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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2017

OR

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

Commission File Number 1-37816

ALCOA CORPORATION
(Exact name of registrant as specified in its charter)

Delaware **(State of incorporation)**	**81-1789115** **(I.R.S. Employer Identification No.)**
390 Park Avenue, New York, New York **(Address of principal executive offices)**	**10022-4608** **(Zip code)**

212-518-5400
(Registrant's telephone number including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. Yes ☐ No ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 28, 2017, 184,339,532 shares of common stock, par value $0.01 per share, of the registrant were outstanding.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Alcoa Corporation and subsidiaries
Statement of Consolidated Operations (unaudited)
(in millions, except per-share amounts)

	Second quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Sales to unrelated parties	$ 2,650	$ 2,061	$5,112	$3,953
Sales to related parties (A)	209	262	402	499
Total sales (E)	2,859	2,323	5,514	4,452
Cost of goods sold (exclusive of expenses below)	2,309	1,941	4,352	3,807
Selling, general administrative, and other expenses (A)	72	90	144	175
Research and development expenses	8	7	15	18
Provision for depreciation, depletion, and amortization	190	178	369	355
Restructuring and other charges (D)	12	8	22	92
Interest expense	25	66	51	130
Other expenses (income), net (N)	6	(23)	(94)	16
Total costs and expenses	2,622	2,267	4,859	4,593
Income (loss) before income taxes	237	56	655	(141)
Provision for income taxes (L)	99	68	209	86
Net income (loss)	138	(12)	446	(227)
Less: Net income attributable to noncontrolling interest	63	43	146	38
NET INCOME (LOSS) ATTRIBUTABLE TO ALCOA CORPORATION	$ 75	$ (55)	$ 300	$ (265)
EARNINGS PER SHARE ATTRIBUTABLE TO ALCOA CORPORATION COMMON SHAREHOLDERS (F):				
Basic	$ 0.41	$ (0.29)	$ 1.63	$ (1.45)
Diluted	$ 0.40	$ (0.29)	$ 1.61	$ (1.45)

The accompanying notes are an integral part of the consolidated financial statements.

Alcoa Corporation and subsidiaries
Statement of Consolidated Comprehensive Income (Loss) (unaudited)
(in millions)

	Alcoa Corporation		Noncontrolling interest		Total	
	Second quarter ended June 30,		Second quarter ended June 30,		Second quarter ended June 30,	
	2017	2016	2017	2016	2017	2016
Net income (loss)	$ 75	$ (55)	$ 63	$ 43	$ 138	$ (12)
Other comprehensive (loss) income, net of tax (G):						
Change in unrecognized net actuarial loss and prior service cost/benefit related to pension and other postretirement benefits	102	9	20	2	122	11
Foreign currency translation adjustments	(99)	166	(37)	32	(136)	198
Net change in unrecognized gains/losses on cash flow hedges	(6)	(174)	(21)	16	(27)	(158)
Total Other comprehensive (loss) income, net of tax	(3)	1	(38)	50	(41)	51
Comprehensive income (loss)	$ 72	$ (54)	$ 25	$ 93	$ 97	$ 39

	Six months ended June 30,		Six months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016	2017	2016
Net income (loss)	$ 300	$ (265)	$ 146	$ 38	$ 446	$ (227)
Other comprehensive (loss) income, net of tax (G):						
Change in unrecognized net actuarial loss and prior service cost/benefit related to pension and other postretirement benefits	146	(1)	19	3	165	2
Foreign currency translation adjustments	140	414	77	139	217	553
Net change in unrecognized gains/losses on cash flow hedges	(314)	(269)	62	14	(252)	(255)
Total Other comprehensive (loss) income, net of tax	(28)	144	158	156	130	300
Comprehensive income (loss)	$ 272	$ (121)	$ 304	$ 194	$ 576	$ 73

The accompanying notes are an integral part of the consolidated financial statements.

