savings, productivity and efficiencies; (xxiii) strategic business criteria, consisting of one or more objectives based on market penetration, geographic business expansion, customer satisfaction (including product quality and delivery), employee satisfaction, human resources management (including diversity representation), supervision of litigation, information technology, and goals relating to acquisitions, divestitures, joint ventures and similar transactions, and budget comparisons; (xxiv) personal professional objectives, including any of the foregoing performance measures, the implementation of policies and plans, the negotiation of transactions, the development of long-term business goals, formation of joint ventures, research or development collaborations, technology and best practice sharing within the company, and the completion of other corporate goals or transactions; (xxv) sustainability measures, community engagement measures or environmental, health or safety goals of the company or the subsidiary or business unit of the company for or within which the participant is primarily employed; or (xxvi) audit and compliance measures.

The annual limits on performance-based compensation per participant in the Plan for awards intended to comply with Section 162(m) are: 4 million shares if the award is in the form of restricted shares or restricted stock units; 10 million shares if the award is in the form of stock options or stock appreciation rights; and $15 million in value if the award is paid in property other than shares. The number of shares subject to Converted Awards are disregarded for purposes of the foregoing award limits.

While the Plan is designed to allow the company to grant awards intended to comply with the performance-based exception to Section 162(m), the company may elect to provide non-deductible compensation under the Plan. Additionally, there can be no guarantee that awards granted under the Plan eligible for treatment as qualified performance-based compensation under Section 162(m) will receive such treatment.

Termination and Amendment of the Plan

The Alcoa Corporation Board may amend, alter, suspend, discontinue or terminate the Plan or any portion thereof at any time, except that the Alcoa Corporation Board may not amend the Plan without stockholder approval if such approval would be required pursuant to applicable law or the requirements of the New York Stock Exchange or such other stock exchange on which the shares trade. The Alcoa Corporation Board or the Alcoa Corporation Compensation Committee generally may not amend the Plan or the terms of any award previously granted without the consent of the affected participant, if such action would impair the rights of such participant under any outstanding award.

Term of the Plan

The Plan is effective as of the company's separation from ParentCo and, unless earlier terminated by the Alcoa Corporation Board, will operate for a fixed period of years.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreements with Arconic

Following the separation and distribution, Alcoa Corporation and Arconic will operate separately, each as an independent public company. In connection with the separation, Alcoa Corporation will enter into the separation agreement with ParentCo, and will also enter into various other agreements to effect the separation and provide a framework for its relationship with Arconic after the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement, a stockholder and registration rights agreement with respect to ParentCo's continuing ownership of Alcoa Corporation common stock, intellectual property license agreements, a metal supply agreement, real estate and office leases, a spare parts loan agreement and an agreement relating to the North American packaging business. These agreements, together with the documents and agreements by which the internal reorganization will be effected, will provide for the allocation between Alcoa Corporation and Arconic of ParentCo's assets, employees, liabilities and obligations (including investments, property and employee benefits, and tax-related assets and liabilities) attributable to periods prior to, at and after Alcoa Corporation's separation from ParentCo and will govern certain relationships between Alcoa Corporation and Arconic after the separation.

The material agreements described below will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part. The summaries of each of these agreements set forth below are qualified in their entireties by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.

Separation Agreement

Transfer of Assets and Assumption of Liabilities

The separation agreement will identify the assets to be transferred, the liabilities to be assumed and the contracts to be transferred to each of Alcoa Corporation and Arconic as part of the separation of ParentCo into two companies, and will provide for when and how these transfers and assumptions will occur. In particular, the separation agreement will provide that, among other things, subject to the terms and conditions contained therein:

- certain assets related to ParentCo's Alcoa Corporation Business, which we refer to as the "Alcoa Corporation Assets," will be transferred to Alcoa Corporation or one of its subsidiaries, including:
  - equity interests in certain ParentCo subsidiaries that hold assets relating to the Alcoa Corporation Business;
  - the Alcoa brand, certain other trade names and trademarks, and certain other intellectual property (including, patents, know-how and trade secrets), software, information and technology used in the Alcoa Corporation Business or related to the Alcoa Corporation Assets, the Alcoa Corporation Liabilities or Alcoa Corporation's business;
  - facilities related to the Alcoa Corporation Business;
  - contracts (or portions thereof) that relate to the Alcoa Corporation Business;
  - rights and assets expressly allocated to Alcoa Corporation pursuant to the terms of the separation agreement or certain other agreements entered into in connection with the separation;
  - permits that primarily relate to the Alcoa Corporation Business; and
  - other assets that are included in Alcoa Corporation's pro forma balance sheet, such as the pension assets included in Alcoa Corporation's Unaudited Pro Forma Combined Condensed Financial Statements, which appear in the section entitled "Unaudited Pro Forma Combined Condensed Financial Statements";

- certain liabilities related to the Alcoa Corporation Business or the Alcoa Corporation Assets, which we refer to as the “Alcoa Corporation Liabilities,” will be retained by or transferred to Alcoa Corporation, including certain liabilities associated with previously consummated divestitures of assets primarily related to the Alcoa Corporation Business. Subject to limited exceptions, liabilities that relate primarily to the Alcoa Corporation Business, including liabilities of various legal entities that will be subsidiaries of Alcoa Corporation following the separation, will be Alcoa Corporation Liabilities;
- all of the assets and liabilities (including whether accrued, contingent or otherwise) other than the Alcoa Corporation Assets and Alcoa Corporation Liabilities (such assets and liabilities, other than the Alcoa Corporation Assets and the Alcoa Corporation Liabilities, we refer to as the “Arconic Assets” and “Arconic Liabilities,” respectively) will be retained by or transferred to Arconic; and
- Alcoa Corporation will pay over to Arconic the after-tax proceeds it receives in respect of the pending sales of certain assets, including the Yadkin hydroelectric project, following the effective time of the distribution.

Except as expressly set forth in the separation agreement or any ancillary agreement, neither Alcoa Corporation nor ParentCo will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, as to any approvals or notifications required in connection with the transfers, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either Alcoa Corporation or ParentCo, or as to the legal sufficiency of any document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. All assets will be transferred on an “as is,” “where is” basis, and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, that any necessary consents or governmental approvals are not obtained, or that any requirements of law, agreements, security interests or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to the separation agreement, unless the context otherwise requires. The separation agreement will provide that in the event that the transfer of certain assets and liabilities to Alcoa Corporation or Arconic, as applicable, does not occur prior to the separation, then until such assets or liabilities are able to be transferred, Alcoa Corporation or Arconic, as applicable, will hold such assets on behalf and for the benefit of the other party and will pay, perform and discharge such liabilities, for which the other party will reimburse Alcoa Corporation or Arconic, as applicable, for all commercially reasonable payments made in connection with the performance and discharge of such liabilities.

Non-Compete

Arconic and Alcoa Corporation will agree for four years not to compete with respect to certain rolled metal products. Arconic will agree not to produce certain products for the North American packaging business at its Tennessee operations (except for the benefit of Alcoa Corporation) for four years following the separation. Similarly, Alcoa Corporation will agree not to produce certain rolled metal products for automotive applications at Warrick for four years following the Distribution.

The Distribution

The separation agreement will also govern the rights and obligations of the parties regarding the distribution following the completion of the separation. On the distribution date, ParentCo will distribute to its shareholders that hold ParentCo common stock as of the record date for the distribution at least 80.1% of the issued and outstanding shares of Alcoa Corporation common stock on a pro rata basis. Shareholders will receive cash in lieu of any fractional shares. Following the distribution, ParentCo shareholders (which, as a result of ParentCo’s

name change to Arconic, will be Arconic shareholders) will own directly at least 80.1% of the outstanding shares of common stock of Alcoa Corporation, and Alcoa Corporation will be a separate company from Arconic. Arconic will retain no more than 19.9% of the outstanding shares of common stock of Alcoa Corporation following the distribution.

Conditions to the Distribution

The separation agreement will provide that the distribution is subject to satisfaction (or waiver by ParentCo) of certain conditions. These conditions are described under "The Separation and Distribution—Conditions to the Distribution." ParentCo will have the sole and absolute discretion to determine (and change) the terms of, and to determine whether to proceed with, the distribution and, to the extent that it determines to so proceed, to determine the record date for the distribution, the distribution date and the distribution ratio.

Claims

In general, each party to the separation agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Releases

The separation agreement will provide that Alcoa Corporation and its affiliates will release and discharge Arconic and its affiliates from all liabilities assumed by Alcoa Corporation as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to Alcoa Corporation's business, and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement. Arconic and its affiliates will release and discharge Alcoa Corporation and its affiliates from all liabilities retained by Arconic and its affiliates as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to Arconic's business, and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include the separation agreement and the other agreements described under "Certain Relationships and Related Party Transactions."

Indemnification

In the separation agreement, Alcoa Corporation will agree to indemnify, defend and hold harmless Arconic, each of Arconic's affiliates and each of Arconic and its affiliates' respective directors, officers and employees, from and against all liabilities relating to, arising out of or resulting from:

- the Alcoa Corporation Liabilities;
- Alcoa Corporation's failure or the failure of any other person to pay, perform or otherwise promptly discharge any of the Alcoa Corporation Liabilities, in accordance with their respective terms, whether prior to, at or after the distribution;
- except to the extent relating to a Arconic Liability, any guarantee, indemnification or contribution obligation for the benefit of Alcoa Corporation by Arconic that survives the distribution;
- any breach by Alcoa Corporation of the separation agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement or omission or alleged omission of material fact in the Form 10 or in this information statement (as amended or supplemented), except for any such statements or omissions made explicitly in Arconic's name.

Arconic will agree to indemnify, defend and hold harmless Alcoa Corporation, each of Alcoa Corporation's affiliates and each of Alcoa Corporation and Alcoa Corporation's affiliates' respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from:

- the Arconic Liabilities;
- the failure of Arconic or any other person to pay, perform or otherwise promptly discharge any of the Arconic Liabilities, in accordance with their respective terms whether prior to, at or after the distribution;
- except to the extent relating to an Alcoa Corporation Liability, any guarantee, indemnification or contribution obligation for the benefit of Arconic by Alcoa Corporation that survives the distribution;
- any breach by Arconic of the separation agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement or omission or alleged omission of a material fact made explicitly in Arconic's name in the Form 10 or in this information statement (as amended or supplemented).

The separation agreement will also establish procedures with respect to claims subject to indemnification and related matters.

Insurance

The separation agreement will provide for the allocation between the parties of rights and obligations under existing insurance policies with respect to occurrences prior to the distribution and set forth procedures for the administration of insured claims and related matters.

Further Assurances

In addition to the actions specifically provided for in the separation agreement, except as otherwise set forth therein or in any ancillary agreement, both Alcoa Corporation and ParentCo will agree in the separation agreement to use reasonable best efforts, prior to, on and after the distribution date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation agreement and the ancillary agreements.

Dispute Resolution

The separation agreement will contain provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between Alcoa Corporation and Arconic related to the separation or distribution and that are unable to be resolved through good faith discussions between Alcoa Corporation and Arconic. These provisions will contemplate that efforts will be made to resolve disputes, controversies and claims by escalation of the matter to executives of Alcoa Corporation and Arconic, and that, if such efforts are not successful, either Alcoa Corporation or Arconic may submit the dispute, controversy or claim to nonbinding mediation or, if such nonbinding mediation is not successful, binding alternative dispute resolution, subject to the provisions of the separation agreement.

Expenses

Except as expressly set forth in the separation agreement or in any ancillary agreement, ParentCo will be responsible for all costs and expenses incurred in connection with the separation incurred prior to the distribution date, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the separation. Except as expressly set forth in the separation agreement or in any ancillary agreement, or as otherwise agreed in writing by Arconic and Alcoa Corporation, all costs and expenses incurred in connection with the separation after the distribution will be paid by the party incurring such cost and expense.

Other Matters

Other matters governed by the separation agreement will include Arconic's right to continue to use the "Alcoa" name and related trademark for limited purposes for a limited period following the distribution, access to financial and other information, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

Termination

The separation agreement will provide that it may be terminated, and the separation and distribution may be modified or abandoned, at any time prior to the distribution date in the sole and absolute discretion of ParentCo without the approval of any person, including Alcoa Corporation stockholders or ParentCo shareholders. In the event of a termination of the separation agreement, no party, nor any of its directors, officers or employees, will have any liability of any kind to the other party or any other person. After the distribution date, the separation agreement may not be terminated, except by an agreement in writing signed by both Arconic and Alcoa Corporation.

Transition Services Agreement

Alcoa Corporation and ParentCo will enter into a transition services agreement in connection with the separation pursuant to which Alcoa Corporation and Arconic and their respective affiliates will provide each other, on an interim, transitional basis, various services, including, but not limited to, employee benefits administration, specialized technical and training services and access to certain industrial equipment, information technology services, regulatory services, continued industrial site remediation and closure services on discrete projects, project management services for certain equipment installation and decommissioning projects, general administrative services and other support services. The agreed-upon charges for such services are generally intended to allow the servicing party to charge a price comprised of out-of-pocket costs and expenses and a predetermined profit in the form of a mark-up of such out-of-pocket expenses. The party receiving each transition service will be provided with reasonable information that supports the charges for such transition service by the party providing the service.

The services generally will commence on the distribution date and terminate no later than two years following the distribution date. The receiving party may terminate any services by giving prior written notice to the provider of such services and paying any applicable wind-down charges.

Subject to certain exceptions, the liabilities of each party providing services under the transition services agreement will generally be limited to the aggregate charges actually paid to such party by the other party pursuant to the transition services agreement.

Tax Matters Agreement

In connection with the separation, Alcoa Corporation and ParentCo will enter into a tax matters agreement that will govern the parties' respective rights, responsibilities and obligations with respect to taxes (including taxes arising in the ordinary course of business and taxes, if any, incurred as a result of any failure of the distribution and certain related transactions to qualify as tax-free for U.S. federal income tax purposes), tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings, and assistance and cooperation in respect of tax matters.

In addition, the tax matters agreement will impose certain restrictions on us and our subsidiaries (including restrictions on share issuances, business combinations, sales of assets and similar transactions) that will be designed to preserve the tax-free status of the distribution and certain related transactions. The tax sharing agreement will provide special rules that allocate tax liabilities in the event the distribution, together with certain

related transactions, is not tax-free. In general, under the tax matters agreement, each party is expected to be responsible for any taxes imposed on ParentCo or Alcoa Corporation that arise from the failure of the distribution, together with certain related transactions, to qualify as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) and certain other relevant provisions of the Code, to the extent that the failure to so qualify is attributable to actions, events or transactions relating to such party's respective stock, assets or business, or a breach of the relevant representations or covenants made by that party in the tax matters agreement.

Employee Matters Agreement

Alcoa Corporation and ParentCo will enter into an employee matters agreement in connection with the separation to allocate liabilities and responsibilities relating to employment matters, employee compensation and benefits plans and programs, and other related matters. The employee matters agreement will govern certain compensation and employee benefit obligations with respect to the current and former employees and non-employee directors of each company.

The employee matters agreement will provide that, unless otherwise specified, Arconic will be responsible for liabilities associated with current and former employees of Arconic and its subsidiaries and certain other former employees classified as former employees of Arconic for purposes of post-separation compensation and benefits matters, and Alcoa Corporation will be responsible for liabilities associated with current and former employees of Alcoa Corporation and its subsidiaries and certain other former employees classified as former employees of Alcoa Corporation for purposes of post-separation compensation and benefits matters.

The employee matters agreement will also govern the treatment of equity-based awards granted by ParentCo prior to the separation. See "The Separation and Distribution—Treatment of Equity-Based Compensation."

Stockholder and Registration Rights Agreement

Alcoa Corporation will enter into a stockholder and registration rights agreement with ParentCo pursuant to which we will agree that, following the 60-day period commencing immediately after the effective time of the distribution, upon the request of Arconic, we will use commercially reasonable efforts to effect the registration under applicable federal and state securities laws of any shares of our common stock retained by Arconic. In addition, Arconic will agree to vote any shares of our common stock that it retains immediately after the separation in proportion to the votes cast by our other stockholders. In connection with such agreement, Arconic will grant us a proxy to vote its shares of our common stock in such proportion. This proxy, however, will be automatically revoked as to any particular share upon any sale or transfer of such share from Arconic to a person other than Arconic, and neither the voting agreement nor proxy will limit or prohibit any such sale or transfer.

Intellectual Property License Agreements

In connection with the separation, Alcoa Corporation and ParentCo will enter into an Alcoa Corporation to Aronic Inc. Patent, Know-How, and Trade Secret License Agreement, an Arconic Inc. to Alcoa Corporation Patent, Know-How, and Trade Secret License Agreement, and an Alcoa Corporation to Arconic Inc. Trademark License Agreement, which we refer to, collectively, as the "intellectual property license agreements."

Under the intellectual property license agreements, two Arconic businesses, Alcoa Wheels and Spectrochemical Standards, will have ongoing rights to use the "Alcoa" name following the separation. Alcoa Wheels will receive a 25 year, evergreen renewable, royalty-free license to use the "Alcoa" name for commercial transportation wheels and hubs. The Spectrochemical Standards business will receive a royalty-free license to use the "Alcoa" name for five years on existing inventory, with the possibility of one five-year extension. Under the intellectual property license agreements, subject to limited exceptions, Alcoa Corporation will not be permitted to use or license others to use the "Alcoa" name for a period of 20 years on Arconic-type products, such as aerospace and automotive parts.

The intellectual property license agreements will also govern patents that were developed jointly and will continued to be used by both Arconic and Alcoa Corporation, as well as shared know-how. The intellectual property license agreements will provide for a license of these patents and know-how from Arconic or Alcoa Corporation, as applicable, to the other on a perpetual, royalty-free, non-exclusive basis, subject to certain exceptions. Namely, Alcoa Corporation will exclusively license to Arconic (i) Advanced Ceramics for non-smelting uses and (ii) the EVERCAST foundry alloy for commercial truck wheel applications, subject to a threshold sales target being met by December 31, 2020.

Either party may terminate the license with respect to any trademark under the intellectual property license agreements upon an uncured material breach of Arconic with respect to such trademark that remains uncured after at least 60 days.

Metal Supply Agreement

In connection with the separation, Alcoa Corporation and ParentCo will enter into a master agreement for the supply of primary aluminum ("metal supply agreement") pursuant to which Alcoa Corporation will supply Arconic with aluminum for use in its businesses. The metal supply agreement will consist of a master agreement setting forth the general terms and conditions of the overall supply arrangement, with an initial term of three years, as well as individual sub-agreements that set forth terms and conditions with respect to the supply of a particular metal item. The master agreement will be based on the form of agreement currently used by the Alcoa Corporation Business with its third party customers for metal supply arrangements. Each of the sub-agreements will be negotiated individually and contain the main economic terms of the particular supply arrangement, including quantity and pricing. The term of each sub-agreement will typically be one year, but if longer than one year, quantity and pricing will be redetermined and renegotiated on an annual basis in accordance with industry practices. Notwithstanding the metal supply agreement, Arconic will have the right to purchase metal from other suppliers.

Real Estate Arrangements

Alcoa Corporation and ParentCo will enter into a lease agreement pursuant to which ParentCo will lease to Alcoa Corporation the land on which ParentCo's smelter, cast house and associated facilities located in Massena, New York are located for a term of 20 years with three automatic 10-year extensions, except that if Alcoa Corporation determines to close the smelter, the lease will terminate three years after such closure. If Alcoa Corporation ceases active production by the smelter, the facility will be considered closed five years after such cessation continues uninterrupted, and Alcoa Corporation will then be required to dismantle the smelter, remediate the land and otherwise restore it to industrial standard within three years before the lease is deemed terminated. The rent under the Massena lease agreement will be set at a market rate and fixed for 10 years, after which it will increase annually based on the Consumer Price Index. In connection with the Massena lease agreement, Alcoa Corporation will provide certain power transmission services and process water to Arconic's fabricating facility at the Massena, New York location.

In addition, subsidiaries of Alcoa Corporation and ParentCo will enter into a lease agreement pursuant to which a subsidiary of Alcoa Corporation, which will own the land and smelter assets at ParentCo's Fusina, Italy location, will lease the land underlying ParentCo's rolling mill facilities to a subsidiary of ParentCo for a term of 20 years with three automatic 10-year extensions. The rent under the Fusina lease agreement will be set at a market rate and fixed for 10 years, after which it will increase annually based on the Consumer Price Index.

Alcoa Corporation and ParentCo will enter into a lease agreement pursuant to which ParentCo will lease to Alcoa Corporation a portion of one research and development building in which ParentCo's research and development facilities also are located, on ParentCo's research and development campus in New Kensington, Pennsylvania (the "ATC Lease Agreement"). The ATC Lease Agreement will be for a term of 3 years with no automatic extensions and the rent will be set at a market rate and fixed for the term. In connection with the ATC

Lease Agreement, ParentCo will also provide certain building utilities to Alcoa Corporation's research and development facilities via metered rates.

North American Packaging Business Agreement

ParentCo's operations in Tennessee, which will remain with Arconic following the separation, currently produce wide can body sheet for the North American packaging market. ParentCo plans to shift the production of the wide can body sheet for packaging applications from Tennessee to Alcoa Corporation's Ma'aden rolling mill. Before the Ma'aden rolling mill can begin production of the wide can body sheet, product from the facilities must be qualified by existing customers as an acceptable source of supply. While it is anticipated that these approvals will be obtained, the process is expected to take approximately 18 months. Alcoa Corporation and Arconic will enter into a toll processing and services agreement (the "North American packaging business agreement") pursuant to which Arconic will continue producing the wide can body sheet at Tennessee and provide it to Alcoa Corporation to permit Alcoa Corporation to continue supplying its customers without interruption during this period.

In addition, pursuant to the North American packaging business agreement, Arconic will process used beverage containers ("UBCs") owned by Alcoa Corporation. Under the North American packaging business agreement, Arconic will cut, clean and melt the UBCs into ingot suitable for use by Alcoa Corporation as a raw material for use in Alcoa Corporation's North American packaging business. The terms of the agreement will be based on the form of agreement currently used by ParentCo with its third party customers. The pricing terms of the agreement will be negotiated by Alcoa Corporation and Arconic following the separation. In addition to the pricing determination, the other terms and conditions of the agreement will be in line with industry practice. After the term of the North American packaging business agreement, Arconic and Alcoa Corporation may continue this commercial relationship subject to successful renegotiation at that time.

Spare Parts Loan Agreement

In connection with the separation, Alcoa Corporation and ParentCo will enter into a spare parts loan agreement pursuant to which each of Alcoa Corporation and Arconic and their respective affiliates will provide the other party with a loan of a spare equipment in its inventory while the other party has an order in process with its supplier. Upon fulfillment of the equipment order (or, if earlier, the need for the equipment by the loaning party or one year from the loan), the loaned spare equipment will be returned to the loaning party. Transportation costs will be borne by the borrowing party. Terms and conditions of the agreement will be in line with similar agreements to which ParentCo is currently a party with third parties.

Procedures for Approval of Related Party Transactions

Alcoa Corporation will adopt a written Related Person Transaction Approval Policy regarding the review, approval and ratification of transactions between the company and related persons. The policy will apply to any transaction in which the company or a company subsidiary is a participant, the amount involved exceeds $120,000 and a related person has a direct or indirect material interest. A related person means any director or executive officer of the company, any nominee for director, any stockholder known to the company to be the beneficial owner of more than 5% of any class of the company's voting securities, and any immediate family member of any such person.

Under this policy, reviews will be conducted by management to determine which transactions or relationships should be referred to the Governance and Nominating Committee for consideration. The Governance and Nominating Committee will then review the material facts and circumstances regarding a transaction and determine whether to approve, ratify, revise or reject a related person transaction, or to refer it to the full Board of Directors or another committee of the Board of Directors for consideration. The company's Related Person Transaction Approval Policy will operate in conjunction with other aspects of the company's

compliance program, including its Business Conduct Policies, which will require that all directors, officers and employees have a duty to be free from the influence of any conflict of interest when they represent the company in negotiations or make recommendations with respect to dealings with third parties, or otherwise carry out their duties with respect to the company.

The Board of Directors is expected to consider the following types of potential related person transactions and pre-approve them under the company's Related Person Transaction Approval Policy as not presenting material conflicts of interest:

- employment of executive officers (except employment of an executive officer that is an immediate family member of another executive officer, director, or nominee for director) as long as the Compensation and Benefits Committee has approved the executive officers' compensation;
- director compensation that the Board of Directors has approved;
- any transaction with another entity in which the aggregate amount involved does not exceed the greater of $1 million or 2% of the other entity's total annual revenues, if a related person's interest arises only from:
  - such person's position as an employee or executive officer of the other entity; or
  - such person's position as a director of the other entity; or
  - the ownership by such person, together with his or her immediate family members, of less than a 10% equity interest in the aggregate in the other entity (other than a partnership); or
  - both such position as a director and ownership as described in the foregoing two bullets; or
  - such person's position as a limited partner in a partnership in which the person, together with his or her immediate family members, have an interest of less than 10%;
- charitable contributions in which a related person's only relationship is as an employee (other than an executive officer), or a director or trustee, if the aggregate amount involved does not exceed the greater of $250,000 or 2% of the charitable organization's total annual receipts;
- transactions, such as the receipt of dividends, in which all stockholders receive proportional benefits;
- transactions involving competitive bids;
- transactions involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority; and
- transactions with a related person involving services as a bank depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of material U.S. federal income tax consequences of the distribution of Alcoa Corporation common stock to "U.S. holders" (as defined below) of ParentCo common stock. This summary is based on the Code, U.S. Treasury Regulations promulgated thereunder, rulings and other administrative pronouncements issued by the IRS, and judicial decisions, all as in effect on the date of this information statement, and all of which are subject to differing interpretations and change at any time, possibly with retroactive effect. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below. This discussion applies only to U.S. holders of shares of ParentCo common stock who hold such shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion is based upon the assumption that the distribution, together with certain related transactions, will be consummated in accordance with the separation agreement and the other separation-related agreements and as described in this information statement. This summary is for general information only and is not tax advice. It does not discuss all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of its particular circumstances or to holders subject to special rules under the Code (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, partners in partnerships that hold Alcoa Corporation common stock, pass-through entities (or investors therein), traders in securities who elect to apply a mark-to-market method of accounting, holders who hold Alcoa Corporation common stock as part of a "hedge," "straddle," "conversion," "synthetic security," "integrated investment" or "constructive sale transaction," individuals who receive Alcoa Corporation common stock upon the exercise of employee stock options or otherwise as compensation, holders who are liable for alternative minimum tax or any holders who actually or constructively own more than 5% of ParentCo common stock). This discussion also does not address any tax consequences arising under the unearned Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, nor does it address any tax considerations under state, local or foreign laws or U.S. federal laws other than those pertaining to the U.S. federal income tax. The distribution may be taxable under such other tax laws and all holders should consult their own tax advisors with respect to the applicability and effect of any such tax laws.

If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds ParentCo common stock, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their tax advisors about the U.S. federal income tax consequences of the distribution.

For purposes of this discussion, a "U.S. holder" is any beneficial owner of ParentCo common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (ii) it has a valid election in place under applicable Treasury Regulations to be treated as a United States person.

THE FOLLOWING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS.

It is a condition to the distribution that (i) the private letter ruling from the IRS regarding certain U.S. federal income tax matters relating to the separation and the distribution received by ParentCo remain valid and be satisfactory to the ParentCo Board of Directors and (ii) an opinion of its outside counsel, satisfactory to the ParentCo Board of Directors, regarding the qualification of the distribution, together with certain related transactions, as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. The IRS private letter ruling is and the opinion of counsel will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of Alcoa Corporation and ParentCo (including those relating to the past and future conduct of Alcoa Corporation and ParentCo). If any of these representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if Alcoa Corporation or ParentCo breach any of their respective representations or covenants contained in any of the separation-related agreements and documents or in any documents relating to the IRS private letter ruling and/or the opinion of counsel, such IRS private letter ruling and/or the opinion of counsel may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding receipt by ParentCo of the IRS private letter ruling and the opinion of counsel, the IRS could determine that the distribution and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings upon which the IRS private letter ruling or the opinion of counsel was based are false or have been violated. In addition, the IRS private letter ruling does not address all of the issues that are relevant to determining whether the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes, and the opinion of counsel will represent the judgment of such counsel and will not be binding on the IRS or any court and the IRS or a court may disagree with the conclusions in the opinion of counsel. Accordingly, notwithstanding receipt by ParentCo of the IRS private letter ruling and the opinion of counsel, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, ParentCo, Alcoa Corporation and ParentCo shareholders could be subject to significant U.S. federal income tax liability. Please refer to “—Material U.S. Federal Income Tax Consequences if the Distribution is Taxable” below.

Material U.S. Federal Income Tax Consequences if the Distribution, Together with Certain Related Transactions, Qualifies as a Transaction That is Generally Tax-Free Under Sections 355 and Sections 368(a)(1)(D) of the Code.

Assuming the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, the U.S. federal income tax consequences of the distribution are as follows:

- no gain or loss will be recognized by, and no amount will be includible in the income of ParentCo as a result of the distribution, other than gain or income arising in connection with certain internal restructurings undertaken in connection with the separation and distribution (including with respect to any portion of the borrowing proceeds transferred to ParentCo from Alcoa Corporation that is not used for qualifying purposes) and with respect to any “excess loss account” or “intercompany transaction” required to be taken into account by ParentCo under U.S. Treasury regulations relating to consolidated federal income tax returns;
- no gain or loss will be recognized by (and no amount will be included in the income of) U.S. holders of ParentCo common stock, upon the receipt of Alcoa Corporation common stock in the distribution, except with respect to any cash received in lieu of fractional shares of Alcoa Corporation common stock (as described below);
- the aggregate tax basis of the ParentCo common stock and the Alcoa Corporation common stock received in the distribution (including any fractional share interest in Alcoa Corporation common stock

for which cash is received) in the hands of each U.S. holder of ParentCo common stock immediately after the distribution will equal the aggregate basis of ParentCo common stock held by the U.S. holder immediately before the distribution, allocated between the ParentCo common stock and the Alcoa Corporation common stock (including any fractional share interest in Alcoa Corporation common stock for which cash is received) in proportion to the relative fair market value of each on the date of the distribution; and

- the holding period of the Alcoa Corporation common stock received by each U.S. holder of ParentCo common stock in the distribution (including any fractional share interest in Alcoa Corporation common stock for which cash is received) will generally include the holding period at the time of the distribution for the ParentCo common stock with respect to which the distribution is made.

A U.S. holder who receives cash in lieu of a fractional share of Alcoa Corporation common stock in the distribution will be treated as having sold such fractional share for cash, and will recognize capital gain or loss in an amount equal to the difference between the amount of cash received and such U.S. holder's adjusted tax basis in such fractional share. Such gain or loss will be long-term capital gain or loss if the U.S. holder's holding period for its ParentCo common stock exceeds one year at the time of distribution.

If a U.S. holder of ParentCo common stock holds different blocks of ParentCo common stock (generally shares of ParentCo common stock purchased or acquired on different dates or at different prices), such holder should consult its tax advisor regarding the determination of the basis and holding period of shares of Alcoa Corporation common stock received in the distribution in respect of particular blocks of ParentCo common stock.

U.S. Treasury regulations require certain U.S. holders who receive shares of Alcoa Corporation common stock in the distribution to attach to such U.S. holder's federal income tax return for the year in which the distribution occurs a detailed statement setting forth certain information relating to the tax-free nature of the distribution.

Material U.S. Federal Income Tax Consequences if the Distribution is Taxable.

As discussed above, notwithstanding receipt by ParentCo of the IRS private letter ruling and an opinion of counsel, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, the consequences described above would not apply and ParentCo, Alcoa Corporation and ParentCo shareholders could be subject to significant U.S. federal income tax liability. In addition, certain events that may or may not be within the control of ParentCo or Alcoa Corporation could cause the distribution and certain related transactions to not qualify for tax-free treatment for U.S. federal income tax purposes. Depending on the circumstances, Alcoa Corporation may be required to indemnify ParentCo for taxes (and certain related losses) resulting from the distribution and certain related transactions not qualifying as tax-free.

If the distribution fails to qualify as a tax-free transaction for U.S. federal income tax purposes, in general, ParentCo would recognize taxable gain as if it had sold the Alcoa Corporation common stock in a taxable sale for its fair market value (unless ParentCo and Alcoa Corporation jointly make an election under Section 336(e) of the Code with respect to the distribution, in which case, in general, (i) the ParentCo group would recognize taxable gain as if Alcoa Corporation had sold all of its assets in a taxable sale in exchange for an amount equal to the fair market value of the Alcoa Corporation common stock and the assumption of all Alcoa Corporation's liabilities and (ii) Alcoa Corporation would obtain a related step up in the basis of its assets) and ParentCo shareholders who receive Alcoa Corporation common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Even if the distribution were to otherwise qualify as tax-free under Sections 355 and 368(a)(1)(D) of the Code, it may result in taxable gain to ParentCo under Section 355(e) of the Code if the distribution were later

deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50% or greater interest (by vote or value) in ParentCo or Alcoa Corporation. For this purpose, any acquisitions of ParentCo or Alcoa Corporation shares within the period beginning two years before the separation and ending two years after the separation are presumed to be part of such a plan, although Alcoa Corporation or ParentCo may be able to rebut that presumption.

In connection with the distribution, Alcoa Corporation and ParentCo will enter into a tax matters agreement pursuant to which Alcoa Corporation will be responsible for certain liabilities and obligations following the distribution. In general, under the terms of the tax matters agreement, if the distribution, together with certain related transactions, were to fail to qualify as a transaction that is generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code (including as a result of Section 355(e) of the Code) or if certain related transactions were to fail to qualify as tax-free under applicable law and, in each case, such failure were the result of actions taken after the distribution by ParentCo or Alcoa Corporation, the party responsible for such failure will be responsible for all taxes imposed on ParentCo or Alcoa Corporation to the extent such taxes result from such actions. However, if such failure was the result of any acquisition of Alcoa Corporation shares or assets, or of any of Alcoa Corporation's representations, statements or undertakings being incorrect, incomplete or breached, Alcoa Corporation generally will be responsible for all taxes imposed as a result of such acquisition or breach. For a discussion of the tax matters agreement, see "Certain Relationships and Related Person Transactions—Tax Matters Agreement." Alcoa Corporation's indemnification obligations to ParentCo under the tax matters agreement are not expected to be limited in amount or subject to any cap. If Alcoa Corporation is required to pay any taxes or indemnify ParentCo and its subsidiaries and their respective officers and directors under the circumstances set forth in the tax matters agreement, Alcoa Corporation may be subject to substantial liabilities.

Backup Withholding and Information Reporting.

Payments of cash to U.S. holders of ParentCo common stock in lieu of fractional shares of Alcoa Corporation common stock may be subject to information reporting and backup withholding (currently, at a rate of 28%), unless such U.S. holder delivers a properly completed IRS Form W-9 certifying such U.S. holder's correct taxpayer identification number and certain other information, or otherwise establishing a basis for exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against a U.S. holder's U.S. federal income tax liability provided that the required information is timely furnished to the IRS.

THE FOREGOING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. THE FOREGOING DISCUSSION DOES NOT PURPORT TO ADDRESS ALL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION OR TAX CONSEQUENCES THAT MAY ARISE UNDER THE TAX LAWS OF OTHER JURISDICTIONS OR THAT MAY APPLY TO PARTICULAR CATEGORIES OF SHAREHOLDERS. HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE DISTRIBUTION TO THEM, INCLUDING THE APPLICATION OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS, AND THE EFFECT OF POSSIBLE CHANGES IN TAX LAWS THAT MAY AFFECT THE TAX CONSEQUENCES DESCRIBED ABOVE.

DESCRIPTION OF MATERIAL INDEBTEDNESS

A subsidiary of Alcoa Corporation has incurred certain indebtedness in connection with the separation.

The material agreements described below are filed as exhibits to the registration statement on Form 10 of which this information statement is a part. The summaries of each of these agreements set forth below are qualified in their entireties by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.

Revolving Credit Facility

On September 16, 2016, Alcoa Corporation and Alcoa Nederland Holding B.V. ("Alcoa Nederland"), a wholly owned subsidiary of Alcoa Corporation, entered into a secured revolving credit agreement with a syndicate of lenders and issuers named therein, and JPMorgan Chase Bank, N.A., as administrative agent for the lenders and issuers (the "Revolving Credit Agreement"). The Revolving Credit Agreement provides for revolving loans to be made available in an aggregate principal amount of up to $1.5 billion (the "Revolving Credit Facility"), of which $750 million of the outstanding loans may be denominated in Euros. In addition, up to $750 million may be utilized for the issuance of letters of credit, with a sublimit of $400 million for any letters of credit issued for the account of Alcoa Corporation or any domestic subsidiary (the "US Letters of Credit"). The proceeds of the Revolving Credit Facility are to be used for transaction costs associated with the separation, to provide working capital and/or for other general corporate purposes of Alcoa Corporation and its subsidiaries. The Revolving Credit Facility will not be available for borrowings until the date on which certain conditions are satisfied (or waived in accordance with the terms of the Revolving Credit Agreement), including the completion of the separation in a manner consistent, in all material respects, with the description provided to the lenders under the Revolving Credit Facility. In particular, if such conditions have not been satisfied (or waived in accordance with the terms of the Revolving Credit Agreement) on or before June 30, 2017, or if prior to the satisfaction of such conditions, Alcoa Corporation receives a public corporate family rating from Moody's of B1 or lower or a public corporate credit rating of B+ or lower from S&P, the commitments under the Revolving Credit Agreement will be terminated.

The Revolving Credit Facility will mature on the earlier of (i) the date that is five years following the date on or after which the conditions for funding are first satisfied and (ii) December 31, 2021, with certain extension rights in the discretion of each lender.

Borrowings under the Revolving Credit Facility bear interest at a rate per annum equal to an applicable margin, plus, at Alcoa Nederland's option, either (a) an adjusted LIBOR rate or (b) a base rate determined by reference to the highest of (1) the prime rate of JPMorgan Chase Bank, N.A., (2) the greater of the federal funds effective rate and the overnight bank funding rate, plus 0.5% and (3) the one month adjusted LIBOR rate plus 1% per annum. The applicable margin for LIBOR loans and base rate loans will vary based on Alcoa Corporation's leverage ratio and will range from 1.75% to 2.50% for LIBOR loans and 0.75% to 1.50% for base rate loans. In addition to paying interest on outstanding borrowings under the Revolving Credit Facility, Alcoa Nederland will be required to pay a quarterly commitment fee based on the unused portion of the Revolving Credit Facility, which will also be determined by Alcoa Corporation's leverage ratio and will range from 0.225% to 0.450%.

Alcoa Nederland will be required to pay customary letter of credit fees and agency fees. Furthermore, an upfront fee equal to 0.375% of the aggregate amount of each lender's commitment is also payable. Alcoa Nederland agrees to pay a ticking fee at a rate per annum equal to 0.125% of the total commitment, for the period from and including the date that is 90 days following the effective date of the Revolving Credit Agreement to but excluding the earlier of (i) the date on or after which the conditions for funding are first satisfied and (ii) the date the commitments are terminated in accordance with Revolving Credit Agreement, and payable on such date.

Alcoa Nederland may voluntarily prepay any amounts outstanding under the Revolving Credit Facility, without penalty or premium, other than customary "breakage" costs with respect to LIBOR loans, and may also reduce the commitment under the Revolving Credit Facility, in whole or in part, in each case, subject to certain minimum amounts and increments.

All obligations of Alcoa Corporation or a domestic entity under the Revolving Credit Facility, including in respect of or in connection with US Letters of Credit, are guaranteed on a senior secured basis by Alcoa Nederland, Alcoa Corporation, Aluminerie Lauralco, Sàrl and the material domestic wholly-owned subsidiaries of Alcoa Corporation (collectively the "US Loan Parties"), subject to certain exceptions set forth in the Revolving Credit Agreement. All such obligations are secured by, subject to certain exceptions (including a limitation of pledges of equity interests in certain foreign subsidiaries to 65%, and certain thresholds with respect to real property), a first priority lien on substantially all assets of the US Loan Parties (other than assets owned by Alcoa Nederland and Aluminerie Lauralco, Sàrl), 100% of the equity interests of Alcoa Australian Holdings Pty Ltd. and 65% of the equity interests of both Alcoa Nederland and Aluminerie Lauralco, Sàrl.

All other obligations under the Revolving Credit Facility are guaranteed by the US Loan Parties and the material foreign wholly-owned subsidiaries of Alcoa Corporation located in Australia, Brazil, Canada, Luxembourg, the Netherlands and Norway (collectively, the "Global Loan Parties"), in each case, subject to certain exceptions set forth in the Revolving Credit Agreement. All such obligations are secured by, subject to certain exceptions (including certain thresholds with respect to real property), a first priority security interest in substantially all assets of the Global Loan Parties, including equity interests of certain subsidiaries that directly holds equity interests in Alcoa World Alumina and Chemicals (AWAC) entities. However, no AWAC entity is a guarantor of any obligation under the Revolving Credit Facility and no asset of any AWAC entity, or equity interests in any AWAC entity, will be pledged to secure the obligations under the Revolving Credit Facility.

The Revolving Credit Facility contains a number of customary affirmative covenants. In addition, the Revolving Credit Facility contains a number of negative covenants (to be applicable to Alcoa Corporation and its restricted subsidiaries), that, subject to certain exceptions, include limitations on (among other things): liens, fundamental changes, sales of assets, indebtedness, entering into restrictive agreements, restricted payments, investments, loans, advances, guarantees and acquisitions, transactions with affiliates, amendment of certain material documents, and a covenant prohibiting reductions in the ownership of AWAC entities held by the Global Loan Parties and certain other specified restricted subsidiaries of Alcoa Corporation, below an agreed level.

The Revolving Credit Facility also includes financial covenants requiring the maintenance of a specified interest expense coverage ratio of not less than 5.00 to 1.00, and a leverage ratio for any period of four consecutive fiscal quarters that is not greater than 2.25 to 1.00.

The Revolving Credit Facility contains customary events of default, including with respect to a failure to make payments under the Revolving Credit Facility, cross-default and cross-judgment default and certain bankruptcy and insolvency events.

Senior Notes

On September 27, 2016, Alcoa Nederland completed an offering of $750,000,000 aggregate principal amount of 6.75% senior notes due 2024 (the "2024 notes") and $500,000,000 aggregate principal amount of 7.00% senior notes due 2026 (the "2026 notes" and, together with the 2024 notes, the "notes"). The notes were issued pursuant to an indenture (the "Indenture") among (i) Alcoa Nederland, (ii) Alcoa Corporation and (iii) The Bank of New York Mellon Trust Company, N.A., as trustee (the "Trustee").

Concurrently with the closing, Alcoa Nederland deposited (i) the net proceeds from the offering of notes and (ii) an additional amount of cash sufficient to fund the redemption of the notes and to pay all regularly scheduled interest on the notes to, but not including, the latest possible redemption date for the Special Mandatory

Redemption (as defined below) and to pay the maximum possible Special Mandatory Redemption Price (as defined below) into segregated escrow accounts. The release of the escrowed funds will be subject to the conditions set forth in the escrow agreements among Alcoa Nederland, the Trustee and SunTrust Bank, as escrow agent (the "Escrow Agent") and securities intermediary, including the delivery of an officer's certificate to the Trustee and Escrow Agent to the effect, among other things, that the separation of the Alcoa Corporation Business (as defined in the Indenture) from ParentCo and the distribution of Alcoa Corporation's common stock to ParentCo's shareholders will occur substantially concurrently with the release of the escrowed funds and that each Initial Subsidiary Guarantor (as defined in the Indenture) has executed and delivered to the Trustee a supplemental indenture to the Indenture to provide a guarantee and that such guarantee will be effective from and after the separation and distribution. If the separation and distribution have not been completed on or before April 3, 2017 (the "Outside Date") or, prior to the Outside Date, Alcoa Nederland has delivered to the Trustee and the Escrow Agent an officer's certificate stating that the separation and distribution have been abandoned or that the conditions for the release of funds will not be satisfied, Alcoa Nederland must redeem the notes (the "Special Mandatory Redemption") at a price equal to (i) 100% of the principal amount of the notes if the redemption occurs on or before December 31, 2016 or (b) 101% of the principal amount of the notes otherwise, in each case, plus accrued and unpaid interest to, but not including, the date on which the Special Mandatory Redemption occurs (the "Special Mandatory Redemption Price").