Alcoa Corporation and subsidiaries
Consolidated Balance Sheet (unaudited)
(in millions)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents (K)	$ 954	$ 853
Receivables from customers	789	668
Other receivables	206	166
Inventories (I)	1,287	1,160
Prepaid expenses and other current assets	347	334
Total current assets	3,583	3,181
Properties, plants, and equipment	22,971	22,550
Less: accumulated depreciation, depletion, and amortization	13,734	13,225
Properties, plants, and equipment, net	9,237	9,325
Investments (H & M)	1,378	1,358
Deferred income taxes	784	741
Fair value of derivative contracts (K)	259	468
Other noncurrent assets	1,688	1,668
Total assets	$16,929	$ 16,741
LIABILITIES		
Current liabilities:		
Accounts payable, trade	$ 1,508	$ 1,455
Accrued compensation and retirement costs	445	456
Taxes, including income taxes	144	147
Other current liabilities (C)	492	742
Long-term debt due within one year (K)	19	21
Total current liabilities	2,608	2,821
Long-term debt, less amount due within one year (K)	1,418	1,424
Accrued pension benefits	1,748	1,851
Accrued other postretirement benefits	1,094	1,166
Asset retirement obligations	632	604
Environmental remediation (M)	266	264
Noncurrent income taxes	348	310
Other noncurrent liabilities and deferred credits	616	604
Total liabilities	8,730	9,044
CONTINGENCIES AND COMMITMENTS (M)		
EQUITY		
Alcoa Corporation shareholders' equity:		
Common stock	2	2
Additional capital	9,559	9,531
Retained earnings (deficit)	196	(104)
Accumulated other comprehensive loss (G)	(3,803)	(3,775)
Total Alcoa Corporation shareholders' equity	5,954	5,654
Noncontrolling interest	2,245	2,043
Total equity	8,199	7,697
Total liabilities and equity	$16,929	$ 16,741

The accompanying notes are an integral part of the consolidated financial statements.

Alcoa Corporation and subsidiaries
Statement of Consolidated Cash Flows (unaudited)
(in millions)

	Six months ended June 30, 2017	Six months ended June 30, 2016
CASH FROM OPERATIONS		
Net income (loss)	$ 446	$ (227)
Adjustments to reconcile net income (loss) to cash from operations:		
Depreciation, depletion, and amortization	369	355
Deferred income taxes	50	(28)
Equity income, net of dividends	14	20
Restructuring and other charges (D)	22	92
Net gain from investing activities – asset sales (C & N)	(116)	(32)
Net periodic pension benefit cost (J)	55	23
Stock-based compensation	14	18
Other	(3)	15
Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency translation adjustments:		
(Increase) in receivables	(75)	(24)
(Increase) Decrease in inventories	(86)	42
Decrease (Increase) in prepaid expenses and other current assets	52	(11)
Increase (Decrease) in accounts payable, trade	19	(133)
(Decrease) in accrued expenses	(238)	(214)
(Decrease) in taxes, including income taxes	(44)	(125)
Pension contributions	(47)	(33)
(Increase) in noncurrent assets	(46)	(179)
(Decrease) in noncurrent liabilities	(1)	—
CASH PROVIDED FROM (USED FOR) OPERATIONS	385	(441)
FINANCING ACTIVITIES		
Net transfers from Parent Company (A)	—	335
Cash paid to Arconic related to separation (A & C)	(247)	—
Net change in short-term borrowings (original maturities of three months or less)	3	(1)
Additions to debt (original maturities greater than three months)	3	—
Payments on debt (original maturities greater than three months)	(10)	(10)
Proceeds from the exercise of employee stock options	18	—
Contributions from noncontrolling interest	56	—
Distributions to noncontrolling interest	(155)	(84)
Other	(6)	—
CASH (USED FOR) PROVIDED FROM FINANCING ACTIVITIES	(338)	240
INVESTING ACTIVITIES		
Capital expenditures	(159)	(172)
Proceeds from the sale of assets and businesses (C)	243	(13)
Additions to investments (M)	(36)	(3)
Sales of investments	—	146
Net change in restricted cash	(4)	(1)
CASH PROVIDED FROM (USED FOR) INVESTING ACTIVITIES	44	(43)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	10	19
Net change in cash and cash equivalents	101	(225)
Cash and cash equivalents at beginning of year	853	557
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 954	$ 332

The accompanying notes are an integral part of the consolidated financial statements.