Prior to the satisfaction of the conditions for the release of funds, the notes are secured by a first-priority lien on the funds held in the escrow accounts. Prior to the distribution date, the notes are guaranteed on a senior unsecured basis by Alcoa Corporation only. From and after the distribution date, the notes will be guaranteed on a senior unsecured basis by Alcoa Corporation and Alcoa Corporation's subsidiaries that are guarantors under the Revolving Credit Facility on the distribution date, subject to certain exceptions (the "subsidiary guarantors" and, together with Alcoa Corporation, the "guarantors"). Each of the subsidiary guarantors will be released from their note guarantees upon the occurrence of certain events, including the release of such guarantor from its obligations as a guarantor under the Revolving Credit Agreement.

The Indenture contains certain restrictive covenants that will, after the separation and distribution, limit Alcoa Nederland's and each guarantor's ability to, among other things, incur, assume or guarantee debt or issue certain disqualified equity interests and preferred shares; pay dividends on or make other distributions in respect of capital stock and make other restricted payments and investments; sell or transfer certain assets; create liens on assets to secure debt unless the notes are secured equally and ratably; enter into certain transactions with their affiliates; restrict dividends and other payments by certain of their subsidiaries; consolidate, merge, sell or otherwise dispose of all or substantially all of their assets; and take any actions that would reduce their ownership of AWAC entities below an agreed level. These covenants are subject to a number of limitations and exceptions. The Indenture also contains customary events of default.

The notes may be redeemed at Alcoa Nederland's option, in whole or in part, at any time and from time to time after September 30, 2019, in the case of the 2024 notes, and September 30, 2021, in the case of the 2026 notes, at the applicable redemption prices that will be set forth in the Indenture. At any time prior to such dates, Alcoa Nederland will be entitled at its option to redeem all, but not less than all, of the notes at a "make-whole" redemption price that will be set forth in the Indenture. Additionally, at any time prior to September 30, 2019, Alcoa Nederland may, on one or more occasions, redeem up to 40% of the aggregate principal amount of the notes of each series at the applicable redemption prices set forth in the Indenture with the net cash proceeds of certain equity offerings. The notes may also be redeemed at the option of Alcoa Nederland at any time in connection with certain changes in withholding taxes. Upon the occurrence of a change of control, if certain other conditions are met, Alcoa Nederland must offer to purchase the notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest.

Upon release from escrow, Alcoa Nederland intends to use a substantial portion of the net proceeds of the issuance of the notes to make a payment to Arconic to fund the transfer of certain assets from Arconic to Alcoa Nederland in connection with the separation and distribution, and remaining net proceeds may be used for general corporate purposes.

Other Debt

Alcoa Corporation has a loan agreement with Brazil's National Bank for Economic and Social Development ("BNDES") that provides for a financing commitment of $397 million, which is divided into three subloans and was used to pay for certain expenditures of the Estreito hydroelectric power project. Interest on the three subloans is a Brazil real rate of interest equal to BNDES' long-term interest rate, 7.00% as of December 31, 2015 plus a weighted-average margin of 1.48%. As of December 31, 2015, Alcoa Corporation's outstanding borrowings was $136 million and the weighted-average interest rate was 8.49%. This loan may be repaid early without penalty with the approval of BNDES.

Alcoa Corporation has another loan agreement with BNDES that provides for a financing commitment of $85 million, which was also used to pay for certain expenditures of the Estreito hydroelectric power project. Interest on the loan is a Brazil real rate of interest equal to BNDES' long-term interest rate plus a margin of 1.55%. As of December 31, 2015, Alcoa Corporation's outstanding borrowings was $38 million, and the interest rate was 6.55%. This loan may be repaid early without penalty with the approval of BNDES. See Note K to the Combined Financial Statements under the caption "Debt."

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the separation and distribution, all of the outstanding shares of Alcoa Corporation common stock will be owned beneficially and of record by ParentCo. Following the separation and distribution, Alcoa Corporation expects to have outstanding an aggregate of approximately 182,467,761 shares of common stock based upon 438,470,031 shares of ParentCo common stock issued and outstanding on September 30, 2016 (as adjusted for ParentCo's one-for-three reverse stock split effective October 5, 2016), excluding treasury shares, assuming no exercise of ParentCo options and applying the distribution ratio.

Security Ownership of Certain Beneficial Owners

The following table reports the number of shares of Alcoa Corporation common stock that Alcoa Corporation expects will be beneficially owned, immediately following the completion of the distribution by each person who is expected to beneficially own more than 5% of Alcoa Corporation common stock at such time. The table is based upon information available as of October 3, 2016 as to those persons who beneficially own more than 5% of ParentCo common stock as reported to the U.S. Securities and Exchange Commission as of the date indicated (as adjusted for ParentCo's one-for-three reverse stock split effective October 5, 2016) and assumes a distribution of approximately 80.1% of the outstanding shares of Alcoa Corporation common stock and that, for every three shares of ParentCo common stock held by such persons, they will receive one of Alcoa Corporation common stock.

Name and Address of Beneficial Owner	Title of Class	Amount and Nature of Beneficial Ownership	Percentage of Class
ParentCo	Common Stock	36,311,084	19.9%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	Common Stock	12,330,916[1]	6.8%
BlackRock, Inc. 55 East 52nd Street New York, NY 10022	Common Stock	9,608,033[2]	5.3%
Elliott Associates, L.P. 40 West 57th Street New York, NY 10019			
Elliott International, L.P. c/o Maples & Calder P.O. Box 309 Ugland House, South Church Street George Town Cayman Islands, British West Indies			
Elliott International Capital Advisors Inc. 40 West 57th Street New York, NY 10019	Common Stock	9,577,777[3]	5.3%

1 As of December 31, 2015, as reported in a Schedule 13G amendment dated February 10, 2016. The Vanguard Group, an investment adviser, reported that it had sole power to vote 2,409,360 shares of ParentCo common stock, sole power to dispose of 108,410,968 shares of ParentCo common stock, shared power to vote 134,064 of the reported shares, and shared power to dispose of 2,567,280 shares of ParentCo common stock, each without adjustment for ParentCo's one-for-three reverse stock split effective October 5, 2016.

2 As of December 31, 2015, as reported in a Schedule 13G amendment dated February 10, 2016. BlackRock Inc., a parent holding company, reported that it had sole power to vote 73,979,475 shares of ParentCo common stock, sole power to dispose of 86,354,096 shares of ParentCo common stock, and shared power to vote and dispose of 118,208 shares of ParentCo common stock, each without adjustment for ParentCo's one-for-three reverse stock split effective October 5, 2016.

3 As of February 1, 2016, as reported in a Schedule 13D amendment dated February 1, 2016: Elliott Associates L.P. had sole power to vote and dispose of 28,532,000 shares of ParentCo common stock, Elliott International, L.P. had shared power to vote and dispose of 57,668,000 shares of ParentCo common stock, and Elliott International Capital Advisors Inc. had shared power to vote and dispose of 57,668,000 shares of ParentCo common stock, each without adjustment for ParentCo's one-for-three reverse stock split effective October 5, 2016. In addition, these Elliott entities collectively had economic exposure comparable to approximately 0.9% of the shares of ParentCo common stock outstanding pursuant to certain derivative agreements disclosed in the Schedule 13D amendment.

Share Ownership of Executive Officers and Directors

The following table sets forth information, immediately following the completion of the distribution calculated as of October 3, 2016, regarding (i) each expected director, director nominee and executive officer of Alcoa Corporation and (ii) all of Alcoa Corporation's expected directors and executive officers as a group, based upon the distribution of approximately 80.1% of the outstanding shares of Alcoa Corporation common stock and that for every three shares of ParentCo common stock held by such persons or group of persons (as adjusted for ParentCo's one-for-three reverse stock split effective October 5, 2016), they will receive one share of Alcoa Corporation common stock. The address of each director, director nominee and executive officer shown in the table below is c/o Alcoa Corporation, Corporate Secretary's Office, 390 Park Avenue, New York, New York 10022-4608.

Name of Beneficial Owner	Shares of Common Stock(1)	Deferred Share Units(2)	Total	Percentage of Class
Michael G. Morris	3,346	10,963	14,309	*
Mary Anne Citrino	—	—	—	*
Timothy P. Flynn	—	—	—	*
Kathryn S. Fuller	—	6,197	6,197	*
James A. Hughes	—	—	—	*
James E. Nevels	33	—	33	*
James W. Owens	1,669	8,306	9,975	*
Carol L. Roberts	—	3,368	3,368	*
Suzanne Sitherwood	—	—	—	*
Steven W. Williams	—	—	—	*
Ernesto Zedillo	—	10,359	10,359	*
Roy C. Harvey	20,182	—	20,182	*
William F. Oplinger	49,492	314	49,806	*
Robert S. Collins	16,391	—	16,391	*
Leigh Ann C. Fisher	14,455	—	14,455	*
Jeffrey D. Heeter	1,572	—	1,572	*
Tómas Sigurðsson	9,014	—	9,014	*
All directors and executive officers as a group (17 persons)	116,154	39,507	155,661	*

* Indicates that the percentage of beneficial ownership does not exceed 1%.

1 This column shows beneficial ownership of Company common stock as calculated under SEC rules, as adjusted for ParentCo's one-for-three reverse stock split effective October 5, 2016. Unless otherwise noted, each director and named executive officer has sole voting and investment power over the shares of Company common stock reported. This column includes shares held of record, shares held by a bank, broker or nominee for the person's account, shares held through family trust arrangements, and for executive officers, share equivalent units held in the Company Retirement Savings Plan which confer voting rights through the plan trustee with respect to shares of Company common stock. This column also includes shares of common stock that may be acquired under employee stock options that are exercisable as of October 3, 2016 or will become exercisable within 60 days thereafter as follows: Mr. Harvey (16,970); Mr. Oplinger (35,093); Mr. Collins (13,618); Ms. Fisher (11,372); Mr. Heeter (0); and Mr. Sigurdsson (4,656); and all executive officers as a

group (81,709). No non-employee directors have Company stock options. As of October 3, 2016, individual directors and executive officers, as well as all directors and executive officers as a group, beneficially owned less than 1% of the outstanding shares of common stock.

2 This column lists (i) for executive officers, deferred share equivalent units that were acquired under the Alcoa Inc. Deferred Compensation Plan and are held under the Alcoa Corporation Deferred Compensation Plan, and (ii) for directors, deferred share equivalent units that were acquired under the Alcoa Inc. 2005 Deferred Fee Plan for Directors (predecessor plans), as adjusted for ParentCo's one-for-three reverse stock split effective October 5, 2016. Each deferred share equivalent unit tracks the economic performance of one share of Alcoa Corporation common stock and is fully vested upon grant, but does not have voting rights.

DESCRIPTION OF ALCOA CORPORATION CAPITAL STOCK

Alcoa Corporation's certificate of incorporation and bylaws will be amended and restated prior to the distribution. The following is a summary of the material terms of our capital stock that will be contained in our amended and restated certificate of incorporation and bylaws. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of our certificate of incorporation or bylaws that will be in effect at the time of the distribution, and are qualified in their entirety by reference to these documents, which you must read (along with the applicable provisions of Delaware law) for complete information on our capital stock as of the time of the distribution. The certificate of incorporation and bylaws, each in a form expected to be in effect at the time of the distribution, will be included as exhibits to Alcoa Corporation's registration statement on Form 10, of which this information statement forms a part. We will include our amended and restated certificate of incorporation and bylaws, as in effect at the time of the distribution, in a Current Report on Form 8-K filed with the SEC. The following also summarizes certain relevant provisions of the Delaware General Corporation Law (which we refer to as the "DGCL"). Since the terms of the DGCL are more detailed than the general information provided below, you should read the actual provisions of the DGCL for complete information.

General

Alcoa Corporation will be authorized to issue 850,000,000 shares, of which:

- 750,000,000 shares will be designated as common stock, par value $0.01 per share; and
- 100,000,000 shares will be designated as preferred stock, par value $0.01 per share.

Immediately following the distribution, we expect that approximately 182,467,761 shares of our common stock will be issued and outstanding and that no shares of our preferred stock will be issued and outstanding.

Common Stock

Dividend Rights

Holders of our common stock will be entitled to receive dividends as declared by the Board of Directors. However, no dividend will be declared or paid on our common stock until the company has paid (or declared and set aside funds for payment of) all dividends that have accrued on all classes of Alcoa Corporation's outstanding preferred stock.

Voting Rights

Holders of our common stock will be entitled to one vote per share.

Liquidation Rights

Upon any liquidation, dissolution or winding up of Alcoa Corporation, whether voluntary or involuntary, after payments to holders of preferred stock of amounts determined by the Board of Directors, plus any accrued dividends, the company's remaining assets will be divided among holders of our common stock.

Preemptive or Other Subscription Rights

Holders of our common stock will not have any preemptive right to subscribe for any securities of the company.

Conversion and Other Rights

No conversion, redemption or sinking fund provisions will apply to our common stock, and our common stock will not be liable to further call or assessment by the company. All issued and outstanding shares of our common stock will be fully paid and non-assessable.

Preferred Stock

Under the terms of our amended and restated certificate of incorporation, our Board of Directors will be authorized to issue up to 100,000,000 shares of preferred stock in one or more series without further action by the holders of our common stock. Our Board of Directors will have the discretion, subject to limitations prescribed by Delaware law and by our amended and restated certificate of incorporation, to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, terms of redemption and liquidation preferences, of each series of preferred stock.

Although our Board of Directors does not currently intend to do so, it could authorize us to issue a class or series of preferred stock that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change of control of our company, even if such transaction or change of control involves a premium price for our stockholders or our stockholders believe that such transaction or change of control may be in their best interests.

Limitation on Liability of Directors; Indemnification; Insurance

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors, and our amended and restated certificate of incorporation will include such an exculpation provision. Our amended and restated certificate of incorporation and bylaws will include provisions that indemnify, to the fullest extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director or officer of Alcoa Corporation, or for serving at Alcoa Corporation's request as a director or officer or another position at another corporation or enterprise, as the case may be. Our amended and restated certificate of incorporation and bylaws will also provide that we must indemnify and advance reasonable expenses to our directors and officers, subject to our receipt of an undertaking from the indemnified party as may be required under the DGCL. Our amended and restated certificate of incorporation will expressly authorize us to carry directors' and officers' insurance to protect Alcoa Corporation, its directors, officers and certain employees against certain liabilities.

The limitation of liability and indemnification provisions that will be in our amended and restated certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against our directors and officers, even though such an action, if successful, might otherwise benefit Alcoa Corporation and its stockholders. Your investment may be adversely affected to the extent that, in a class action or direct suit, Alcoa Corporation pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. However, these provisions will not limit or eliminate our rights, or those of any stockholder, to seek non-monetary relief such as an injunction or rescission in the event of a breach of a director's duty of care. The provisions will not alter the liability of directors under the federal securities laws.

Anti-Takeover Effects of Various Provisions of Delaware Law and our Certificate of Incorporation and Bylaws

Provisions of the DGCL and our amended and restated certificate of incorporation and bylaws could make it more difficult to acquire Alcoa Corporation by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions are expected to discourage certain types of coercive takeover practices and takeover bids that our Board of Directors may consider inadequate and to encourage persons seeking to acquire control of the company to first negotiate with our Board of Directors. We believe that the benefits of increased protection of our ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure it outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Delaware Anti-Takeover Provisions

Alcoa Corporation will be subject to Section 203 of the DGCL, an anti-takeover statute. In general, Section 203 of the DGCL prohibits a publicly-held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the time the person became an interested stockholder, unless the business combination or the acquisition of shares that resulted in a stockholder becoming an interested stockholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Generally, an "interested stockholder" is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status did own) 15% or more of a corporation's voting stock. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by our Board of Directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by our stockholders.

Size of Board; Vacancies; Removal

Our amended and restated bylaws will provide that the number of directors on our Board of Directors will be fixed exclusively by our Board of Directors. Any vacancies created in our Board of Directors resulting from any increase in the authorized number of directors or the death, resignation, retirement, disqualification, removal from office or other cause will be filled by a majority of the Board of Directors then in office, even if less than a quorum is present, or by a sole remaining director. Any director appointed to fill a vacancy on our Board of Directors will be appointed for a term expiring at the next election of directors and until his or her successor has been elected and qualified.

Our amended and restated bylaws will provide that stockholders may remove our directors with or without cause by holders of a majority of shares entitled to vote at an election of directors.

Stockholder Action by Written Consent

Our amended and restated certificate of incorporation will provide that stockholders may not act by written consent unless such written consent is unanimous. Stockholder action must otherwise take place at the annual or a special meeting of our stockholders.

Special Stockholder Meetings

Our amended and restated certificate of incorporation will provide that the chairman of our Board of Directors, our chief executive officer or our Board of Directors pursuant to a resolution adopted by a majority of the entire Board of Directors may call special meetings of our stockholders. Additionally, stockholders owning not less than 25% of our outstanding shares, who have held those shares for at least one year, may call a special stockholder meeting.

Advance Notice for Stockholder Proposals and Nominations

Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors (other than nominations made by or at the direction of the Board of Directors).

Proxy Access

In addition to advance notice procedures, our amended and restated bylaws will also include provisions permitting, subject to certain terms and conditions, stockholders who have maintained continuous qualifying ownership of at least 3% of our outstanding common stock for at least three years to use our annual meeting proxy statement to nominate a number of director candidates not to exceed the greater of two candidates or 20% of the number of directors in office.

Certain Effects of Authorized but Unissued Stock

We may issue additional shares of common stock or preferred stock without stockholder approval, subject to applicable rules of the NYSE and Delaware law, for a variety of corporate purposes, including future public or private offerings to raise additional capital, corporate acquisitions, and employee benefit plans and equity grants. The existence of unissued and unreserved common and preferred stock may enable us to issue shares to persons who are friendly to current management, which could discourage an attempt to obtain control of Alcoa Corporation by means of a proxy contest, tender offer, merger or otherwise. We will not solicit approval of our stockholders for issuance of common or preferred stock unless our Board of Directors believes that approval is advisable or is required by applicable stock exchange rules or Delaware law.

No Cumulative Voting

The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless the company's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will not provide for cumulative voting.

Exclusive Forum

Our amended and restated certificate of incorporation will provide that unless the Board of Directors otherwise determines, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of Alcoa Corporation, any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer of Alcoa Corporation to Alcoa Corporation or to Alcoa Corporation stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, any action asserting a claim against Alcoa Corporation or any current or former director or officer of Alcoa Corporation arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or bylaws, any action asserting a claim relating to or involving Alcoa Corporation governed by the internal affairs doctrine, or any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL. However, if the Court of Chancery of the State of Delaware dismisses any such action for lack of subject matter jurisdiction, the action may be brought in the federal court for the District of Delaware.

Listing

We intend to apply to have our shares of common stock listed on the NYSE under the symbol "AA."

Sale of Unregistered Securities

On March 14, 2016 Alcoa Corporation issued 1,000 shares of its common stock to ParentCo pursuant to Section 4(a)(2) of the Securities Act. We did not register the issuance of the issued shares under the Securities Act because such issuance did not constitute a public offering.

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for our common stock will be Computershare Trust Company, N.A.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to Alcoa Corporation and Alcoa Corporation common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document filed as an exhibit to the registration statement include the material terms of such contract or other document. However, such statements are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, NE, Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330, as well as on the Internet website maintained by the SEC at *www.sec.gov*. **Information contained on or connected to any website referenced in this information statement is not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC**.

As a result of the distribution, Alcoa Corporation will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

We intend to furnish holders of our common stock with annual reports containing combined financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors of Alcoa Inc.

In our opinion, the accompanying combined balance sheets and the related statements of combined operations, combined comprehensive loss, changes in combined equity, and combined cash flows present fairly, in all material respects, the financial position of Alcoa Upstream Corporation at December 31, 2015 and December 31, 2014, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
June 29, 2016

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Alcoa Upstream Corporation
Statement of Combined Operations
(in millions)

For the year ended December 31,	Note	2015	2014	2013
Sales to unrelated parties		$10,121	$11,364	$11,035
Sales to related parties		1,078	1,783	1,538
Total sales	Q	11,199	13,147	12,573
Cost of goods sold (exclusive of expenses below)		9,039	10,548	11,040
Selling, general administrative, and other expenses		353	383	406
Research and development expenses		69	95	86
Provision for depreciation, depletion, and amortization		780	954	1,026
Impairment of goodwill	A & E	—	—	1,731
Restructuring and other charges	D	983	863	712
Interest expense	A & V	270	309	305
Other expenses, net	O	42	58	14
Total costs and expenses		11,536	13,210	15,320
Loss before income taxes		(337)	(63)	(2,747)
Provision for income taxes	S	402	284	123
Net loss		(739)	(347)	(2,870)
Less: Net income (loss) attributable to noncontrolling interest		124	(91)	39
Net loss attributable to Alcoa Upstream Corporation		$ (863)	$ (256)	$ (2,909)

The accompanying notes are an integral part of the combined financial statements of Alcoa Upstream Corporation.

Alcoa Upstream Corporation
Statement of Combined Comprehensive Loss
(in millions)

For the year ended December 31,	Note	Alcoa Upstream Corporation 2015	2014	2013	Noncontrolling interest 2015	2014	2013	Total 2015	2014	2013
Net (loss) income		$ (863)	$(256)	$(2,909)	$ 124	$ (91)	$ 39	$ (739)	$ (347)	$(2,870)
Other comprehensive loss, net of tax:	B									
Change in unrecognized net actuarial loss/gain and prior service cost/benefit related to pension and other postretirement benefits		72	(51)	181	8	(13)	26	80	(64)	207
Foreign currency translation adjustments		(1,183)	(688)	(792)	(428)	(236)	(367)	(1,611)	(924)	(1,159)
Net change in unrecognized gains/losses on cash flow hedges		827	80	181	(1)	—	3	826	80	184
Total Other comprehensive loss, net of tax		(284)	(659)	(430)	(421)	(249)	(338)	(705)	(908)	(768)
Comprehensive loss		$(1,147)	$(915)	$(3,339)	$(297)	$(340)	$(299)	$(1,444)	$(1,255)	$(3,638)

The accompanying notes are an integral part of the combined financial statements of Alcoa Upstream Corporation.

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Alcoa Upstream Corporation
Combined Balance Sheet
(in millions)

December 31,	Note	2015	2014
Assets			
Current assets:			
Cash and cash equivalents	X	$ 557	$ 266
Receivables from customers, less allowances of $0 in 2015 and $1 in 2014		380	474
Other receivables		124	238
Inventories	G	1,172	1,501
Prepaid expenses and other current assets		333	438
Total current assets		2,566	2,917
Properties, plants, and equipment, net	H	9,390	11,326
Goodwill	A & E	152	160
Investments	I	1,472	1,777
Deferred income taxes	S	589	1,065
Fair value of derivative contracts		997	146
Other noncurrent assets	J	1,247	1,289
Total Assets		$16,413	$18,680
Liabilities			
Current liabilities:			
Accounts payable, trade		$ 1,379	$ 1,740
Accrued compensation and retirement costs		313	372
Taxes, including income taxes		136	141
Other current liabilities		558	453
Long-term debt due within one year	K & X	18	29
Total current liabilities		2,404	2,735
Long-term debt, less amount due within one year	K & X	207	313
Noncurrent income taxes		508	424
Accrued pension benefits	W	359	417
Accrued other postretirement benefits	W	78	93
Environmental remediation	N	207	125
Asset retirement obligations	C	539	572
Other noncurrent liabilities and deferred credits	L	598	928
Total liabilities		4,900	5,607
Contingencies and commitments	N		
Equity			
Net parent investment		11,042	11,915
Accumulated other comprehensive loss	B	(1,600)	(1,316)
Total net parent investment and other comprehensive loss		9,442	10,599
Noncontrolling interest	M	2,071	2,474
Total equity		11,513	13,073
Total Liabilities and Equity		$16,413	$18,680

The accompanying notes are an integral part of the combined financial statements of Alcoa Upstream Corporation.

Alcoa Upstream Corporation
Statement of Combined Cash Flows
(in millions)

For the year ended December 31,	Note	2015	2014	2013
Cash From Operations				
Net loss		$(739)	$(347)	$(2,870)
Adjustments to reconcile net loss to cash from operations:				
Depreciation, depletion, and amortization		780	954	1,026
Deferred income taxes	S	86	(50)	(10)
Equity income, net of dividends		158	97	77
Impairment of goodwill	A & E	—	—	1,731
Restructuring and other charges	D	983	863	712
Net gain from investing activities—asset sales	O	(32)	(34)	(13)
Net period pension benefit cost	W	67	77	122
Stock-based compensation	R	35	39	33
Other		41	15	(26)
Changes in assets and liabilities, excluding effects of divestitures and foreign currency translation adjustments:				
Decrease (increase) in receivables		130	(91)	(62)
Decrease (increase) in inventories		212	(126)	36
Decrease (increase) in prepaid expenses and other current assets		58	(21)	(1)
(Decrease) increase in accounts payable, trade		(156)	110	219
(Decrease) in accrued expenses		(311)	(404)	(393)
(Decrease) increase in taxes, including incomes taxes		(32)	(67)	96
Pension contributions	W	(69)	(154)	(128)
(Increase) in noncurrent assets		(356)	(32)	(185)
Increase in noncurrent liabilities		20	13	88
Cash provided from operations		875	842	452
Financing Activities				
Net parent investment		(34)	(332)	561
Net change in short-term borrowings (original maturities of three months or less)		—	—	6
Additions to debt (original maturities greater than three months)	K	—	1	1
Payments on debt (original maturities greater than three months)	K	(24)	(36)	(41)
Contributions from noncontrolling interest	M	2	43	9
Distributions to noncontrolling interest		(106)	(120)	(107)
Cash (used for) provided from financing activities		(162)	(444)	429
Investing Activities				
Capital expenditures		(391)	(444)	(567)
Proceeds from the sale of assets and businesses	F	70	223	8
Additions to investments	I	(63)	(145)	(242)
Sale of investments	I	—	28	—
Other		—	—	(1)
Cash used for investing activities		(384)	(338)	(802)
Effect of exchange rate changes on cash and cash equivalents		(38)	(7)	(14)
Net change in cash and cash equivalents		291	53	65
Cash and cash equivalents at beginning of year		266	213	148
Cash and cash equivalents at end of year		$ 557	$ 266	$ 213

The accompanying notes are an integral part of the combined financial statements of Alcoa Upstream Corporation.

Alcoa Upstream Corporation
Statement of Changes in Combined Equity
(in millions)

	Net parent investment	Accumulated other comprehensive loss	Noncontrolling interest	Total equity
Balance at December 31, 2012	$ 14,934	$ (227)	$ 3,295	$ 18,002
Net (loss) income	(2,909)	—	39	(2,870)
Other comprehensive loss (B)	—	(430)	(338)	(768)
Change in Net parent investment	525	—	—	525
Distributions	—	—	(107)	(107)
Contributions (M)	—	—	9	9
Other	—	—	(2)	(2)
Balance at December 31, 2013	12,550	(657)	2,896	14,789
Net loss	(256)	—	(91)	(347)
Other comprehensive loss (B)	—	(659)	(249)	(908)
Change in Net parent investment	(379)	—	—	(379)
Distributions	—	—	(120)	(120)
Contributions (M)	—	—	43	43
Other	—	—	(5)	(5)
Balance at December 31, 2014	11,915	(1,316)	2,474	13,073
Net (loss) income	(863)	—	124	(739)
Other comprehensive loss (B)	—	(284)	(421)	(705)
Change in Net parent investment	(10)	—	—	(10)
Distributions	—	—	(106)	(106)
Contributions (M)	—	—	2	2
Other	—	—	(2)	(2)
Balance at December 31, 2015	$ 11,042	$ (1,600)	$ 2,071	$ 11,513

The accompanying notes are an integral part of the combined financial statements of Alcoa Upstream Corporation.

ALCOA UPSTREAM CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS
(Dollars in millions)

A. The Proposed Separation and Basis of Presentation

References in these Notes to "ParentCo" refer to Alcoa Inc., a Pennsylvania corporation and its consolidated subsidiaries.

The Proposed Separation. On September 28, 2015, ParentCo announced that its Board of Directors approved a plan (the "separation") to separate into two independent, publicly-traded companies: Alcoa Upstream Corporation ("Alcoa Corporation" or the "Company"), which will primarily comprise the historical bauxite mining, alumina refining, aluminum production and energy operations of ParentCo, as well as the rolling mill at the Warrick, Indiana, operations and ParentCo's 25.1% stake in the Ma'aden Rolling Company in Saudi Arabia; and a value-add company, that will principally include the Global Rolled Products (other than the Warrick and Ma'aden rolling mills), Engineered Products and Solutions, and Transportation and Construction Solutions segments (collectively, the "Value-Add Businesses") of ParentCo.

The separation will occur by means of a pro rata distribution by ParentCo of at least 80.1% of the outstanding shares of Alcoa Corporation. ParentCo, the existing publicly traded company, will continue to own the Value-Add Businesses, and will become the value-add company. In conjunction with the separation, ParentCo will change its name to Arconic Inc. ("Arconic") and Alcoa Upstream Corporation will change its name to Alcoa Corporation.

The separation transaction, which is expected to be completed in the second half of 2016, is subject to a number of conditions, including, but not limited to: final approval by ParentCo's Board of Directors; the continuing validity of the private letter ruling from the Internal Revenue Service regarding certain U.S. federal income tax matters relating to the transaction; receipt of an opinion of legal counsel regarding the qualification of the distribution, together with certain related transactions, as a transaction that is generally tax-free for U.S. federal income tax purposes; and the U.S. Securities and Exchange Commission (the "SEC") declaring effective the registration statement of which this information statement forms a part. Upon completion of the separation, ParentCo shareholders will own at least 80.1% of the outstanding shares of Alcoa Corporation, and Alcoa Corporation will be a separate company from Arconic. Arconic will retain no more than 19.9% of the outstanding shares of common stock of Alcoa Corporation following the distribution.

Alcoa Corporation and Arconic will enter into an agreement (the "Separation Agreement") that will identify the assets to be transferred, the liabilities to be assumed and the contracts to be transferred to each of Alcoa Corporation and Aronic as part of the separation of ParentCo into two companies, and will provide for when and how these transfers and assumptions will occur.

ParentCo may, at any time and for any reason until the proposed transaction is complete, abandon the separation plan or modify its terms.

Basis of Presentation. The Combined Financial Statements of Alcoa Corporation are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and require management to make certain judgments, estimates, and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates upon subsequent resolution of identified matters. The Combined Financial Statements of Alcoa Corporation include the accounts of Alcoa Corporation and companies in which Alcoa Corporation has a controlling interest. Intercompany transactions have been eliminated. The equity method of accounting is used for investments in affiliates and other joint ventures over which Alcoa Corporation has significant influence but does not have effective control. Investments in affiliates in which Alcoa Corporation cannot exercise significant influence are accounted for on the cost method.

Principles of Combination. The Combined Financial Statements include certain assets and liabilities that have historically been held at ParentCo's corporate level but are specifically identifiable or otherwise attributable to Alcoa Corporation. All significant transactions and accounts within Alcoa Corporation have been eliminated. All significant intercompany transactions between ParentCo and Alcoa Corporation have been included within Net parent investment in these Combined Financial Statements.

Cost Allocations. The Combined Financial Statements of Alcoa Corporation include general corporate expenses of ParentCo that were not historically charged to Alcoa Corporation for certain support functions that are provided on a centralized basis, such as expenses related to finance, audit, legal, information technology, human resources, communications, compliance, facilities, employee benefits and compensation, and research and development ("R&D") activities. These general corporate expenses are included in the combined statement of operations within Cost of goods sold, Research and development expenses, and Selling, general administrative and other expenses. These expenses have been allocated to Alcoa Corporation on the basis of direct usage when identifiable, with the remainder allocated based on Alcoa Corporation's segment revenue as a percentage of ParentCo's total segment revenue for both Alcoa Corporation and Arconic.

All external debt not directly attributable to Alcoa Corporation has been excluded from the combined balance sheet of Alcoa Corporation. Financing costs related to these debt obligations have been allocated to Alcoa Corporation based on the ratio of capital invested in Alcoa Corporation to the total capital invested by ParentCo in both Alcoa Corporation and Arconic, and are included in the Statement of Combined Operations within Interest expense.

The following table reflects the allocations of those detailed above:

	Amount allocated to Alcoa Corporation		
	2015	2014	2013
Cost of goods sold(1)	$ 93	$ 76	$109
Selling, general administrative, and other expenses	146	158	154
Research and development expenses	17	21	16
Provision for depreciation, depletion, and amortization	22	37	38
Restructuring and other charges(2)	32	23	14
Interest expense	245	278	272
Other expenses (income), net	12	5	(1)

(1) Allocation relates to ParentCo's retained pension and Other postemployment benefits expenses for closed and sold operations.
(2) Allocation primarily relates to layoff programs for ParentCo employees.

Management believes the assumptions regarding the allocation of ParentCo's general corporate expenses and financing costs are reasonable.

Nevertheless, the Combined Financial Statements of Alcoa Corporation may not reflect the actual expenses that would have been incurred and may not reflect Alcoa Corporation's combined results of operations, financial position and cash flows had it been a standalone company during the periods presented. Actual costs that would have been incurred if Alcoa Corporation had been a standalone company would depend on multiple factors, including organizational structure, capital structure, and strategic decisions made in various areas, including information technology and infrastructure. Transactions between Alcoa Corporation and ParentCo, including sales to Arconic, have been included as related party transactions in these Combined Financial Statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these transactions is reflected in the Statements of Combined Cash Flows as a financing activity and in the Combined Balance Sheet as Net parent investment.

Cash management. Cash is managed centrally with certain net earnings reinvested locally and working capital requirements met from existing liquid funds. Accordingly, the cash and cash equivalents held by

ParentCo at the corporate level were not attributed to Alcoa Corporation for any of the periods presented. Only cash amounts specifically attributable to Alcoa Corporation are reflected in the Combined Balance Sheet. Transfers of cash, both to and from ParentCo's centralized cash management system, are reflected as a component of Net parent investment in Alcoa Corporation's Combined Balance Sheet and as a financing activity on the accompanying Combined Statement of Cash Flows.

ParentCo has an arrangement with several financial institutions to sell certain customer receivables without recourse on a revolving basis. The sale of such receivables is completed through the use of a bankruptcy-remote special-purpose entity, which is a consolidated subsidiary of ParentCo. In connection with this arrangement, certain of Alcoa Corporation's customer receivables are sold on a revolving basis to this bankruptcy-remote subsidiary of ParentCo; these sales are reflected as a component of Net parent investment in the Combined Balance Sheet.

ParentCo participates in several accounts payable settlement arrangements with certain vendors and third-party intermediaries. These arrangements provide that, at the vendor's request, the third-party intermediary advances the amount of the scheduled payment to the vendor, less an appropriate discount, before the scheduled payment date and ParentCo makes payment to the third-party intermediary on the date stipulated in accordance with the commercial terms negotiated with its vendors. In connection with these arrangements, certain of Alcoa Corporation's accounts payable are settled, at the vendor's request, before the scheduled payment date; these settlements are reflected as a component of Net parent investment in the Combined Balance Sheet.

Related Party Transactions. Alcoa Corporation buys products from and sells products to various related companies, including entities in which Alcoa Corporation retains a 50% or less equity interest, at negotiated prices between the two parties. These transactions were not material to the financial position or results of operations of Alcoa Corporation for all periods presented. Transactions between Alcoa Corporation and Arconic have been presented as related party transactions in these Combined Financial Statements.

Cash Equivalents. Cash equivalents are highly liquid investments purchased with an original maturity of three months or less. The cash and cash equivalents held by ParentCo at the corporate level were not attributed to Alcoa Corporation for any periods presented. Only cash amounts specifically attributable to Alcoa Corporation (primarily comprising cash held by entities within the Alcoa World Alumina and Chemicals joint venture) are reflected in the Combined Balance Sheet.

Inventory Valuation. Inventories are carried at the lower of cost or market, with cost for a substantial portion of U.S. and Canadian inventories determined under the last-in, first-out (LIFO) method. The cost of other inventories is principally determined under the average-cost method.

Properties, Plants, and Equipment. Properties, plants, and equipment are recorded at cost. Depreciation is recorded principally on the straight-line method at rates based on the estimated useful lives of the assets. For greenfield assets, which refer to the construction of new assets on undeveloped land, the units of production method is used to record depreciation. These assets require a significant period (generally greater than one-year) to ramp-up to full production capacity. As a result, the units of production method is deemed a more systematic and rational method for recognizing depreciation on these assets. Depreciation is recorded on temporarily idled facilities until such time management approves a permanent shutdown. The following table details the weighted-average useful lives of structures and machinery and equipment by reporting segment (numbers in years):

Segment	Structures	Machinery and equipment
Bauxite	34	17
Alumina	30	27
Aluminum	36	22
Cast Products	36	22
Energy	31	22
Rolled Products	31	21

Gains or losses from the sale of assets are generally recorded in other income or expenses. Repairs and maintenance are charged to expense as incurred. Interest related to the construction of qualifying assets is capitalized as part of the construction costs.

Properties, plants, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets (asset group) may not be recoverable. Recoverability of assets is determined by comparing the estimated undiscounted net cash flows of the operations related to the assets (asset group) to their carrying amount. An impairment loss would be recognized when the carrying amount of the assets (asset group) exceeds the estimated undiscounted net cash flows. The amount of the impairment loss to be recorded is calculated as the excess of the carrying value of the assets (asset group) over their fair value, with fair value determined using the best information available, which generally is a discounted cash flow (DCF) model. The determination of what constitutes an asset group, the associated estimated undiscounted net cash flows, and the estimated useful lives of assets require significant judgments.

Mineral Rights. Alcoa Corporation recognizes mineral rights upon specific acquisitions of land that include such underlying rights, primarily in Jamaica (in December 2014, Alcoa Corporation divested its ownership stake in the joint venture in Jamaica—see Note F). This land is purchased for the sole purpose of mining bauxite. The underlying bauxite reserves are known at the time of acquisition based on associated drilling and analysis and are considered to be proven reserves. The acquisition cost of the land and mineral rights are amortized as the bauxite is produced based on the level of proven reserves determined at the time of purchase. Mineral rights are included in Properties, plants, and equipment on the accompanying Combined Balance Sheet.

Deferred Mining Costs. Alcoa Corporation recognizes deferred mining costs during the development stage of a mine life cycle. Such costs include the construction of access and haul roads, detailed drilling and geological analysis to further define the grade and quality of the known bauxite, and overburden removal costs. These costs relate to sections of the related mines where Alcoa Corporation is either currently extracting bauxite or is preparing for production in the near term. These sections are outlined and planned incrementally and generally are mined over periods ranging from one to five years, depending on mine specifics. The amount of geological drilling and testing necessary to determine the economic viability of the bauxite deposit being mined is such that the reserves are considered to be proven, and the mining costs are amortized based on this level of reserves. Deferred mining costs are included in Other noncurrent assets on the accompanying Combined Balance Sheet.

Goodwill and Other Intangible Assets. Goodwill is not amortized; instead, it is reviewed for impairment annually (in the fourth quarter) or more frequently if indicators of impairment exist or if a decision is made to sell or exit a business. A significant amount of judgment is involved in determining if an indicator of impairment has occurred. Such indicators may include deterioration in general economic conditions, negative developments in equity and credit markets, adverse changes in the markets in which an entity operates, increases in input costs that have a negative effect on earnings and cash flows, or a trend of negative or declining cash flows over multiple periods, among others. The fair value that could be realized in an actual transaction may differ from that used to evaluate the impairment of goodwill.

Goodwill is allocated among and evaluated for impairment at the reporting unit level, which is defined as an operating segment or one level below an operating segment. For 2015, Alcoa Corporation has two reporting units that contain goodwill: Bauxite ($51) and Alumina ($101); and four reporting units that contain no goodwill: Aluminum, Cast Products, Energy, and Rolled Products. Prior to 2015, Alcoa Corporation had three reporting units, which were Alumina (Bauxite, Alumina and a small portion of Energy), Primary Metals (Aluminum, Cast Products and the majority of Energy), and Rolled Products. All goodwill related to Primary Metals was impaired in 2013—see below. The previous amounts mentioned related to Bauxite and Alumina include an allocation of corporate goodwill.

In reviewing goodwill for impairment, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not (greater

than 50%) that the estimated fair value of a reporting unit is less than its carrying amount. If an entity elects to perform a qualitative assessment and determines that an impairment is more likely than not, the entity is then required to perform the existing two-step quantitative impairment test (described below), otherwise no further analysis is required. An entity also may elect not to perform the qualitative assessment and, instead, proceed directly to the two-step quantitative impairment test. The ultimate outcome of the goodwill impairment review for a reporting unit should be the same whether an entity chooses to perform the qualitative assessment or proceeds directly to the two-step quantitative impairment test.

Alcoa Corporation's policy for its annual review of goodwill is to perform the qualitative assessment for all reporting units not subjected directly to the two-step quantitative impairment test. Generally, management will proceed directly to the two-step quantitative impairment test for each of its two reporting units that contain goodwill at least once during every three-year period, as part of its annual review of goodwill.

Under the qualitative assessment, various events and circumstances (or factors) that would affect the estimated fair value of a reporting unit are identified (similar to impairment indicators above). These factors are then classified by the type of impact they would have on the estimated fair value using positive, neutral, and adverse categories based on current business conditions. Additionally, an assessment of the level of impact that a particular factor would have on the estimated fair value is determined using high, medium, and low weighting. Furthermore, management considers the results of the most recent two-step quantitative impairment test completed for a reporting unit and compares the weighted average cost of capital (WACC) between the current and prior years for each reporting unit.

During the 2015 annual review of goodwill, management performed the qualitative assessment for two reporting units, Bauxite and Alumina. Management concluded it was not more likely than not that the estimated fair values of the two reporting units were less than their carrying values. As such, no further analysis was required.

Under the two-step quantitative impairment test, the evaluation of impairment involves comparing the current fair value of each reporting unit to its carrying value, including goodwill. Alcoa Corporation uses a DCF model to estimate the current fair value of its reporting units when testing for impairment, as management believes forecasted cash flows are the best indicator of such fair value. A number of significant assumptions and estimates are involved in the application of the DCF model to forecast operating cash flows, including markets and market share, sales volumes and prices, production costs, tax rates, capital spending, discount rate, and working capital changes. Certain of these assumptions can vary significantly among the reporting units. Cash flow forecasts are generally based on approved business unit operating plans for the early years and historical relationships in later years. The betas used in calculating the individual reporting units' WACC rate are estimated for each business with the assistance of valuation experts.

In the event the estimated fair value of a reporting unit per the DCF model is less than the carrying value, additional analysis would be required. The additional analysis would compare the carrying amount of the reporting unit's goodwill with the implied fair value of that goodwill, which may involve the use of valuation experts. The implied fair value of goodwill is the excess of the fair value of the reporting unit over the fair value amounts assigned to all of the assets and liabilities of that unit as if the reporting unit was acquired in a business combination and the fair value of the reporting unit represented the purchase price. If the carrying value of goodwill exceeds its implied fair value, an impairment loss equal to such excess would be recognized, which could significantly and adversely impact reported results of operations and shareholders' equity.

Goodwill impairment tests in prior years indicated that goodwill was not impaired for any of Alcoa Corporation's reporting units, except for the former Primary Metals segment in 2013 (see below), and there were no triggering events since that time that necessitated an impairment test.

In 2013, for the former Primary Metals reporting unit (see above), the estimated fair value as determined by the DCF model was lower than the associated carrying value. As a result, management performed the second step of the impairment analysis in order to determine the implied fair value of the goodwill. The results of the second-step analysis showed that the implied fair value of goodwill was zero. Therefore, in 2013, Alcoa Corporation recorded a goodwill impairment of $1,731 ($1,719 after noncontrolling interest). As a result of the goodwill impairment, there is no goodwill remaining for the historical Primary Metals reporting unit.

The impairment of the Primary Metals goodwill resulted from several causes: the prolonged economic downturn; a disconnect between industry fundamentals and pricing that has resulted in lower metal prices; and the increased cost of alumina, a key raw material, resulting from expansion of the Alumina Price Index throughout the industry. All of these factors, exacerbated by increases in discount rates, continued to place significant downward pressure on metal prices and operating margins, and the resulting estimated fair value, of the Primary Metals business. As a result, management decreased the near-term and long-term estimates of the operating results and cash flows utilized in assessing the goodwill for impairment. The valuation of goodwill for the second step of the goodwill impairment analysis is considered a level 3 fair value measurement, which means that the valuation of the assets and liabilities reflect management's own judgments regarding the assumptions market participants would use in determining the fair value of the assets and liabilities.

Intangible assets with finite useful lives are amortized generally on a straight-line basis over the periods benefited. The following table details the weighted average useful lives of software and other intangible assets by reporting segment (numbers in years):

Segment	Software	Other intangible assets
Bauxite	7	15
Alumina	7	15
Aluminum	6	37
Cast Products	6	37
Energy	6	37
Rolled Products	9	14

Equity Investments. Alcoa Corporation invests in a number of privately-held companies, primarily through joint ventures and consortia, which are accounted for on the equity method. The equity method is applied in situations where Alcoa Corporation has the ability to exercise significant influence, but not control, over the investee. Management reviews equity investments for impairment whenever certain indicators are present suggesting that the carrying value of an investment is not recoverable. This analysis requires a significant amount of judgment from management to identify events or circumstances indicating that an equity investment is impaired. The following items are examples of impairment indicators: significant, sustained declines in an investee's revenue, earnings, and cash flow trends; adverse market conditions of the investee's industry or geographic area; the investee's ability to continue operations measured by several items, including liquidity; and other factors. Once an impairment indicator is identified, management uses considerable judgment to determine if the impairment is other than temporary, in which case the equity investment is written down to its estimated fair value. An impairment that is other than temporary could significantly and adversely impact reported results of operations.

Revenue Recognition. Alcoa Corporation recognizes revenue when title, ownership, and risk of loss pass to the customer, all of which occurs upon shipment or delivery of the product and is based on the applicable shipping terms. The shipping terms vary across all businesses and depend on the product, the country of origin, and the type of transportation (truck, train, or vessel). Alcoa Corporation periodically enters into long-term supply contracts with alumina and aluminum customers and receives advance payments for product to be delivered in future periods. These advance payments are recorded as deferred revenue, and revenue is recognized as shipments are made and title, ownership, and risk of loss pass to the customer during the term of the contracts. Deferred revenue is included in Other current liabilities and Other noncurrent liabilities and deferred credits on the accompanying Combined Balance Sheet.

Environmental Matters. Expenditures for current operations are expensed or capitalized, as appropriate. Expenditures relating to existing conditions caused by past operations, which will not contribute to future revenues, are expensed. Liabilities are recorded when remediation costs are probable and can be reasonably estimated. The liability may include costs such as site investigations, consultant fees, feasibility studies, outside contractors, and monitoring expenses. Estimates are generally not discounted or reduced by potential claims for recovery. Claims for recovery are recognized as agreements are reached with third parties. The estimates also include costs related to other potentially responsible parties to the extent that Alcoa Corporation has reason to believe such parties will not fully pay their proportionate share. The liability is continuously reviewed and adjusted to reflect current remediation progress, prospective estimates of required activity, and other factors that may be relevant, including changes in technology or regulations.

Litigation Matters. For asserted claims and assessments, liabilities are recorded when an unfavorable outcome of a matter is deemed to be probable and the loss is reasonably estimable. Management determines the likelihood of an unfavorable outcome based on many factors such as the nature of the matter, available defenses and case strategy, progress of the matter, views and opinions of legal counsel and other advisors, applicability and success of appeals processes, and the outcome of similar historical matters, among others. Once an unfavorable outcome is deemed probable, management weighs the probability of estimated losses, and the most reasonable loss estimate is recorded. If an unfavorable outcome of a matter is deemed to be reasonably possible, then the matter is disclosed and no liability is recorded. With respect to unasserted claims or assessments, management must first determine that the probability that an assertion will be made is likely, then, a determination as to the likelihood of an unfavorable outcome and the ability to reasonably estimate the potential loss is made. Legal matters are reviewed on a continuous basis to determine if there has been a change in management’s judgment regarding the likelihood of an unfavorable outcome or the estimate of a potential loss.

Asset Retirement Obligations. Alcoa Corporation recognizes asset retirement obligations (AROs) related to legal obligations associated with the normal operation of bauxite mining, alumina refining, and aluminum smelting facilities. These AROs consist primarily of costs associated with spent pot lining disposal, closure of bauxite residue areas, mine reclamation, and landfill closure. Alcoa Corporation also recognizes AROs for any significant lease restoration obligation, if required by a lease agreement, and for the disposal of regulated waste materials related to the demolition of certain power facilities. The fair values of these AROs are recorded on a discounted basis, at the time the obligation is incurred, and accreted over time for the change in present value. Additionally, Alcoa Corporation capitalizes asset retirement costs by increasing the carrying amount of the related long-lived assets and depreciating these assets over their remaining useful life.

Certain conditional asset retirement obligations (CAROs) related to alumina refineries, aluminum smelters, power and rolled products facilities have not been recorded in the Combined Financial Statements of Alcoa Corporation due to uncertainties surrounding the ultimate settlement date. Such uncertainties exist as a result of the perpetual nature of the structures, maintenance and upgrade programs, and other factors. At the date a reasonable estimate of the ultimate settlement date can be made, Alcoa Corporation would record an ARO for the removal, treatment, transportation, storage, and/or disposal of various regulated assets and hazardous materials such as asbestos, underground and aboveground storage tanks, polychlorinated biphenyls (PCBs), various process residuals, solid wastes, electronic equipment waste, and various other materials. Such amounts may be material to the Combined Financial Statements of Alcoa Corporation in the period in which they are recorded.

Income Taxes. Alcoa Corporation’s operations have historically been included in the income tax filings of ParentCo. The provision for income taxes in Alcoa Corporation’s combined statement of operations is based on a separate return methodology using the asset and liability approach of accounting for income taxes. Under this approach, the provision for income taxes represents income taxes paid or payable (or received or receivable) for the current year plus the change in deferred taxes during the year calculated as if the Company was a standalone taxpayer filing hypothetical income tax returns where applicable. Any additional accrued tax liability or refund arising as a result of this approach is assumed to be immediately settled with ParentCo as a component of Net parent investment. Deferred taxes represent the future tax consequences expected to occur when the reported

amounts of assets and liabilities are recovered or paid, and result from differences between the financial and tax bases of Alcoa Corporation's assets and liabilities and are adjusted for changes in tax rates and tax laws when enacted. Deferred tax assets are reflected in the combined balance sheet for net operating losses, credits or other attributes to the extent that such attributes are expected to transfer to Alcoa Corporation upon the separation. Any difference from attributes generated in a hypothetical return on a separate return basis is adjusted as a component of Net parent investment.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not (greater than 50%) that a tax benefit will not be realized. In evaluating the need for a valuation allowance, management considers all potential sources of taxable income, including income available in carryback periods, future reversals of taxable temporary differences, projections of taxable income, and income from tax planning strategies, as well as all available positive and negative evidence. Positive evidence includes factors such as a history of profitable operations, projections of future profitability within the carryforward period, including from tax planning strategies, and Alcoa Corporation's experience with similar operations. Existing favorable contracts and the ability to sell products into established markets are additional positive evidence. Negative evidence includes items such as cumulative losses, projections of future losses, or carryforward periods that are not long enough to allow for the utilization of a deferred tax asset based on existing projections of income. Deferred tax assets for which no valuation allowance is recorded may not be realized upon changes in facts and circumstances, resulting in a future charge to establish a valuation allowance. Existing valuation allowances are re-examined under the same standards of positive and negative evidence. If it is determined that it is more likely than not that a deferred tax asset will be realized, the appropriate amount of the valuation allowance, if any, is released. Deferred tax assets and liabilities are also re-measured to reflect changes in underlying tax rates due to law changes and the granting and lapse of tax holidays.

Tax benefits related to uncertain tax positions taken or expected to be taken on a tax return are recorded when such benefits meet a more likely than not threshold. Otherwise, these tax benefits are recorded when a tax position has been effectively settled, which means that the statute of limitation has expired or the appropriate taxing authority has completed their examination even though the statute of limitations remains open. Interest and penalties related to uncertain tax positions are recognized as part of the provision for income taxes and are accrued beginning in the period that such interest and penalties would be applicable under relevant tax law until such time that the related tax benefits are recognized.

Stock-Based Compensation. Alcoa Corporation employees have historically participated in ParentCo's equity-based compensation plans. Until consummation of the distribution, Alcoa Corporation will continue to participate in ParentCo's stock-based compensation plans and record compensation expense based on the awards granted to Alcoa Corporation employees. ParentCo recognizes compensation expense for employee equity grants using the non-substantive vesting period approach, in which the expense (net of estimated forfeitures) is recognized ratably over the requisite service period based on the grant date fair value. The compensation expense recorded by Alcoa Corporation, in all periods presented, includes the expense associated with employees historically attributable to Alcoa Corporation operations, as well as the expense associated with the allocation of stock compensation expense for corporate employees. The fair value of new stock options is estimated on the date of grant using a lattice-pricing model. Determining the fair value of stock options at the grant date requires judgment, including estimates for the average risk-free interest rate, dividend yield, volatility, annual forfeiture rate, and exercise behavior. These assumptions may differ significantly between grant dates because of changes in the actual results of these inputs that occur over time.

Most plan participants can choose whether to receive their award in the form of stock options, stock awards, or a combination of both. This choice is made before the grant is issued and is irrevocable.

Derivatives and Hedging. Derivatives are held for purposes other than trading and are part of a formally documented risk management program. For derivatives designated as cash flow hedges, Alcoa Corporation measures hedge effectiveness by formally assessing, at least quarterly, the probable high correlation of the

expected future cash flows of the hedged item and the derivative hedging instrument. The ineffective portions of both types of hedges are recorded in sales or other income or expense in the current period. If the hedging relationship ceases to be highly effective or it becomes probable that an expected transaction will no longer occur, future gains or losses on the derivative instrument are recorded in other income or expense.

Alcoa Corporation accounts for hedges of certain forecasted transactions as cash flow hedges. The fair values of the derivatives are recorded in other current and noncurrent assets and liabilities in the Combined Balance Sheet. The effective portions of the changes in the fair values of these derivatives are recorded in other comprehensive income and are reclassified to sales, cost of goods sold, or other income or expense in the period in which earnings are impacted by the hedged items or in the period that the transaction no longer qualifies as a cash flow hedge. These contracts cover the same periods as known or expected exposures, generally not exceeding five years.

If no hedging relationship is designated, the derivative is marked to market through earnings.

Cash flows from derivatives are recognized in the Statement of Combined Cash Flows in a manner consistent with the underlying transactions.

Pensions and Other Postretirement Benefits. Certain Alcoa Corporation employees participate in defined benefit pension and other postretirement benefit plans (“Shared Plans”) sponsored by ParentCo, which also includes Arconic participants. For purposes of these Combined Financial Statements, Alcoa Corporation accounts for Shared Plans as multiemployer benefit plans. Accordingly, Alcoa Corporation does not record an asset or liability to recognize the funded status of the Shared Plans. However, the related expense recorded by Alcoa Corporation is based primarily on pensionable compensation and estimated interest costs attributable to Alcoa Corporation participants.

Certain plans that are specific to Alcoa Corporation employees (“Direct Plans”) are accounted for as defined benefit pension and other postretirement benefit plans for purposes of the Combined Financial Statements. Accordingly, the funded and unfunded position of each Direct Plan is recorded in the Combined Balance Sheet. Actuarial gains and losses that have not yet been recognized through income are recorded in accumulated other comprehensive income net of taxes, until they are amortized as a component of net periodic benefit cost. The determination of benefit obligations and recognition of expenses related to Direct Plans is dependent on various assumptions. The major assumptions primarily relate to discount rates, long-term expected rates of return on plan assets, and future compensation increases. Management develops each assumption using relevant company experience in conjunction with market-related data for each individual location in which such plans exist.

Foreign Currency. The local currency is the functional currency for Alcoa Corporation’s significant operations outside the United States, except for certain operations in Canada and Iceland, where the U.S. dollar is used as the functional currency. The determination of the functional currency for Alcoa Corporation’s operations is made based on the appropriate economic and management indicators.

Recently Adopted Accounting Guidance. On January 1, 2015, Alcoa Corporation adopted changes issued by the Financial Accounting Standards Board (FASB) to reporting discontinued operations and disclosures of disposals of components of an entity. These changes require a disposal of a component to meet a higher threshold in order to be reported as a discontinued operation in an entity’s financial statements. The threshold is defined as a strategic shift that has, or will have, a major effect on an entity’s operations and financial results such as a disposal of a major geographical area or a major line of business. Additionally, the following two criteria have been removed from consideration of whether a component meets the requirements for discontinued operations presentation: (i) the operations and cash flows of a disposal component have been or will be eliminated from the ongoing operations of an entity as a result of the disposal transaction, and (ii) an entity will not have any significant continuing involvement in the operations of the disposal component after the disposal transaction. Furthermore, equity method investments now may qualify for discontinued operations presentation. These changes also require expanded disclosures for all disposals of components of an entity, whether or not the

threshold for reporting as a discontinued operation is met, related to profit or loss information and/or asset and liability information of the component. The adoption of these changes had no impact on the Combined Financial Statements of Alcoa Corporation. This guidance will need to be considered in the event Alcoa Corporation initiates a disposal of a component.

In November 2015, the FASB issued changes to the balance sheet classification of deferred taxes, which Alcoa Corporation immediately adopted. These changes simplify the presentation of deferred income taxes by requiring all deferred income tax assets and liabilities to be classified as noncurrent in a classified balance sheet. The current requirement that deferred tax assets and liabilities of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendments of this update. As such, all deferred income tax assets and liabilities have been classified in the Deferred income taxes and Other noncurrent liabilities and deferred credits, respectively, line items on the December 31, 2015 Combined Balance Sheet.

Recently Issued Accounting Guidance. In January 2015, the FASB issued changes to the presentation of extraordinary items. Such items are defined as transactions or events that are both unusual in nature and infrequent in occurrence, and, currently, are required to be presented separately in an entity's income statement, net of income tax, after income from continuing operations. The changes eliminate the concept of an extraordinary item and, therefore, the presentation of such items will no longer be required. Notwithstanding this change, an entity will still be required to present and disclose a transaction or event that is both unusual in nature and infrequent in occurrence in the notes to the financial statements. These changes become effective for Alcoa Corporation on January 1, 2016. Management has determined that the adoption of these changes will not have an impact on the Combined Financial Statements.

In February 2015, the FASB issued changes to the analysis that an entity must perform to determine whether it should consolidate certain types of legal entities. These changes (i) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities or voting interest entities, (ii) eliminate the presumption that a general partner should consolidate a limited partnership, (iii) affect the consolidation analysis of reporting entities that are involved with variable interest entities, particularly those that have fee arrangements and related party relationships, and (iv) provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. These changes become effective for Alcoa Corporation on January 1, 2016. Management is currently evaluating the potential impact of these changes on the Combined Financial Statements.

In July 2015, the FASB issued changes to the subsequent measurement of inventory. Currently, an entity is required to measure its inventory at the lower of cost or market, whereby market can be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. The changes require that inventory be measured at the lower of cost and net realizable value, thereby eliminating the use of the other two market methodologies. Net realizable value is defined as the estimated selling prices in the ordinary course of business less reasonably predictable costs of completion, disposal, and transportation. These changes do not apply to inventories measured using LIFO (last-in, first-out) or the retail inventory method. Currently, Alcoa Corporation applies the net realizable value market option to measure non-LIFO inventories at the lower of cost or market. These changes become effective for Alcoa Corporation on January 1, 2017. Management has determined that the adoption of these changes will not have an impact on the Combined Financial Statements.

In May 2014, the FASB issued changes to the recognition of revenue from contracts with customers. These changes created a comprehensive framework for all entities in all industries to apply in the determination of when to recognize revenue, and, therefore, supersede virtually all existing revenue recognition requirements and guidance. This framework is expected to result in less complex guidance in application while providing a consistent and comparable methodology for revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

To achieve this principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract(s), (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract(s), and (v) recognize revenue when, or as, the entity satisfies a performance obligation. In August 2015, the FASB deferred the effective date by one year, making these changes effective for Alcoa Corporation on January 1, 2018. Management is currently evaluating the potential impact of these changes on the Combined Financial Statements.

In August 2014, the FASB issued changes to the disclosure of uncertainties about an entity's ability to continue as a going concern. Under GAAP, continuation of a reporting entity as a going concern is presumed as the basis for preparing financial statements unless and until the entity's liquidation becomes imminent. Even if an entity's liquidation is not imminent, there may be conditions or events that raise substantial doubt about the entity's ability to continue as a going concern. Because there is no guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related note disclosures, there is diversity in practice whether, when, and how an entity discloses the relevant conditions and events in its financial statements. As a result, these changes require an entity's management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that financial statements are issued. Substantial doubt is defined as an indication that it is probable that an entity will be unable to meet its obligations as they become due within one year after the date that financial statements are issued. If management has concluded that substantial doubt exists, then the following disclosures should be made in the financial statements: (i) principal conditions or events that raised the substantial doubt, (ii) management's evaluation of the significance of those conditions or events in relation to the entity's ability to meet its obligations, (iii) management's plans that alleviated the initial substantial doubt or, if substantial doubt was not alleviated, management's plans that are intended to at least mitigate the conditions or events that raise substantial doubt, and (iv) if the latter in (iii) is disclosed, an explicit statement that there is substantial doubt about the entity's ability to continue as a going concern. These changes become effective for Alcoa Corporation for the 2016 annual period. Management has determined that the adoption of these changes will not have an impact on the Combined Financial Statements of Alcoa Corporation. Subsequent to adoption, this guidance will need to be applied by management at the end of each annual period and interim period therein to determine what, if any, impact there will be on the Combined Financial Statements in a given reporting period.

In February 2016, the FASB issued changes to the accounting and presentation of leases. These changes require lessees to recognize a right of use asset and lease liability on the balance sheet for all leases with terms longer than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize a right of use asset and lease liability. Additionally, when measuring assets and liabilities arising from a lease, optional payments should be included only if the lessee is reasonably certain to exercise an option to extend the lease, exercise a purchase option, or not exercise an option to terminate the lease. These changes become effective for Alcoa Corporation on January 1, 2019. Management is currently evaluating the potential impact of these changes on the Combined Financial Statements.

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B. Accumulated Other Comprehensive Loss

The following table details the activity of the three components that comprise Accumulated other comprehensive loss for both Alcoa Corporation and noncontrolling interest:

	Note	Alcoa Corporation			Noncontrolling interest		
		2015	2014	2013	2015	2014	2013
Pension and other postretirement benefits	W						
Balance at beginning of period		(424)	(373)	(554)	(64)	(51)	(77)
Other comprehensive income (loss):							
Unrecognized net actuarial loss/gain and prior service cost/benefit		73	(109)	197	5	(22)	28
Tax (expense) benefit		(18)	35	(54)	(1)	7	(9)
Total Other comprehensive income (loss) before reclassifications, net of tax		55	(74)	143	4	(15)	19
Amortization of net actuarial loss/gain and prior service cost/benefit(1)		26	35	58	6	3	11
Tax expense(2)		(9)	(12)	(20)	(2)	(1)	(4)
Total amount reclassified from Accumulated other comprehensive loss, net of tax(5)		17	23	38	4	2	7
Total Other comprehensive income (loss)		72	(51)	181	8	(13)	26
Balance at end of period		(352)	(424)	(373)	(56)	(64)	(51)
Foreign currency translation							
Balance at beginning of period		(668)	20	812	(351)	(115)	252
Other comprehensive loss(3)		(1,183)	(688)	(792)	(428)	(236)	(367)
Balance at end of period		(1,851)	(668)	20	(779)	(351)	(115)
Cash flow hedges	X						
Balance at beginning of period		(224)	(304)	(485)	(2)	(2)	(5)
Other comprehensive income (loss):							
Net change from periodic revaluations		1,155	78	197	(1)	—	4
Tax expense		(344)	(20)	(40)	—	—	(1)
Total Other comprehensive income (loss) before reclassifications, net of tax		811	58	157	(1)	—	3
Net amount reclassified to earnings:							
Aluminum contracts(4)		21	26	30	—	—	—
Tax expense(2)		(5)	(4)	(6)	—	—	—
Total amount reclassified from Accumulated other comprehensive loss, net of tax(5)		16	22	24	—	—	—
Total Other comprehensive income (loss)		827	80	181	(1)	—	3
Balance at end of period		603	(224)	(304)	(3)	(2)	(2)

(1) These amounts were included in the computation of net periodic benefit cost for pension and other postretirement benefits (see Note W).
(2) These amounts were included in Provision for income taxes on the accompanying Statement of Combined Operations.
(3) In all periods presented, there were no tax impacts related to rate changes and no amounts were reclassified to earnings.
(4) These amounts were included in Sales on the accompanying Statement of Combined Operations.
(5) A positive amount indicates a corresponding charge to earnings and a negative amount indicates a corresponding benefit to earnings. These amounts were reflected on the accompanying Statement of Combined Operations in the line items indicated in footnotes 1 through 4.

C. Asset Retirement Obligations

Alcoa Corporation has recorded AROs related to legal obligations associated with the normal operations of bauxite mining, alumina refining, and aluminum smelting facilities. These AROs consist primarily of costs associated with spent pot lining disposal, closure of bauxite residue areas, mine reclamation, and landfill closure. Alcoa Corporation also recognizes AROs for any significant lease restoration obligation, if required by a lease agreement, and for the disposal of regulated waste materials related to the demolition of certain power facilities.

In addition to AROs, certain CAROs related to alumina refineries, aluminum smelters, power and rolled products facilities have not been recorded in the Combined Financial Statements of Alcoa Corporation due to uncertainties surrounding the ultimate settlement date. Such uncertainties exist as a result of the perpetual nature of the structures, maintenance and upgrade programs, and other factors. At the date a reasonable estimate of the ultimate settlement date can be made (e.g., planned demolition), Alcoa Corporation would record an ARO for the removal, treatment, transportation, storage, and/or disposal of various regulated assets and hazardous materials such as asbestos, underground and aboveground storage tanks, PCBs, various process residuals, solid wastes, electronic equipment waste, and various other materials. If Alcoa Corporation was required to demolish all such structures immediately, the estimated CARO as of December 31, 2015 ranges from $3 to $28 per structure (25 structures) in today's dollars.

The following table details the carrying value of recorded AROs by major category (of which $96 and $77 was classified as a current liability as of December 31, 2015 and 2014, respectively):

December 31,	2015	2014
Spent pot lining disposal	$141	$170
Closure of bauxite residue areas	165	178
Mine reclamation	191	167
Demolition*	103	103
Landfill closure	29	30
Other	6	—
	$635	$648

* In 2015 and 2014, AROs were recorded as a result of management's decision to permanently shut down and demolish certain structures (See Note D).

The following table details the changes in the total carrying value of recorded AROs:

December 31,	2015	2014
Balance at beginning of year	$648	$620
Accretion expense	18	23
Payments	(72)	(83)
Liabilities incurred	96	137
Divestitures*	—	(20)
Foreign currency translation and other	(55)	(29)
Balance at end of year	$635	$648

* In 2014, this amount relates to the sale of an interest in a bauxite mine and alumina refinery in Jamaica and a smelter in the United States (see Note F).

D. Restructuring and Other Charges

Restructuring and other charges for each year in the three-year period ended December 31, 2015 were comprised of the following:

	Note	2015	2014	2013
Asset impairments		$311	$328	$100
Layoff costs		199	157	152
Legal matters in Italy	N	201	—	—
Net loss on divestitures of businesses	F	25	214	—
Resolution of a legal matter	N	—	—	391
Other*		254	181	73
Reversals of previously recorded layoff and other exit costs		(7)	(17)	(4)
Total restructuring and other charges		$983	$863	$712

* Includes $32, $23, and $14 in 2015, 2014, and 2013, respectively, related to the allocation of restructuring charges to Alcoa Corporation based on segment revenue.

Layoff costs were recorded based on approved detailed action plans submitted by the operating locations that specified positions to be eliminated, benefits to be paid under existing severance plans, union contracts or statutory requirements, and the expected timetable for completion of the plans.

2015 Actions. In 2015, Alcoa Corporation recorded Restructuring and other charges of $983, which were comprised of the following components: $418 for exit costs related to decisions to permanently shut down and demolish three smelters and a power station (see below); $238 for the curtailment of two refineries and two smelters (see below); $201 related to legal matters in Italy (see Note N); a $24 net loss primarily related to post-closing adjustments associated with two December 2014 divestitures (see Note F); $45 for layoff costs, including the separation of approximately 465 employees; $33 for asset impairments related to prior capitalized costs for an expansion project at a refinery in Australia that is no longer being pursued; a net credit of $1 for other miscellaneous items; $7 for the reversal of a number of small layoff reserves related to prior periods; and $32 related to Corporate restructuring allocated to Alcoa Corporation.

During 2015, management initiated various alumina refining and aluminum smelting capacity curtailments and/or closures. The curtailments were composed of the remaining capacity at all of the following: the São Luís smelter in Brazil (74,000 metric-tons-per-year); the Suriname refinery (1,330,000 metric-tons-per-year); the Point Comfort, TX refinery (2,010,000 metric-tons-per-year); and the Wenatchee, WA smelter (143,000 metric-tons-per-year). All of the curtailments were completed in 2015 except for 1,635,000 metric-tons-per-year at the Point Comfort refinery, which is expected to be completed by the end of June 2016. The permanent closures were composed of the capacity at the Warrick, IN smelter (269,000 metric-tons-per-year) (includes the closure of a related coal mine) and the infrastructure of the Massena East, NY smelter (potlines were previously shut down in both 2013 and 2014—see 2013 Actions and 2014 Actions below), as the modernization of this smelter is no longer being pursued. The shutdown of the Warrick smelter was completed by the end of March 2016.

The decisions on the above actions were part of a separate 12-month review in refining (2,800,000 metric-tons-per-year) and smelting (500,000 metric-tons-per-year) capacity initiated by management in March 2015 for possible curtailment (partial or full), permanent closure or divestiture. While many factors contributed to each decision, in general, these actions were initiated to maintain competitiveness amid prevailing market conditions for both alumina and aluminum. Demolition and remediation activities related to the Warrick smelter and the Massena East location will begin in 2016 and are expected to be completed by the end of 2020.

Separate from the actions initiated under the reviews described above, in mid-2015, management approved the permanent shutdown and demolition of the Poços de Caldas smelter (capacity of 96,000 metric-tons-per-year) in Brazil and the Anglesea power station (includes the closure of a related coal mine) in Australia. The entire

capacity at Poços de Caldas had been temporarily idled since May 2014 and the Anglesea power station was shut down at the end of August 2015. Demolition and remediation activities related to the Poços de Caldas smelter and the Anglesea power station began in late 2015 and are expected to be completed by the end of 2026 and 2020, respectively.

The decision on the Poços de Caldas smelter was due to management's conclusion that the smelter was no longer competitive as a result of challenging global market conditions for primary aluminum, which led to the initial curtailment, that have not dissipated and higher costs. For the Anglesea power station, the decision was made because a sale process did not result in a sale and there would have been imminent operating costs and financial constraints related to this site in the remainder of 2015 and beyond, including significant costs to source coal from available resources, necessary maintenance costs, and a depressed outlook for forward electricity prices. The Anglesea power station previously supplied approximately 40 percent of the power needs for the Point Henry smelter, which was closed in August 2014 (see 2014 Actions below).

In 2015, costs related to the shutdown and curtailment actions included asset impairments of $226, representing the write-off of the remaining book value of all related properties, plants, and equipment; $154 for the layoff of approximately 3,100 employees (1,800 in the Primary Metals segment and 1,300 in the Alumina segment), including $30 in pension costs (see Note W); accelerated depreciation of $85 related to certain facilities as they continued to operate during 2015; and $222 in other exit costs. Additionally in 2015, remaining inventories, mostly operating supplies and raw materials, were written down to their net realizable value, resulting in a charge of $90, which was recorded in Cost of goods sold on the accompanying Statement of Combined Operations. The other exit costs of $222 represent $72 in asset retirement obligations and $85 in environmental remediation, both of which were triggered by the decisions to permanently shut down and demolish the aforementioned structures in the United States, Brazil, and Australia (includes the rehabilitation of a related coal mine in each of Australia and the United States), and $65 in supplier and customer contract-related costs.

As of December 31, 2015, approximately 740 of the 3,600 employees were separated. The remaining separations for 2015 restructuring programs are expected to be completed by the end of 2016. In 2015, cash payments of $26 were made against layoff reserves related to 2015 restructuring programs.

2014 Actions. In 2014, Alcoa Corporation recorded Restructuring and other charges of $863, which were comprised of the following components: $526 for exit costs related to decisions to permanently shut down and demolish three smelters (see below); a $216 net loss for the divestitures of three operations (see Note F); $61 for the temporary curtailment of two smelters and a related production slowdown at one refinery (see below); $33 for asset impairments related to prior capitalized costs for a modernization project at a smelter in Canada that is no longer being pursued; $9 for layoff costs, including the separation of approximately 60 employees; a net charge of $4 for an environmental charge at a previously shut down refinery; $9 primarily for the reversal of a number of layoff reserves related to prior periods; and $23 related to Corporate restructuring allocated to Alcoa Corporation.

In early 2014, management approved the permanent shutdown and demolition of the remaining capacity (84,000 metric-tons-per-year) at the Massena East, NY smelter and the full capacity (190,000 metric-tons-per-year) at the Point Henry smelter in Australia. The capacity at Massena East was fully shut down by the end of March 2014 and the Point Henry smelter was fully shut down in August 2014. Demolition and remediation activities related to both the Massena East and Point Henry smelters began in late 2014 and are expected to be completed by the end of 2020 and 2018, respectively.

The decisions on the Massena East and Point Henry smelters were part of a 15-month review of 460,000 metric tons of smelting capacity initiated by management in May 2013 (see 2013 Actions below) for possible curtailment. Through this review, management determined that the remaining capacity of the Massena East smelter was no longer competitive and the Point Henry smelter had no prospect of becoming financially viable.

Management also initiated the temporary curtailment of the remaining capacity (62,000 metric-tons-per-year) at the Poços de Caldas smelter and additional capacity (85,000 metric-tons-per-year) at the São Luís smelter, both in Brazil. These curtailments were completed by the end of May 2014. As a result of these curtailments, 200,000 metric-tons-per-year of production at the Poços de Caldas refinery was reduced by the end of June 2014.

Additionally, in August 2014, management approved the permanent shutdown and demolition of the capacity (150,000 metric-tons-per-year) at the Portovesme smelter in Italy, which had been idle since November 2012. This decision was made because the fundamental reasons that made the Portovesme smelter uncompetitive remained unchanged, including the lack of a viable long-term power solution. Demolition and remediation activities related to the Portovesme smelter will begin in 2016 and are expected to be completed by the end of 2020 (delayed due to discussions with the Italian government and other stakeholders).

In 2014, costs related to the shutdown and curtailment actions included $149 for the layoff of approximately 1,290 employees, including $24 in pension costs (see Note W); accelerated depreciation of $146 related to the Point Henry smelter in Australia as they continued to operate during 2014; asset impairments of $150 representing the write-off of the remaining book value of all related properties, plants, and equipment; and $152 in other exit costs. Additionally in 2014, remaining inventories, mostly operating supplies and raw materials, were written down to their net realizable value, resulting in a charge of $55, which was recorded in Cost of goods sold on the accompanying Statement of Combined Operations. The other exit costs of $152 represent $87 in asset retirement obligations and $24 in environmental remediation, both of which were triggered by the decisions to permanently shut down and demolish the aforementioned structures in Australia, Italy, and the United States, and $41 in other related costs, including supplier and customer contract-related costs.

As of December 31, 2015, the separations associated with 2014 restructuring programs were essentially complete. In 2015 and 2014, cash payments of $34 and $87, respectively, were made against layoff reserves related to 2014 restructuring programs.

2013 Actions. In 2013, Alcoa Corporation recorded Restructuring and other charges of $712, which were comprised of the following components: $391 related to the resolution of a legal matter (see Government Investigations under Litigation in Note N); $244 for exit costs related to the permanent shutdown and demolition of certain structures at three smelter locations (see below); $38 for layoff costs, including the separation of approximately 370 employees, of which 280 relates to a global overhead reduction program; $23 for asset impairments related to the write-off of capitalized costs for projects no longer being pursued due to the market environment; a net charge of $2 for other miscellaneous items; and $14 related to Corporate restructuring allocated to Alcoa Corporation.

In May 2013, management approved the permanent shutdown and demolition of two potlines (capacity of 105,000 metric-tons-per-year) that utilize Soderberg technology at the Baie Comeau smelter in Québec, Canada (remaining capacity of 280,000 metric-tons-per-year composed of two prebake potlines) and the full capacity (44,000 metric-tons-per-year) at the Fusina smelter in Italy. Additionally, in August 2013, management approved the permanent shutdown and demolition of one potline (capacity of 41,000 metric-tons-per-year) that utilizes Soderberg technology at the Massena East, NY smelter (remaining capacity of 84,000 metric-tons-per-year composed of two Soderberg potlines). The aforementioned Soderberg lines at Baie Comeau and Massena East were fully shut down by the end of September 2013 while the Fusina smelter was previously temporarily idled in 2010. Demolition and remediation activities related to all three facilities began in late 2013 and are expected to be completed by the end of 2016 for Massena East and by the end of 2017 for both Baie Comeau and Fusina.

The decisions on the Soderberg lines for Baie Comeau and Massena East were part of a 15-month review of 460,000 metric tons of smelting capacity initiated by management in May 2013 for possible curtailment, while the decision on the Fusina smelter was in addition to the capacity being reviewed. Factors leading to all three decisions were in general focused on achieving sustained competitiveness and included, among others: lack of an economically viable, long-term power solution (Italy); changed market fundamentals; other existing idle capacity; and restart costs.

In 2013, exit costs related to the shutdown actions included $113 for the layoff of approximately 550 employees (Primary Metals segment), including $78 in pension costs (see Note W); accelerated depreciation of $58 (Baie Comeau) and asset impairments of $19 (Fusina and Massena East) representing the write-off of the remaining book value of all related properties, plants, and equipment; and $54 in other exit costs. Additionally in 2013, remaining inventories, mostly operating supplies and raw materials, were written down to their net realizable value resulting in a charge of $8, which was recorded in Cost of goods sold on the accompanying Statement of Combined Operations. The other exit costs of $54 represent $47 in asset retirement obligations and $5 in environmental remediation, both of which were triggered by the decisions to permanently shut down and demolish these structures, and $2 in other related costs.

As of December 31, 2015, the separations associated with 2013 restructuring programs were essentially complete. In 2015, 2014, and 2013, cash payments of $6, $24, and $23, respectively, were made against layoff reserves related to 2013 restructuring programs.

Alcoa Corporation does not include Restructuring and other charges in the results of its reportable segments. The impact of allocating such charges to segment results would have been as follows:

	2015	2014	2013
Bauxite	$ 16	$—	$—
Alumina	212	283	10
Aluminum	610	559	296
Cast Products	2	(2)	—
Energy	84	—	—
Rolled Products	9	—	—
Segment total	933	840	306
Corporate	50	23	406
Total restructuring and other charges	$983	$863	$712

Activity and reserve balances for restructuring charges were as follows:

	Layoff costs	Other exit costs	Total
Reserve balances at December 31, 2012	$ 40	$ 15	$ 55
2013:			
Cash payments	(41)	(1)	(42)
Restructuring charges	152	58	210
Other*	(93)	(58)	(151)
Reserve balances at December 31, 2013	58	14	72
2014:			
Cash payments	(120)	(7)	(127)
Restructuring charges	138	158	296
Other*	(26)	(152)	(178)
Reserve balances at December 31, 2014	50	13	63
2015:			
Cash payments	(65)	(1)	(66)
Restructuring charges	199	423	622
Other*	(47)	(420)	(467)
Reserve balances at December 31, 2015	$ 137	$ 15	$ 152

* Other includes reversals of previously recorded restructuring charges and the effects of foreign currency translation. In 2015, 2014, and 2013, Other for layoff costs also included a reclassification of $35, $24, and $83, respectively, in pension and/or other postretirement benefits costs, as these obligations were included in Alcoa Corporation's separate liability for pension and other postretirement benefits obligations (see Note W). Additionally in 2015, 2014, and 2013, Other for other exit costs also included a reclassification of the following restructuring charges: $76, $87, and $58, respectively, in asset retirement and $86, $28, and $12, respectively, in environmental obligations, as these liabilities were included in Alcoa Corporation's separate reserves for asset retirement obligations (see Note C) and environmental remediation (see Note N).

The remaining reserves are expected to be paid in cash during 2016, with the exception of approximately $15, which is expected to be paid over the next several years for ongoing site remediation work and special layoff benefit payments.

E. Goodwill and Other Intangible Assets

The following table details the changes in the carrying amount of goodwill under the Bauxite and Alumina segmentation:

	Note	Bauxite	Alumina	Corporate*	Total
Balance at December 31, 2013:					
Goodwill		$ 2	$ 7	$ 158	$167
Accumulated impairment losses		—			
		2	7	158	167
Divestitures	F	—	(3)	—	(3)
Translation		1	1	(6)	(4)
Balance at December 31, 2014:					
Goodwill		3	5	152	160
Accumulated impairment losses		—	—	—	—
		3	5	152	160
Translation		(1)	(1)	(6)	(8)
Balance at December 31, 2015:					
Goodwill		2	4	146	152
Accumulated impairment losses		—	—	—	—
		$ 2	$ 4	$ 146	$152

* The $146 of goodwill reflected in corporate is allocated to the Bauxite ($49) and Alumina ($97) segments for purposes of impairment testing (see Note A). This goodwill is reflected in Corporate for segment reporting purposes because it is not included in management's assessment of performance by segments.

In 2013, Alcoa Corporation recognized an impairment of goodwill in the amount of $1,731 ($1,719 after noncontrolling interest) related to the annual impairment review of the historical Primary Metals reporting unit (see Goodwill and Other Intangible Assets policy in Note A). Following this impairment, there is no goodwill associated with these four reporting units of Alcoa Corporation: Aluminum, Cast Products, Rolled Products and Energy.

Other intangible assets, which are included in Other noncurrent assets on the accompanying Combined Balance Sheet, were as follows:

December 31, 2015	Gross carrying amount	Accumulated amortization
Computer software	$ 176	$ (158)
Patents and licenses	25	(5)
Other intangibles	25	(10)
Total other intangible assets	$ 226	$ (173)

December 31, 2014	Gross carrying amount	Accumulated amortization
Computer software	$ 186	$ (156)
Patents and licenses	25	(5)
Other intangibles	30	(10)
Total other intangible assets	$ 241	$ (171)

Computer software consists primarily of software costs associated with an enterprise business solution (EBS) within Alcoa Corporation to drive common systems among all businesses.

Amortization expense related to the intangible assets in the tables above for the years ended December 31, 2015, 2014, and 2013 was $10, $13, and $15, respectively, and is expected to be in the range of $10 to $15 annually from 2016 to 2020.

F. Acquisitions and Divestitures

2015 Divestitures. In 2015, Alcoa Corporation had post-closing adjustments, as provided for in the respective purchase agreements, related to two divestitures completed in December 2014 (see 2014 Divestitures below). The combined post-closing adjustments resulted in net cash received of $41 and a net loss of $24, which was recorded in Restructuring and other charges (see Note D) on the accompanying Statement of Combined Operations. These two divestitures are no longer subject to post-closing adjustments.

2014 Divestitures. In 2014, Alcoa Corporation completed the divestiture of three operations as described below. Combined, these transactions yielded net cash proceeds of $223 and resulted in a net loss of $216, which was recorded in Restructuring and other charges (see Note D) on the accompanying Statement of Combined Operations. Two of the three transactions were subject to certain post-closing adjustments as defined in the respective purchase agreements as of December 31, 2014 (see 2015 Divestitures above).

In November 2014, Alcoa Corporation completed the sale of an aluminum rod plant located in Bécancour, Québec, Canada to Sural Laminated Products. This facility takes molten aluminum and shapes it into the form of a rod, which is used by customers primarily for the transportation of electricity. While owned by Alcoa Corporation, the operating results and assets and liabilities of this plant were included in the former Primary Metals segment. In conjunction with this transaction, Alcoa Corporation entered into a multi-year agreement with Sural Laminated Products to supply molten aluminum for the rod plant. The aluminum rod plant generated sales of approximately $200 in 2013 and, at the time of divestiture, had approximately 60 employees.

In December 2014, Alcoa Corporation's majority-owned subsidiary (60%), Alcoa World Alumina and Chemicals (AWAC), completed the sale of its ownership stake in a bauxite mine and alumina refinery joint venture in Jamaica to Noble Group Ltd. The joint venture was 55% owned by a subsidiary of AWAC, which is 40% owned by Alumina Limited. While owned by AWAC, 55% of both the operating results and assets and liabilities of this joint venture were included in the former Alumina segment. As it relates to AWAC's previous

55% ownership stake, the refinery (AWAC's share of the capacity was 778,800 metric-tons-per-year) generated sales (third-party and intersegment) of approximately $200 in 2013, and the refinery and mine combined, at the time of divestiture, had approximately 500 employees.

Also in December 2014, Alcoa Corporation completed the sale of its 50.33% ownership stake in the Mt. Holly smelter located in Goose Creek, South Carolina to Century Aluminum Company. While owned by Alcoa Corporation, 50.33% of both the operating results and assets and liabilities related to the smelter were included in the former Primary Metals segment. As it relates to Alcoa Corporation's previous 50.33% ownership stake, the smelter (Alcoa Corporation's share of the capacity was 115,000 metric-tons-per-year) generated sales of approximately $280 in 2013 and, at the time of divestiture, had approximately 250 employees.

G. Inventories

December 31,	2015	2014
Finished goods	$ 139	$ 231
Work-in-process	171	241
Bauxite and alumina	445	578
Purchased raw materials	295	318
Operating supplies	122	133
	$1,172	$1,501

At December 31, 2015 and 2014, the total amount of inventories valued on a LIFO basis was $361 and $520, respectively. If valued on an average-cost basis, total inventories would have been $172 and $279 higher at December 31, 2015 and 2014, respectively. During 2013, reductions in LIFO inventory quantities caused partial liquidations of the lower cost LIFO inventory base that resulted in the recognition of income of $11.

H. Properties, Plants, and Equipment, Net

December 31,	2015	2014
Land and land rights, including mines	$ 333	$ 383
Structures:		
Bauxite	986	1,335
Alumina	2,405	2,768
Aluminum	3,345	3,520
Cast Products	260	244
Energy	530	656
Rolled Products	256	255
Other	328	381
	8,110	9,159
Machinery and equipment:		
Bauxite	401	496
Alumina	3,717	4,173
Aluminum	6,480	6,911
Cast Products	435	391
Energy	980	1,009
Rolled Products	872	865
Other	306	321
	13,191	14,166
	21,634	23,708
Less: accumulated depreciation, depletion, and amortization	12,728	12,942
	8,906	10,766
Construction work-in-progress	484	560
	$ 9,390	$11,326

As of December 31, 2015 and 2014, the net carrying value of temporarily idled smelting assets was $324 and $419, representing 778 kmt and 665 kmt of idle capacity, respectively. Also, as of December 31, 2015 and 2014, the net carrying value of temporarily idled refining assets was $53 and $62, representing 2,801 kmt and 1,216 kmt of idle capacity, respectively.

I. Investments

As of December 31, 2015 and 2014, the Combined Financial Statements reflect equity investments of $1,472 and $1,777, respectively. These equity investments included an interest in a project to develop a fully-integrated aluminum complex in Saudi Arabia (see below); bauxite mining interests in Guinea (45% of Halco Mining, Inc.) and Brazil (18.2% of Mineração Rio do Norte S.A.); two hydroelectric power projects in Brazil (see Note N); a natural gas pipeline in Australia (see Note N); a smelter operation in Canada (50% of Pechiney Reynolds Quebec, Inc.); and a hydroelectric power company in Canada (40% of Manicouagan Power Limited Partnership). Pechiney Reynolds Quebec, Inc. owns a 50.1% interest in the Bécancour smelter in Quebec, Canada thereby entitling ParentCo to a 25.05% interest in the smelter. Through two wholly-owned Canadian subsidiaries, Alcoa Corporation also owns 49.9% of the Bécancour smelter. Halco Mining, Inc. owns 100% of Boké Investment Company, which owns 51% of Compagnie des Bauxites de Guinée. The investments in the bauxite mining interests in Guinea and Brazil and the natural gas pipeline in Australia are held by wholly-owned subsidiaries of Alcoa World Alumina and Chemicals (AWAC), which is owned 60% by Alcoa Corporation and 40% by Alumina Limited. In 2015, 2014, and 2013, Alcoa Corporation received $152, $86, and $89, respectively, in dividends from its equity investments.

ParentCo and Saudi Arabian Mining Company (known as “Ma’aden”) have a 30-year (from December 2009) joint venture shareholders’ agreement (automatic extension for an additional 20 years, unless the parties agree otherwise or unless earlier terminated) setting forth the terms for the development, construction, ownership, and operation of an integrated bauxite mine, alumina refinery, and aluminum smelter in Saudi Arabia. Specifically, the project developed by the joint venture consists of: (i) a bauxite mine for the extraction of approximately 4,000 kmt of bauxite from the Al Ba’itha bauxite deposit near Quiba in the northern part of Saudi Arabia; (ii) an alumina refinery with an initial capacity of 1,800 kmt; (iii) a primary aluminum smelter with an initial capacity of 740 kmt, and (iv) a rolling mill with an initial capacity of 380 kmt. The refinery, smelter, and rolling mill have been constructed in an industrial area at Ras Al Khair on the east coast of Saudi Arabia. The facilities use critical infrastructure, including power generation derived from reserves of natural gas, as well as port and rail facilities, developed by the government of Saudi Arabia. First production from the smelter, rolling mill, and mine and refinery occurred in December of 2012, 2013, and 2014, respectively.

In 2012, ParentCo and Ma’aden agreed to expand the capabilities of the rolling mill to include a capacity of 100 kmt dedicated to supplying aluminum automotive, building and construction, and foil stock sheet. First production related to the expanded capacity occurred in 2014. This expansion is not expected to result in additional equity investment (see beow) due to significant savings anticipated from a change in the project execution strategy of the initial 380 kmt capacity of the rolling mill.

The joint venture is owned 74.9% by Ma’aden and 25.1% by ParentCo and consists of three separate companies as follows: one each for the mine and refinery, the smelter, and the rolling mill. Following the signing of the joint venture shareholders’ agreement, ParentCo paid Ma’aden $80 representing the initial investment in the project. In addition, ParentCo paid $56 to Ma’aden, representing ParentCo’s pro rata share of certain agreed upon pre-incorporation costs incurred by Ma’aden prior to formation of the joint venture.

Ma’aden and ParentCo have put and call options, respectively, whereby Ma’aden can require ParentCo to purchase from Ma’aden, or ParentCo can require Ma’aden to sell to ParentCo, a 14.9% interest in the joint venture at the then fair market value. These options may only be exercised in a six-month window that opens five years after the Commercial Production Date (as defined in the joint venture shareholders’ agreement) and, if exercised, must be exercised for the full 14.9% interest. The Commercial Production Date for the smelting company was declared on September 1, 2014. There have not been similar declarations yet for the rolling mill company and the mining and refining company.

The ParentCo affiliate that holds Alcoa Corporation's interests in the smelting company and the rolling mill company is wholly owned by ParentCo, and the ParentCo affiliate that holds Alcoa Corporation's interest in the mining and refining company is wholly owned by AWAC. Except in limited circumstances, ParentCo may not sell, transfer or otherwise dispose of or encumber or enter into any agreement in respect of the votes or other rights attached to its interests in the joint venture without Ma'aden's prior written consent.

A number of ParentCo employees perform various types of services for the smelting, rolling mill, and refining and mining companies as part of the construction of the fully-integrated aluminum complex. At December 31, 2015 and 2014, ParentCo had an outstanding receivable of $19 and $30, respectively, from the smelting, rolling mill, and refining and mining companies for labor and other employee-related expenses.

Capital investment in the project is expected to total approximately $10,800 (SAR 40.5 billion) and has been funded through a combination of equity contributions by the joint venture partners and project financing by the joint venture, which has been guaranteed by both partners (see below). Both the equity contributions and the guarantees of the project financing are based on the joint venture's partners' ownership interests. Originally, it was estimated that ParentCo's total equity investment in the joint venture would be approximately $1,100, of which ParentCo has contributed $981, including $29 and $120 in 2015 and 2014, respectively. Based on changes to both the project's capital investment and equity and debt structure from the initial plans, the estimated $1,100 equity contribution may be reduced. As of December 31, 2015 and 2014, the carrying value of Alcoa Corporation's investment in this project was $928 and $983, respectively.

The smelting and rolling mill companies have project financing totaling $4,311 (reflects principal payments made through December 31, 2015), of which $1,082 represents ParentCo's share (the equivalent of ParentCo's 25.1% interest in the smelting and rolling mill companies). In conjunction with the financings, ParentCo issued guarantees on behalf of the smelting and rolling mill companies to the lenders in the event that such companies default on their debt service requirements through 2017 and 2020 for the smelting company and 2018 and 2021 for the rolling mill company (Ma'aden issued similar guarantees for its 74.9% interest). ParentCo's guarantees for the smelting and rolling mill companies cover total debt service requirements of $142 in principal and up to a maximum of approximately $50 in interest per year (based on projected interest rates). At December 31, 2015 and 2014, the combined fair value of the guarantees was $7 and $8, respectively, which was included in Other noncurrent liabilities and deferred credits on the accompanying Alcoa Corporation Combined Balance Sheet.

The mining and refining company has project financing totaling $2,232, of which $560 represents AWAC's 25.1% interest in the mining and refining company. In conjunction with the financings, ParentCo, on behalf of AWAC, issued guarantees to the lenders in the event that the mining and refining company defaults on its debt service requirements through 2019 and 2024 (Ma'aden issued similar guarantees for its 74.9% interest). ParentCo's guarantees for the mining and refining company cover total debt service requirements of $120 in principal an up to a maximum of approximately $30 in interest per year (based on projected interest rates). At December 31, 2015 and 2014, the combined fair value of the guarantees was $3 and $4, respectively, which was included in Other noncurrent liabilities and deferred credits on the accompanying Alcoa Corporation Combined Balance Sheet. In the event ParentCo would be required to make payments under the guarantees, 40% of such amount would be contributed to ParentCo by Alumina Limited, consistent with its ownership interest in AWAC.

In June 2013, all three joint venture companies entered into a 20-year gas supply agreement with Saudi Aramco, replacing the previous authorized gas allocation of the Ministry of Petroleum and Mineral Resources of Saudi Arabia (the "Ministry of Petroleum"). The gas supply agreement provides sufficient fuel to meet manufacturing process requirements as well as fuel to the adjacent combined water and power plant being constructed by Saline Water Conversion Corporation, which is owned by the government of Saudi Arabia and is responsible for desalinating sea water and producing electricity for Saudi Arabia. The combined water and power plant will convert the three joint venture companies' gas into electricity and water at cost, which will be supplied to the refinery, smelter, and rolling mill. A $60 letter of credit previously provided to the Ministry of Petroleum by Ma'aden (ParentCo is responsible for its pro rata share) under the gas allocation was terminated in June 2015 due to the completion of certain auxiliary rolling facilities.

The parties subject to the joint venture shareholders' agreement may not sell, transfer, or otherwise dispose of, pledge, or encumber any interests in the joint venture until certain milestones have been met as defined in both agreements. Under the joint venture shareholders' agreement, upon the occurrence of an unremedied event of default by ParentCo, Ma'aden may purchase, or, upon the occurrence of an unremedied event of default by Ma'aden, ParentCo may sell, its interest for consideration that varies depending on the time of the default.

J. Other Noncurrent Assets

December 31,	Note	2015	2014
Gas supply prepayment	N	$ 288	$ —
Prepaid gas transmission contract	N	268	295
Value-added tax receivable		233	294
Deferred mining costs, net		203	209
Intangibles, net	E	53	70
Prepaid pension benefit	W	35	35
Advance related to European Commission Matter in Italy	N	—	111
Other		167	275
		$1,247	$1,289

K. Debt

December 31,	2015	2014
BNDES Loans, due 2016-2029 (see below for weighted average rates)	$174	$267
Chelan County Loan, due 2031 (5.85%)	14	14
Other	37	61
	225	342
Less: amount due within one year	18	29
	$207	$313

The principal amount of long-term debt maturing in each of the next five years is $18 in 2016, $17 in 2017, $16 in 2018, $15 in 2019, and $15 in 2020.

BNDES Loans—Alcoa Corporation has a loan agreement with Brazil's National Bank for Economic and Social Development (BNDES) that provides for a financing commitment of $397 (R$687), which is divided into three subloans and was used to pay for certain expenditures of the Estreito hydroelectric power project. Interest on the three subloans is a Brazil real rate of interest equal to BNDES' long-term interest rate, 7.00% and 5.00% as of December 31, 2015 and 2014, respectively, plus a weighted-average margin of 1.48%. Principal and interest are payable monthly, which began in October 2011 and end in September 2029 for two of the subloans totaling R$667 and began in July 2012 and end in June 2018 for the subloan of R$20. This loan may be repaid early without penalty with the approval of BNDES.

As of December 31, 2015 and 2014, Alcoa Corporation's outstanding borrowings were $136 (R$522) and $209 (R$560), respectively, and the weighted-average interest rate was 8.49%. During 2015 and 2014, Alcoa Corporation repaid $15 (R$48) and $20 (R$47), respectively, of outstanding borrowings. Additionally, Alcoa Corporation borrowed less than $1 (R$1) and $1 (R$2) under the loan in 2015 and 2014, respectively.

Alcoa Corporation has another loan agreement with BNDES that provides for a financing commitment of $85 (R$177), which also was used to pay for certain expenditures of the Estreito hydroelectric power project. Interest on the loan is a Brazil real rate of interest equal to BNDES' long-term interest rate plus a margin of 1.55%. Principal and interest are payable monthly, which began in January 2013 and end in September 2029. This loan may be repaid early without penalty with the approval of BNDES. As of December 31, 2015 and 2014,

Alcoa Corporation's outstanding borrowings were $38 (R146) and $58 (R$156), respectively, and the interest rate was 6.55%. During 2015 and 2014, Alcoa Corporation repaid $3 (R$10) and $5 (R$11), respectively, of outstanding borrowings.

L. Other Noncurrent Liabilities and Deferred Credits

December 31,	Note	2015	2014
Fair value of derivative contracts	X	$189	$368
Liability related to the resolution of a legal matter	N	148	222
Accrued compensation and retirement costs		92	102
Deferred alumina sales revenue		84	93
Deferred credit related to derivative contract	X	—	62
Other		85	81
		$598	$928

M. Noncontrolling Interest

As of December 31, 2015 and 2014, the amount of the noncontrolling shareholder's (Alumina Limited) interest in the equity of certain Alcoa Corporation majority-owned entities, collectively known as Alcoa World Alumina and Chemicals, was $2,071 and $2,474, respectively.

In 2015, 2014, and 2013, Alcoa Corporation received $2, $43, and $9, respectively, in contributions from Alumina Limited related to Alcoa World Alumina and Chemicals.

In 2013, Noncontrolling interest included a charge of $17 related to a legal matter (see Settlement with Alumina Limited under Litigation in Note N).

N. Contingencies and Commitments

Contingencies

The matters discussed within this section are those of ParentCo that are associated directly or indirectly with Alcoa Corporation's operations. For those matters where the outcome remains uncertain, the ultimate allocation of any potential future costs between Alcoa Corporation and Arconic will be addressed in the Separation Agreement.

Litigation.

Alba Matter

Civil Suit. On February 27, 2008, ParentCo received notice that Aluminium Bahrain B.S.C. ("Alba") had filed suit against ParentCo, Alcoa World Alumina LLC ("AWA"), and William Rice (collectively, the "ParentCo Parties"), and others, in the U.S. District Court for the Western District of Pennsylvania (the "Court"), Civil Action number 08-299, styled Aluminium Bahrain B.S.C. v. ParentCo, Alcoa World Alumina LLC, William Rice, and Victor Phillip Dahdaleh. The complaint alleged that certain ParentCo entities and their agents, including Victor Phillip Dahdaleh, had engaged in a conspiracy over a period of 15 years to defraud Alba. The complaint further alleged that ParentCo and its employees or agents (1) illegally bribed officials of the government of Bahrain and/or officers of Alba in order to force Alba to purchase alumina at excessively high prices, (2) illegally bribed officials of the government of Bahrain and/or officers of Alba and issued threats in order to pressure Alba to enter into an agreement by which ParentCo would purchase an equity interest in Alba, and (3) assigned portions of existing supply contracts between ParentCo and Alba for the sole purpose of facilitating alleged bribes and unlawful commissions. The complaint alleged that ParentCo and the other defendants violated the Racketeer Influenced and Corrupt Organizations Act (RICO) and committed fraud. Alba claimed damages in excess of $1,000. Alba's complaint sought treble damages with respect to its RICO claims; compensatory, consequential, exemplary, and punitive damages; rescission of the 2005 alumina supply contract; and attorneys' fees and costs.

On October 9, 2012, the ParentCo Parties, without admitting any liability, entered into a settlement agreement with Alba. The agreement called for AWA to pay Alba $85 in two equal installments, one-half at time of settlement and one-half one year later, and for the case against the ParentCo Parties to be dismissed with prejudice. Additionally, AWA and Alba entered into a long-term alumina supply agreement. On October 9, 2012, pursuant to the settlement agreement, AWA paid Alba $42.5, and all claims against the ParentCo Parties were dismissed with prejudice. On October 9, 2013 pursuant to the settlement agreement, AWA paid the remaining $42.5. Based on the settlement agreement, in the 2012 third quarter, ParentCo recorded a $40 charge in addition to the $45 charge it recorded in the 2012 second quarter in respect of the suit (see Agreement with Alumina Limited below).

Government Investigations. On February 26, 2008, ParentCo advised the Department of Justice (“DOJ”) and the Securities and Exchange Commission (“SEC”) that it had recently become aware of the claims by Alba as alleged in the Alba civil suit, had already begun an internal investigation and intended to cooperate fully in any investigation that the DOJ or the SEC may commence. On March 17, 2008, the DOJ notified ParentCo that it had opened a formal investigation. The SEC subsequently commenced a concurrent investigation. ParentCo has been cooperating with the government since that time.

In the second quarter of 2013, ParentCo proposed to settle the DOJ matter by offering the DOJ a cash payment of $103. Based on this offer, ParentCo recorded a charge of $103 in the 2013 second quarter. Also in the second quarter of 2013, ParentCo exchanged settlement offers with the SEC. However, the SEC staff rejected ParentCo’s offer of $60 and no charge was recorded. During the remainder of 2013, settlement discussions with both the DOJ and the SEC continued.

On January 9, 2014, ParentCo resolved the investigations by the DOJ and the SEC. The settlement with the DOJ was reached with AWA. Under the terms of a plea agreement entered into with the DOJ, effective January 9, 2014, AWA pled guilty to one count of violating the anti-bribery provisions of the Foreign Corrupt Practices Act of 1977, as amended (the “FCPA”). As part of the DOJ resolution, AWA agreed to pay a total of $223, including a fine of $209 payable in five equal installments over four years. The first installment of $41.8, plus a one-time administrative forfeiture of $14, was paid in the first quarter of 2014, the second installment of $41.8 was paid in the first quarter of 2015, and the remaining installments of $41.8 each will be paid in the first quarters of 2016 through 2018 (the third installment was paid on January 8, 2016). The DOJ is bringing no case against ParentCo.

Effective January 9, 2014, ParentCo also settled civil charges filed by the SEC in an administrative proceeding relating to the anti-bribery, internal controls, and books and records provisions of the FCPA. Under the terms of the settlement with the SEC, ParentCo agreed to a settlement amount of $175, but will be given credit for the $14 one-time forfeiture payment, which is part of the DOJ resolution, resulting in a total cash payment to the SEC of $161 payable in five equal installments over four years. The first and second installments of $32.2 each were paid to the SEC in the first quarter of 2014 and 2015, respectively, and the remaining installments of $32.2 each will be paid in the first quarters of 2016 through 2018 (the third installment was paid on January 25, 2016).

There was no allegation in the filings by the DOJ and there was no finding by the SEC that anyone at ParentCo knowingly engaged in the conduct at issue.

Based on the resolutions with both the DOJ and SEC, in the 2013 fourth quarter, ParentCo recorded a $288 charge, which includes legal costs of $7, in addition to the $103 charge it recorded in the 2013 second quarter in respect of the investigations (see Agreement with Alumina Limited below).

Agreement with Alumina Limited. AWA is a U.S.-based Alcoa World Alumina and Chemicals (“AWAC”) company organized under the laws of Delaware that owns, directly or indirectly, alumina refineries and bauxite mines in the Atlantic region. AWAC is an unincorporated global bauxite mining and alumina refining venture between ParentCo and Alumina Limited. AWAC consists of a number of affiliated entities, including AWA, which own, or have an interest in, or operate bauxite mines and alumina refineries in eight

countries (seven as of December 31, 2014 due to the divestiture of an ownership interest in a mining and refining joint venture in Jamaica—see Note F). ParentCo owns 60% and Alumina Limited owns 40% of these individual entities, which are consolidated by ParentCo for financial reporting purposes (and are reflected in Alcoa Corporation's combined financial statements).

In October 2012, ParentCo and Alumina Limited entered into an agreement to allocate the costs of the Alba civil settlement and all legal fees associated with this matter (including the government investigations discussed above) between ParentCo and Alumina Limited on an 85% and 15% basis, respectively, but this would occur only if a settlement is reached with the DOJ and the SEC regarding their investigations. As such, the $85 civil settlement in 2012 and all legal costs associated with the civil suit and government investigations incurred prior to 2013 were allocated on a 60% and 40% basis in the respective periods on ParentCo's Statement of Consolidated Operations. As a result of the resolutions of the government investigations, the $384 charge and legal costs incurred in 2013 were allocated on an 85% and 15% basis per the allocation agreement with Alumina Limited. Additionally, the $85 civil settlement from 2012 and all legal costs associated with the civil suit and government investigations incurred prior to 2013 were reallocated on the 85% and 15% basis. The following table details the activity related to the Alba matter:

	2013			2012		
	Alcoa Corporation	Alumina Limited	Total	Alcoa Corporation	Alumina Limited	Total
Government investigations(1)	$ 326	$ 58	$384	$ —	$ —	$—
Civil suit(1)	—	—	—	51	34	85
Reallocation of civil suit	21	(21)	—	—	—	—
Reallocation of legal costs	20	(20)	—	—	—	—
Loss before income taxes(2)	367	17	384	51	34	85

(1) The amount in the Total column was recorded in Restructuring and other charges (see Note D).
(2) In 2013 and 2012, the amount for Alcoa Corporation was included in Net income (loss) attributable to Alcoa Corporation, and the amount for Alumina Limited was included in Net income (loss) attributable to noncontrolling interest.

Other Matters

On June 5, 2015, Alcoa World Alumina LLC ("AWA") and St. Croix Alumina, L.L.C. ("SCA") filed a complaint in Delaware Chancery Court for a declaratory judgment and injunctive relief to resolve a dispute between ParentCo and Glencore Ltd. ("Glencore") with respect to claimed obligations under a 1995 asset purchase agreement between ParentCo and Glencore. The dispute arose from Glencore's demand that ParentCo indemnify it for liabilities it may have to pay to Lockheed Martin ("Lockheed") related to the St. Croix alumina refinery. Lockheed had earlier filed suit against Glencore in federal court in New York seeking indemnity for liabilities it had incurred and would incur to the U.S. Virgin Islands to remediate certain properties at the refinery property and claimed that Glencore was required by an earlier, 1989 purchase agreement to indemnify it. Glencore had demanded that ParentCo indemnify and defend it in the Lockheed case and threatened to claim against ParentCo in the New York action despite exclusive jurisdiction for resolution of disputes under the 1995 purchase agreement being in Delaware. After Glencore conceded that it was not seeking to add ParentCo to the New York action, AWA and SCA dismissed their complaint in the Chancery Court case and on August 6, 2015 filed a complaint for declaratory judgment in Delaware Superior Court. AWA and SCA filed a motion for judgment on the pleadings on September 16, 2015. Glencore answered AWA's and SCA's complaint and asserted counterclaims on August 27, 2015, and on October 2, 2015 filed its own motion for judgment on the pleadings. Argument on the parties' motions was held by the court on December 7, 2015, and by order dated February 8, 2016, the court granted ParentCo's motion and denied Glencore's motion, resulting in ParentCo not being liable to indemnify Glencore for the Lockheed action. The decision also leaves for pretrial discovery and possible summary judgment or trial Glencore's claims for costs and fees it incurred in defending and settling an earlier Superfund action brought against Glencore by the Government of the Virgin Islands. On February 17,

2016, Glencore filed notice of its application for interlocutory appeal of the February 8 ruling. AWA and SCA filed an opposition to that application on February 29, 2016. On March 10, 2016, the court denied Glencore's motion for interlocutory appeal and on the same day entered judgment on claims other than Glencore's claims for costs and fees it incurred in defending and settling the earlier Superfund action brought against Glencore by the Government of the Virgin Islands. On March 29, 2016, Glencore filed a withdrawal of its notice of interlocutory appeal and also noted its intent to appeal the court's March 10, 2016 judgment. Glencore filed its opening brief on its appeal on May 23, 2016. ParentCo filed its reply brief on June 22, 2016, with all further briefing to be concluded by July 7, 2016. At this time, the Company is unable to reasonably predict an outcome for this matter.

Before 2002, ParentCo purchased power in Italy in the regulated energy market and received a drawback of a portion of the price of power under a special tariff in an amount calculated in accordance with a published resolution of the Italian Energy Authority, Energy Authority Resolution n. 204/1999 ("204/1999"). In 2001, the Energy Authority published another resolution, which clarified that the drawback would be calculated in the same manner, and in the same amount, in either the regulated or unregulated market. At the beginning of 2002, ParentCo left the regulated energy market to purchase energy in the unregulated market. Subsequently, in 2004, the Energy Authority introduced regulation no. 148/2004, which set forth a different method for calculating the special tariff that would result in a different drawback for the regulated and unregulated markets. ParentCo challenged the new regulation in the Administrative Court of Milan and received a favorable judgment in 2006. Following this ruling, ParentCo continued to receive the power price drawback in accordance with the original calculation method, through 2009, when the European Commission declared all such special tariffs to be impermissible "state aid." In 2010, the Energy Authority appealed the 2006 ruling to the Consiglio di Stato (final court of appeal). On December 2, 2011, the Consiglio di Stato ruled in favor of the Energy Authority and against ParentCo, thus presenting the opportunity for the energy regulators to seek reimbursement from ParentCo of an amount equal to the difference between the actual drawback amounts received over the relevant time period, and the drawback as it would have been calculated in accordance with regulation 148/2004. On February 23, 2012, ParentCo filed its appeal of the decision of the Consiglio di Stato (this appeal was subsequently withdrawn in March 2013). On March 26, 2012, ParentCo received a letter from the agency (Cassa Conguaglio per il Settore Eletrico (CCSE)) responsible for making and collecting payments on behalf of the Energy Authority demanding payment in the amount of approximately $110 (€85), including interest. By letter dated April 5, 2012, ParentCo informed CCSE that it disputes the payment demand of CCSE since (i) CCSE was not authorized by the Consiglio di Stato decisions to seek payment of any amount, (ii) the decision of the Consiglio di Stato has been appealed (see above), and (iii) in any event, no interest should be payable. On April 29, 2012, Law No. 44 of 2012 ("44/2012") came into effect, changing the method to calculate the drawback. On February 21, 2013, ParentCo received a revised request letter from CSSE demanding ParentCo's subsidiary, ParentCo Trasformazioni S.r.l., make a payment in the amount of $97 (€76), including interest, which reflects a revised calculation methodology by CCSE and represents the high end of the range of reasonably possible loss associated with this matter of $0 to $97 (€76). ParentCo has rejected that demand and has formally challenged it through an appeal before the Administrative Court on April 5, 2013. The Administrative Court scheduled a hearing for December 19, 2013, which was subsequently postponed until April 17, 2014, and further postponed until June 19, 2014. On this date, the Administrative Court listened to ParentCo's oral argument, and on September 2, 2014, rendered its decision. The Administrative Court declared the payment request of CCSE and the Energy Authority to ParentCo to be unsubstantiated based on the 148/2004 resolution with respect to the January 19, 2007 through November 19, 2009 timeframe. On December 18, 2014, the CCSE and the Energy Authority appealed the Administrative Court's September 2, 2014 decision; however, a date for the hearing has not been scheduled. As a result of the conclusion of the European Commission Matter on January 26, 2016 described below, management has modified its outlook with respect to a portion of the pending legal proceedings related to this matter. As such, a charge of $37 (€34) was recorded in Restructuring and other charges for the year ended December 31, 2015, on Alcoa Corporation's Statement of Combined Operations to establish a partial reserve for this matter. At this time, Alcoa Corporation is unable to reasonably predict the ultimate outcome for this matter.

European Commission Matter. In July 2006, the European Commission (EC) announced that it had opened an investigation to establish whether an extension of the regulated electricity tariff granted by Italy to

some energy-intensive industries complied with European Union (EU) state aid rules. The Italian power tariff extended the tariff that was in force until December 31, 2005 through November 19, 2009 (ParentCo had been incurring higher power costs at its smelters in Italy subsequent to the tariff end date through the end of 2012). The extension was originally through 2010, but the date was changed by legislation adopted by the Italian Parliament effective on August 15, 2009. Prior to expiration of the tariff in 2005, ParentCo had been operating in Italy for more than 10 years under a power supply structure approved by the EC in 1996. That measure provided a competitive power supply to the primary aluminum industry and was not considered state aid from the Italian Government. The EC's announcement expressed concerns about whether Italy's extension of the tariff beyond 2005 was compatible with EU legislation and potentially distorted competition in the European market of primary aluminum, where energy is an important part of the production costs.

On November 19, 2009, the EC announced a decision in this matter stating that the extension of the tariff by Italy constituted unlawful state aid, in part, and, therefore, the Italian Government is to recover a portion of the benefit ParentCo received since January 2006 (including interest). The amount of this recovery was to be based on a calculation prepared by the Italian Government (see below). In late 2009, after discussions with legal counsel and reviewing the bases on which the EC decided, including the different considerations cited in the EC decision regarding ParentCo's two smelters in Italy, ParentCo recorded a charge of $250 (€173), which included $20 (€14) to write off a receivable from the Italian Government for amounts due under the now expired tariff structure and $230 (€159) to establish a reserve. On April 19, 2010, ParentCo filed an appeal of this decision with the General Court of the EU (see below). Prior to 2012, ParentCo was involved in other legal proceedings related to this matter that separately sought the annulment of the EC's July 2006 decision to open an investigation alleging that such decision did not follow the applicable procedural rules and requested injunctive relief to suspend the effectiveness of the EC's November 19, 2009 decision. However, the decisions by the General Court, and subsequent appeals to the European Court of Justice, resulted in the denial of these remedies.

In June 2012, ParentCo received formal notification from the Italian Government with a calculated recovery amount of $375 (€303); this amount was reduced by $65 (€53) for amounts owed by the Italian Government to ParentCo, resulting in a net payment request of $310 (€250). In a notice published in the Official Journal of the European Union on September 22, 2012, the EC announced that it had filed an action against the Italian Government on July 18, 2012 to compel it to collect the recovery amount (on October 17, 2013, the European Court of Justice ordered Italy to so collect). On September 27, 2012, ParentCo received a request for payment in full of the $310 (€250) by October 31, 2012. Following discussions with the Italian Government regarding the timing of such payment, ParentCo paid the requested amount in five quarterly installments of $69 (€50) beginning in October 2012 through December 2013.

On October 16, 2014, ParentCo received notice from the General Court of the EU that its April 19, 2010 appeal of the EC's November 19, 2009 decision was denied. On December 27, 2014, ParentCo filed an appeal of the General Court's October 16, 2014 ruling to the European Court of Justice (ECJ). Following submission of the EC's response to the appeal, on June 10, 2015, ParentCo filed a request for an oral hearing before the ECJ; no decision on that request was received. On January 26, 2016, ParentCo was informed that the ECJ had dismissed ParentCo's December 27, 2014 appeal of the General Court's October 16, 2014 ruling. The dismissal of ParentCo's appeal represents the conclusion of the legal proceedings in this matter. Prior to this dismissal, ParentCo had a noncurrent asset of $100 (€91) reflecting the excess of the total of the five payments made to the Italian Government over the reserve recorded in 2009. As a result, this noncurrent asset, along with the $58 (€53) for amounts owed by the Italian Government to ParentCo mentioned above plus $6 (€6) for interest previously paid, was written-off. A charge of $164 (€150) was recorded in Restructuring and other charges for the year ended December 31, 2015 on Alcoa Corporation's Statement of Combined Operations (see Note D).

As a result of the EC's November 19, 2009 decision, management had contemplated ceasing operations at its Italian smelters due to uneconomical power costs. In February 2010, management agreed to continue to operate its smelters in Italy for up to six months while a long-term solution to address increased power costs could be negotiated. Over a portion of this time, a long-term solution was not able to be reached related to the

Fusina smelter, therefore, in May 2010, ParentCo and the Italian Government agreed to a temporary idling of the Fusina smelter. As of September 30, 2010, the Fusina smelter was fully curtailed (44,000 metric-tons-per-year). For the Portovesme smelter, ParentCo executed a new power agreement effective September 1, 2010 through December 31, 2012, replacing the short-term, market-based power contract that was in effect since early 2010. This new agreement along with interruptibility rights (i.e. compensation for power interruptions when grids are overloaded) granted to ParentCo for the Portovesme smelter provided additional time to negotiate a long-term solution (the EC had previously determined that the interruptibility rights were not considered state aid).

At the end of 2011, as part of a restructuring of ParentCo's global smelting system, management decided to curtail operations at the Portovesme smelter during 2012 due to the uncertain prospects for viable, long-term power, along with rising raw materials costs and falling global aluminum prices (mid-2011 to late 2011). As of December 31, 2012, the Portovesme smelter was fully curtailed (150,000 metric-tons-per-year).

In June 2013 and August 2014, Alcoa Corporation decided to permanently shut down and demolish the Fusina and Portovesme smelters, respectively, due to persistent uneconomical conditions (see Note D).

Environmental Matters. ParentCo participates in environmental assessments and cleanups at more than 100 locations. These include owned or operating facilities and adjoining properties, previously owned or operating facilities and adjoining properties, and waste sites, including Superfund (Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)) sites.

A liability is recorded for environmental remediation when a cleanup program becomes probable and the costs can be reasonably estimated. As assessments and cleanups proceed, the liability is adjusted based on progress made in determining the extent of remedial actions and related costs. The liability can change substantially due to factors such as the nature and extent of contamination, changes in remedial requirements, and technological changes, among others.

Alcoa Corporation's remediation reserve balance was $235 and $165 at December 31, 2015 and 2014 (of which $28 and $40 was classified as a current liability), respectively, and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated for current and certain former Alcoa Corporation operating locations.

In 2015, the remediation reserve was increased by $107 due to a charge of $52 related to the planned demolition of the remaining structures at the Massena East smelter location (see Note D), a charge of $29 related to the planned demolition of the Poços de Caldas smelter and the Anglesea power station (see Note D), a charge of $12 related to the Mosjøen location (see below), a charge of $7 related to the Portovesme location (see below), and a net charge of $7 associated with a number of other sites. In 2014, the remediation reserve was increased by $37 due to a charge of $24 related to the planned demolition of certain structures at the Massena East, NY, Point Henry, Australia, and Portovesme, Italy locations (see Note D), a charge of $3 related to the Portovesme location (see below), and a net charge of $10 associated with a number of other sites. Of the changes to the remediation reserve in 2015 and 2014, $86 and $28, respectively, was recorded in Restructuring and other charges, while the remainder was recorded in Cost of goods sold on the accompanying Statement of Combined Operations.

Payments related to remediation expenses applied against the reserve were $24 and $26 in 2015 and 2014, respectively. These amounts include expenditures currently mandated, as well as those not required by any regulatory authority or third party. In 2015, the change in the reserve also reflects a decrease of $13 due to the effects of foreign currency translation. In 2014, the change in the reserve also reflects a net increase of $21 due to a reclassification of amounts included in other reserves within Other noncurrent liabilities and deferred credits on Alcoa Corporation's Combined Balance Sheet as of December 31, 2013, and the effects of foreign currency translation.

Included in annual operating expenses are the recurring costs of managing hazardous substances and environmental programs. These costs are estimated to be approximately 2% of cost of goods sold.

The following discussion provides details regarding the current status of certain significant reserves related to current or former Alcoa Corporation sites.

Fusina and Portovesme, Italy—In 1996, ParentCo acquired the Fusina smelter and rolling operations and the Portovesme smelter, both of which are owned by ParentCo's subsidiary Alcoa Trasformazioni S.r.l. ("Trasformazioni"), from Alumix, an entity owned by the Italian Government. At the time of the acquisition, Alumix indemnified ParentCo for pre-existing environmental contamination at the sites. In 2004, the Italian Ministry of Environment and Protection of Land and Sea (MOE) issued orders to Trasformazioni and Alumix for the development of a clean-up plan related to soil contamination in excess of allowable limits under legislative decree and to institute emergency actions and pay natural resource damages. Trasformazioni appealed the orders and filed suit against Alumix, among others, seeking indemnification for these liabilities under the provisions of the acquisition agreement. In 2009, Ligestra S.r.l. ("Ligestra"), Alumix's successor, and Trasformazioni agreed to a stay of the court proceedings while investigations were conducted and negotiations advanced towards a possible settlement.

In December 2009, Trasformazioni and Ligestra reached an initial agreement for settlement of the liabilities related to Fusina while negotiations continued related to Portovesme (see below). The agreement outlined an allocation of payments to the MOE for emergency action and natural resource damages and the scope and costs for a proposed soil remediation project, which was formally presented to the MOE in mid-2010. The agreement was contingent upon final acceptance of the remediation project by the MOE. As a result of entering into this agreement, ParentCo increased the reserve by $12 in 2009 for Fusina. Based on comments received from the MOE and local and regional environmental authorities, Trasformazioni submitted a revised remediation plan in the first half of 2012; however, such revisions did not require any change to the existing reserve. In October 2013, the MOE approved the project submitted by ParentCo, resulting in no adjustment to the reserve.

In January 2014, in anticipation of ParentCo reaching a final administrative agreement with the MOE, ParentCo and Ligestra entered into a final agreement related to Fusina for allocation of payments to the MOE for emergency action and natural resource damages and the costs for the approved soil remediation project. The agreement resulted in Ligestra assuming 50% to 80% of all payments and remediation costs. On February 27, 2014, ParentCo and the MOE reached a final administrative agreement for conduct of work. The agreement includes both a soil and groundwater remediation project estimated to cost $33 (€24) and requires payments of $25 (€18) to the MOE for emergency action and natural resource damages. The remediation projects are slated to begin as soon as ParentCo receives final approval from the Ministry of Infrastructure. Based on the final agreement with Ligestra, ParentCo's share of all costs and payments is $17 (€12), of which $9 (€6) related to the damages will be paid annually over a 10-year period, which began in April 2014, and was previously fully reserved.

Separately, in 2009, due to additional information derived from the site investigations conducted at Portovesme, ParentCo increased the reserve by $3. In November 2011, Trasformazioni and Ligestra reached an agreement for settlement of the liabilities related to Portovesme, similar to the one for Fusina. A proposed soil remediation project for Portovesme was formally presented to the MOE in June 2012. Neither the agreement with Ligestra nor the proposal to the MOE resulted in a change to the reserve for Portovesme. In November 2013, the MOE rejected the proposed soil remediation project and requested a revised project be submitted. In May 2014, Trasformazioni and Ligestra submitted a revised soil remediation project that addressed certain stakeholders' concerns. ParentCo increased the reserve by $3 in 2014 to reflect the estimated higher costs associated with the revised soil remediation project, as well as current operating and maintenance costs of the Portovesme site.

In October 2014, the MOE required a further revised project be submitted to reflect the removal of a larger volume of contaminated soil than what had been proposed, as well as design changes for the cap related to the remaining contaminated soil left in place and the expansion of an emergency containment groundwater pump and treatment system that was previously installed. Trasformazioni and Ligestra submitted the further revised soil remediation project in February 2015. As a result, ParentCo increased the reserve by $7 in March 2015 to reflect

the increase in the estimated costs of the project. In October 2015, ParentCo received a final ministerial decree approving the February 2015 revised soil remediation project. Work on the soil remediation project will commence in 2016 and is expected to be completed in 2019. ParentCo and Ligestra are now working on a final groundwater remediation project, which will be submitted to the MOE for review during 2016. The ultimate outcome of this matter may result in a change to the existing reserve for Portovesme.

Baie Comeau, Quebec, Canada—In August 2012, ParentCo presented an analysis of remediation alternatives to the Quebec Ministry of Sustainable Development, Environment, Wildlife and Parks (MDDEP), in response to a previous request, related to known PCBs and polycyclic aromatic hydrocarbons (PAHs) contained in sediments of the Anse du Moulin bay. As such, ParentCo increased the reserve for Baie Comeau by $25 in 2012 to reflect the estimated cost of ParentCo's recommended alternative, consisting of both dredging and capping of the contaminated sediments. In July 2013, ParentCo submitted the Environmental Impact Assessment for the project to the MDDEP. The MDDEP notified ParentCo that the project as it was submitted was approved and a final mistrial decree was issued in July 2015. As a result, no further adjustment to the reserve was required in 2015. The decree provides final approval for the project and allows ParentCo to start work on the final project design, which is expected to be completed in 2016 with construction on the project expected to begin in 2017. Completion of the final project design and bidding of the project may result in additional liability in a future period.

Mosjøen, Norway—In September 2012, ParentCo presented an analysis of remediation alternatives to the Norwegian Environmental Agency (NEA) (formerly the Norwegian Climate and Pollution Agency, or "Klif"), in response to a previous request, related to known PAHs in the sediments located in the harbor and extending out into the fjord. As such, ParentCo increased the reserve for Mosjøen by $20 in 2012 to reflect the estimated cost of the baseline alternative for dredging of the contaminated sediments. A proposed project reflecting this alternative was formally presented to the NEA in June 2014, and was resubmitted in late 2014 to reflect changes by the NEA. The revised proposal did not result in a change to the reserve for Mosjøen.

In April 2015, the NEA notified ParentCo that the revised project was approved and required submission of the final project design before issuing a final order. ParentCo completed and submitted the final project design, which identified a need to stabilize the related wharf structure to allow for the sediment dredging in the harbor. As a result, ParentCo increased the reserve for Mosjøen by $11 in June 2015 to reflect the estimated cost of the wharf stabilization. Also in June 2015, the NEA issued a final order approving the project as well as the final project design. In September 2015, ParentCo increased the reserve by $1 to reflect the potential need (based on prior experience with similar projects) to perform additional dredging if the results of sampling, which is required by the order, don't achieve the required cleanup levels. Project construction will commence in 2016 and is expected to be completed by the end of 2017.

Tax. In September 2010, following a corporate income tax audit covering the 2003 through 2005 tax years, an assessment was received as a result of Spain's tax authorities disallowing certain interest deductions claimed by a Spanish consolidated tax group owned by ParentCo. An appeal of this assessment in Spain's Central Tax Administrative Court by ParentCo was denied in October 2013. In December 2013, ParentCo filed an appeal of the assessment in Spain's National Court.

Additionally, following a corporate income tax audit of the same Spanish tax group for the 2006 through 2009 tax years, Spain's tax authorities issued an assessment in July 2013 similarly disallowing certain interest deductions. In August 2013, ParentCo filed an appeal of this second assessment in Spain's Central Tax Administrative Court, which was denied in January 2015. ParentCo filed an appeal of this second assessment in Spain's National Court in March 2015.

The combined assessments (remeasured for a tax rate change enacted in November 2014—see Note S) total $263 (€241). ParentCo believes it has meritorious arguments to support its tax position and intends to vigorously litigate the assessments through Spain's court system. However, in the event ParentCo is unsuccessful, a portion

of the assessments may be offset with existing net operating losses available to the Spanish consolidated tax group. Additionally, it is possible that ParentCo may receive similar assessments for tax years subsequent to 2009. At this time, ParentCo is unable to reasonably predict an outcome for this matter.

In March 2013, Alcoa World Alumina Brasil (AWAB), a majority-owned subsidiary that is part of AWAC, was notified by the Brazilian Federal Revenue Office (RFB) that approximately $110 (R$220) of value added tax credits previously claimed are being disallowed and a penalty of 50% assessed. Of this amount, AWAB received $41 (R$82) in cash in May 2012. The value added tax credits were claimed by AWAB for both fixed assets and export sales related to the Juruti bauxite mine and São Luís refinery expansion. The RFB has disallowed credits they allege belong to the consortium in which AWAB owns an interest and should not have been claimed by AWAB. Credits have also been disallowed as a result of challenges to apportionment methods used, questions about the use of the credits, and an alleged lack of documented proof. AWAB presented defense of its claim to the RFB on April 8, 2013. If AWAB is successful in this administrative process, the RFB would have no further recourse. If unsuccessful in this process, AWAB has the option to litigate at a judicial level. Separately from the AWAB's administrative appeal, in June 2015, new tax law was enacted repealing the provisions in the tax code that were the basis for the RFB assessing a 50% penalty in this matter. As such, the estimated range of reasonably possible loss is $0 to $27 (R$103), whereby the maximum end of this range represents the portion of the disallowed credits applicable to the export sales and excludes the 50% penalty. Additionally, the estimated range of disallowed credits related to AWAB's fixed assets is $0 to $30 (R$117), which would increase the net carrying value of AWAB's fixed assets if ultimately disallowed. It is management's opinion that the allegations have no basis; however, at this time, management is unable to reasonably predict an outcome for this matter.

Between 2000 and 2002, Alcoa Alumínio (Alumínio), a Brazilian subsidiary of ParentCo that includes both Alcoa Corporation and Arconic operations, sold approximately 2,000 metric tons of metal per month from its Poços de Caldas facility, located in the State of Minas Gerais (the "State"), to Alfio, a customer also located in the State. Sales in the State were exempted from value-added tax (VAT) requirements. Alfio subsequently sold metal to customers outside of the State, but did not pay the required VAT on those transactions. In July 2002, Alumínio received an assessment from State auditors on the theory that Alumínio should be jointly and severally liable with Alfio for the unpaid VAT. In June 2003, the administrative tribunal found Alumínio liable, and Alumínio filed a judicial case in the State in February 2004 contesting the finding. In May 2005, the Court of First Instance found Alumínio solely liable, and a panel of a State appeals court confirmed this finding in April 2006. Alumínio filed a special appeal to the Superior Tribunal of Justice (STJ) in Brasilia (the federal capital of Brazil) later in 2006. In 2011, the STJ (through one of its judges) reversed the judgment of the lower courts, finding that Alumínio should neither be solely nor jointly and severally liable with Alfio for the VAT, which ruling was then appealed by the State. In August 2012, the STJ agreed to have the case reheard before a five-judge panel. A decision from this panel is pending, but additional appeals are likely. At December 31, 2015, the assessment totaled $35 (R$135), including penalties and interest. While ParentCo believes it has meritorious defenses, ParentCo is unable to reasonably predict an outcome.

Other. *Sherwin Alumina Bankruptcy*. In connection with the sale in 2001 of the Reynolds Metals Company ("Reynolds," which is a subsidiary of ParentCo) alumina refinery in Gregory, Texas, Reynolds assigned an Energy Services Agreement ("ESA") with Gregory Power Partners ("Gregory Power") for purchase of steam and electricity by the refinery. On January 11, 2016, Sherwin Alumina Company, LLC ("Sherwin"), the current owner of the refinery, and an affiliate entity, filed bankruptcy petitions in Corpus Christi, Texas, for reorganization under Chapter 11 of the Bankruptcy Code. On January 26, 2016, Gregory Power delivered notice to Reynolds that Sherwin's bankruptcy filing constitutes a breach of the ESA; on January 29, 2016, Reynolds responded that the filing does not constitute a breach. Sherwin informed the bankruptcy court that it intends to cease operations because it is not able to continue its bauxite supply agreement and thereafter Gregory Power filed a complaint in the bankruptcy case against Reynolds alleging breach of the ESA. The outcome of this matter is neither estimable nor probable.

In addition to the matters discussed above, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against ParentCo, or Alcoa Corporation, including those pertaining to environmental, product liability, safety and health, and tax matters. While the amounts claimed in these other matters may be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that exist. Therefore, it is possible that the Company's liquidity or results of operations in a particular period could be materially affected by one or more of these other matters. However, based on facts currently available, management believes that the disposition of these other matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the financial position of the Company.

Commitments

Investments. Alcoa Corporation is a participant in four consortia that each owns a hydroelectric power project in Brazil. The purpose of Alcoa Corporation's participation is to increase its energy self-sufficiency and provide a long-term, low-cost source of power for its two smelters (see below) and one refinery located in Brazil. These projects are known as Machadinho, Barra Grande, Serra do Facão, and Estreito.

Alcoa Corporation committed to taking a share of the output of the Machadinho and Barra Grande projects each for 30 years and the Serra do Facão and Estreito projects each for 26 years at cost (including cost of financing the project). In the event that other participants in any of these projects fail to fulfill their financial responsibilities, Alcoa Corporation may be required to fund a portion of the deficiency. In accordance with the respective agreements, if Alcoa Corporation funds any such deficiency, its participation and share of the output from the respective project will increase proportionately.

The Machadinho project reached full capacity in 2002. Alcoa Corporation's investment in this project is 30.99%, which entitles Alcoa Corporation to approximately 120 megawatts of assured power. The Machadinho consortium is an unincorporated joint venture, and, therefore, Alcoa Corporation's share of the assets and liabilities of the consortium are reflected in the respective lines on the accompanying Combined Balance Sheet.

The Barra Grande project reached full capacity in 2006. Alcoa Corporation's investment in this project is 42.18% and is accounted for under the equity method. This entitles Alcoa Corporation to approximately 160 megawatts of assured power. Alcoa Corporation's total investment in this project was $94 (R$374) and $132 (R$355) at December 31, 2015 and 2014, respectively.

The Serra do Facão project reached full capacity in 2010. Alcoa Corporation's investment in this project is 34.97% and is accounted for under the equity method. This entitles Alcoa Corporation to approximately 65 megawatts of assured power. Alcoa Corporation's total investment in this project was $52 (R$208) and $66 (R$178) at December 31, 2015 and 2014, respectively.

The Estreito project reached full capacity in March 2013. Alcoa Corporation's investment in this project is 25.49%, which entitles Alcoa Corporation to approximately 150 megawatts of assured power. The Estreito consortium is an unincorporated joint venture, and, therefore, Alcoa Corporation's share of the assets and liabilities of the consortium are reflected in the respective lines on the accompanying Combined Balance Sheet. As of December 31, 2015, construction of the Estreito project is essentially complete.

Prior to October 2013, Alcoa Corporation's power self-sufficiency in Brazil satisfied approximately 70% of a total energy demand of approximately 690 megawatts from two smelters (São Luís (Alumar) and Poços de Caldas) and one refinery (Poços de Caldas) in Brazil. Since that time, the total energy demand has declined by approximately 675 megawatts due to capacity curtailments of both smelters in both 2013 and 2014, as well as the eventual permanent closure of the Poços de Caldas smelter in 2015.

In 2004, Alcoa Corporation acquired a 20% interest in a consortium, which subsequently purchased the Dampier to Bunbury Natural Gas Pipeline (DBNGP) in Western Australia, in exchange for an initial cash investment of $17 (A$24). The investment in the DBNGP, which is classified as an equity investment, was made in order to secure a competitively priced long-term supply of natural gas to Alcoa Corporation's refineries in Western Australia. Alcoa Corporation made additional contributions of $141 (A$176) for its share of the pipeline capacity expansion and other operational purposes of the consortium through September 2011. No further expansion of the pipeline's capacity is planned at this time. In late 2011, the consortium initiated a three-year equity call plan to improve its capitalization structure. This plan required Alcoa Corporation to contribute $39 (A$40), all of which was made through December 31, 2014. Following the completion of the three-year equity call plan in December 2014, the consortium initiated a new equity call plan to further improve its capitalization structure. This plan requires Alcoa Corporation to contribute $30 (A$36) through mid 2016, of which $17 (A$22) was made through December 31, 2015, including $16 (A$21) in 2015. In addition to its equity ownership, Alcoa Corporation has an agreement to purchase gas transmission services from the DBNGP. At December 31, 2015, Alcoa Corporation has an asset of $268 (A$368) representing prepayments made under the agreement for future gas transmission services. Alcoa Corporation's maximum exposure to loss on the investment and the related contract is approximately $380 (A$520) as of December 31, 2015. In April 2016, Alcoa Corporation sold its stake in DBP, the owner and operator of the Dampier to Bunbury Natural Gas Pipeline (DBNGP), to DUET Group (DUET) for AU $205 million (US $154 million). As part of the transaction, Alcoa Corporation will maintain its current access to approximately 30% of the DBNGP transmission capacity for gas supply to its three alumina refineries in Western Australia.

On April 8, 2015, Alcoa Corporation's majority-owned subsidiary, Alcoa of Australia Limited (AofA), which is part of AWAC, secured a new 12-year gas supply agreement to power its three alumina refineries in Western Australia beginning in July 2020. This agreement was conditional on the completion of a third-party acquisition of the related energy assets from the then-current owner, which occurred in June 2015. The terms of AofA's gas supply agreement require a prepayment of $500 to be made in two installments. The first installment of $300 was made at the time of the completion of the third-party acquisition and was reflected in Other noncurrent assets on the accompanying Combined Balance Sheet. The second installment of $200 was made in April 2016.

Purchase Obligations. Alcoa Corporation is party to unconditional purchase obligations for energy that expire between 2028 and 2036. Commitments related to these contracts total $66 in 2016, $122 in 2017, $124 in 2018, $126 in 2019, $129 in 2020, and $1,711 thereafter. Expenditures under these contracts totaled $125 in 2015, $172 in 2014, and $154 in 2013. Additionally, Alcoa Corporation has entered into other purchase commitments for energy, raw materials, and other goods and services, which total $2,608 in 2016, $1,675 in 2017, $1,478 in 2018, $1,407 in 2019, $1,313 in 2020, and $13,247 thereafter.

Operating Leases. Certain land and buildings, alumina refinery process control technology, plant equipment, vehicles, and computer equipment are under operating lease agreements. Total expense for all leases was $98 in 2015, $115 in 2014, and $120 in 2013. Under long-term operating leases, minimum annual rentals are $107 in 2016, $72 in 2017, $61 in 2018, $50 in 2019, $43 in 2020, and $56 thereafter.

Guarantees. At December 31, 2015, Alcoa Corporation has maximum potential future payments for guarantees issued on behalf of a third party of $478. These guarantees expire at various times between 2017 and 2024 and relate to project financing for the aluminum complex in Saudi Arabia (see Note I). Alcoa Corporation also has outstanding bank guarantees related to environmental obligations, workers compensation, tax matters, outstanding debt and energy contracts, among others. The total amount committed under these guarantees, which expire at various dates between 2016 and 2017 was $190 at December 31, 2015.

Letters of Credit. Alcoa Corporation has outstanding letters of credit primarily related to energy contracts (including $200 related to an expected prepayment under a gas supply contract that was made in April 2016 — see Investments above). The total amount committed under these letters of credit, which automatically renew or expire at various dates, mostly in 2016, was $363 at December 31, 2015.

Surety Bonds. Alcoa Corporation has outstanding surety bonds primarily related to contract performance, workers compensation, environmental-related matters, and customs duties. The total amount committed under these bonds, which automatically renew or expire at various dates, mostly in 2016, was $43 at December 31, 2015.

O. Other Expenses (Income), Net

	Note	2015	2014	2013
Equity loss		$ 89	$ 94	$ 70
Foreign currency gains, net		(39)	(16)	(14)
Net gain from asset sales		(32)	(34)	(13)
Net loss (gain) on mark-to-market derivative contracts	X	26	13	(36)
Other, net		(2)	1	7
		$ 42	$ 58	$ 14

In 2015, Net gain from asset sales included a $29 gain related to the sale of land around the Lake Charles, LA anode facility. In 2014, Net gain from asset sales included a $28 gain related to the sale of a mining interest in Suriname.

P. Cash Flow Information

Cash paid for interest and income taxes was as follows:

	2015	2014	2013
Interest, net of amount capitalized	$270	$310	$304
Income taxes, net of amount refunded	$265	$184	$106

Q. Segment and Geographic Area Information

Alcoa Corporation is primarily a producer of bauxite, alumina, aluminum ingot, and aluminum sheet. Alcoa Corporation’s segments are organized by product on a worldwide basis. Segment performance under Alcoa Corporation’s management reporting system is evaluated based on a number of factors; however, the primary measure of performance is the after-tax operating income (ATOI) of each segment. Certain items such as the impact of LIFO inventory accounting; metal price lag; interest expense; non-controlling interests; corporate expense (primarily comprising general administrative and selling expenses of operating the corporate headquarters and other global administrative facilities, along with depreciation and amortization on corporate-owned assets); restructuring and other charges; intersegment profit elimination; the impact of any discrete tax items, deferred tax valuation allowance adjustments and other differences between tax rates applicable to the segments and the combined effective tax rate; and other non-operating items such as foreign currency transaction gains/losses and interest income are excluded from segment ATOI. Segment assets exclude, among others, cash and cash equivalents; deferred income taxes; goodwill not allocated to businesses for segment reporting purposes; corporate fixed assets; and LIFO reserves.

The accounting policies of the segments are the same as those described in the Proposed Separation and Basis of Presentation (see Note A). Transactions among segments are established based on negotiation among the parties. Differences between segment totals and Alcoa Corporation’s combined totals for line items not reconciled are in Corporate.

Effective January 1, 2015, Alcoa Corporation redefined its segments concurrent with an internal reorganization for certain of its businesses. Following this reorganization, Alcoa Corporation’s operations consist of six reportable segments as follows:

Bauxite. This segment represents Alcoa Corporation’s global portfolio of bauxite mining assets. Bauxite is mined and sold primarily to internal customers within the Alumina segment, who then process it into alumina. A

portion of this segment’s production is also sold to third parties. Bauxite is transferred to the Alumina segment at negotiated terms that are intended to approximate market prices; sales to third parties are conducted on both a spot and contract basis.

Alumina. This segment represents Alcoa Corporation’s worldwide refining system, which processes bauxite into alumina, which is mainly sold directly to internal and external smelter customers worldwide, or is sold to customers who process it into industrial chemical products. More than half of Alumina’s production is sold under supply contracts to third parties worldwide, while the remainder is used internally by the Aluminum segment. Alumina produced by this segment and used internally is transferred to the Aluminum segment at prevailing market prices. A portion of this segment’s third-party sales are completed through the use of agents, alumina traders, and distributors.

Aluminum. This segment represents Alcoa Corporation’s worldwide smelter system. Aluminum receives alumina, mostly from the Alumina segment, and produces molten primary aluminum. Virtually all of Aluminum’s production is sold internally to the Cast Products or Rolled Products segment, and is transferred at prevailing market prices.

Cast Products. This segment represents Alcoa Corporation’s worldwide cast house system. Cast products are made from molten aluminum, purchased primarily from Alcoa Corporation’s Aluminum segment, which is then formed into various value-add ingot products, including billet and slab, for use in fabrication operations in a variety of industries. Results from the sale of aluminum powder and scrap are also included in this segment. The majority of this segment’s products are sold to third parties; the remaining portion is sold to ParentCo’s aluminum fabrication businesses at prevailing market prices.

Energy. This segment represents Alcoa Corporation’s portfolio of energy assets, with power production capacity of approximately 1,685 megawatts. This power is sold to both internal customers within the Aluminum segment and external customers, and provides operational flexibility to maximize operating results during market cyclicality. During 2015, approximately 55% of this segment’s power was sold to external customers.

Rolled Products. This segment primarily represents the Alcoa Corporation’s aluminum rolling mill in Warrick, Indiana, which produces aluminum sheet primarily sold directly to customers in the packaging end market for the production of aluminum cans (beverage, food and pet food). Seasonal increases in can sheet sales are generally experienced in the second and third quarters of the year. This segment also includes Alcoa Corporation’s investment in the Ma’aden rolling mill (see Note I).

Under the applicable accounting guidance, when a Company changes its organizational structure, it should generally prepare its segment information based on the new segments and provide comparative information for related periods. However, in certain instances, changes to the structure of an internal organization could change the composition of its reportable segments and it may not be practical to retrospectively revise prior periods. In connection with the January 1, 2015 reorganization, Alcoa Corporation fundamentally altered the commercial nature of how certain internal businesses transact with each other, moving from a cost-based transfer pricing model to one based on estimated market pricing. As a result, certain operations (e.g., bauxite mining, smelting and casting) that had previously been measured and evaluated primarily based on costs incurred were transformed into separate businesses with full profit and loss information. In addition, this reorganization involved converting regional-based management responsibility to global responsibility for each business, which had a further impact on overall cost structures of the segments.

As a result of the significant changes associated with the reorganization (including substantial information system modifications), which were implemented on a prospective basis only, Alcoa Corporation does not have all of the information that would be necessary to present certain segment data, specifically ATOI, income taxes and total assets, for periods prior to 2015. This information is not available to Alcoa Corporation management for its own internal use, and it is impracticable to obtain or generate this information, as underlying commercial transactions between the segments, which are necessary to determine these income-based and asset-based segment measures, did not take place prior to 2015.

The operating results and assets of Alcoa Corporation's six reportable segments are as follows:

	Bauxite	Alumina	Aluminum	Cast Products	Energy	Rolled Products	Total
2015							
Sales:							
Third-party sales	$ 71	$ 3,343	$ 13	$ 5,127	$ 416	$ 985	$ 9,955
Related party sales	—	—	1	1,059	10	8	1,078
Intersegment sales	1,160	1,687	5,092	46	297	18	8,300
Total sales	$1,231	$ 5,030	$ 5,106	$ 6,232	$ 723	$ 1,011	$19,333
Profit and loss:							
Equity loss	—	(41)	(12)	—	—	(32)	(85)
Depreciation, depletion, and amortization	94	202	311	42	61	23	733
Income taxes (benefit)	103	191	(77)	49	69	26	361
ATOI	258	476	1	110	145	20	1,010
2014							
Sales:							
Third-party sales	41	3,413	21	6,069	682	1,008	11,234
Related party sales(1)	—	—	—	1,758	—	25	1,783
Intersegment sales(1)	1,106	1,941	6,221	262	663	—	10,193
Total sales	1,147	5,354	6,242	8,089	1,345	1,033	23,210
Profit and loss:							
Equity loss	—	(29)	(34)	—	—	(27)	(90)
Depreciation, depletion, and amortization	120	201	365	47	68	24	825
Income taxes	*	*	*	*	*	27	*
ATOI	*	*	*	*	*	21	*
2013							
Sales:							
Third-party sales	90	3,237	—	6,174	299	1,040	10,840
Related party sales(1)	—	—	—	1,523	—	15	1,538
Intersegment sales(1)	1,032	2,235	6,433	287	655	—	10,642
Total sales	1,122	5,472	6,433	7,984	954	1,055	23,020
Profit and loss:							
Equity loss	—	(4)	(51)	—	—	(13)	(68)
Depreciation, depletion, and amortization	131	289	373	67	65	24	949
Income taxes	*	*	*	*	*	30	*
ATOI	*	*	*	*	*	52	*
2015							
Assets:							
Capital expenditures	30	154	108	32	16	52	392
Equity investments	164	503	497	—	137	217	1,518
Goodwill	2	4	—	—	—	—	6
Total assets	1,443	4,721	5,612	578	1,218	637	14,209
2014							
Assets:							
Capital expenditures	55	188	109	19	35	22	428
Equity investments	122	547	705	0	185	227	1,786
Goodwill	3	5	—	—	—	—	8
Total assets	*	*	*	*	*	677	*

(1) Amounts were estimated by Alcoa Corporation management in an effort to provide comparable revenue information for 2014 and 2013.
* This information is not available for periods prior to 2015 and it is impracticable to obtain.

The following tables reconcile certain segment information to combined totals for Alcoa Corporation:

	2015	2014(2)	2013(2)
Sales:			
Total segment sales	$19,333	$ 23,210	$ 23,020
Elimination of intersegment sales	(8,300)	(10,193)	(10,642)
Corporate and other	166	130	195
Combined sales	$11,199	$ 13,147	$ 12,573

(2) Amounts were estimated by Alcoa Corporation management in an effort to provide comparable revenue information for 2014 and 2013.

	2015
Net (loss) income attributable to Alcoa Corporation:	
Total segment ATOI(3)	$1,010
Unallocated amounts:	
Impact of LIFO	107
Metal price lag	(30)
Interest expense	(270)
Non-controlling interest (net of tax)	(124)
Corporate expense	(180)
Restructuring and other charges	(983)
Income taxes	(41)
Other	(352)
Combined net loss attributable to Alcoa Corporation	$ (863)

(3) Segment ATOI information is not available for periods prior to 2015 and it is impracticable to obtain.

December 31,	2015
Assets:	
Total segment assets(4)	$14,209
Elimination of intersegment receivables	(709)
Unallocated amounts:	
Cash and cash equivalents	557
Deferred income taxes	589
Corporate goodwill	147
Corporate fixed assets, net	454
LIFO reserve	(172)
Fair value of derivative contracts	1,078
Other	260
Combined assets	16,413

(4) Total segment asset information is not available for periods prior to 2015 and it is impracticable to obtain.

Sales by major product grouping were as follows:

	2015	2014	2013
Sales:			
Alumina	3,343	3,413	3,237
Primary aluminum	6,200	7,848	7,697
Flat-rolled products	993	1,033	1,055
Other	663	853	584
	$11,199	$13,147	$12,573

As a result of the impracticability of providing all of the required disclosures for Alcoa Corporation's current six segments, the following information regarding Alcoa Corporation's historical segments is provided on a supplemental basis. Prior to January 1, 2015, Alcoa Corporation's operations consisted of three reportable segments, as follows:

Alumina. This segment represented Alcoa Corporation's worldwide refining system, and primarily comprised the combined Bauxite and Alumina segments described above. This segment encompassed the mining of bauxite, from which alumina is produced and sold directly to external smelter customers, as well as to the previous Primary Metals segment (see below), or to customers who process it into industrial chemical products. More than half of Alumina's production was sold under supply contracts to third parties worldwide, while the remainder was used internally by the Primary Metals segments. Alumina produced by this segment and used internally was transferred to the Primary Metals segment at prevailing market prices. A portion of this segments third-party sales was completed through the use of agents, alumina traders and distributors.

Primary Metals. This segment represented Alcoa Corporation's worldwide smelting system and associated cast houses, and primarily comprised the Aluminum and Cast Products segments that were established on January 1, 2015, described above. The majority of the power generation assets in the Energy segment that was established on January 1, 2015, were also included in Primary Metals. The Primary Metals segment purchased alumina, mostly from the former Alumina segment, from which primary aluminum was produced and then sold directly to external customers and traders, as well as to the Rolled Products segment and ParentCo's aluminum fabrication businesses. Results from the sale of aluminum powder, scrap and excess energy were also included in this segment. Primary aluminum produced by this segment and used by the Rolled Products segment or by ParentCo's aluminum fabrication businesses was transferred at prevailing market prices. The sale of primary aluminum represented approximately 90% of this segments third-party sales.

Rolled Products. This segment primarily represents Alcoa Corporation's aluminum rolling mill in Warrick, Indiana, which produces aluminum sheet sold directly to customers in the packaging end market for the production of aluminum cans (beverage, food and pet food). Seasonal increases in can sheet sales are generally experienced in the second and third quarters of the year. This segment also includes the investment in the Ma'aden rolling mill (see Note I).

The operating results and assets of Alcoa Corporation's reportable segments under the historical presentation format were as follows:

	Alumina	Primary Metals	Rolled Products	Total
2015				
Sales:				
Sales to unrelated parties	$ 3,455	$ 5,667	$ 985	$10,107
Sales to related parties	—	1,070	8	1,078
Intersegment sales	1,687	532	—	2,219
Total sales	$ 5,142	$ 7,269	$ 993	$13,404
Profit and loss:				
Equity loss	$ (41)	$ (12)	(32)	$ (85)
Depreciation, depletion, and amortization	296	429	23	748
Income taxes	300	(20)	26	306
ATOI	746	136	20	902
2014				
Sales:				
Sales to unrelated parties	$ 3,509	$ 6,843	$ 1,008	$11,360
Sales to related parties	—	1,758	25	1,783
Intersegment sales	1,941	614	—	2,555
Total sales	$ 5,450	$ 9,215	$ 1,033	$15,698
Profit and loss:				
Equity loss	$ (29)	$ (34)	(27)	$ (90)
Depreciation, depletion, and amortization	387	494	24	905
Income taxes	153	214	27	394
ATOI	370	627	21	1,018
2013				
Sales:				
Sales to unrelated parties	$ 3,326	$ 6,668	$ 1,040	$11,034
Sales to related parties	—	1,523	15	1,538
Intersegment sales	2,235	610	—	2,845
Total sales	$ 5,561	$ 8,801	$ 1,055	$15,417
Profit and loss:				
Equity loss	$ (4)	$ (51)	(13)	$ (68)
Depreciation, depletion, and amortization	426	526	24	976
Income taxes	66	(81)	30	15
ATOI	259	(36)	52	275
2015				
Assets:				
Capital expenditures	$ 184	$ 156	52	$ 392
Equity investments	667	634	217	1,518
Goodwill	6	—	—	6
Total assets	6,165	7,134	637	13,936
2014				
Assets:				
Capital expenditures	$ 246	$ 176	22	$ 444
Equity investments	669	890	227	1,786
Goodwill	8	—	—	8
Total assets	7,350	9,246	677	17,273

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The following tables reconcile certain historical segment information to combined totals for Alcoa Corporation:

	2015	2014	2013
Sales:			
Total segment sales	$13,404	$15,698	$15,417
Elimination of intersegment sales	(2,219)	(2,555)	(2,845)
Corporate and other	14	4	1
Combined sales	$11,199	$13,147	$12,573

	2015	2014	2013
Net (loss) income attributable to Alcoa Corporation:			
Total segment ATOI	$ 902	$1,018	$ 275
Unallocated amounts:			
Impact of LIFO	107	4	19
Metal price lag	(30)	15	(5)
Interest expense	(270)	(309)	(305)
Non-controlling interest (net of tax)	(124)	91	(39)
Corporate expense	(180)	(208)	(204)
Impairment of goodwill	—	—	(1,731)
Restructuring and other charges	(983)	(863)	(712)
Income taxes	(96)	110	(108)
Other	(189)	(114)	(99)
Combined net loss attributable to Alcoa Corporation	$(863)	$ (256)	$(2,909)

December 31,	2015	2014
Assets:		
Total segment assets	$13,936	$17,273
Elimination of intersegment receivables	(306)	(471)
Unallocated amounts:		
Cash and cash equivalents	557	266
Deferred income taxes	589	1,061
Corporate goodwill	147	153
Corporate fixed assets, net	454	544
LIFO reserve	(172)	(279)
Fair value of derivative contracts	1,078	16
Other	130	114
Combined assets	$16,413	$18,677

Geographic information for sales was as follows (based upon the country where the point of sale occurred):

	2015	2014	2013
Sales:			
United States(1)	$ 5,386	$ 6,096	$ 5,851
Spain(2)(3)	2,852	3,198	2,098
Australia	2,147	2,656	2,887
Brazil	562	1,025	897
Canada	132	18	—
Norway(2)	31	32	284
Netherlands(3)	—	—	482
Other	89	122	74
Total sales	$11,199	$13,147	$12,573

(1) Sales of a portion of the alumina from Alcoa Corporation's refineries in Suriname, Brazil, Australia, and Jamaica (prior to divestiture—see Note F) and most of the aluminum from Alcoa Corporation's smelters in Canada occurred in the United States.
(2) In 2015, 2014, and 2013, sales of the aluminum from Alcoa Corporation's smelters in Norway and the off-take from the Saudi Arabia joint venture (see Note I) occurred in Spain.
(3) In 2015 and 2014, sales of the aluminum from Alcoa Corporation's smelter in Iceland occurred in Spain. In 2013, sales of the aluminum from Alcoa Corporation's smelter in Iceland occurred in both Spain and the Netherlands.

Geographic information for long-lived assets was as follows (based upon the physical location of the assets):

December 31,	2015	2014
Long-lived assets:		
Australia	$2,158	$ 2,519
Brazil	1,922	2,983
United States	1,963	2,133
Iceland	1,397	1,459
Canada	1,177	1,204
Norway	463	588
Spain	293	337
Other	17	103
Total long-lived assets	$9,390	$11,326

R. Stock-based Compensation

Until consummation of the separation, Alcoa Corporation's employees will continue to participate in ParentCo's stock-based compensation plan. The stock-based compensation expense recorded by Alcoa Corporation, in the periods presented, includes the expenses associated with employees historically attributable to Alcoa Corporation's operations. Additionally, stock-based compensation expense for corporate employees have been allocated to Alcoa Corporation's financial statements based on segment revenue (see Note T for further discussion on corporate cost allocations).

ParentCo has a stock-based compensation plan under which stock options and stock awards are granted in January each year to eligible employees. Most plan participants can choose whether to receive their award in the form of stock options, stock awards, or a combination of both. This choice is made before the grant is issued and is irrevocable. Stock options are granted at the closing market price of ParentCo's common stock on the date of grant and vest over a three-year service period (1/3 each year) with a ten-year contractual term. Stock awards vest at the end of the three-year service period from the date of grant and certain of these awards also include performance conditions. In 2015, 2014, and 2013, the final number of performance stock awards earned will be based on ParentCo's achievement of sales and profitability targets over the respective three-year period. One-third of the award will be earned each year based on the performance against the pre-established targets for that year. The performance stock awards earned over the three-year period vest at the end of the third year.

In 2015, 2014, and 2013, Alcoa Corporation recognized stock-based compensation expense, associated with employees historically attributable to Alcoa Corporation's operations as well as a portion of the expense associated with corporate employees, of $35, $39, and $33, respectively, of which approximately 80%, 80%, and 70%, respectively, related to stock awards (there was no stock-based compensation expense capitalized in 2015, 2014, or 2013). The portion of this expense related to corporate employees, allocated based on segment revenue, was $21, $21, and $16 in 2015, 2014, and 2013, respectively. Alcoa Corporation did not recognize any tax benefit associated with this expense. At December 31, 2015, there was $11 (pretax) of unrecognized

compensation expense related to non-vested stock option grants and non-vested stock award grants. This expense is expected to be recognized over a weighted average period of 1.6 years. As part of Alcoa Corporation's stock-based compensation plan design, individuals who are retirement-eligible have a six-month requisite service period in the year of grant. As a result, a larger portion of expense will be recognized in the first half of each year for these retirement-eligible employees. Of the total pretax compensation expense recognized by Alcoa Corporation in 2015, 2014, and 2013, $6, $8, and $8, respectively, pertains to the acceleration of expense related to retirement-eligible employees.

Stock-based compensation expense is based on the grant date fair value of the applicable equity grant. For stock awards, the fair value was equivalent to the closing market price of ParentCo's common stock on the date of grant. For stock options, the fair value was estimated on the date of grant using a lattice-pricing model, which generated a result of $4.47, $2.84, and $2.24 per option in 2015, 2014, and 2013, respectively. The lattice-pricing model uses a number of assumptions to estimate the fair value of a stock option, including an average risk-free interest rate, dividend yield, volatility, annual forfeiture rate, exercise behavior, and contractual life. The following paragraph describes in detail the assumptions used to estimate the fair value of stock options granted in 2015 (the assumptions used to estimate the fair value of stock options granted in 2014 and 2013 were not materially different).

The range of average risk-free interest rates (0.07-1.83%) was based on a yield curve of interest rates at the time of the grant based on the contractual life of the option. The dividend yield (0.8%) was based on a one-year average. Volatility (32-41%) was based on historical and implied volatilities over the term of the option. ParentCo utilized historical option forfeiture data to estimate annual pre- and post-vesting forfeitures (7%). Exercise behavior (50%) was based on a weighted average exercise ratio (exercise patterns for grants issued over the number of years in the contractual option term) of an option's intrinsic value resulting from historical employee exercise behavior. Based upon the other assumptions used in the determination of the fair value, the life of an option (5.9 years) was an output of the lattice-pricing model. The activity for stock options and stock awards during 2015 was as follows (options and awards in millions):

	Stock options		Stock awards	
	Number of options	Weighted average exercise price	Number of awards	Weighted average FMV per award
Outstanding, January 1, 2015	6	$ 11.39	4	$ 9.97
Granted	1	15.55	1	15.45
Exercised	(1)	9.54	—	—
Converted	—	—	(1)	10.12
Other	(1)	11.49	—	—
Outstanding, December 31, 2015	5	11.99	4	11.41

As of December 31, 2015, the number of stock options outstanding had a weighted average remaining contractual life of 5.75 years and a total intrinsic value of $1. Additionally, 4 million of the stock options outstanding were fully vested and exercisable and had a weighted average remaining contractual life of 4.99 years, a weighted average exercise price of $11.94, and a total intrinsic value of $1 as of December 31, 2015. In 2015, 2014, and 2013, the cash received from stock option exercises was $5, $24, and $1, respectively. The total intrinsic value of stock options exercised during 2015 and 2014 was $3 and $13, respectively.

S. Income Taxes

The components of income (loss) before income taxes were as follows:

	2015	2014	2013
United States	$(1,053)	$(709)	$(1,002)
Foreign	716	646	(1,745)
	$ (337)	$ (63)	$(2,747)

The provision for income taxes consisted of the following:

	2015	2014	2013
Current:			
Federal*	$ 3	$ 1	$ 6
Foreign	313	333	127
State and local	—	—	—
	316	334	133
Deferred:			
Federal*	(85)	(5)	(2)
Foreign	171	(45)	(8)
State and local	—	—	—
	86	(50)	(10)
Total	$402	$284	$123

* Includes U.S. taxes related to foreign income

A reconciliation of the U.S. federal statutory rate to Alcoa Corporation's effective tax rate was as follows (the effective tax rate for all periods was a provision on a loss):

	2015	2014	2013
U.S. federal statutory rate	35.0%	35.0%	35.0%
Taxes on foreign operations	(6.7)	(67.5)	(1.1)
Permanent differences on restructuring and other charges and asset disposals	—	(19.4)	(0.5)
Noncontrolling interest(1)	(8.5)	(53.5)	(2.0)
Statutory tax rate and law changes(2)	(0.3)	(57.0)	0.2
Tax holidays(3)	6.2	(61.8)	—
Changes in valuation allowances	(62.6)	3.4	(5.8)
Impairment of goodwill	—	—	(22.1)
Equity income/loss	(2.6)	(23.0)	(0.4)
Impact of capitalization of intercompany debt	3.3	38.1	1.4
Losses and credits with no tax benefit(4)	(82.0)	(243.0)	(9.9)
Other	(1.1)	(2.1)	0.7
Effective tax rate	(119.3)%	(450.8%)	(4.5)%

(1) In 2014, the noncontrolling interest' impact on Alcoa Corporation's effective tax rate was mostly due to the noncontrolling interest's share of a loss on the divestiture of an ownership interest in a mining and refining joint venture in Jamaica (see Note F).

(2) In November 2014, Spain enacted corporate tax reform that changed the corporate tax rate from 30% in 2014 to 28% in 2015 and to 25% in 2016. As a result, Alcoa Corporation remeasured certain deferred tax assets related to its Spanish operations.

(3) In 2014, a tax holiday for a Brazilian entity of Alcoa Corporation became effective (see below).

(4) Hypothetical net operating losses and tax credits determined on a separate return basis for which it is more likely than not that a tax benefit will not be realized. The related deferred tax asset and offsetting valuation allowance have been adjusted to Net parent investment and, as such, are not reflected in subsequent deferred tax and valuation allowance tables.

The components of net deferred tax assets and liabilities were as follows:

December 31,	2015 Deferred tax assets	2015 Deferred tax liabilities	2014 Deferred tax assets	2014 Deferred tax liabilities
Depreciation	$ 264	$ 529	$ 180	$ 591
Employee benefits	286	39	364	28
Loss provisions	302	7	224	8
Deferred income/expense	48	312	41	252
Tax loss carryforwards	992	—	1,142	—
Tax credit carryforwards	15	—	19	—
Derivatives and hedging activities	—	216	3	23
Other	420	412	356	278
	2,327	1,515	2,329	1,180
Valuation allowance	(712)	—	(486)	—
Total	$ 1,615	$ 1,515	$ 1,843	$ 1,180

The following table details the expiration periods of the deferred tax assets presented above:

December 31, 2015	Expires within 10 years	Expires within 11-20 years	No expiration*	Other*	Total
Tax loss carryforwards	$ 240	$ 207	$ 545	$ —	$ 992
Tax credit carryforwards	15	—	—	—	15
Other	—	—	426	894	1,320
Valuation allowance	(229)	(101)	(282)	(100)	(712)
Total	$ 26	$ 106	$ 689	$ 794	$1,615

* Deferred tax assets with no expiration may still have annual limitations on utilization. Other represents deferred tax assets whose expiration is dependent upon the reversal of the underlying temporary difference.

Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not (greater than 50%) that a tax benefit will not be realized. In evaluating the need for a valuation allowance, management considers all potential sources of taxable income, including income available in carryback periods, future reversals of taxable temporary differences, projections of taxable income, and income from tax planning strategies, as well as all available positive and negative evidence. Positive evidence includes factors such as a history of profitable operations, projections of future profitability within the carryforward period, including from tax planning strategies, and Alcoa Corporation's experience with similar operations. Existing favorable contracts and the ability to sell products into established markets are additional positive evidence. Negative evidence includes items such as cumulative losses, projections of future losses, or carryforward periods that are not long enough to allow for the utilization of a deferred tax asset based on existing projections of income. Deferred tax assets for which no valuation allowance is recorded may not be realized upon changes in facts and circumstances, resulting in a future charge to establish a valuation allowance. Existing valuation allowances are re-examined under the same standards of positive and negative evidence. If it is determined that it is more likely than not that a deferred tax asset will be realized, the appropriate amount of the valuation allowance, if any, is released. Deferred tax assets and liabilities are also re-measured to reflect changes in underlying tax rates due to law changes and the granting and lapse of tax holidays.

In 2013, Alcoa Corporation recognized a $128 discrete income tax charge for a valuation allowance on the full value of the deferred tax assets related to a Spanish consolidated tax group. These deferred tax assets have an expiration period ranging from 2016 (for certain credits) to an unlimited life (for operating losses). After

weighing all available positive and negative evidence, as described above, management determined that it was no longer more likely than not that Alcoa Corporation will realize the tax benefit of these deferred tax assets. This was mainly driven by a decline in the outlook of the Primary Metals business (2013 realized prices were the lowest since 2009) combined with prior year cumulative losses of the Spanish consolidated tax group. During 2014, the underlying value of the deferred tax assets decreased due to a remeasurement as a result of the enactment of new tax rates in Spain beginning in 2016 (see Income Taxes in Earnings Summary under Results of Operations above), and a change in foreign currency exchange rates. As a result, the valuation allowance decreased by the same amount. At December 31, 2015, the amount of the valuation allowance was $91. This valuation allowance was reevaluated as of December 31, 2015, and no change to the allowance was deemed necessary based on all available evidence. The need for this valuation allowance will be assessed on a continuous basis in future periods and, as a result, a portion or all of the allowance may be reversed based on changes in facts and circumstances.

In 2015, Alcoa Corporation recognized an additional $141 discrete income tax charge for valuation allowances on certain deferred tax assets in Iceland and Suriname. Of this amount, an $85 valuation allowance was established on the full value of the deferred tax assets in Suriname, which were related mostly to employee benefits and tax loss carryforwards. These deferred tax assets have an expiration period ranging from 2016 to 2022. The remaining $56 charge relates to a valuation allowance established on a portion of the deferred tax assets recorded in Iceland. These deferred tax assets have an expiration period ranging from 2017 to 2023. After weighing all available positive and negative evidence, as described above, management determined that it was no longer more likely than not that Alcoa Corporation will realize the tax benefit of either of these deferred tax assets. This was mainly driven by a decline in the outlook of the Primary Metals business, combined with prior year cumulative losses and a short expiration period. The need for this valuation allowance will be assessed on a continuous basis in future periods and, as a result, a portion or all of the allowance may be reversed based on changes in facts and circumstances.

In December 2011, one of Alcoa Corporation's subsidiaries in Brazil applied for a tax holiday related to its expanded mining and refining operations. During 2013, the application was amended and re-filed and, separately, a similar application was filed for another one of ParentCo's subsidiaries in Brazil that has significant operations of Alcoa Corporation. The deadline for the Brazilian government to deny the application was July 11, 2014. Since Alcoa Corporation did not receive notice that its applications were denied, the tax holiday took effect automatically on July 12, 2014. As a result, the tax rate for these entities decreased significantly (from 34% to 15.25%), resulting in future cash tax savings over the 10-year holiday period (retroactively effective as of January 1, 2013). Additionally, a portion of the Alcoa Corporation subsidiary's net deferred tax asset that reverses within the holiday period was remeasured at the new tax rate (the net deferred tax asset of the other entity was not remeasured since it could still be utilized against the subsidiary's future earnings not subject to the tax holiday). This remeasurement resulted in a decrease to that entity's net deferred tax asset and a noncash charge to earnings in Alcoa Corporation's combined statement of operations of $52 ($31 after noncontrolling interest).

The following table details the changes in the valuation allowance:

December 31,	Note	2015	2014	2013
Balance at beginning of year		$(486)	$(517)	(348)
Increase to allowance		(289)	(19)	(169)
Release of allowance		—	7	3
U.S. state tax apportionment and tax rate changes		30	15	—
Foreign currency translation		33	28	(3)
Balance at end of year		$(712)	$(486)	$(517)

The cumulative amount of Alcoa Corporation's foreign undistributed net earnings for which no deferred taxes have been provided was approximately $2,000 at December 31, 2015. Alcoa Corporation has a number of

commitments and obligations related to the Company's growth strategy in foreign jurisdictions. As such, management has no plans to distribute such earnings in the foreseeable future, and, therefore, has determined it is not practicable to determine the related deferred tax liability. Alcoa Corporation is currently evaluating its local and global cash needs for future business operations and anticipated debt facilities, which may influence future repatriation decisions.

A reconciliation of the beginning and ending amount of unrecognized tax benefits (excluding interest and penalties) was as follows:

December 31,	2015	2014	2013
Balance at beginning of year	$ 25	$ 52	$ 57
Additions for tax positions of the current year	2	2	1
Additions for tax positions of prior years	1	1	10
Reductions for tax positions of prior years	—	(1)	(2)
Settlements with tax authorities	(2)	(28)	(8)
Expiration of the statute of limitations	—	—	(2)
Foreign currency translation	(4)	(1)	(4)
Balance at end of year	$ 22	$ 25	$ 52

For all periods presented, a portion of the balance at end of year pertains to state tax liabilities, which are presented before any offset for federal tax benefits. The effect of unrecognized tax benefits, if recorded, that would impact the annual effective tax rate for 2015, 2014, and 2013 would be approximately 4%, 17% and 0%, respectively, of pretax book income (loss). Alcoa Corporation does not anticipate that changes in its unrecognized tax benefits will have a material impact on the Statement of Combined Operations during 2016 (see Other Matters in Note N for a matter for which no reserve has been recognized).

It is Alcoa Corporation's policy to recognize interest and penalties related to income taxes as a component of the Provision for income taxes on the accompanying Statement of Combined Operations. In 2015, 2014, and 2013, Alcoa Corporation recognized $7, $1, and $2, respectively, in interest and penalties. Due to the expiration of the statute of limitations, settlements with tax authorities, and refunded overpayments, Alcoa also recognized interest income of $1, $5, and $12 in 2015, 2014, and 2013, respectively. As of December 31, 2015 and 2014, the amount accrued for the payment of interest and penalties was $7 and $7, respectively.

T. Related Party Transactions

Transactions between Alcoa Corporation and Arconic have been presented as related party transactions in these Combined Financial Statements of Alcoa Corporation. In 2015, 2014, and 2013, sales to Arconic from Alcoa Corporation were $1,078, $1,783, and $1,538, respectively.

Cash pooling arrangement

Alcoa Corporation engages in cash pooling arrangements with related parties that are managed centrally by ParentCo.

Corporate allocations and Net parent investment

ParentCo's operating model includes a combination of standalone and combined business functions between Alcoa Corporation and Arconic, varying by country and region. The Combined Financial Statements of Alcoa Corporation include allocations related to these costs applied on a fully allocated cost basis, in which shared business functions are allocated between Alcoa Corporation and Arconic. Such allocations are estimates, and also do not represent the costs of such services if performed on a standalone basis.

The Combined Financial Statements of Alcoa Corporation include general corporate expenses of ParentCo that were not historically charged to Alcoa Corporation for certain support functions that are provided on a centralized basis, such as expenses related to finance, audit, legal, information technology, human resources, communications, compliance, facilities, employee benefits and compensation, and research and development ("R&D") activities. For purposes of the Combined Financial Statements, a portion of these general corporate expenses has been allocated to Alcoa Corporation, and is included in the combined statement of operations within Cost of goods sold, Research and development expenses, and Selling, general administrative and other expenses. These expenses have been allocated to Alcoa Corporation on the basis of direct usage when identifiable, with the remainder allocated based on Alcoa Corporation's segment revenue as a percentage of ParentCo's total segment revenue for both Alcoa Corporation and Arconic. The total general corporate expenses allocated to Alcoa Corporation during the fiscal years ended December 31, 2015, 2014 and 2013, were $268, $260, and $278 respectively.

All external debt not directly attributable to Alcoa Corporation has been excluded from the Combined Balance Sheet of Alcoa Corporation. Financing costs related to these debt obligations have been allocated to Alcoa Corporation based on the ratio of capital invested in Alcoa Corporation to the total capital invested by ParentCo in both Alcoa Corporation and Arconic, and are included in the Statement of Combined Operations within Interest expense. The total financing costs allocated to Alcoa Corporation during the fiscal years ended December 31, 2015, 2014 and 2013, were $245, $278, and $272 respectively.

Management believes the assumptions regarding the allocation of ParentCo's general corporate expenses and financing costs are reasonable.

Nevertheless, the Combined Financial Statements of Alcoa Corporation may not reflect the actual expenses that would have been incurred and may not reflect Alcoa Corporation's combined results of operations, financial position and cash flows had it been a standalone company during the periods presented. Actual costs that would have been incurred if Alcoa Corporation had been a standalone company would depend on multiple factors, including organizational structure, capital structure, and strategic decisions made in various areas, including information technology and infrastructure. Transactions between Alcoa Corporation and ParentCo, including sales to Arconic, have been included as related party transactions in these Combined Financial Statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these transactions is reflected in the Combined Statements of Cash Flows as a financing activity and in the Combined Balance Sheets as Net parent investment.

U. Equity Investments

A summary of financial information for all investees accounted for by the equity method of accounting is as follows (amounts represent 100% of investee financial information):

(in millions)	2015	2014	2013
Income data—year ended December 31			
Sales	$ 4,119	$ 3,350	$2,394
Cost of goods sold	3,209	2,503	1,679
Income (loss) before income taxes	125	(76)	75
Net income (loss)	43	(144)	(19)
Balance Sheet—as of December 31			
Current assets	$ 1,555	$ 1,472	
Noncurrent assets	13,357	14,246	
Current liabilities	1,661	1,793	
Noncurrent liabilities	8,972	8,829	

Financial information for equity method investees that were significant to Alcoa Corporation's results for the years ended December 31 are as follows:

(Dollars in millions)	Energetica Barra Grande SA	Halco Mining	Ma'aden Rolling Co.	Ma'aden Smelting Co.	Ma'aden Bauxite and Alumina Co.	Manicouagan Power L.P.	Pechiney Reynolds Quebec	Others	Total
Income data—year ended December 31, 2015									
Sales	130	487	286	1,481	258	106	486	885	4,119
Cost of goods sold	98	236	352	1,317	401	16	288	501	3,209
Income before income taxes	27	86	(125)	(52)	(185)	91	113	170	125
Net income	7	80	(125)	(56)	(185)	90	104	128	43
Alcoa Corporation's percentage of ownership in equity investees	42.2%	45.0%	25.1%	25.1%	25.1%	40.0%	49.8%		
Equity in net income of affiliated companies, before reconciling adjustments	3	36	(31)	(14)	(46)	36	52	24	60
Other	(1)	(2)	(1)	(1)	—	—	4	(6)	(7)
Alcoa Corporation's equity in net income of affiliated companies	2	34	(32)	(15)	(46)	36	56	18	53
Balance Sheet—as of December 31, 2015									
Current assets	27	40	389	469	305	23	107	195	1,555
Noncurrent assets	288	165	1,659	4,696	3,005	62	109	3,373	13,357
Current liabilities	50	28	254	909	122	6	54	238	1,661
Noncurrent liabilities	43	16	1,329	2,913	2,206	—	(21)	2,486	8,972
Income data—year ended December 31, 2014									
Sales	170	487	42	1,260	3	120	318	950	3,350
Cost of goods sold	118	260	102	1,073	4	18	280	648	2,503
Income before income taxes	44	76	(109)	(149)	(135)	103	39	55	(76)
Net income	19	72	(109)	(149)	(135)	102	28	28	(144)
Alcoa Corporation's percentage of ownership in equity investees	42.2%	45.0%	25.1%	25.1%	25.1%	40.0%	49.8%		
Equity in net income of affiliated companies, before reconciling adjustments	8	32	(27)	(37)	(34)	41	14	3	—
Other	—	(1)	—	—	—	(1)	4	—	2
Alcoa Corporation's equity in net income of affiliated companies	8	31	(27)	(37)	(34)	40	18	3	2
Balance Sheet—as of December 31, 2014									
Current assets	27	38	186	405	182	22	439	173	1,472
Noncurrent assets	427	150	1,619	4,841	2,951	72	107	4,079	14,246
Current liabilities	50	29	59	683	121	7	50	794	1,793
Noncurrent liabilities	92	12	1,191	3,164	1,849	1	16	2,504	8,829
Income data—year ended December 31, 2013									
Sales	130	493	—	349	—	124	326	972	2,394
Cost of goods sold	78	250	—	479	—	19	288	565	1,679
Income before income taxes	42	81	(51)	(215)	(48)	105	37	124	75
Net income	14	76	(51)	(215)	(48)	105	26	74	(19)
Alcoa Corporation's percentage of ownership in equity investees	42.2%	45.0%	25.1%	25.1%	25.1%	40.0%	49.8%		
Equity in net income of affiliated companies, before reconciling adjustments	6	34	(13)	(54)	(12)	42	13	16	32
Other	(1)	(1)	—	—	—	—	6	(12)	(8)
Alcoa Corporation's equity in net income of affiliated companies	5	33	(13)	(54)	(12)	42	19	4	24

Investees accounted for using the equity method include:

Investee	Country	Ownership Interest[1]
Consorcio Serra Do Facao	Brazil	35.0%
DBNGP Trust	Australia	20.0%[2]
Energetica Barra Grande SA	Brazil	42.2%
Halco Mining	Guinea	45.0%[2]
Ma'aden Rolling Company	Saudi Arabia	25.1%
Ma'aden Smelting Company	Saudi Arabia	25.1%
Ma'aden Bauxite and Alumina Company	Saudi Arabia	25.1%[2]
Manicouagan Power Limited Partnership	Canada	40.0%
Mineracão Rio Do Norte S.A. (MRN)	Brazil	18.2%
Pechiney Reynolds Quebec	Canada	49.8%

1 This table shows the ownership of Alcoa Corporation or AWAC, as appropriate. Ownership percentages have not changed from January 2013 through December 2015.
2 This investment is part of the AWAC group of companies that are owned 60% by Alcoa Corporation and 40% by Alumina Limited

V. Interest Cost Components

	2015	2014	2013
Amount charged to expense	$270	$309	$305
Amount capitalized	30	34	65
	$300	$343	$370

W. Pension and Other Postretirement Benefits

Certain Alcoa Corporation employees participate in defined benefit pension plans sponsored by ParentCo ("Shared Pension Plans"), which include Arconic and ParentCo corporate participants. Alcoa Corporation accounts for Shared Pension Plans as multiemployer benefit plans. Accordingly, Alcoa Corporation does not record an asset or liability to recognize the funded status of the Shared Pension Plans. However, the related pension expenses allocated to Alcoa Corporation are based primarily on pensionable compensation of active Alcoa Corporation participants. Multiemployer contribution expenses attributable to Alcoa Corporation for the Shared Pension Plans were $64, $64, and $64 in 2015, 2014, and 2013, respectively.

Certain Alcoa Corporation employees also participate in health care and life insurance postretirement benefit plans sponsored by ParentCo ("Shared OPEB Plans", and, together with the Shared Pension Plans, the "Shared Plans") which include Arconic and ParentCo corporate participants as well as eligible U.S. retired employees and certain retirees from foreign locations. Generally, the medical plans are unfunded and pay a percentage of medical expenses, reduced by deductibles and other coverages. Life insurance benefits are generally provided by insurance contracts. ParentCo retains the right, subject to existing agreements, to change or eliminate these benefits. All salaried and certain non-bargaining hourly U.S. employees hired after January 1, 2002 and certain bargaining hourly U.S. employees hired after July 1, 2010 are not eligible for postretirement health care benefits. All salaried and certain hourly U.S. employees that retire on or after April 1, 2008 are not eligible for postretirement life insurance benefits. Alcoa Corporation accounts for Shared OPEB Plans as multiemployer benefit plans. Accordingly, Alcoa Corporation does not record an asset or liability to recognize the funded status of the Shared OPEB Plans. Multiemployer contribution expenses attributable to Alcoa Corporation for the Shared OPEB Plans are based primarily on estimated interest costs and were $32, $39, and $39 in 2015, 2014, and 2013, respectively.

The Combined Financial Statements also include an allocation of expenses for the Shared Plans attributable to ParentCo corporate participants as well as to closed and sold operations (see Cost Allocations discussion in Note A). Including the multiemployer expenses disclosed above, the total expenses associated with the Shared Plans reflected in the Combined Financial Statements were $191, $183, and $219 in 2015, 2014 and 2013, respectively.

Certain ParentCo plans that are specific to Alcoa Corporation employees (“Direct Plans”) are accounted for as defined benefit pension and other postretirement benefit plans. Accordingly, the funded status of each Direct Plan is recorded in the accompanying Combined Balance Sheet. Actuarial gains and losses that have not yet been recognized in earnings are recorded in Accumulated other comprehensive loss until they are amortized as a component of net periodic benefit cost. The determination of benefit obligations and recognition of expenses related to Direct Plans are dependent on various assumptions. The major assumptions primarily relate to discount rates, long-term expected rates of return on plan assets, and future compensation increases. Management develops each assumption using relevant company experience in conjunction with market-related data for each of the plans.

The funded status of all of Alcoa Corporation’s Direct Plans are measured as of December 31 each calendar year. The following information is applicable to only the Direct Plans, all of which are non-U.S. plans.

Obligations and Funded Status

December 31,	Note	Pension benefits 2015	Pension benefits 2014	Other postretirement benefits 2015	Other postretirement benefits 2014
Change in benefit obligation					
Benefit obligation at beginning of year		$2,508	$2,451	$ 98	$ 99
Service cost		63	69	—	1
Interest cost		95	122	4	5
Amendments		16	11	—	(11)
Actuarial losses (gains)		27	269	(7)	12
Divestitures	F	—	(52)	—	(1)
Settlements		(65)	(117)	—	—
Curtailments		(13)	—	(5)	—
Benefits paid, net of participants’ contributions		(66)	(65)	(5)	(5)
Foreign currency translation impact		(319)	(181)	(3)	(2)
Benefit obligation at end of year		$2,246	$2,507	$ 82	$ 98
Change in plan assets					
Fair value of plan assets at beginning of year		$2,091	$2,086	$ —	$ —
Actual return on plan assets		110	215	—	—
Employer contributions		76	160	—	—
Participants’ contributions		19	24	—	—
Benefits paid		(76)	(78)	—	—
Administrative expenses		(6)	(8)	—	—
Divestitures	F	—	(47)	—	—
Settlements		(65)	(117)	—	—
Foreign currency translation impact		(258)	(145)	—	—
Fair value of plan assets at end of year		$1,891	$2,090	$ —	$ —
Funded status		$ (355)	$ (417)	$ (82)	$ (98)
Less: Amounts attributed to joint venture partners		(30)	(34)	—	—
Net funded status		$ (325)	$ (383)	$ (82)	$ (98)
Amounts recognized in the Combined Balance Sheet consist of:					
Noncurrent assets		$ 35	$ 35	$ —	$ —
Current liabilities		(1)	(1)	(4)	(5)

December 31,	Note	Pension benefits 2015	Pension benefits 2014	Other postretirement benefits 2015	Other postretirement benefits 2014
Noncurrent liabilities		(359)	(417)	(78)	(93)
Net amount recognized		$(325)	$(383)	$ (82)	$ (98)
Amounts recognized in Accumulated Other Comprehensive Loss consist of:					
Net actuarial loss		$ 625	$ 731	$ 1	$ 6
Prior service cost (benefit)		35	58	—	(10)
Total, before tax effect		660	789	1	(4)
Less: Amounts attributed to joint venture partners		39	44	—	—
Net amount recognized, before tax effect		$ 621	$ 745	$ 1	$ (4)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Loss consist of:					
Net actuarial (benefit) loss		$ (64)	$ 118	$ (12)	$ 13
Amortization of accumulated net actuarial (loss) benefit		(42)	(34)	7	2
Prior service (benefit) cost		(17)	5	1	(12)
Amortization of prior service (cost) benefit		(6)	(8)	9	2
Total, before tax effect		(129)	81	5	5
Less: Amounts attributed to joint venture partners		(5)	7	—	—
Net amount recognized, before tax effect		$(124)	$ 74	$ 5	$ 5

Pension Plan Benefit Obligations

	2015	2014
The projected benefit obligation and accumulated benefit obligation for all defined benefit pension plans was as follows:		
Projected benefit obligation	$2,246	$2,507
Accumulated benefit obligation	2,049	2,267
The aggregate projected benefit obligation and fair value of plan assets for pension plans with projected benefit obligations in excess of plan assets was as follows:		
Projected benefit obligation	2,175	2,434
Fair value of plan assets	1,789	1,983
The aggregate accumulated benefit obligation and fair value of plan assets for pension plans with accumulated benefit obligations in excess of plan assets was as follows:		
Accumulated benefit obligation	1,467	1,602
Fair value of plan assets	1,252	1,357

Components of Net Periodic Benefit Cost

	Pension benefits 2015	Pension benefits 2014	Pension benefits 2013	Other postretirement benefits 2015	Other postretirement benefits 2014	Other postretirement benefits 2013
Service cost	$ 51	$ 55	$ 72	$ —	$ 1	$ 1
Interest cost	89	114	111	4	5	4
Expected return on plan assets	(121)	(134)	(131)	—	—	—
Recognized net actuarial loss (benefit)	42	34	61	(3)	(2)	(1)
Amortization of prior service cost (benefit)	6	8	9	(9)	(2)	—

	Pension benefits			Other postretirement benefits		
	2015	2014	2013	2015	2014	2013
Settlements(1)	14	24	—	—	—	—
Curtailments(2)	9	—	6	(4)	—	—
Special termination benefits(3)	16	—	77	—	—	—
Net periodic benefit cost(4)	$106	$101	$205	$ (12)	$ 2	$ 4

(1) In 2015 and 2014, settlements were due to workforce reductions (see Note D) and the payment of lump sum benefits.
(2) In 2015 and 2013, curtailments were due to elimination of benefits or workforce reductions (see Note D).
(3) In 2015 and 2013, special termination benefits were due to workforce reductions (see Note D).
(4) Amounts attributed to joint venture partners are not included.

Amounts Expected to be Recognized in Net Periodic Benefit Cost

	Pension benefits 2016	Other postretirement benefits 2016
Net actuarial loss recognition	$ 37	$ —
Prior service cost (benefit) recognition	5	—

Assumptions

Weighted average assumptions used to determine benefit obligations for Direct Plans were as follows:

December 31,	2015	2014
Discount rate	4.03%	4.09%
Rate of compensation increase	3.65	3.74

The discount rates for the plans are primarily determined by using yield curve models developed with the assistance of an external actuary. The cash flows of the plans' projected benefit obligations are discounted using a single equivalent rate derived from yields on high-quality corporate bonds, which represent a broad diversification of issuers in various sectors. The yield curve model parallels the plans' projected cash flows, which have an average duration ranging from 11 to 15 years. The underlying cash flows of the bonds included in the models exceed the cash flows needed to satisfy plans' obligations multiple times. If a deep market of high quality corporate bonds does not exist in a country, then the yield on government bonds plus a corporate bond yield spread is used.

The rate of compensation increase is based upon anticipated salary increases and estimated inflation. For 2016, the rate of compensation increase will be 3.65%.

Weighted average assumptions used to determine net periodic benefit cost for Direct Plans were as follows:

	2015	2014	2013
Discount rate*	4.09%	5.14%	4.63%
Expected long-term rate of return on plan assets	6.91%	6.91%	6.98%
Rate of compensation increase	3.74%	3.79%	3.81%

* In all periods presented, the respective discount rates were used to determine net periodic benefit cost for most Direct Plans for the full annual period. However, the discount rates for a limited number of plans were updated during 2015, 2014, and 2013 to reflect the remeasurement of these plans due to settlements, and/or curtailments. The updated discount rates used were not significantly different from the discount rates presented.

The expected long-term rate of return on plan assets is generally applied to a four-year or five-year average value of plan assets for certain plans, or the fair value at the plan measurement date. The process used by management to develop this assumption is one that relies on forward-looking returns by asset class. Management incorporates expected future returns on current and planned asset allocations using information from various external investment managers and consultants, as well as management's own judgment. For 2015, 2014, and 2013, management used 6.91%, 6.91% and 6.98%, respectively, as its expected long-term rate of return. For 2016, management anticipates that 6.92% will be the expected long-term rate of return.

Assumed health care cost trend rates for other postretirement benefit plans were as follows:

	2015	2014	2013
Health care cost trend rate assumed for next year	5.5%	5.5%	5.5%
Rate to which the cost trend rate gradually declines	4.5%	4.5%	4.5%
Year that the rate reaches the rate at which it is assumed to remain	2019	2018	2017

The assumed health care cost trend rate is used to measure the expected cost of gross eligible charges covered by Alcoa Corporation's other postretirement benefit plans. For 2016, a 5.5% trend rate will be used, reflecting management's best estimate of the change in future health care costs covered by the plans. The plans' actual annual health care cost trend experience over the past three years has ranged from 4.0% to 9.6% Management does not believe this three-year range is indicative of expected increases for future health care costs over the long-term.

Assumed health care cost trend rates have an effect on the amounts reported for the health care plan. A one-percentage point change in these assumed rates would have the following effects:

	1% increase	1% decrease
Effect on other postretirement benefit obligations	$ 12	$ (10)
Effect on total of service and interest cost components	1	(1)

Plan Assets

Alcoa Corporation's pension plans' investment policy and weighted average asset allocations at December 31, 2015 and 2014, by asset class, were as follows:

Asset class	Policy range	Plan assets at December 31, 2015	2014
Equities	20–50%	39%	42%
Fixed income	25–55%	37%	39%
Other investments	15–40%	24%	19%
Total		100%	100%

The principal objectives underlying the investment of the pension plans' assets are to ensure that Alcoa Corporation can properly fund benefit obligations as they become due under a broad range of potential economic and financial scenarios, maximize the long-term investment return with an acceptable level of risk based on such obligations, and broadly diversify investments across and within various asset classes to protect asset values against adverse movements.

Investment practices comply with the requirements of applicable laws and regulations in the respective jurisdictions. The use of derivative instruments is permitted where appropriate and necessary for achieving overall investment policy objectives. Currently, the use of derivative instruments is not significant when compared to the overall investment portfolio.

The following section describes the valuation methodologies used by the trustees to measure the fair value of pension plan assets, including an indication of the level in the fair value hierarchy in which each type of asset is generally classified (see Note X for the definition of fair value and a description of the fair value hierarchy).

Equities. These securities consist of: (i) direct investments in the stock of publicly traded U.S. and non-U.S. companies and are valued based on the closing price reported in an active market on which the individual securities are traded (generally classified in Level 1); (ii) the plans' share of commingled funds that are invested in the stock of publicly traded companies and are valued at the net asset value of shares held at December 31 (included in Level 1 if quoted in an active market, otherwise these investments are included in Level 2); and (iii) direct investments in long/short equity hedge funds and private equity (limited partnerships and venture capital partnerships) and are valued by investment managers based on the most recent financial information available, which typically represents significant unobservable data (generally classified as Level 3).

Fixed income. These securities consist of: (i) U.S. government debt and are generally valued using quoted prices (included in Level 1); (ii) publicly traded U.S. and non-U.S. fixed interest obligations (principally corporate bonds and debentures) and are valued through consultation and evaluation with brokers in the institutional market using quoted prices and other observable market data (included in Level 2); and (iii) cash and cash equivalents, which consist of government securities in commingled funds, and are generally valued using observable market data (included in Level 2).

Other investments. These investments include, among others: (i) exchange traded funds, such as gold, and real estate investment trusts and are valued based on the closing price reported in an active market on which the investments are traded (included in Level 1); (ii) the plans' share of commingled funds that are invested in real estate investment trusts and are valued at the net asset value of shares held at December 31 (generally included in Level 3, however, if fair value is able to be determined through the use of quoted market prices of similar assets or other observable market data, then the investments are classified in Level 2); and (iii) direct investments of discretionary and systematic macro hedge funds and private real estate (includes limited partnerships) and are valued by investment managers based on the most recent financial information available, which typically represents significant unobservable data (generally classified as Level 3, however, if fair value is able to be determined through the use of quoted market prices of similar assets or other observable market data, then the investments are classified in Level 2).

The fair value methods described above may not be indicative of net realizable value or reflective of future fair values. Additionally, while Alcoa Corporation believes the valuation methods used by the plans' trustees are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents the fair value of pension plan assets classified under the appropriate level of the fair value hierarchy:

December 31, 2015	Level 1	Level 2	Level 3	Total
Equities:				
Equity securities	$ 160	$ 475	$ 5	$640
Long/short equity hedge funds	—	—	26	26
Private equity	—	—	64	64
	$ 160	$ 475	$ 95	$730
Fixed income:				
Intermediate and long duration government/credit	$ 152	$ 383	$ —	$535
Other	—	163	—	163
	$ 152	$ 546	$ —	$698

December 31, 2015	Level 1	Level 2	Level 3	Total
Other investments:				
Real estate	$ 4	$ 16	$ 169	$ 189
Discretionary and systematic macro hedge funds	—	—	46	46
Other	4	—	224	228
	$ 8	$ 16	$ 439	$ 463
Total	$ 320	$1,037	$ 534	$1,891

December 31, 2014	Level 1	Level 2	Level 3	Total
Equities				
Equity securities	$ 230	$ 541	$ 5	$ 776
Long/short equity hedge funds	—	—	27	27
Private equity	—	—	73	73
	$ 230	$ 541	$ 105	$ 876
Fixed income:				
Intermediate and long duration government/credit	$ 166	$ 445	$ —	$ 611
Other	—	200	—	200
	$ 166	$ 645	$ —	$ 811
Other investments:				
Real estate	$ 4	$ 18	$ 157	$ 179
Discretionary and systematic macro hedge funds	—	—	39	39
Other	4	—	181	185
	$ 8	$ 18	$ 377	$ 403
Total	$ 404	$1,204	$ 482	$2,090

Pension plan assets classified as Level 3 in the fair value hierarchy represent investments in which the trustees have used significant unobservable inputs in the valuation model. The following table presents a reconciliation of activity for such investments:

	2015	2014
Balance at beginning of year	$ 482	$379
Realized gains	7	14
Unrealized gains	99	9
Purchases	75	143
Sales	(19)	(39)
Issuances	—	—
Settlements	—	—
Foreign currency translation impact	(110)	(24)
Transfers in and/or out of Level 3*	—	—
Balance at end of year	$ 534	$482

* In 2015 and 2014, there were no transfers of financial instruments into or out of Level 3.

Funding and Cash Flows

It is Alcoa Corporation’s policy to fund amounts for Direct Plans sufficient to meet the minimum requirements set forth in applicable country benefits laws and tax laws. From time to time, Alcoa Corporation (through ParentCo) contributes additional amounts as deemed appropriate. In 2015 and 2014, cash contributions to Alcoa Corporation’s pension plans were $69 and $154. The minimum required contribution to pension plans in 2016 is estimated to be $51.

Benefit payments expected to be paid to pension and other postretirement benefit plans' participants are as follows:

Year ended December 31,	Pension benefits	Other post-retirement benefits
2016	$ 116	$ 5
2017	117	4
2018	122	4
2019	125	5
2020	131	5
2021 through 2025	712	24
Total	1,323	47

Defined Contribution Plans

Alcoa Corporation employees participate in ParentCo-sponsored savings and investment plans in several countries, including the United States and Australia. Alcoa Corporation's expenses related to these plans were $59 in 2015, $68 in 2014, and $73 in 2013. In the United States, Alcoa Corporation's employees may contribute a portion of their compensation to the plans, and ParentCo matches a portion of these contributions in equivalent form of the investments elected by the employee. Prior to January 1, 2014, ParentCo's match was mostly in ParentCo stock.

X. Derivatives and Other Financial Instruments

Fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between (i) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (ii) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3—Inputs that are both significant to the fair value measurement and unobservable.

Derivatives. Alcoa Corporation is exposed to certain risks relating to its ongoing business operations, including financial, market, political, and economic risks. The following discussion provides information regarding Alcoa Corporation's exposure to the risks of changing commodity prices, and foreign currency exchange rates.

Alcoa Corporation's commodity and derivative activities are subject to the management, direction, and control of ParentCo's Strategic Risk Management Committee (SRMC), which is composed of the chief executive officer, the chief financial officer, and other officers and employees that the chief executive officer selects. The SRMC meets on a periodic basis to review derivative positions and strategy and reports to ParentCo's Board of Directors on the scope of its activities.

Alcoa Corporation has nine derivative instruments classified as Level 3 under the fair value hierarchy. These instruments are composed of seven embedded aluminum derivatives, an energy contract, and an embedded credit derivative, all of which relate to energy supply contracts associated with eight smelters and three refineries. Five of the embedded aluminum derivatives and the energy contract were designated as cash flow hedging instruments and two of the embedded aluminum derivatives and the embedded credit derivative were not designated as hedging instruments.

The following section describes the valuation methodologies used by Alcoa Corporation to measure its Level 3 derivative instruments at fair value. Derivative instruments classified as Level 3 in the fair value hierarchy represent those in which management has used at least one significant unobservable input in the valuation model. Alcoa Corporation uses a discounted cash flow model to fair value all Level 3 derivative instruments. Where appropriate, the description below includes the key inputs to those models and any significant assumptions. These valuation models are reviewed and tested at least on an annual basis.

Inputs in the valuation models for Level 3 derivative instruments are composed of the following: (i) quoted market prices (e.g., aluminum prices on the 10-year London Metal Exchange (LME) forward curve and energy prices), (ii) significant other observable inputs (e.g., information concerning time premiums and volatilities for certain option type embedded derivatives and regional premiums for aluminum contracts), and (iii) unobservable inputs (e.g., aluminum and energy prices beyond those quoted in the market). For periods beyond the term of quoted market prices for aluminum, Alcoa Corporation estimates the price of aluminum by extrapolating the 10-year LME forward curve. Additionally, for periods beyond the term of quoted market prices for energy, management has developed a forward curve based on independent consultant market research. Where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations. Such adjustments are generally based on available market evidence (Level 2). In the absence of such evidence, management's best estimate is used (Level 3). If a significant input that is unobservable in one period becomes observable in a subsequent period, the related asset or liability would be transferred to the appropriate classification (Level 1 or 2) in the period of such change (there were no such transfers in the periods presented).

Alcoa Corporation has embedded derivatives in two power contracts that index the price of power to the LME price of aluminum. Additionally, in late 2014, Alcoa Corporation renewed three power contracts, each of which contain an embedded derivative that indexes the price of power to the LME price of aluminum plus the Midwest premium. The embedded derivatives in these five power contracts are primarily valued using observable market prices; however, due to the length of the contracts, the valuation models also require management to estimate the long-term price of aluminum based upon an extrapolation of the 10-year LME forward curve and/or 5-year Midwest premium curve. Significant increases or decreases in the actual LME price beyond 10 years and/or the Midwest premium beyond 5 years would result in a higher or lower fair value measurement. An increase in actual LME price and/or the Midwest premium over the inputs used in the valuation models will result in a higher cost of power and a corresponding decrease to the derivative asset or increase to the derivative liability. The embedded derivatives have been designated as cash flow hedges of forward sales of aluminum. Unrealized gains and losses were included in Other comprehensive loss on the accompanying Combined Balance Sheet while realized gains and losses were included in Sales on the accompanying Statement of Combined Operations.

Also, Alcoa Corporation has a power contract separate from above that contains an LME-linked embedded derivative. The embedded derivative is valued using the probability and interrelationship of future LME prices, Australian dollar to U.S. dollar exchange rates, and the U.S. consumer price index. Significant increases or decreases in the LME price would result in a higher or lower fair value measurement. An increase in actual LME price over the inputs used in the valuation model will result in a higher cost of power and a corresponding decrease to the derivative asset. This embedded derivative did not qualify for hedge accounting treatment. Unrealized gains and losses from the embedded derivative were included in Other expenses, net on the accompanying Statement of Combined Operations while realized gains and losses were included in Cost of goods

sold on the accompanying Statement of Combined Operations as electricity purchases were made under the contract. At the time this derivative asset was recognized, an equivalent amount was recognized as a deferred credit in Other noncurrent liabilities and deferred credits on the accompanying Combined Balance Sheet (see Note L). This deferred credit is recognized in Other expenses, net on the accompanying Statement of Combined Operations as power is received over the life of the contract. Alcoa Corporation had a similar power contract and related embedded derivative associated with another smelter; however, the contract and related derivative instrument matured in July 2014.

Additionally, Alcoa Corporation has a natural gas supply contract, which has an LME-linked ceiling. This embedded derivative is valued using probabilities of future LME aluminum prices and the price of Brent crude oil (priced on Platts), including the interrelationships between the two commodities subject to the ceiling. Any change in the interrelationship would result in a higher or lower fair value measurement. An LME ceiling was embedded into the contract price to protect against an increase in the price of oil without a corresponding increase in the price of LME. An increase in oil prices with no similar increase in the LME price would limit the increase of the price paid for natural gas. This embedded derivative did not qualify for hedge accounting treatment. Unrealized gains and losses from the embedded derivative were included in Other expenses, net on the accompanying Statement of Combined Operations while realized gains and losses were included in Cost of goods sold on the accompanying Statement of Combined Operations as gas purchases were made under the contract.

Furthermore, Alcoa Corporation has an embedded derivative in a power contract that indexes the difference between the long-term debt ratings of Alcoa Corporation and the counterparty from any of the three major credit rating agencies. Management uses market prices, historical relationships, and forecast services to determine fair value. Significant increases or decreases in any of these inputs would result in a lower or higher fair value measurement. A wider credit spread between Alcoa Corporation and the counterparty would result in a higher cost of power and a corresponding increase in the derivative liability. This embedded derivative did not qualify for hedge accounting treatment. Unrealized gains and losses were included in Other expenses, net on the accompanying Statement of Combined Operations while realized gains and losses were included in Cost of goods sold on the accompanying Statement of Combined Operations as electricity purchases were made under the contract.

Finally, Alcoa Corporation has a derivative contract that will hedge the anticipated power requirements at one of its smelters once the existing power contract expires in September 2016. Beyond the term where market information is available, management has developed a forward curve, for valuation purposes, based on independent consultant market research. Significant increases or decreases in the power market may result in a higher or lower fair value measurement. Lower prices in the power market would cause a decrease in the derivative asset. The derivative contract has been designated as a cash flow hedge of future purchases of electricity. Unrealized gains and losses on this contract were recorded in Other comprehensive loss on the accompanying Combined Balance Sheet. Once the designated hedge period begins in September 2016, realized gains and losses will be recorded in Cost of goods sold as electricity purchases are made under the power contract. Alcoa Corporation had a similar contract related to another smelter once the prior existing contract expired in 2014, but elected to terminate the new contract in early 2013. This election was available to Alcoa Corporation under the terms of the contract and was made due to a projection that suggested the contract would be uneconomical. Prior to termination, the new contract was accounted for in the same manner.

The fair values of Level 3 derivative instruments recorded as assets and liabilities in the accompanying Combined Balance Sheet is as follows:

	Fair value at December 31, 2015	Unobservable input	Range ($ in full amounts)
Assets:			
Embedded aluminum derivatives	$1,060	Price of aluminum beyond forward curve	Aluminum: $2,060 per metric ton in 2026 to $2,337 per metric ton in 2029 (two contracts) and $2,534 per metric ton in 2036 (one contract) Midwest premium: $0.0940 per pound in 2021 to $0.0940 per pound in 2029 (two contracts) and 2036 (one contract)
Embedded aluminum derivative	69	Interrelationship of future aluminum prices, foreign currency exchange rates, and the U.S. consumer price index (CPI)	Aluminum: $1,525 per metric ton in 2016 Foreign currency: A$1 = $0.73 in 2016 CPI: 1982 base year of 100 and 233 in January 2016 to 236 in September 2016
Embedded aluminum derivative	6	Interrelationship of LME price to overall energy price	Aluminum: $1,512 per metric ton in 2016 to $1,686 per metric ton in 2019
Embedded aluminum derivative	—	Interrelationship of future aluminum and oil prices	Aluminum: $1,525 per metric ton in 2016 to $1,652 per metric ton in 2018 Oil: $38 per barrel in 2016 to $53 per barrel in 2018
Liabilities:			
Embedded aluminum derivative	169	Price of aluminum beyond forward curve	Aluminum: $2,060 per metric ton in 2026 to $2,128 per metric ton in 2027
Embedded credit derivative	35	Credit spread between Alcoa Corporation and counterparty	3.41% to 4.29% (3.85% median)
Energy contract	2	Price of electricity beyond forward curve	Electricity: $45 per megawatt hour in 2019 to $121 per megawatt hour in 2036

* The fair value of embedded aluminum derivatives reflected as assets and liabilities in this table are both lower by $2 compared to the respective amounts reflected in the Level 3 tables presented below. This is due to the fact that Alcoa Corporation has one derivative that is in a liability position for the current portion but is in an asset position for the noncurrent portion, and is reflected as such on the accompanying Combined Balance Sheet. However, this derivative is reflected as a net liability in the above table for purposes of presenting the assumptions utilized to measure the fair value of the derivative instruments in their entirety.

The fair values of Level 3 derivative instruments recorded as assets and liabilities in the accompanying Combined Balance Sheet were as follows:

Asset Derivatives	December 31, 2015	December 31, 2014
Derivatives designated as hedging instruments:		
Prepaid expenses and other current assets:		
Embedded aluminum derivatives	$ 72	$ 24
Other noncurrent assets:		
Embedded aluminum derivative	994	73
Energy contract	2	2
Total derivatives designated as hedging instruments	$ 1,068	$ 99
Derivatives not designated as hedging instruments:		
Prepaid expenses and other current assets:		
Embedded aluminum derivatives	$ 69	$ 98
Other noncurrent assets:		
Embedded aluminum derivatives	—	71
Total derivatives not designated as hedging instruments	$ 69	$ 169
Total Asset Derivatives	$ 1,137	$ 268
Liability Derivatives		
Derivatives designated as hedging instruments:		
Other current liabilities:		
Embedded aluminum derivative	$ 9	$ 24
Energy contract	4	—
Other noncurrent liabilities and deferred credits:		
Embedded aluminum derivatives	160	352
Total derivatives designated as hedging instruments	$ 173	$ 376
Derivatives not designated as hedging instruments:		
Other current liabilities:		
Embedded credit derivative	$ 6	$ 2
Other noncurrent liabilities and deferred credits:		
Embedded credit derivative	29	16
Total derivatives not designated as hedging instruments	$ 35	$ 18
Total Liability Derivatives	$ 208	$ 394

The following table shows the net fair values of the Level 3 derivative instruments at December 31, 2015 and the effect on these amounts of a hypothetical change (increase or decrease of 10%) in the market prices or rates that existed as of December 31, 2015:

	Fair value asset/(liability)	Index change of + / - 10%
Embedded aluminum derivatives	$ 966	$ 340
Embedded credit derivative	(35)	4
Energy contract	(2)	136

The following tables present a reconciliation of activity for Level 3 derivative contracts:

2015	Assets		Liabilities		
	Embedded aluminum derivatives	Energy contract	Embedded aluminum derivatives	Embedded credit derivative	Energy contract
Opening balance—January 1, 2015	$ 266	$ 2	$ 376	$ 18	$ —
Total gains or losses (realized and unrealized) included in:					
Sales	5	—	(16)	—	—
Cost of goods sold	(99)	—	—	—	—
Other expenses, net	(8)	(2)	—	17	1
Other comprehensive loss	964	1	(191)	—	3
Purchases, sales, issuances, and settlements*	—	—	—	—	—
Transfers into and/or out of Level 3*	—	—	—	—	—
Foreign currency translation	7	1	—	—	—
Closing balance—December 31, 2015	$ 1,135	$ 2	$ 169	$ 35	$ 4
Change in unrealized gains or losses included in earnings for derivative contracts held at December 31, 2015:					
Sales	$ —	$ —	$ —	$ —	$ —
Cost of goods sold	—	—	—	—	—
Other expenses, net	(8)	(2)	—	(17)	1

* In 2015, there were no purchases, sales, issuances or settlements of Level 3 derivative instruments. Additionally, there were no transfers of derivative instruments into or out of Level 3.

2014	Assets		Liabilities	
	Embedded aluminum derivatives	Energy contract	Embedded aluminum derivatives	Embedded credit derivative
Opening balance—January 1, 2014	$ 349	$ 6	$ 410	$ 21
Total gains or losses (realized and unrealized) included in:				
Sales	(1)	—	(27)	—
Cost of goods sold	(163)	—	—	(1)
Other expenses, net	(15)	—	—	(2)
Other comprehensive loss	71	(4)	(7)	—
Purchases, sales, issuances, and settlements*	—	—	—	—
Transfers into and/or out of Level 3*	—	—	—	—
Foreign currency translation	25	—	—	—
Closing balance—December 31, 2014	$ 266	$ 2	$ 376	$ 18
Change in unrealized gains or losses included in earnings for derivative contracts held at December 31, 2014:				
Sales	$ —	$ —	$ —	$ —
Cost of goods sold	—	—	—	—
Other expenses, net	(15)	—	—	(2)

* In November 2014, three new embedded derivatives were contained within renewed power contracts; however, there was no amount included for issuances as the fair value on the date of issuance was zero. There were no purchases, sales or settlements of Level 3 derivative instruments. Additionally, there were no transfers of derivative instruments into or out of Level 3.

Derivatives Designated As Hedging Instruments – Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of unrealized gains or losses on the derivative is reported as a component of other comprehensive income (OCI). Realized gains or losses on the derivative are reclassified from OCI into earnings in the same period or periods during which the hedge transaction impacts earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized directly in earnings immediately. Alcoa Corporation has five embedded aluminum derivatives and one energy contract (a second one was terminated in early 2013) that have been designated as cash flow hedges, all of which are classified as Level 3 in the fair value hierarchy.

Embedded aluminum derivatives.

Alcoa Corporation has entered into energy supply contracts that contain pricing provisions related to the LME aluminum price. The LME-linked pricing features are considered embedded derivatives. Five of these embedded derivatives have been designated as cash flow hedges of forward sales of aluminum, three of which were new derivatives contained in three power contracts that were renewed in late 2014. At December 31, 2015 and 2014, these embedded aluminum derivatives hedge forecasted aluminum sales of 3,307 kmt and 3,610 kmt, respectively.

In 2015, 2014, and 2013, Alcoa Corporation recognized an unrealized gain of $1,155, $78, and $190, respectively, in Other comprehensive loss related to these five derivative instruments. Additionally, Alcoa Corporation reclassified a realized loss of $21, $28, and $29 from Accumulated other comprehensive loss to Sales in 2015, 2014, and 2013, respectively. There was no ineffectiveness related to these five derivative instruments in 2015, 2014, and 2013. Assuming market rates remain constant with the rates at December 31, 2015, a realized gain of $45 is expected to be recognized in Sales over the next 12 months.

Energy contract.

Alcoa Corporation has a derivative contract that will hedge the anticipated power requirements at one of its smelters once the existing power contract expires in 2016. Alcoa Corporation had a similar contract related to another smelter once the prior existing contract expired in 2014, but elected to terminate the new contract in early 2013 (see additional information in description of Level 3 derivative contracts above). At December 31, 2015 and 2014, this energy contract hedges forecasted electricity purchases of 59,409,328 megawatt hours. In 2015, 2014, and 2013, Alcoa Corporation recognized an unrealized loss of $2, an unrealized loss of $4, and an unrealized gain of $3, respectively, in Other comprehensive loss. Additionally, Alcoa Corporation recognized a loss of $3 in Other expenses, net related to hedge ineffectiveness in 2015. There was no ineffectiveness related to the respective energy contracts outstanding in 2014 and 2013.

Derivatives Not Designated As Hedging Instruments

Alcoa Corporation has two Level 3 embedded aluminum derivatives and one Level 3 embedded credit derivative that do not qualify for hedge accounting treatment. As such, gains and losses related to the changes in fair value of these instruments are recorded directly in earnings. In 2015, 2014, and 2013, Alcoa Corporation recognized a loss of $25, a loss of $13, and a gain of $36, respectively, in Other expenses, net, of which a loss of $8, a loss of $15, and a gain of $28, respectively, related to the two embedded aluminum derivatives and a loss of $17, a gain of $2, and a gain of $8, respectively, related to the embedded credit derivative.

Material Limitations

The disclosures with respect to commodity prices and foreign currency exchange risk do not take into account the underlying commitments or anticipated transactions. If the underlying items were included in the analysis, the gains or losses on the futures contracts may be offset. Actual results will be determined by a number of factors that are not under Alcoa Corporation’s control and could vary significantly from those factors disclosed.

Other Financial Instruments. The carrying values and fair values of Alcoa Corporation's other financial instruments were as follows:

December 31,	2015 Carrying value	2015 Fair value	2014 Carrying value	2014 Fair value
Cash and cash equivalents	$ 557	$557	$ 266	$266
Long-term debt due within one year	18	18	29	29
Long-term debt, less amount due within one year	207	207	313	313

The following methods were used to estimate the fair values of other financial instruments:

Cash and cash equivalents. The fair value approximates carrying value because of the short maturity of the instruments and was classified in Level 1 of the fair value hierarchy.

Long-term debt due within one year and Long-term debt, less amount due within one year. The fair value was based on interest rates that are currently available to Alcoa Corporation for issuance of debt with similar terms and maturities. The fair value amounts for all Long-term debt were classified in Level 2 of the fair value hierarchy.

Y. Separation Costs

ParentCo is incurring costs to evaluate, plan, and execute the separation, and Alcoa Corporation is allocated a pro rata portion of those costs based on segment revenue. In 2015, ParentCo recognized $24 for costs related to the proposed separation transaction, of which $12 was allocated to Alcoa Corporation and was included in Selling, general administrative, and other expenses on the accompanying Statement of Combined Operations.

Z. Subsequent Events

Management evaluated all activity of Alcoa Corporation through June 29, 2016 (the date on which the Combined Financial Statements were issued), and concluded that no subsequent events have occurred that would require recognition in the Combined Financial Statements or disclosure in the Notes to the Combined Financial Statements, except as described below.

On January 26, 2016, the European Court of Justice issued a decision in connection with legal proceedings related to whether the extension of energy tariffs by Italy to Alcoa Corporation constituted unlawful state aid (see European Commission Matters in Note N). In addition, a separate but related matter was also updated as a result of the aforementioned decision (see Other Matters in the Litigation section of Note N).

Report of Independent Registered Public Accounting Firm*

To the Shareholders and Board of Directors of Alcoa Inc.

We have reviewed the accompanying combined balance sheet of Alcoa Upstream Corporation as of June 30, 2016, and the related statements of combined operations, combined comprehensive (loss) income, changes in combined equity, and combined cash flows for the six-month periods ended June 30, 2016 and 2015. These combined interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America applicable to reviews of interim financial information. A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) or in accordance with auditing standards generally accepted in the United States of America, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying combined interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) and in accordance with auditing standards generally accepted in the United States of America, the combined balance sheet as of December 31, 2015, and the related statements of combined operations, combined comprehensive loss, changes in combined equity, and combined cash flows for the year then ended (not presented herein), and in our report dated June 29, 2016, we expressed an unqualified opinion on those combined financial statements. In our opinion, the information set forth in the accompanying combined balance sheet information as of December 31, 2015, is fairly stated in all material respects in relation to the combined balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
September 1, 2016

* This report should not be considered a "report" within the meanings of Sections 7 and 11 of the Securities Act of 1933, and the independent registered public accounting firm's liability under Section 11 does not extend to it.

Alcoa Upstream Corporation
Statement of Combined Operations
(in millions—unaudited)

For the six months ended June 30,	Note	2016	2015
Sales to unrelated parties		$3,953	$5,422
Sales to related parties	M	499	647
Total sales	I	4,452	6,069
Cost of goods sold (exclusive of expenses below)		3,797	4,643
Selling, general administrative, and other expenses		175	166
Research and development expenses		28	58
Provision for depreciation, depletion, and amortization		355	404
Restructuring and other charges	D	92	243
Interest expense		130	139
Other expenses (income), net	H	16	(13)
Total costs and expenses		4,593	5,640
(Loss) income before income taxes		(141)	429
Provision for income taxes		86	233
Net (loss) income		(227)	196
Less: Net income attributable to noncontrolling interest		38	127
Net (loss) income attributable to Alcoa Upstream Corporation	I	$ (265)	$ 69

The accompanying notes are an integral part of the combined financial statements of Alcoa Upstream Corporation.

Alcoa Upstream Corporation
Statement of Combined Comprehensive (Loss) Income
(in millions—unaudited)

For the six months ended June 30,	Note	Alcoa Upstream Corporation 2016	Alcoa Upstream Corporation 2015	Noncontrolling interest 2016	Noncontrolling interest 2015	Total 2016	Total 2015
Net (loss) income		$(265)	$ 69	$ 38	$ 127	$(227)	$ 196
Other comprehensive income (loss), net of tax:	C						
Change in unrecognized net actuarial loss and prior service cost/benefit related to pension and other postretirement benefits		(1)	41	3	5	2	46
Foreign currency translation adjustments		414	(614)	139	(218)	553	(832)
Net change in unrecognized gains/losses on cash flow hedges		(269)	391	14	(4)	(255)	387
Total Other comprehensive income (loss), net of tax		144	(182)	156	(217)	300	(399)
Comprehensive (loss) income		$(121)	$(113)	$194	$ (90)	$ 73	$(203)

The accompanying notes are an integral part of the combined financial statements of Alcoa Upstream Corporation.

Alcoa Upstream Corporation
Combined Balance Sheet
(in millions—unaudited)

	Note	June 30, 2016 Pro Forma (Note A)	June 30, 2016	December 31, 2015
Assets				
Current assets:				
Cash and cash equivalents		$ 332	$ 332	$ 557
Receivables from customers		426	426	380
Other receivables		181	181	124
Inventories	F	1,166	1,166	1,172
Prepaid expenses and other current assets		281	281	333
Total current assets		2,386	2,386	2,566
Properties, plants, and equipment, net		9,569	9,569	9,390
Goodwill		155	155	152
Investments	G & J	1,376	1,376	1,472
Deferred income taxes		673	673	589
Fair value of derivative contracts		720	720	997
Other noncurrent assets	G	1,495	1,495	1,247
Total assets		$ 16,374	$16,374	$ 16,413
Liabilities				
Current liabilities:				
Accounts payable, trade		$ 1,277	$ 1,277	$ 1,379
Accrued compensation and retirement costs		291	291	313
Taxes, including income taxes		64	64	136
Distribution payable to ParentCo	A	908	—	—
Other current liabilities		477	477	558
Long-term debt due within one year	L	22	22	18
Total current liabilities		3,039	2,131	2,404
Long-term debt, less amount due within one year	L	233	233	207
Noncurrent income taxes		396	396	508
Accrued pension benefits		346	346	359
Accrued other postretirement benefits		78	78	78
Environmental remediation		206	206	207
Asset retirement obligations		553	553	539
Other noncurrent liabilities and deferred credits		570	570	598
Total liabilities		5,421	4,513	4,900
Contingencies and commitments	G			
Equity				
Net parent investment		10,229	11,137	11,042
Accumulated other comprehensive loss	C	(1,456)	(1,456)	(1,600)
Total net parent investment and accumulated other comprehensive loss		8,773	9,681	9,442
Noncontrolling interest		2,180	2,180	2,071
Total equity		10,953	11,861	11,513
Total liabilities and equity		$ 16,374	$16,374	$ 16,413

The accompanying notes are an integral part of the combined financial statements of Alcoa Upstream Corporation.

Alcoa Upstream Corporation
Statement of Combined Cash Flows
(in millions—unaudited)

For the six months ended June 30,	Note	2016	2015
Cash From Operations			
Net (loss) income		$(227)	$ 196
Adjustments to reconcile net (loss) income to cash from operations:			
Depreciation, depletion, and amortization		355	404
Deferred income taxes		(28)	(18)
Equity income, net of dividends		20	50
Restructuring and other charges	D	92	243
Net gain from investing activities—asset sales	H	(32)	(31)
Net periodic pension benefit cost	K	23	36
Stock-based compensation		18	22
Other		89	88
Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency translation adjustments:			
(Increase) decrease in receivables		(24)	1
Decrease in inventories		32	10
(Increase) in prepaid expenses and other current assets		(11)	(18)
(Decrease) in accounts payable, trade		(133)	(72)
(Decrease) in accrued expenses		(288)	(292)
Increase in taxes, including income taxes		(125)	213
Pension contributions		(33)	(27)
(Increase) in noncurrent assets		(179)	(318)
Increase in noncurrent liabilities		—	24
Cash (used for) provided from operations		(451)	511
Financing Activities			
Net parent investment		345	(242)
Net change in short-term borrowings (original maturities of three months or less)		(1)	2
Payments on debt (original maturities greater than three months)		(10)	(15)
Distributions to noncontrolling interest		(84)	(71)
Cash provided from (used for) financing activities		250	(326)
Investing Activities			
Capital expenditures		(172)	(157)
Proceeds from the sale of assets and businesses		(13)	70
Additions to investments		(3)	(24)
Sales of investments		146	—
Other		(1)	—
Cash used for investing activities		(43)	(111)
Effect of exchange rate changes on cash and cash equivalents		19	(25)
Net change in cash and cash equivalents		(225)	49
Cash and cash equivalents at beginning of year		557	266
Cash and cash equivalents at end of period		$ 332	$ 315

The accompanying notes are an integral part of the combined financial statements of Alcoa Upstream Corporation.

Alcoa Upstream Corporation
Statement of Changes in Combined Equity
(in millions—unaudited)

	Note	Net parent investment	Accumulated other comprehensive loss	Noncontrolling interest	Total equity
Balance at December 31, 2014		$ 11,915	$ (1,316)	$ 2,474	$13,073
Net income		69	—	127	196
Other comprehensive loss	C	—	(182)	(217)	(399)
Change in Net parent investment		(221)	—	—	(221)
Distributions		—	—	(71)	(71)
Other		—	—	(2)	(2)
Balance at June 30, 2015		$ 11,763	$ (1,498)	$ 2,311	$12,576
Balance at December 31, 2015		$ 11,042	$ (1,600)	$ 2,071	$11,513
Net (loss) income		(265)	—	38	(227)
Other comprehensive income	C	—	144	156	300
Change in Net parent investment		360	—	—	360
Distributions		—	—	(84)	(84)
Other		—	—	(1)	(1)
Balance at June 30, 2016		$ 11,137	$ (1,456)	$ 2,180	$11,861

The accompanying notes are an integral part of the combined financial statements of Alcoa Upstream Corporation.

ALCOA UPSTREAM CORPORATION
NOTES TO COMBINED FINANCIAL STATEMENTS

(Dollars in millions—unaudited)

A. Basis of Presentation

The interim Combined Financial Statements of Alcoa Upstream Corporation ("Alcoa Corporation" or the "Company") are unaudited. These Combined Financial Statements include all adjustments, consisting only of normal recurring adjustments, considered necessary by management to fairly state the Company's results of operations, financial position, and cash flows. The results reported in these Combined Financial Statements are not necessarily indicative of the results that may be expected for the entire year. The 2015 year-end balance sheet data was derived from audited financial statements but does not include all disclosures required by accounting principles generally accepted in the United States of America (GAAP). These interim Combined Financial Statements should be read in conjunction with the Combined Financial Statements for the three years ended December 31, 2015, included elsewhere in this Form 10.

References in these Notes to "ParentCo" refer to Alcoa Inc., a Pennsylvania corporation and its consolidated subsidiaries.

The Proposed Separation. On September 28, 2015, ParentCo announced that its Board of Directors preliminarily approved a plan (the "separation") to separate into two standalone, publicly-traded companies: Alcoa Corporation, which will primarily comprise the historical bauxite mining, alumina refining, aluminum production and energy operations of ParentCo, as well as the rolling mill at the Warrick, IN, operations and ParentCo's 25.1% stake in the Ma'aden Rolling Company in Saudi Arabia; and a value-add company, that will principally include the Global Rolled Products, Engineered Products and Solutions, and Transportation and Construction Solutions segments (collectively, the "Value-Add Businesses") of ParentCo.

The separation will occur by means of a pro rata distribution by ParentCo of at least 80.1% of the outstanding shares of Alcoa Corporation. ParentCo, the existing publicly-traded company, will continue to own the Value-Add Businesses, and will become the value-add company. In conjunction with the separation, ParentCo will change its name to Arconic Inc. ("Arconic").

The separation transaction, which is expected to be completed in the second half of 2016, is subject to a number of conditions, including, but not limited to: final approval by ParentCo's Board of Directors; the continuing validity of the private letter ruling from the Internal Revenue Service regarding certain U.S. federal income tax matters relating to the transaction; receipt of an opinion of legal counsel regarding the qualification of the distribution, together with certain related transactions, as a transaction that is generally tax-free for U.S. federal income tax purposes; and the U.S. Securities and Exchange Commission (the "SEC") declaring effective the registration statement of which this information statement forms a part. Upon completion of the separation, ParentCo shareholders will own at least 80.1% of the outstanding shares of Alcoa Corporation, and Alcoa Corporation will be a separate company from Arconic. Arconic will retain no more than 19.9% of the outstanding shares of common stock of Alcoa Corporation following the distribution.

Alcoa Corporation and Arconic will enter into an agreement (the "Separation Agreement") that will identify the assets to be transferred, the liabilities to be assumed and the contracts to be transferred to each of Alcoa Corporation and Arconic as part of the separation of ParentCo into two companies, and will provide for when and how these transfers and assumptions will occur.

ParentCo may, at any time and for any reason until the proposed transaction is complete, abandon the separation plan or modify its terms.

Alcoa Corporation expects to pay a cash distribution to ParentCo upon separation from the net proceeds to be received from the issuance of additional third-party indebtedness. This distribution is estimated to be $908 as of June 30, 2016. The accompanying unaudited pro forma balance sheet gives effect to such planned distribution.

Basis of Presentation. The Combined Financial Statements of Alcoa Corporation are prepared in conformity with GAAP and require management to make certain judgments, estimates, and assumptions. These may affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. They also may affect the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates upon subsequent resolution of identified matters. The Combined Financial Statements of Alcoa Corporation include the accounts of Alcoa Corporation and companies in which Alcoa Corporation has a controlling interest. Intercompany transactions have been eliminated. The equity method of accounting is used for investments in affiliates and other joint ventures over which Alcoa Corporation has significant influence but does not have effective control. Investments in affiliates in which Alcoa Corporation cannot exercise significant influence are accounted for on the cost method.

Principles of Combination. The Combined Financial Statements include certain assets and liabilities that have historically been held at ParentCo's corporate level but are specifically identifiable or otherwise attributable to Alcoa Corporation. All significant transactions and accounts within Alcoa Corporation have been eliminated. All significant intercompany transactions between ParentCo and Alcoa Corporation have been included within Net parent investment in these Combined Financial Statements.

Cost Allocations. The Combined Financial Statements of Alcoa Corporation include general corporate expenses of ParentCo that were not historically charged to Alcoa Corporation for certain support functions that are provided on a centralized basis, such as expenses related to finance, audit, legal, information technology, human resources, communications, compliance, facilities, employee benefits and compensation, and research and development activities. These general corporate expenses are included in the Statement of Combined Operations within Cost of goods sold, Selling, general administrative and other expenses, and Research and development expenses. These expenses have been allocated to Alcoa Corporation on the basis of direct usage when identifiable, with the remainder allocated based on Alcoa Corporation's segment revenue as a percentage of ParentCo's total segment revenue for both Alcoa Corporation and Arconic.

All external debt not directly attributable to Alcoa Corporation has been excluded from the Combined Balance Sheet of Alcoa Corporation. Financing costs related to these debt obligations have been allocated to Alcoa Corporation based on the ratio of capital invested in Alcoa Corporation to the total capital invested by ParentCo in both Alcoa Corporation and Arconic, and are included in the Statement of Combined Operations within Interest expense.

The following table reflects the allocations of those detailed above:

	Amount allocated to Alcoa Corporation	
For the six months ended June 30,	**2016**	**2015**
Cost of goods sold(1)	$ 26	$ 48
Selling, general administrative, and other expenses	77	69
Research and development expenses	12	28
Provision for depreciation, depletion, and amortization	10	12
Restructuring and other charges(2)	—	10
Interest expense	119	127
Other (income) expenses, net	(9)	2

(1) Allocation principally relates to ParentCo's retained pension and other postemployment benefits expenses for closed and sold operations.
(2) Allocation primarily relates to layoff programs for ParentCo employees.

Management believes the assumptions regarding the allocation of ParentCo's general corporate expenses and financing costs are reasonable.

Nevertheless, the Combined Financial Statements of Alcoa Corporation may not include all of the actual expenses that would have been incurred and may not reflect Alcoa Corporation's combined results of operations,

financial position and cash flows had it been a standalone company during the periods presented. Actual costs that would have been incurred if Alcoa Corporation had been a standalone company would depend on multiple factors, including organizational structure, capital structure, and strategic decisions made in various areas, including information technology and infrastructure. Transactions between Alcoa Corporation and ParentCo, including sales to Arconic, have been included as related party transactions in these Combined Financial Statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these transactions is reflected in the Statements of Combined Cash Flows as a financing activity and in the Combined Balance Sheet as Net parent investment.

Cash is managed centrally with certain net earnings reinvested locally and working capital requirements met from existing liquid funds. Accordingly, the cash and cash equivalents held by ParentCo at the corporate level were not attributed to Alcoa Corporation for any of the periods presented. Only cash amounts specifically attributable to Alcoa Corporation are reflected in the Combined Balance Sheet. Transfers of cash, both to and from ParentCo's centralized cash management system, are reflected as a component of Net parent investment in Alcoa Corporation's Combined Balance Sheet and as a financing activity on the accompanying Combined Statement of Cash Flows.

The income tax provision in the Combined Statement of Operations has been calculated as if Alcoa Corporation was operating on a standalone basis and filed separate tax returns in the jurisdictions in which it operates. Therefore cash tax payments and items of current and deferred taxes may not be reflective of Alcoa Corporation's actual tax balances prior to or subsequent to the planned separation.

B. Recently Adopted and Recently Issued Accounting Guidance

Adopted

On January 1, 2016, Alcoa Corporation adopted changes issued by the Financial Accounting Standards Board (FASB) to the presentation of extraordinary items. Such items are defined as transactions or events that are both unusual in nature and infrequent in occurrence, and, previously, were required to be presented separately in an entity's income statement, net of income tax, after income from continuing operations. The changes eliminate the concept of an extraordinary item and, therefore, the presentation of such items is no longer required. Notwithstanding this change, an entity is still required to present and disclose a transaction or event that is both unusual in nature and infrequent in occurrence in the notes to the financial statements. The adoption of these changes had no impact on the Combined Financial Statements.

On January 1, 2016, Alcoa Corporation adopted changes issued by the FASB to the analysis an entity must perform to determine whether it should consolidate certain types of legal entities. These changes (i) modify the evaluation of whether limited partnerships and similar legal entities are variable interest entities or voting interest entities, (ii) eliminate the presumption that a general partner should consolidate a limited partnership, (iii) affect the consolidation analysis of reporting entities that are involved with variable interest entities, particularly those that have fee arrangements and related party relationships, and (iv) provide a scope exception from consolidation guidance for reporting entities with interests in legal entities that are required to comply with or operate in accordance with requirements that are similar to those in Rule 2a-7 of the Investment Company Act of 1940 for registered money market funds. The adoption of these changes had no impact on the Combined Financial Statements.

On January 1, 2016, Alcoa Corporation adopted changes issued by the FASB to the presentation of debt issuance costs. Previously, such costs were required to be presented as a noncurrent asset in an entity's balance sheet and amortized into interest expense over the term of the related debt instrument. The changes require that debt issuance costs be presented in an entity's balance sheet as a direct deduction from the carrying value of the related debt liability. The amortization of debt issuance costs remains unchanged. The FASB issued an update to these changes based on an announcement of the staff of the U.S. Securities and Exchange Commission. This update provides an exception to the FASB changes allowing debt issuance costs related to line-of-credit

arrangements to continue to be presented as an asset regardless of whether there are any outstanding borrowings under such arrangement. The adoption of these changes had no impact on the Combined Financial Statements.

Issued

In March 2016, the FASB issued changes to employee share-based payment accounting. Currently, an entity must determine for each share-based payment award whether the difference between the deduction for tax purposes and the compensation cost recognized for financial reporting purposes results in either an excess tax benefit or a tax deficiency. Excess tax benefits are recognized in additional paid-in capital; tax deficiencies are recognized either as an offset to accumulated excess tax benefits, if any, or in the income statement. Excess tax benefits are not recognized until the deduction reduces taxes payable. The changes require all excess tax benefits and tax deficiencies related to share-based payment awards to be recognized as income tax expense or benefit in the income statement. The tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. An entity also should recognize excess tax benefits regardless of whether the benefit reduces taxes payable in the current period. Additionally, the presentation of excess tax benefits related to share-based payment awards in the statement of cash flows is changed. Currently, excess tax benefits must be separated from other income tax cash flows and classified as a financing activity. The changes require excess tax benefits to be classified along with other income tax cash flows as an operating activity. Also, the changes require cash paid by an employer when directly withholding shares for tax-withholding purposes to be classified as a financing activity. Currently, there is no specific guidance on the classification in the statement of cash flows of cash paid by an employer to the tax authorities when directly withholding shares for tax-withholding purposes. Additionally, for a share-based award to qualify for equity classification it cannot partially settle in cash in excess of the employer’s minimum statutory withholding requirements. The changes permit equity classification of share-based awards for withholdings up to the maximum statutory tax rates in applicable jurisdictions. These changes become effective for Alcoa Corporation on January 1, 2017. Management is currently evaluating the potential impact of these changes on the Combined Financial Statements of Alcoa Corporation.

In March 2016, the FASB issued changes eliminating the requirement for an investor to adjust an equity method investment, results of operations, and retained earnings retroactively on a step-by-step basis as if the equity method had been in effect during all previous periods that the investment had been held as a result of an increase in the level of ownership interest or degree of influence. Additionally, an entity that has an available-for-sale equity security that becomes qualified for the equity method of accounting must recognize through earnings the unrealized holding gain or loss in accumulated other comprehensive income at the date the investment becomes qualified for use of the equity method. These changes become effective for Alcoa Corporation on January 1, 2017. Management is currently evaluating the potential impact of these changes on the Combined Financial Statements of Alcoa Corporation.

In March 2016, the FASB issued changes to derivative instruments designated as hedging instruments. These changes clarify that a change in the counterparty to a derivative instrument that has been designated as a hedging instrument does not, in and of itself, require designation of that hedging relationship provided that all other hedge accounting criteria continue to be met. These changes become effective for Alcoa Corporation on January 1, 2017. Management does not expect these changes to have a material impact on the Combined Financial Statements of Alcoa Corporation.

In February 2016, the FASB issued changes to the accounting and presentation of leases. These changes require lessees to recognize a right of use asset and lease liability on the balance sheet for all leases with terms longer than 12 months. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize a right of use asset and lease liability. Additionally, when measuring assets and liabilities arising from a lease, optional payments should be included only if the lessee is reasonably certain to exercise an option to extend the lease, exercise a purchase option, or not exercise an option to terminate the lease. These changes become effective for Alcoa Corporation on January 1, 2019. Management is currently evaluating the potential impact of these changes on the Combined Financial Statements of Alcoa Corporation.

In January 2016, the FASB issued changes to equity investments. These changes require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income. However, an entity may choose to measure equity investments that do not have readily determinable fair values at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. Additionally, the impairment assessment of equity investments without readily determinable fair values has been simplified by requiring a qualitative assessment to identify impairment. These changes become effective for Alcoa Corporation on January 1, 2018. Management is currently evaluating the potential impact of these changes on the Combined Financial Statements of Alcoa Corporation.

In July 2015, the FASB issued changes to the subsequent measurement of inventory. Currently, an entity is required to measure its inventory at the lower of cost or market, whereby market can be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. The changes require that inventory be measured at the lower of cost and net realizable value, thereby eliminating the use of the other two market methodologies. Net realizable value is defined as the estimated selling prices in the ordinary course of business less reasonably predictable costs of completion, disposal, and transportation. These changes do not apply to inventories measured using LIFO (last-in, first-out) or the retail inventory method. Currently, Alcoa Corporation applies the net realizable value market option to measure non-LIFO inventories at the lower of cost or market. These changes become effective for Alcoa Corporation on January 1, 2017. Management has determined that the adoption of these changes will not have an impact on the Combined Financial Statements of Alcoa Corporation.

In May 2014, the FASB issued changes to the recognition of revenue from contracts with customers. These changes created a comprehensive framework for all entities in all industries to apply in the determination of when to recognize revenue, and, therefore, supersede virtually all existing revenue recognition requirements and guidance. This framework is expected to result in less complex guidance in application while providing a consistent and comparable methodology for revenue recognition. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services. To achieve this principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract(s), (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract(s), and (v) recognize revenue when, or as, the entity satisfies a performance obligation. In August 2015, the FASB deferred the effective date by one year, making these changes effective for Alcoa Corporation on January 1, 2018. In March 2016, the FASB issued amendments to clarify the implementation guidance on principal versus agent considerations. Management is currently evaluating the potential impact of these changes on the Combined Financial Statements of Alcoa Corporation.

In August 2014, the FASB issued changes to the disclosure of uncertainties about an entity’s ability to continue as a going concern. Under GAAP, continuation of a reporting entity as a going concern is presumed as the basis for preparing financial statements unless and until the entity’s liquidation becomes imminent. Even if an entity’s liquidation is not imminent, there may be conditions or events that raise substantial doubt about the entity’s ability to continue as a going concern. Because there is no guidance in GAAP about management’s responsibility to evaluate whether there is substantial doubt about an entity’s ability to continue as a going concern or to provide related note disclosures, there is diversity in practice whether, when, and how an entity discloses the relevant conditions and events in its financial statements. As a result, these changes require an entity’s management to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date that financial statements are issued. Substantial doubt is defined as an indication that it is probable that an entity will be unable to meet its obligations as they become due within one year after the date that financial statements are issued. If management has concluded that substantial doubt exists, then the following disclosures should be made in the financial statements: (i) principal conditions or events that raised the substantial doubt, (ii) management’s evaluation of the significance of those conditions or events in relation to the entity’s ability to meet its obligations, (iii) management’s plans that alleviated the initial substantial doubt or, if substantial doubt was not alleviated, management’s plans that are intended to at least mitigate the conditions or events that raise substantial

doubt, and (iv) if the latter in (iii) is disclosed, an explicit statement that there is substantial doubt about the entity's ability to continue as a going concern. These changes become effective for Alcoa Corporation for the 2016 annual financial statements. Management has determined that the adoption of these changes will not have an impact on the Combined Financial Statements. Subsequent to adoption, this guidance will need to be applied by management at the end of each annual period and interim period therein to determine what, if any, impact there will be on the Combined Financial Statements of Alcoa Corporation in a given reporting period.

C. Accumulated Other Comprehensive Loss

The following table details the activity of the three components that comprise Accumulated other comprehensive loss for both Alcoa Corporation and noncontrolling interest:

	Note	Alcoa Corporation Six months ended June 30,		Noncontrolling interest Six months ended June 30,	
		2016	2015	2016	2015
Pension and other postretirement benefits	K				
Balance at beginning of period		$ (352)	$ (424)	$ (56)	$ (64)
Other comprehensive (loss) income:					
Unrecognized net actuarial loss and prior service cost/benefit		(22)	41	1	3
Tax benefit (expense)		8	(10)	—	—
Total Other comprehensive (loss) income before reclassifications, net of tax		(14)	31	1	3
Amortization of net actuarial loss and prior service cost/benefit(1)		20	16	2	4
Tax expense(2)		(7)	(6)	—	(2)
Total amount reclassified from Accumulated other comprehensive loss, net of tax(6)		13	10	2	2
Total Other comprehensive (loss) income		(1)	41	3	5
Balance at end of period		$ (353)	$ (383)	$ (53)	$ (59)
Foreign currency translation					
Balance at beginning of period		$(1,851)	$ (668)	$ (779)	$ (351)
Other comprehensive income (loss)(3)		414	(614)	139	(218)
Balance at end of period		$(1,437)	$(1,282)	$ (640)	$ (569)
Cash flow hedges	L				
Balance at beginning of period		$ 603	$ (224)	$ (3)	$ (2)
Other comprehensive (loss) income:					
Net change from periodic revaluations		(345)	511	15	(5)
Tax benefit (expense)		75	(137)	(4)	1
Total Other comprehensive (loss) income before reclassifications, net of tax		(270)	374	11	(4)
Net amount reclassified to earnings:					
Aluminum contracts(4)		(5)	23	—	—
Interest rate contracts(5)		7	—	5	—
Sub-total		2	23	5	—
Tax expense(2)		(1)	(6)	(2)	—
Total amount reclassified from Accumulated other comprehensive loss, net of tax(6)		1	17	3	—
Total Other comprehensive (loss) income		(269)	391	14	(4)
Balance at end of period		$ 334	$ 167	$ 11	$ (6)

(1) These amounts were included in the computation of net periodic benefit cost for pension and other postretirement benefits (see Note K).
(2) These amounts were included in Provision for income taxes on the accompanying Statement of Combined Operations.
(3) In all periods presented, there were no tax impacts related to rate changes and no amounts were reclassified to earnings.
(4) These amounts were included in Sales on the accompanying Statement of Combined Operations.
(5) These amounts were included in Other expenses, net on the accompanying Statement of Combined Operations.
(6) A positive amount indicates a corresponding charge to earnings and a negative amount indicates a corresponding benefit to earnings. These amounts were reflected on the accompanying Statement of Combined Operations in the line items indicated in footnotes 1 through 5.

D. Restructuring and Other Charges

In the 2016 six-month period, Alcoa Corporation recorded Restructuring and other charges of $92, which were comprised of the following components: $86 for additional net costs related to decisions made in the fourth quarter of 2015 to permanently close and demolish the Warrick (Indiana) smelter and to curtail the Wenatchee (Washington) smelter and Point Comfort (Texas) refinery (see below); $11 for layoff costs related to cost reduction initiatives and the planned separation of ParentCo, including the separation of approximately 30 employees in the Aluminum segment; and $5 for the reversal of a number of small layoff reserves related to prior periods.

In the 2016 six-month period, costs related to the closure and curtailment actions included accelerated depreciation of $70 related to the Warrick smelter as it continued to operate during the 2016 first quarter; $20 for the reversal of severance costs initially recorded in the 2015 fourth quarter; and $36 in other costs. Additionally in the 2016 six-month period, remaining inventories, mostly operating supplies and raw materials, were written down to their net realizable value, resulting in a charge of $5 which was recorded in Cost of goods sold on the accompanying Statement of Combined Operations. The other costs of $36 represent $27 for contract termination, $7 in asset retirement obligations for the rehabilitation of a coal mine related to the Warrick smelter, and $2 in other related costs. Additional charges may be recognized in future periods related to these actions.

In the six-month period of 2015, Alcoa Corporation recorded Restructuring and other charges of $243, which were comprised of the following components: $179 for exit costs related to decisions to permanently shut down and demolish a smelter and a power station (see below); $24 related to post-closing adjustments associated with two December 2014 divestitures; $34 for the separation of approximately 800 employees (680 in the Aluminum segment and 120 combined in the Alumina and Bauxite segments), supplier contract-related costs, and other charges associated with the decisions to temporarily curtail certain capacity at the São Luís smelter and the refinery in Suriname; $11 for layoff costs, including the separation of approximately 150 employees in the Aluminum segment; $4 for the reversal of a number of small layoff reserves related to prior periods; and a net credit of $1 related to Corporate restructuring allocated to Alcoa Corporation.

In the second quarter of 2015, management approved the permanent shutdown and demolition of the Poços de Caldas smelter (capacity of 96,000 metric-tons-per-year) in Brazil and the Anglesea power station (includes the closure of a related coal mine) in Australia. The entire capacity at Poços de Caldas has been temporarily idled since May 2014 and the Anglesea power station was shut down at the end of August 2015. Demolition and remediation activities related to the Poços de Caldas smelter and the Anglesea power station began in late 2015 and are expected to be completed by the end of 2026 and 2020, respectively.

The decision on the Poços de Caldas smelter was due to management’s conclusion that the smelter was no longer competitive as a result of challenging global market conditions for primary aluminum that have not dissipated, which led to the initial curtailment, and higher costs. For the Anglesea power station, the decision was

made because a sale process did not result in a sale and there would be imminent operating costs and financial constraints related to this site in the remainder of 2015 and beyond, including significant costs to source coal from available resources, necessary maintenance costs, and a depressed outlook for forward electricity prices. The Anglesea power station previously supplied approximately 40 percent of the power needs for the Point Henry smelter, which was closed in August 2014.

In the 2015 six-month period, costs related to the shutdown actions included asset impairments of $86, representing the write-off of the remaining book value of all related properties, plants, and equipment; $11 for the layoff of approximately 100 employees (80 in the Aluminum segment and 20 in the Energy segment); and $82 in other exit costs. Additionally in the 2015 six-month period, remaining inventories, mostly operating supplies and raw materials, were written down to their net realizable value, resulting in a charge of $4, which was recorded in Cost of goods sold on the accompanying Statement of Combined Operations. The other exit costs of $82 represent $45 in asset retirement obligations and $29 in environmental remediation, both of which were triggered by the decisions to permanently shut down and demolish the aforementioned structures in Brazil and Australia (includes the rehabilitation of a related coal mine), and $8 in supplier and customer contract-related costs.

Alcoa Corporation does not include Restructuring and other charges in the results of its reportable segments. The pretax impact of allocating such charges to segment results would have been as follows:

	Six months ended June 30,	
	2016	**2015**
Bauxite	$ —	$ 2
Alumina	2	13
Aluminum	68	147
Cast Products	—	—
Energy	22	52
Rolled Products	—	—
Segment total	92	214
Corporate	—	29
Total restructuring and other charges	$ 92	$ 243

As of June 30, 2016, approximately 26 of the 30 employees associated with 2016 restructuring programs and approximately 2,400 of the 2,700 employees associated with 2015 restructuring programs were separated. As of March 31, 2016 the separations associated with the 2014 restructuring programs were essentially complete. Most of the remaining separations for the 2016 restructuring programs and all of the remaining separations for the 2015 restructuring programs are expected to be completed by the end of 2016.

In the 2016 six-month period, cash payments of $3, $51, and $1 were made against the layoff reserves related to 2016, 2015, and 2014, respectively, restructuring programs.

Activity and reserve balances for restructuring charges were as follows:

	Layoff costs	Other exit costs	Total
Reserve balances at December 31, 2014	$ 50	$ 13	$ 63
2015:			
Cash payments	(65)	(1)	(66)
Restructuring charges	199	423	622
Other*	(47)	(420)	(467)
Reserve balances at December 31, 2015	137	15	152
2016:			
Cash payments	(56)	(17)	(73)
Restructuring charges	11	37	48
Other*	(31)	2	(29)
Reserve balances at June 30, 2016	$ 61	$ 37	$ 98

* Other includes reversals of previously recorded restructuring charges and the effects of foreign currency translation. In the 2016 six-month period, Other for other exit costs also included a reclassification of $7 in asset retirement obligations, as this liability was included in Alcoa Corporation's separate reserve for asset retirement obligations. In 2015, Other for layoff costs also included a reclassification of $35 in pension and other postretirement benefits costs, as these obligations were included in Alcoa Corporation's separate liability for pension and other postretirement benefits obligations. Additionally in 2015, Other for other exit costs also included a reclassification of the following restructuring charges: $76 in asset retirement and $86 in environmental obligations, as these liabilities were included in Alcoa Corporation's separate reserves for asset retirement obligations and environmental remediation.

The remaining reserves are expected to be paid in cash during the remainder of 2016, with the exception of approximately $20 to $25, which is expected to be paid over the next several years for penalties under certain contracts as a result of the curtailment of a U.S. smelter and ongoing site remediation work.

E. Acquisitions and Divestitures

In July 2016, Alcoa Corporation's wholly-owned subsidiary, Alcoa Power Generating Inc., reached an agreement to sell its 215-megawatt Yadkin Hydroelectric Project (Yadkin) to ISQ Hydro Aggregator LLC. Yadkin encompasses four hydroelectric power developments (reservoirs, dams and powerhouses), known as High Rock, Tuckertown, Narrows and Falls, situated along a 38-mile stretch of the Yadkin River through the central part of North Carolina. This transaction is expected to close in the second half of 2016, subject to customary federal and state regulatory approvals. The power generated by Yadkin is primarily sold into the open market. Yadkin generated sales of approximately $20 in 2015, and had approximately 35 employees as of June 30, 2016. The carrying value of the net assets to be sold was $128 and $127 as of June 30, 2016 and December 31, 2015, respectively, which consist mostly of properties, plants, and equipment.

F. Inventories

	June 30, 2016	December 31, 2015
Finished goods	$ 155	$ 139
Work-in-process	176	171
Bauxite and alumina	416	445
Purchased raw materials	291	295
Operating supplies	128	122
	$1,166	$ 1,172

At June 30, 2016 and December 31, 2015, the total amount of inventories valued on a LIFO basis was $305 and $361, respectively. If valued on an average-cost basis, total inventories would have been $145 and $172 higher at June 30, 2016 and December 31, 2015, respectively.

G. Contingencies and Commitments

Contingencies

The matters discussed within this section are those of ParentCo that are associated directly or indirectly with Alcoa Corporation's operations. For those matters where the outcome remains uncertain, the ultimate allocation of any potential future costs between Alcoa Corporation and Arconic will be addressed in the Separation Agreement.

Litigation.

On June 5, 2015, Alcoa World Alumina LLC ("AWA") and St. Croix Alumina, L.L.C. ("SCA") filed a complaint in Delaware Chancery Court for a declaratory judgment and injunctive relief to resolve a dispute between ParentCo and Glencore Ltd. ("Glencore") with respect to claimed obligations under a 1995 asset purchase agreement between ParentCo and Glencore. The dispute arose from Glencore's demand that ParentCo indemnify it for liabilities it may have to pay to Lockheed Martin ("Lockheed") related to the St. Croix alumina refinery. Lockheed had earlier filed suit against Glencore in federal court in New York seeking indemnity for liabilities it had incurred and would incur to the U.S. Virgin Islands to remediate certain properties at the refinery property and claimed that Glencore was required by an earlier, 1989 purchase agreement to indemnify it. Glencore had demanded that ParentCo indemnify and defend it in the Lockheed case and threatened to claim against ParentCo in the New York action despite exclusive jurisdiction for resolution of disputes under the 1995 purchase agreement being in Delaware. After Glencore conceded that it was not seeking to add ParentCo to the New York action, AWA and SCA dismissed their complaint in the Chancery Court case and on August 6, 2015 filed a complaint for declaratory judgment in Delaware Superior Court. AWA and SCA filed a motion for judgment on the pleadings on September 16, 2015. Glencore answered AWA's and SCA's complaint and asserted counterclaims on August 27, 2015, and on October 2, 2015 filed its own motion for judgment on the pleadings. Argument on the parties' motions was held by the court on December 7, 2015, and by order dated February 8, 2016, the court granted ParentCo's motion and denied Glencore's motion, resulting in ParentCo not being liable to indemnify Glencore for the Lockheed action. The decision also leaves for pretrial discovery and possible summary judgment or trial Glencore's claims for costs and fees it incurred in defending and settling an earlier Superfund action brought against Glencore by the Government of the Virgin Islands. On February 17, 2016, Glencore filed notice of its application for interlocutory appeal of the February 8, 2016 ruling. AWA and SCA filed an opposition to that application on February 29, 2016. On March 10, 2016, the court denied Glencore's motion for interlocutory appeal and on the same day entered judgment on claims other than Glencore's claims for costs and fees it incurred in defending and settling the earlier Superfund action brought against Glencore by the Government of the Virgin Islands. On March 29, 2016, Glencore filed a withdrawal of its notice of interlocutory appeal, and on April 6, 2016, Glencore filed an appeal of the court's March 10, 2016 judgement to the Delaware Supreme Court. Glencore filed its opening brief on its appeal on May 23, 2016. ParentCo's filed its reply brief on June 22, 2016, and all further briefing was concluded by July 7, 2016. The court has not yet set a date for argument. At this time, the Company is unable to reasonably predict the ultimate outcome for this matter.

Before 2002, ParentCo purchased power in Italy in the regulated energy market and received a drawback of a portion of the price of power under a special tariff in an amount calculated in accordance with a published resolution of the Italian Energy Authority, Energy Authority Resolution n. 204/1999 ("204/1999"). In 2001, the Energy Authority published another resolution, which clarified that the drawback would be calculated in the same manner, and in the same amount, in either the regulated or unregulated market. At the beginning of 2002, ParentCo left the regulated energy market to purchase energy in the unregulated market. Subsequently, in 2004, the Energy Authority introduced regulation no. 148/2004 which set forth a different method for calculating the special tariff that would result in a different drawback for the regulated and unregulated markets. ParentCo challenged the new regulation in the Administrative Court of Milan and received a favorable judgment in 2006.

Following this ruling, ParentCo continued to receive the power price drawback in accordance with the original calculation method, through 2009, when the European Commission declared all such special tariffs to be impermissible “state aid.” In 2010, the Energy Authority appealed the 2006 ruling to the Consiglio di Stato (final court of appeal). On December 2, 2011, the Consiglio di Stato ruled in favor of the Energy Authority and against ParentCo, thus presenting the opportunity for the energy regulators to seek reimbursement from ParentCo of an amount equal to the difference between the actual drawback amounts received over the relevant time period, and the drawback as it would have been calculated in accordance with regulation 148/2004. On February 23, 2012, ParentCo filed its appeal of the decision of the Consiglio di Stato (this appeal was subsequently withdrawn in March 2013). On March 26, 2012, ParentCo received a letter from the agency (Cassa Conguaglio per il Settore Eletrico (CCSE)) responsible for making and collecting payments on behalf of the Energy Authority demanding payment in the amount of approximately $110 (€85), including interest. By letter dated April 5, 2012, ParentCo informed CCSE that it disputes the payment demand of CCSE since (i) CCSE was not authorized by the Consiglio di Stato decisions to seek payment of any amount, (ii) the decision of the Consiglio di Stato has been appealed (see above), and (iii) in any event, no interest should be payable. On April 29, 2012, Law No. 44 of 2012 (“44/2012”) came into effect, changing the method to calculate the drawback. On February 21, 2013, ParentCo received a revised request letter from CCSE demanding ParentCo’s subsidiary, Alcoa Trasformazioni S.r.l., make a payment in the amount of $97 (€76), including interest, which reflects a revised calculation methodology by CCSE and represents the high end of the range of reasonably possible loss associated with this matter of $0 to $97 (€76). ParentCo rejected that demand and formally challenged it through an appeal before the Administrative Court on April 5, 2013. The Administrative Court scheduled a hearing for December 19, 2013, which was subsequently postponed until April 17, 2014, and further postponed until June 19, 2014. On that date, the Administrative Court listened to ParentCo’s oral argument, and on September 2, 2014, rendered its decision. The Administrative Court declared the payment request of CCSE and the Energy Authority to ParentCo to be unsubstantiated based on the 148/2004 resolution with respect to the January 19, 2007 through November 19, 2009 timeframe. On December 18, 2014, the CCSE and the Energy Authority appealed the Administrative Court’s September 2, 2014 decision; however, a date for the hearing has not been scheduled. As a result of the conclusion of the European Commission Matter on January 26, 2016 (see Note N in the Company’s Annual Report on Form 10-K for the year ended December 31, 2015), management modified its outlook with respect to a portion of the pending legal proceedings related to this matter. As such, a charge of $37 (€34) was recorded in Restructuring and other charges for the year ended December 31, 2015 to establish a partial reserve for this matter. At this time, the Company is unable to reasonably predict the ultimate outcome for this matter.

Environmental Matters. ParentCo participates in environmental assessments and cleanups at more than 100 locations. These include owned or operating facilities and adjoining properties, previously owned or operating facilities and adjoining properties, and waste sites, including Superfund (Comprehensive Environmental Response, Compensation and Liability Act (CERCLA)) sites.

A liability is recorded for environmental remediation when a cleanup program becomes probable and the costs can be reasonably estimated. As assessments and cleanups proceed, the liability is adjusted based on progress made in determining the extent of remedial actions and related costs. The liability can change substantially due to factors such as the nature and extent of contamination, changes in remedial requirements, and technological changes, among others.

Alcoa Corporation’s remediation reserve balance was $233 and $235 at June 30, 2016 and December 31, 2015 (of which $27 and $28 was classified as a current liability), respectively, and reflects the most probable costs to remediate identified environmental conditions for which costs can be reasonably estimated for current and certain former Alcoa Corporation operating locations.

In the 2016 six-month period, the remediation reserve was increased by $6. The change was due to a net charge associated with a number of sites and was recorded in Cost of goods sold on the accompanying Statement of Combined Operations.

Payments related to remediation expenses applied against the reserve were $17 in the 2016 six-month period. This amount includes expenditures currently mandated, as well as those not required by any regulatory authority or third party. In the 2016 six-month period, the change in the reserve also reflects an increase of $9 due to the effects of foreign currency translation.

Included in annual operating expenses are the recurring costs of managing hazardous substances and environmental programs. These costs are estimated to be approximately 2% of Cost of goods sold.

The following discussion provides details regarding the current status of certain significant reserves related to current or former Alcoa Corporation sites.

Fusina and Portovesme, Italy—In 1996, ParentCo acquired the Fusina smelter and rolling operations and the Portovesme smelter, both of which are owned by ParentCo's subsidiary Alcoa Trasformazioni S.r.l. ("Trasformazioni"), from Alumix, an entity owned by the Italian Government. At the time of the acquisition, Alumix indemnified ParentCo for pre-existing environmental contamination at the sites. In 2004, the Italian Ministry of Environment and Protection of Land and Sea (MOE) issued orders to Trasformazioni and Alumix for the development of a clean-up plan related to soil contamination in excess of allowable limits under legislative decree and to institute emergency actions and pay natural resource damages. Trasformazioni appealed the orders and filed suit against Alumix, among others, seeking indemnification for these liabilities under the provisions of the acquisition agreement. In 2009, Ligestra S.r.l. ("Ligestra"), Alumix's successor, and Trasformazioni agreed to a stay of the court proceedings while investigations were conducted and negotiations advanced towards a possible settlement.

In December 2009, Trasformazioni and Ligestra reached an initial agreement for settlement of the liabilities related to Fusina while negotiations continued related to Portovesme (see below). The agreement outlined an allocation of payments to the MOE for emergency action and natural resource damages and the scope and costs for a proposed soil remediation project, which was formally presented to the MOE in mid-2010. The agreement was contingent upon final acceptance of the remediation project by the MOE. As a result of entering into this agreement, ParentCo increased the reserve by $12 in 2009 for Fusina. Based on comments received from the MOE and local and regional environmental authorities, Trasformazioni submitted a revised remediation plan in the first half of 2012; however, such revisions did not require any change to the existing reserve. In October 2013, the MOE approved the project submitted by ParentCo, resulting in no adjustment to the reserve.

In January 2014, in anticipation of ParentCo reaching a final administrative agreement with the MOE, ParentCo and Ligestra entered into a final agreement related to Fusina for allocation of payments to the MOE for emergency action and natural resource damages and the costs for the approved soil remediation project. The agreement resulted in Ligestra assuming 50% to 80% of all payments and remediation costs. On February 27, 2014, ParentCo and the MOE reached a final administrative agreement for conduct of work. The agreement includes both a soil and groundwater remediation project estimated to cost $33 (€24) and requires payments of $25 (€18) to the MOE for emergency action and natural resource damages. The remediation projects are slated to begin as soon as ParentCo receives final approval from the Ministry of Infrastructure. Based on the final agreement with Ligestra, ParentCo's share of all costs and payments is $17 (€12), of which $9 (€6) related to the damages will be paid annually over a 10-year period, which began in April 2014, and was previously fully reserved.

Separately, in 2009, due to additional information derived from the site investigations conducted at Portovesme, ParentCo increased the reserve by $3. In November 2011, Trasformazioni and Ligestra reached an agreement for settlement of the liabilities related to Portovesme, similar to the one for Fusina. A proposed soil remediation project for Portovesme was formally presented to the MOE in June 2012. Neither the agreement with Ligestra nor the proposal to the MOE resulted in a change to the reserve for Portovesme. In November 2013, the MOE rejected the proposed soil remediation project and requested a revised project be submitted. In May 2014, Trasformazioni and Ligestra submitted a revised soil remediation project that addressed certain stakeholders' concerns. ParentCo increased the reserve by $3 in 2014 to reflect the estimated higher costs associated with the revised soil remediation project, as well as current operating and maintenance costs of the Portovesme site.

In October 2014, the MOE required a further revised project be submitted to reflect the removal of a larger volume of contaminated soil than what had been proposed, as well as design changes for the cap related to the remaining contaminated soil left in place and the expansion of an emergency containment groundwater pump and treatment system that was previously installed. Trasformazioni and Ligestra submitted the further revised soil remediation project in February 2015. As a result, ParentCo increased the reserve by $7 in March 2015 to reflect the increase in the estimated costs of the project. In October 2015, ParentCo received a final ministerial decree approving the February 2015 revised soil remediation project. Work on the soil remediation project commenced in the second quarter of 2016 and is expected to be completed in 2019. ParentCo and Ligestra are now working on a final groundwater remediation project, which will be submitted to the MOE for review during the second half of 2016. The ultimate outcome of this matter may result in a change to the existing reserve for Portovesme.

Baie Comeau, Quebec, Canada—In August 2012, ParentCo presented an analysis of remediation alternatives to the Quebec Ministry of Sustainable Development, Environment, Wildlife and Parks (MDDEP), in response to a previous request, related to known PCBs and polycyclic aromatic hydrocarbons (PAHs) contained in sediments of the Anse du Moulin bay. As such, ParentCo increased the reserve for Baie Comeau by $25 in 2012 to reflect the estimated cost of ParentCo's recommended alternative, consisting of both dredging and capping of the contaminated sediments. In July 2013, ParentCo submitted the Environmental Impact Assessment for the project to the MDDEP. The MDDEP notified ParentCo that the project as it was submitted was approved and a final ministerial decree was issued in July 2015. As a result, no further adjustment to the reserve was required in 2015. The decree provides final approval for the project and allows ParentCo to start work on the final project design, which is expected to be completed in the second half of 2016 with construction on the project expected to begin in 2017. Completion of the final project design and bidding of the project may result in additional liability in a future period.

Mosjøen, Norway—In September 2012, ParentCo presented an analysis of remediation alternatives to the Norwegian Environmental Agency (NEA) (formerly the Norwegian Climate and Pollution Agency, or "Klif"), in response to a previous request, related to known PAHs in the sediments located in the harbor and extending out into the fjord. As such, ParentCo increased the reserve for Mosjøen by $20 in 2012 to reflect the estimated cost of the baseline alternative for dredging of the contaminated sediments. A proposed project reflecting this alternative was formally presented to the NEA in June 2014, and was resubmitted in late 2014 to reflect changes by the NEA. The revised proposal did not result in a change to the reserve for Mosjøen.

In April 2015, the NEA notified ParentCo that the revised project was approved and required submission of the final project design before issuing a final order. ParentCo completed and submitted the final project design, which identified a need to stabilize the related wharf structure to allow for the sediment dredging in the harbor. As a result, ParentCo increased the reserve for Mosjøen by $11 in June 2015 to reflect the estimated cost of the wharf stabilization. Also in June 2015, the NEA issued a final order approving the project as well as the final project design. In September 2015, ParentCo increased the reserve by $1 to reflect the potential need (based on prior experience with similar projects) to perform additional dredging if the results of sampling, which is required by the order, don't achieve the required cleanup levels. Project construction commenced in the first quarter of 2016 and is expected to be completed by the end of 2017.

Tax. In September 2010, following a corporate income tax audit covering the 2003 through 2005 tax years, an assessment was received as a result of Spain's tax authorities disallowing certain interest deductions claimed by a Spanish consolidated tax group owned by ParentCo. An appeal of this assessment in Spain's Central Tax Administrative Court by ParentCo was denied in October 2013. In December 2013, ParentCo filed an appeal of the assessment in Spain's National Court.

Additionally, following a corporate income tax audit of the same Spanish tax group for the 2006 through 2009 tax years, Spain's tax authorities issued an assessment in July 2013 similarly disallowing certain interest deductions. In August 2013, ParentCo filed an appeal of this second assessment in Spain's Central Tax Administrative Court, which was denied in January 2015. ParentCo filed an appeal of this second assessment in Spain's National Court in March 2015.

At June 30, 2016, the combined assessments total $269 (€243), including interest. ParentCo believes it has meritorious arguments to support its tax position and intends to vigorously litigate the assessments through Spain's court system. However, in the event ParentCo is unsuccessful, a portion of the assessments may be offset with existing net operating losses available to the Spanish consolidated tax group. Additionally, it is possible that ParentCo may receive similar assessments for tax years subsequent to 2009. At this time, ParentCo is unable to reasonably predict an outcome for this matter.

In March 2013, Alcoa World Alumina Brasil (AWAB), a majority-owned subsidiary that is part of AWAC, was notified by the Brazilian Federal Revenue Office (RFB) that approximately $110 (R$220) of value added tax credits previously claimed are being disallowed and a penalty of 50% assessed. Of this amount, AWAB received $41 (R$82) in cash in May 2012. The value added tax credits were claimed by AWAB for both fixed assets and export sales related to the Juruti bauxite mine and São Luís refinery expansion. The RFB has disallowed credits they allege belong to the consortium in which AWAB owns an interest and should not have been claimed by AWAB. Credits have also been disallowed as a result of challenges to apportionment methods used, questions about the use of the credits, and an alleged lack of documented proof. AWAB presented defense of its claim to the RFB on April 8, 2013. If AWAB is successful in this administrative process, the RFB would have no further recourse. If unsuccessful in this process, AWAB has the option to litigate at a judicial level. Separately from AWAB's administrative appeal, in June 2015, new tax law was enacted repealing the provisions in the tax code that were the basis for the RFB assessing a 50% penalty in this matter. As such, the estimated range of reasonably possible loss is $0 to $32 (R$103), whereby the maximum end of the range represents the portion of the disallowed credits applicable to the export sales and excludes the 50% penalty. Additionally, the estimated range of disallowed credits related to AWAB's fixed assets is $0 to $36 (R$117), which would increase the net carrying value of AWAB's fixed assets if ultimately disallowed. It is management's opinion that the allegations have no basis; however, at this time, management is unable to reasonably predict an outcome for this matter.

Between 2000 and 2002, Alcoa Alumínio (Alumínio), a Brazil subsidiary of ParentCo that includes both Alcoa Corporation and Arconic operations, sold approximately 2,000 metric tons of metal per month from its Poços de Caldas facility, located in the State of Minas Gerais (the "State"), to Alfio, a customer also located in the State. Sales in the State were exempted from value-added tax (VAT) requirements. Alfio subsequently sold metal to customers outside of the State, but did not pay the required VAT on those transactions. In July 2002, Alumínio received an assessment from State auditors on the theory that Alumínio should be jointly and severally liable with Alfio for the unpaid VAT. In June 2003, the administrative tribunal found Alumínio liable, and Alumínio filed a judicial case in the State in February 2004 contesting the finding. In May 2005, the Court of First Instance found Alumínio solely liable, and a panel of a State appeals court confirmed this finding in April 2006. Alumínio filed a special appeal to the Superior Tribunal of Justice (STJ) in Brasilia (the federal capital of Brazil) later in 2006. In 2011, the STJ (through one of its judges) reversed the judgment of the lower courts, finding that Alumínio should neither be solely nor jointly and severally liable with Alfio for the VAT, which ruling was then appealed by the State. In August 2012, the STJ agreed to have the case reheard before a five-judge panel. A decision from this panel is pending, but additional appeals are likely. At June 30, 2016, the assessment totaled $43 (R$139), including penalties and interest. While ParentCo believes it has meritorious defenses, ParentCo is unable to reasonably predict an outcome.

Other. *Sherwin Alumina Bankruptcy*. In connection with the sale in 2001 of the Reynolds Metals Company ("Reynolds," which is a subsidiary of ParentCo) alumina refinery in Gregory, Texas, Reynolds assigned an Energy Services Agreement ("ESA") with Gregory Power Partners ("Gregory Power") for purchase of steam and electricity by the refinery. On January 11, 2016, Sherwin Alumina Company, LLC ("Sherwin"), the current owner of the refinery, and an affiliate entity, filed bankruptcy petitions in Corpus Christi, Texas, for reorganization under Chapter 11 of the Bankruptcy Code. On January 26, 2016, Gregory Power delivered notice to Reynolds that Sherwin's bankruptcy filing constitutes a breach of the ESA; on January 29, 2016, Reynolds responded that the filing does not constitute a breach. Sherwin informed the bankruptcy court that it intends to cease operations because it is not able to continue its bauxite supply agreement and thereafter Gregory Power filed a complaint in the bankruptcy case against Reynolds alleging breach of the ESA. The outcome of this matter is neither estimable nor probable.

In addition to the matters discussed above, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against ParentCo or Alcoa Corporation, including those pertaining to environmental, product liability, safety and health, and tax matters. While the amounts claimed in these other matters may be substantial, the ultimate liability cannot now be determined because of the considerable uncertainties that exist. Therefore, it is possible that the Company's liquidity or results of operations in a particular period could be materially affected by one or more of these other matters. However, based on facts currently available, management believes that the disposition of these other matters that are pending or asserted will not have a material adverse effect, individually or in the aggregate, on the financial position of the Company.

Commitments

Investments. ParentCo has an investment in a joint venture for the development, construction, ownership, and operation of an integrated aluminum complex (bauxite mine, alumina refinery, aluminum smelter, and rolling mill) in Saudi Arabia. The joint venture is owned 74.9% by the Saudi Arabian Mining Company (known as "Ma'aden") and 25.1% by ParentCo and consists of three separate companies as follows: one each for the mine and refinery, the smelter, and the rolling mill. ParentCo accounts for its investment in the joint venture under the equity method. Capital investment in the project is expected to total approximately $10,800 (SAR 40.5 billion) and has been funded through a combination of equity contributions by the joint venture partners and project financing by the joint venture, which has been guaranteed by both partners (see below). Both the equity contributions and the guarantees of the project financing are based on the joint venture's partners' ownership interests. Originally, it was estimated that ParentCo's total equity investment in the joint venture would be approximately $1,100, of which ParentCo has contributed $982, including $1 in the 2016 six-month period. Based on changes to both the project's capital investment and equity and debt structure from the initial plans, the estimated $1,100 equity contribution may be reduced. As of June 30, 2016 and December 31, 2015, the carrying value of the investment in this project was $883 and $928, respectively, which is reflected in the accompanying Combined Balance Sheet of Alcoa Corporation.

The smelting and rolling mill companies have project financing totaling $4,227 (reflects principal repayments made through June 30, 2016), of which $1,061 represents ParentCo's share (the equivalent of ParentCo's 25.1% interest in the smelting and rolling mill companies). In conjunction with the financings, ParentCo issued guarantees on behalf of the smelting and rolling mill companies to the lenders in the event that such companies default on their debt service requirements through 2017 and 2020 for the smelting company and 2018 and 2021 for the rolling mill company (Ma'aden issued similar guarantees for its 74.9% interest). ParentCo's guarantees for the smelting and rolling mill companies cover total debt service requirements of $142 in principal and up to a maximum of approximately $30 in interest per year (based on projected interest rates). At June 30, 2016 and December 31, 2015, the combined fair value of the guarantees was $4 and $7, respectively, which was included in Other noncurrent liabilities and deferred credits on the accompanying Combined Balance Sheet.

The mining and refining company has project financing totaling $2,232, of which $560 represents AWAC's 25.1% interest in the mining and refining company. In conjunction with the financings, ParentCo, on behalf of AWAC, issued guarantees to the lenders in the event that the mining and refining company defaults on its debt service requirements through 2019 and 2024 (Ma'aden issued similar guarantees for its 74.9% interest). ParentCo's guarantees for the mining and refining company cover total debt service requirements of $120 in principal and up to a maximum of approximately $30 in interest per year (based on projected interest rates). At June 30, 2016 and December 31, 2015, the combined fair value of the guarantees was $3 in both periods, which was included in Other noncurrent liabilities and deferred credits on the accompanying Combined Balance Sheet. In the event ParentCo would be required to make payments under the guarantees, 40% of such amount would be contributed to ParentCo by Alumina Limited, consistent with its ownership interest in AWAC.

In 2004, AofA acquired a 20% interest in a consortium, which subsequently purchased the Dampier to Bunbury Natural Gas Pipeline (DBNGP) in Western Australia, in exchange for an initial cash investment of $17 (A$24). The investment in the DBNGP, which was classified as an equity investment, was made in order to

secure a competitively priced long-term supply of natural gas to AofA's refineries in Western Australia. AofA made additional contributions of $141 (A$176) for its share of the pipeline capacity expansion and other operational purposes of the consortium through September 2011. In late 2011, the consortium initiated a three-year equity call plan to improve its capitalization structure. This plan required AofA to contribute $39 (A$40), all of which was made through December 2014. Following the completion of the three-year equity call plan in December 2014, the consortium initiated a new equity call plan to further improve its capitalization structure. This plan required AofA to contribute $30 (A$36) through mid-2016, of which $20 (A$27) was made through March 31, 2016, including $3 (A$5) in the 2016 first quarter.

In April 2016, AofA sold its interest in the consortium (see Note J), effectively terminating its remaining obligation to make contributions under the current equity call plan. As part of the sale transaction, AofA will maintain its current access to approximately 30% of the DBNGP transmission capacity for gas supply to its three alumina refineries in Western Australia under an existing agreement to purchase gas transmission services from the DBNGP. At June 30, 2016, AofA has an asset of $275 (A$372) representing prepayments made under the agreement for future gas transmission services.

On April 8, 2015, AofA secured a new 12-year gas supply agreement to power its three alumina refineries in Western Australia beginning in July 2020. This agreement was conditional on the completion of a third-party acquisition of the related energy assets from the then-current owner, which occurred in June 2015. The terms of AofA's gas supply agreement required a prepayment of $500 to be made in two installments. The first installment of $300 was made at the time of completion of the third-party acquisition in June 2015 and the second installment of $200 was made in April 2016. Both of these amounts were included in (Increase) in noncurrent assets on the accompanying Statement of Combined Cash Flows in the respective periods. At June 30, 2016 and December 31, 2015, Alcoa Corporation has an asset of $484 (A$654) and $288 (A$395), respectively, representing the respective prepayments made under this agreement, which were included in Other noncurrent assets on the accompanying Combined Balance Sheet.

H. Other Expenses (Income), Net

	Note	Six months ended June 30, 2016	Six months ended June 30, 2015
Equity loss		$ 41	$ 45
Foreign currency losses (gains), net		13	(27)
Net gain from asset sales		(32)	(31)
Net loss on mark-to-market derivative contracts	L	9	2
Other, net		(15)	(2)
		$ 16	$ (13)

In the 2016 six-month period, Net gain from assets sales included a $27 gain related to the sale of an equity interest in a natural gas pipeline in Australia (see Note J). In the 2015 six-month period, Net gain from assets sales included a $29 gain related to the sale of land around the Lake Charles, LA anode facility.

I. Segment Information

The operating results of Alcoa Corporation's six reportable segments were as follows (differences between segment totals and combined totals are in Corporate):

	Bauxite	Alumina	Aluminum	Cast Products	Energy	Rolled Products	Total
Six months ended June 30, 2016							
Sales:							
Third-party sales	$ 131	$ 1,097	$ 15	$ 2,072	$ 131	$ 446	$ 3,892
Related party sales	—	—	—	498	1	—	499
Intersegment sales	357	613	1,889	106	86	—	3,051
Total sales	$ 488	$ 1,710	$ 1,904	$ 2,676	$ 218	$ 446	$ 7,442
Profit and loss:							
Equity (loss) income	—	(21)	7	(3)	—	(21)	(38)
Depreciation, depletion, and amortization	36	95	150	21	28	12	342
Income taxes	39	—	(34)	31	13	(2)	47
After-tax operating income (ATOI)	101	5	(26)	89	36	(16)	189
Six months ended June 30, 2015							
Sales:							
Third-party sales	$ 29	$ 1,758	$ 1	$ 2,811	$ 238	$ 508	$ 5,345
Related party sales	—	—	1	633	6	7	647
Intersegment sales	570	934	$ 2,908	23	154	—	4,589
Total sales	$ 599	$ 2,692	$ 2,910	$ 3,467	$ 398	$ 515	$10,581
Profit and loss:							
Equity (loss) income	—	(18)	23	(31)	—	(16)	(42)
Depreciation, depletion, and amortization	50	107	157	21	31	12	378
Income taxes	41	135	35	25	41	14	291
ATOI	106	324	185	43	79	11	748

The following table reconciles total segment ATOI to combined net (loss) income attributable to Alcoa Corporation:

	Six months ended June 30,	
	2016	2015
Total segment ATOI	$ 189	$ 748
Unallocated amounts:		
Impact of LIFO	27	43
Metal price lag	4	(12)
Interest expense	(130)	(139)
Noncontrolling interest (net of tax)	(38)	(127)
Corporate expense	(96)	(102)
Restructuring and other charges	(92)	(243)
Income taxes	(39)	58
Other	(90)	(157)
Combined net (loss) income attributable to Alcoa Corporation	$(265)	$ 69

Items required to reconcile total segment ATOI to combined net (loss) income attributable to Alcoa Corporation include: the impact of LIFO inventory accounting; metal price lag; interest expense; noncontrolling interest; corporate expense (primarily comprising general administrative and selling expenses of operating the corporate headquarters and other global administrative facilities, along with depreciation and amortization on corporate-owned assets); restructuring and other charges; intersegment profit eliminations; the impact of any discrete tax items, deferred tax valuation allowance adjustments, and other differences between tax rates applicable to the segments and the combined effective tax rate; and other non-operating items such as foreign currency transaction gains/losses and interest income.

J. Equity Investments

A summary of financial information for Alcoa Corporation's equity investments is as follows (amounts represent 100% of investee financial information):

For the six months ended June 30,	2016	2015
Sales	$1,796	$1,857
Cost of goods sold	1,360	1,557
Net income (loss)	29	(86)

In April 2016, Alcoa Corporation's majority-owned subsidiary, Alcoa of Australia Limited (AofA), sold its 20% interest in a consortium, DBP, the owner and operator of the Dampier to Bunbury Natural Gas Pipeline (DBNGP) in Western Australia, to the only other member of the consortium, DUET Group. AofA received $145 (A$192) in cash, which was included in Sales of investments on the accompanying Statement of Combined Cash Flows, and recorded a gain of $27 (A$35) ($11 (A$15) after-tax and noncontrolling interest) in Other income, net on the accompanying Statement of Combined Operations. Prior to this transaction, AofA's 20% interest was previously classified as an equity investment on Alcoa Corporation's Combined Balance Sheet. As part of the transaction, AofA will maintain its current access to approximately 30% of the DBNGP transmission capacity for gas supply to its three alumina refineries in Western Australia. AofA is part of Alcoa World Alumina and Chemicals (AWAC), an unincorporated joint venture that consists of a group of companies, which are owned 60% by Alcoa Corporation and 40% by Alumina Limited of Australia.

K. Pension and Other Postretirement Benefits

The components of net periodic benefit cost were as follows:

	Pension benefits		Other postretirement benefits	
Six months ended June 30,	2016	2015	2016	2015
Service cost	$ 24	$ 28	$ —	$ —
Interest cost	37	46	2	2
Expected return on plan assets	(60)	(63)	—	—
Amortization of prior service cost (benefit)	3	4	—	(4)
Recognized actuarial loss (gain)	19	22	—	(2)
Special termination benefits*	1	11	—	1
Settlements*	—	1	—	—
Curtailments	—	—	—	(1)
Net periodic benefit cost	$ 24	$ 49	$ 2	$ (4)

* These amounts were recorded in Restructuring and other charges on the accompanying Statement of Combined Operations (see Note D).

Effective in the first quarter of 2016, management elected to change the manner in which the interest cost component of net periodic benefit cost is calculated for Alcoa Corporation's pension and other postretirement benefit plans. In the 2016 six-month period, this change resulted in a decrease in net periodic benefit cost of $6.

L. Derivatives and Other Financial Instruments

Fair Value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy distinguishes between (i) market participant assumptions developed based on market data obtained from independent sources (observable inputs) and (ii) an entity's own assumptions about market participant assumptions developed based on the best information available in the circumstances (unobservable inputs). The fair value hierarchy consists of three broad levels, which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described below:

- Level 1—Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2—Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (e.g., interest rates); and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3—Inputs that are both significant to the fair value measurement and unobservable.

Derivatives. Alcoa Corporation is exposed to certain risks relating to its ongoing business operations, including financial, market, political, and economic risks. The following discussion provides information regarding Alcoa Corporation's exposure to the risks of changing commodity prices and foreign currency exchange rates.

Alcoa Corporation's commodity and derivative activities are subject to the management, direction, and control of the Strategic Risk Management Committee (SRMC), which is composed of the chief executive officer, the chief financial officer, and other officers and employees that the chief executive officer selects. The SRMC meets on a periodic basis to review derivative positions and strategy and reports to ParentCo's Board of Directors on the scope of its activities.

Alcoa Corporation has ten derivative instruments classified as Level 3 under the fair value hierarchy. These instruments are composed of eight embedded aluminum derivatives, an energy contract, and an embedded credit derivative, all of which relate to energy supply contracts associated with nine smelters and three refineries. Five of the embedded aluminum derivatives and the energy contract were designated as cash flow hedging instruments and three of the embedded aluminum derivatives and the embedded credit derivative were not designated as hedging instruments.

The following section describes the valuation methodologies used by Alcoa Corporation to measure its Level 3 derivative instruments at fair value. Derivative instruments classified as Level 3 in the fair value hierarchy represent those in which management has used at least one significant unobservable input in the valuation model. Alcoa Corporation uses a discounted cash flow model to fair value all Level 3 derivative instruments. Where appropriate, the description below includes the key inputs to those models and any significant assumptions. These valuation models are reviewed and tested at least on an annual basis.

Inputs in the valuation models for Level 3 derivative instruments are composed of the following: (i) quoted market prices (e.g., aluminum prices on the 10-year London Metal Exchange (LME) forward curve and energy prices), (ii) significant other observable inputs (e.g., information concerning time premiums and volatilities for certain option type embedded derivatives and regional premiums for aluminum contracts), and (iii) unobservable inputs (e.g., aluminum and energy prices beyond those quoted in the market). For periods beyond the term of quoted market prices for aluminum, Alcoa Corporation estimates the price of aluminum by extrapolating the 10-year LME forward curve. Additionally, for periods beyond the term of quoted market prices for energy,

management has developed a forward curve based on independent consultant market research. Where appropriate, valuations are adjusted for various factors such as liquidity, bid/offer spreads, and credit considerations. Such adjustments are generally based on available market evidence (Level 2). In the absence of such evidence, management's best estimate is used (Level 3). If a significant input that is unobservable in one period becomes observable in a subsequent period, the related asset or liability would be transferred to the appropriate classification (Level 1 or 2) in the period of such change (there were no such transfers in the periods presented).

Alcoa Corporation has two power contracts, each of which contain an embedded derivative that indexes the price of power to the LME price of aluminum. Additionally, Alcoa Corporation has three power contracts, each of which contain an embedded derivative that indexes the price of power to the LME price of aluminum plus the Midwest premium. The embedded derivatives in these five power contracts are primarily valued using observable market prices; however, due to the length of the contracts, the valuation models also require management to estimate the long-term price of aluminum based upon an extrapolation of the 10-year LME forward curve and/or 5-year Midwest premium curve. Significant increases or decreases in the actual LME price beyond 10 years and/or the Midwest premium beyond 5 years would result in a higher or lower fair value measurement. An increase in actual LME price and/or the Midwest premium over the inputs used in the valuation models will result in a higher cost of power and a corresponding decrease to the derivative asset or increase to the derivative liability. The embedded derivatives have been designated as cash flow hedges of forward sales of aluminum. Unrealized gains and losses were included in Other comprehensive (loss) income on the accompanying Combined Balance Sheet while realized gains and losses were included in Sales on the accompanying Statement of Combined Operations.

Also, Alcoa Corporation has a power contract (expires in September 2016—see below) separate from above that contains an LME-linked embedded derivative. The embedded derivative is valued using the probability and interrelationship of future LME prices, Australian dollar to U.S. dollar exchange rates, and the U.S. consumer price index. Significant increases or decreases in the LME price would result in a higher or lower fair value measurement. An increase in actual LME price over the inputs used in the valuation model will result in a higher cost of power and a corresponding decrease to the derivative asset. This embedded derivative did not qualify for hedge accounting treatment. Unrealized gains and losses from the embedded derivative were included in Other income, net on the accompanying Statement of Combined Operations while realized gains and losses were included in Cost of goods sold on the accompanying Statement of Combined Operations as electricity purchases were made under the contract. At the time this derivative asset was recognized, an equivalent amount was recognized as a deferred credit in Other noncurrent liabilities and deferred credits on the accompanying Combined Balance Sheet. This deferred credit is recognized in Other income, net on the accompanying Statement of Combined Operations as power is received over the life of the contract.

Additionally, Alcoa Corporation has a natural gas supply contract, which has an LME-linked ceiling. This embedded derivative is valued using probabilities of future LME aluminum prices and the price of Brent crude oil (priced on Platts), including the interrelationships between the two commodities subject to the ceiling. Any change in the interrelationship would result in a higher or lower fair value measurement. An LME ceiling was embedded into the contract price to protect against an increase in the price of oil without a corresponding increase in the price of LME. An increase in oil prices with no similar increase in the LME price would limit the increase of the price paid for natural gas. This embedded derivative did not qualify for hedge accounting treatment. Unrealized gains and losses from the embedded derivative were included in Other expenses (income), net on the accompanying Statement of Combined Operations while realized gains and losses were included in Cost of goods sold on the accompanying Statement of Combined Operations as gas purchases were made under the contract.

In the second quarter of 2016, Alcoa Corporation and the related counterparty elected to modify the pricing of an existing power contract for a smelter in the United States. This amendment contains an embedded derivative that now indexes the price of power to the LME price of aluminum plus the Midwest premium. The

embedded derivative is valued using the interrelationship of future metal prices (LME base plus Midwest premium) and the amount of megawatt hours of energy needed to produce the forecasted metric tons of aluminum at the smelter. Significant increases or decreases in the metal price would result in a higher or lower fair value measurement. An increase in actual metal price over the inputs used in the valuation model will result in a higher cost of power and a corresponding increase to the derivative liability. Management elected not to qualify the embedded derivative for hedge accounting treatment. Unrealized gains and losses from the embedded derivative will be included in Other income, net on the accompanying Statement of Combined Operations while realized gains and losses will be included in Cost of goods sold on the accompanying Statement of Combined Operations as electricity purchases are made under the contract. At the time this derivative liability was recognized, an equivalent amount was recognized as a deferred charge in Other noncurrent assets on the accompanying Combined Balance Sheet. This deferred charge will be recognized in Other income, net on the accompanying Statement of Combined Operations as power is received over the life of the contract.

Furthermore, Alcoa Corporation has a power contract, which contains an embedded derivative that indexes the difference between the long-term debt ratings of Alcoa Corporation and the counterparty from any of the three major credit rating agencies. Management uses market prices, historical relationships, and forecast services to determine fair value. Significant increases or decreases in any of these inputs would result in a lower or higher fair value measurement. A wider credit spread between Alcoa Corporation and the counterparty would result in a higher cost of power and a corresponding increase in the derivative liability. This embedded derivative did not qualify for hedge accounting treatment. Unrealized gains and losses were included in Other expenses (income), net on the accompanying Statement of Combined Operations while realized gains and losses were included in Cost of goods sold on the accompanying Statement of Combined Operations as electricity purchases were made under the contract.

Finally, Alcoa Corporation has a derivative contract that will hedge the anticipated power requirements at one of its smelters once the existing power contract expires in September 2016 (see above). Beyond the term where market information is available, management has developed a forward curve, for valuation purposes, based on independent consultant market research. Significant increases or decreases in the power market may result in a higher or lower fair value measurement. Lower prices in the power market would cause a decrease in the derivative asset. The derivative contract has been designated as a cash flow hedge of future purchases of electricity. Unrealized gains and losses on this contract were recorded in Other comprehensive (loss) income on the accompanying Combined Balance Sheet. Once the designated hedge period begins in September 2016, realized gains and losses will be recorded in Cost of goods sold as electricity purchases are made under the power contract.

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The following table presents quantitative information related to the significant unobservable inputs described above for Level 3 derivative contracts:

	Fair value at June 30, 2016*	Unobservable input	Range ($ in full amounts)
Assets:			
Embedded aluminum derivatives	$ 718	Price of aluminum beyond forward curve	Aluminum: $2,093 per metric ton in 2026 to $2,245 per metric ton in 2029 (two contracts) and $2,540 per metric ton in 2036 (one contract) Midwest premium: $0.0775 per pound in 2021 to $0.0775 per pound in 2029 (two contracts) and 2036 (one contract)
Embedded aluminum derivative	23	Interrelationship of future aluminum prices, foreign currency exchange rates, and the U.S. consumer price index (CPI)	Aluminum: $1,631 per metric ton in July 2016 to $1,637 per metric ton in September 2016 Foreign currency: A$1 = $0.74 in 2016 (July through September) CPI: 1982 base year of 100 and 236 in 2016 (July through September)
Embedded aluminum derivative	4	Interrelationship of LME price to overall energy price	Aluminum: $1,614 per metric ton in 2016 to $1,755 per metric ton in 2019
Embedded aluminum derivative	—	Interrelationship of future aluminum and oil prices	Aluminum: $1,631 per metric ton in 2016 to $1,710 per metric ton in 2018 Oil: $49 per barrel in 2016 to $55 per barrel in 2018
Energy contract	40	Price of electricity beyond forward curve	Electricity: $48 per megawatt hour in 2019 to $116 per megawatt hour in 2036
Liabilities:			
Embedded aluminum derivative	196	Price of aluminum beyond forward curve	Aluminum: $2,093 per metric ton in 2026 to $2,137 per metric ton in 2027
Embedded aluminum derivative	32	Interrelationship of LME price to the amount of megawatt hours of energy needed to produce the forecasted metric tons of aluminum	Aluminum: $1,631 per metric ton in 2016 to $1,729 per metric ton in 2019 Midwest premium: $0.0725 per pound in 2016 to $0.0775 per pound in 2019 Electricity: rate of 2 million megawatt hours per year
Embedded credit derivative	33	Credit spread between Alcoa Corporation and counterparty	3.45% to 3.81% (3.63% median)

* The fair value of the energy contract reflected as an asset in this table is lower by $9 compared to the respective amount reflected in the Level 3 tables presented below. This is due to the fact that this contract is in a liability position for the current portion but is in an asset position for the noncurrent portion, and is reflected as such on the accompanying Combined Balance Sheet. However, this derivative is reflected as a net asset in the above table for purposes of presenting the assumptions utilized to measure the fair value of the derivative instrument in its entirety.

The fair values of Level 3 derivative instruments recorded as assets and liabilities in the accompanying Combined Balance Sheet were as follows:

Asset Derivatives	**June 30, 2016**	**December 31, 2015**
Derivatives designated as hedging instruments:		
Prepaid expenses and other current assets:		
Embedded aluminum derivatives	$ 51	$ 72
Other noncurrent assets:		
Embedded aluminum derivatives	671	994
Energy contract	49	2
Total derivatives designated as hedging instruments	$ 771	$ 1,068
Derivatives not designated as hedging instruments:		
Prepaid expenses and other current assets:		
Embedded aluminum derivative	$ 23	$ 69
Total derivatives not designated as hedging instruments	$ 23	$ 69
Total Asset Derivatives	$ 794	$ 1,137
Liability Derivatives		
Derivatives designated as hedging instruments:		
Other current liabilities:		
Embedded aluminum derivative	$ 14	$ 9
Energy contract	9	4
Other noncurrent liabilities and deferred credits:		
Embedded aluminum derivative	182	160
Total derivatives designated as hedging instruments	$ 205	$ 173
Derivatives not designated as hedging instruments:		
Other current liabilities:		
Embedded aluminum derivative	$ 8	$ —
Embedded credit derivative	5	6
Other noncurrent liabilities and deferred credits:		
Embedded aluminum derivative	24	—
Embedded credit derivative	28	29
Total derivatives not designated as hedging instruments	$ 65	$ 35
Total Liability Derivatives	$ 270	$ 208

The following table presents a reconciliation of activity for Level 3 derivative contracts:

	Assets		Liabilities		
Six months ended June 30, 2016	Embedded aluminum derivatives	Energy contract	Embedded aluminum derivative	Embedded credit derivative	Energy contract
Opening balance—January 1, 2016	$ 1,135	$ 2	$ 169	$ 35	$ 4
Total gains or losses (realized and unrealized) included in:					
Sales	(10)	—	(5)	—	—
Cost of goods sold	(61)	—	—	(3)	—
Other expenses (income), net	(8)	2	—	1	(1)
Other comprehensive income (loss)	(336)	39	32	—	—
Purchases, sales, issuances, and settlements*	—	—	32	—	—
Transfers into and/or out of Level 3*	—	—	—	—	—
Other	25	6	—	—	6
Closing balance—June 30, 2016	$ 745	$ 49	$ 228	$ 33	$ 9
Change in unrealized gains or losses included in earnings for derivative contracts held at June 30, 2016:					
Sales	$ —	$ —	$ —	$ —	$ —
Cost of goods sold	—	—	—	—	—
Other expenses (income), net	(8)	2	—	1	(1)

* In the 2016 six-month period, there was an issuance of a new embedded derivative contained in an amendment to an existing power contract. There were no purchases, sales or settlements of Level 3 derivative instruments. Additionally, there were no transfers of derivative instruments into or out of Level 3.

Derivatives Designated As Hedging Instruments—Cash Flow Hedges.

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of unrealized gains or losses on the derivative is reported as a component of other comprehensive income (OCI). Realized gains or losses on the derivative are reclassified from OCI into earnings in the same period or periods during which the hedged transaction impacts earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized directly in earnings immediately.

Alcoa Corporation has five Level 3 embedded aluminum derivatives and one Level 3 energy contract that have been designated as cash flow hedges as follows.

Embedded aluminum derivatives.

Alcoa Corporation has entered into energy supply contracts that contain pricing provisions related to the LME aluminum price. The LME-linked pricing features are considered embedded derivatives. Five of these embedded derivatives have been designated as cash flow hedges of forward sales of aluminum. At June 30, 2016 and December 31, 2015, these embedded aluminum derivatives hedge forecasted aluminum sales of 3,261 kmt and 3,307 kmt, respectively.

Alcoa Corporation recognized a net unrealized loss of $368 in the 2016 six-month period and a net unrealized gain of $518 in the 2015 six-month period in Other comprehensive (loss) income related to these five derivative instruments. Additionally, Alcoa Corporation reclassified a realized gain of $5 in the 2016 six-month

period and a realized loss of $24 in the 2015 six-month period from Accumulated other comprehensive loss to Sales. Assuming market rates remain constant with the rates at June 30, 2016, a realized gain of $25 is expected to be recognized in Sales over the next 12 months.

Also, Alcoa Corporation recognized a gain of less than $1 in the 2016 six-month period and a gain of $1 in the 2015 six-month period in Other income, net related to the amount excluded from the assessment of hedge effectiveness. There was no ineffectiveness related to these five derivative instruments in the 2015 six-month period.

Energy contract.

Alcoa Corporation has a derivative contract that will hedge the anticipated power requirements at one of its smelters once the existing power contract expires in September 2016. At June 30, 2016 and December 31, 2015, this energy contract hedges forecasted electricity purchases of 59,409,328 megawatt hours. Alcoa Corporation recognized an unrealized gain of $39 in the 2016 six-month period, and an unrealized loss of $11 in the 2015 six-month period in Other comprehensive (loss) income. Additionally, Alcoa Corporation recognized a gain of $3 in Other income, net related to hedge ineffectiveness in the 2016 six-month period. There was no ineffectiveness related to the energy contract in the 2015 six-month period.

Derivatives Not Designated As Hedging Instruments.

Alcoa Corporation has three Level 3 embedded aluminum derivatives and one Level 3 embedded credit derivative that do not qualify for hedge accounting treatment. As such, gains and losses related to the changes in fair value of these instruments are recorded directly in earnings. In the six-month period of 2016 and 2015, Alcoa Corporation recognized a loss of $9 and $2, respectively, in Other income, net, of which a loss of $8 and $1, respectively, related to the embedded aluminum derivatives and a loss of $1 and $1, respectively, related to the embedded credit derivative.

Material Limitations.

The disclosures with respect to commodity prices, interest rates, and foreign currency exchange risk do not take into account the underlying commitments or anticipated transactions. If the underlying items were included in the analysis, the gains or losses on the futures contracts may be offset. Actual results will be determined by a number of factors that are not under Alcoa Corporation’s control and could vary significantly from those factors disclosed.

Alcoa Corporation is exposed to credit loss in the event of nonperformance by counterparties on the above instruments, as well as credit or performance risk with respect to its hedged customers’ commitments. Although nonperformance is possible, Alcoa Corporation does not anticipate nonperformance by any of these parties. Contracts are with creditworthy counterparties and are further supported by cash, treasury bills, or irrevocable letters of credit issued by carefully chosen banks. In addition, various master netting arrangements are in place with counterparties to facilitate settlement of gains and losses on these contracts.

Other Financial Instruments. The carrying values and fair values of Alcoa Corporation’s other financial instruments were as follows:

	June 30, 2016		December 31, 2015	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	$ 332	$332	$ 557	$557
Restricted cash	2	2	—	—
Long-term debt due within one year	22	22	18	18
Long-term debt, less amount due within one year	233	233	207	207

Cash and cash equivalents, Restricted cash, and Short-term borrowings. The carrying amounts approximate fair value because of the short maturity of the instruments. The fair value amounts for Cash and cash equivalents and Restricted cash were classified in Level 1.

Long-term debt due within one year and Long-term debt, less amount due within one year. The fair value was based on interest rates that are currently available to Alcoa Corporation for issuance of debt with similar terms and maturities. The fair value amounts for all Long-term debt were classified in Level 2 of the fair value hierarchy.

M. Related Party Transactions

Transactions between Alcoa Corporation and Arconic have been presented as related party transactions in these Combined Financial Statements of Alcoa Corporation. In the six-month period of 2016 and 2015, sales to Arconic from Alcoa Corporation were $499 and $647, respectively.

Cash pooling arrangement

Alcoa Corporation engages in cash pooling arrangements with related parties that are managed centrally by ParentCo.

Corporate allocations and Net parent investment

ParentCo's operating model includes a combination of standalone and combined business functions between Alcoa Corporation and Arconic, varying by country and region. The Combined Financial Statements of Alcoa Corporation include allocations related to these costs applied on a fully allocated cost basis, in which shared business functions are allocated between Alcoa Corporation and Arconic. Such allocations are estimates, and also do not represent the costs of such services if performed on a standalone basis.

The Combined Financial Statements of Alcoa Corporation include general corporate expenses of ParentCo that were not historically charged to Alcoa Corporation for certain support functions that are provided on a centralized basis, such as expenses related to finance, audit, legal, information technology, human resources, communications, compliance, facilities, employee benefits and compensation, and research and development activities. For purposes of the Combined Financial Statements, a portion of these general corporate expenses has been allocated to Alcoa Corporation, and is included in the combined statement of operations within Cost of goods sold, Selling, general administrative and other expenses, and Research and development expenses. These expenses have been allocated to Alcoa Corporation on the basis of direct usage when identifiable, with the remainder allocated based on Alcoa Corporation's segment revenue as a percentage of ParentCo's total segment revenue for both Alcoa Corporation and Arconic. The total general corporate expenses allocated to Alcoa Corporation during the six-months ended June 30, 2016 and 2015, were $106 and $147, respectively.

All external debt not directly attributable to Alcoa Corporation has been excluded from the Combined Balance Sheet of Alcoa Corporation. Financing costs related to these debt obligations have been allocated to Alcoa Corporation based on the ratio of capital invested in Alcoa Corporation to the total capital invested by ParentCo in both Alcoa Corporation and Arconic, and are included in the Statement of Combined Operations within Interest expense. The total financing costs allocated to Alcoa Corporation during the six months ended June 30, 2016 and 2015, were $119 and $127, respectively.

Management believes the assumptions regarding the allocation of ParentCo's general corporate expenses and financing costs are reasonable.

Nevertheless, the Combined Financial Statements of Alcoa Corporation may not reflect the actual expenses that would have been incurred and may not reflect Alcoa Corporation's combined results of operations, financial

position and cash flows had it been a standalone company during the periods presented. Actual costs that would have been incurred if Alcoa Corporation had been a standalone company would depend on multiple factors, including organizational structure, capital structure, and strategic decisions made in various areas, including information technology and infrastructure. Transactions between Alcoa Corporation and ParentCo, including sales to Arconic, have been included as related party transactions in these Combined Financial Statements and are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these transactions is reflected in the Combined Statements of Cash Flows as a financing activity and in the Combined Balance Sheets as Net parent investment.

N. Income taxes—The effective tax rate for the six-month period of 2016 and 2015 was 61% (provision on a loss) and 54% (provision on income), respectively.

The rate for the 2016 six-month period differs (by (96) percentage points) from the U.S. federal statutory rate of 35% primarily due to U.S. losses and tax credits with no tax benefit realizable in Alcoa Corporation, a $5 discrete income tax charge for valuation allowances of certain deferred tax assets in Australia, somewhat offset by foreign income taxed in lower rate jurisdictions.

The rate for the 2015 six-month period differs from the U.S. federal statutory rate of 35% primarily due to an $85 discrete income tax charge ($51 after noncontrolling interest) for a valuation allowance on certain deferred tax assets in Suriname, which were mostly related to employee benefits and tax loss carryforwards.

O. Separation Costs—ParentCo is incurring costs to evaluate, plan, and execute the separation, and Alcoa Corporation is allocated a pro rata portion of those costs based on segment revenue. In the 2016 six-month period, ParentCo recognized $63 for costs related to the proposed separation transaction, of which $31 was allocated to Alcoa Corporation and was included in Selling, general administrative, and other expenses on the accompanying Statement of Combined Operations.

P. Subsequent Events—Management evaluated all activity of Alcoa Corporation through September 1, 2016 (the date on which the Combined Financial Statements were issued), and concluded that no subsequent events have occurred that would require recognition in the Combined Financial Statements or disclosure in the Notes to the Combined Financial Statements.