Alcoa Corporation and subsidiaries
Statement of Changes in Consolidated Equity (unaudited)
(in millions)

	Alcoa Corporation Shareholders						
	Parent Company net investment	Common stock	Additional capital	Retained (deficit) earnings	Accumulated other comprehensive loss	Non-controlling interest	Total equity
Balance at March 31, 2016	$ 11,148	$ —	$ —	$ —	$ (1,457)	$ 2,122	$11,813
Net (loss) income	(55)	—	—	—	—	43	(12)
Other comprehensive income (G)	—	—	—	—	1	50	51
Change in Parent Company net investment	34	—	—	—	—	—	34
Distributions	—	—	—	—	—	(34)	(34)
Other	—	—	—	—	—	(1)	(1)
Balance at June 30, 2016	$ 11,127	$ —	$ —	$ —	$ (1,456)	$ 2,180	$11,851
Balance at March 31, 2017	$ —	$ 2	$ 9,553	$ 121	$ (3,800)	$ 2,287	$ 8,163
Net income	—	—	—	75	—	63	138
Other comprehensive loss (G)	—	—	—	—	(3)	(38)	(41)
Stock-based compensation	—	—	7	—	—	—	7
Common stock issued: compensation plans	—	—	2	—	—	—	2
Contributions	—	—	—	—	—	32	32
Distributions	—	—	—	—	—	(98)	(98)
Other	—	—	(3)	—	—	(1)	(4)
Balance at June 30, 2017	$ —	$ 2	$ 9,559	$ 196	$ (3,803)	$ 2,245	$ 8,199
Balance at December 31, 2015	$ 11,042	$ —	$ —	$ —	$ (1,600)	$ 2,071	$11,513
Net (loss) income	(265)	—	—	—	—	38	(227)
Other comprehensive income (G)	—	—	—	—	144	156	300
Change in Parent Company net investment	350	—	—	—	—	—	350
Distributions	—	—	—	—	—	(84)	(84)
Other	—	—	—	—	—	(1)	(1)
Balance at June 30, 2016	$ 11,127	$ —	$ —	$ —	$ (1,456)	$ 2,180	$11,851
Balance at December 31, 2016	$ —	$ 2	$ 9,531	$ (104)	$ (3,775)	$ 2,043	$ 7,697
Net income	—	—	—	300	—	146	446
Other comprehensive (loss) income (G)	—	—	—	—	(28)	158	130
Stock-based compensation	—	—	14	—	—	—	14
Common stock issued: compensation plans	—	—	17	—	—	—	17
Contributions	—	—	—	—	—	56	56
Distributions	—	—	—	—	—	(155)	(155)
Other	—	—	(3)	—	—	(3)	(6)
Balance at June 30, 2017	$ —	$ 2	$ 9,559	$ 196	$ (3,803)	$ 2,245	$ 8,199

The accompanying notes are an integral part of the consolidated financial statements.

Alcoa Corporation and subsidiaries
Notes to the Consolidated Financial Statements (unaudited)
(dollars in millions, except per-share amounts)

A. Basis of Presentation – The interim Consolidated Financial Statements of Alcoa Corporation and its subsidiaries ("Alcoa Corporation" or the "Company") are unaudited. These Consolidated 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 Consolidated Financial Statements are not necessarily indicative of the results that may be expected for the entire year. The 2016 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). This Form 10-Q report should be read in conjunction with Alcoa Corporation's Annual Report on Form 10-K for the year ended December 31, 2016, which includes all disclosures required by GAAP.

In preparing the Combined Financial Statements for the nine months ended September 30, 2016, management discovered that the amount for Research and development expenses previously reported for the six months ended June 30, 2016 included an immaterial error due to an over-allocation of such expenses of $10. The amount for Research and development expenses in the accompanying Statement of Consolidated Operations and the table below (see Cost Allocations below) for the six months ended June 30, 2016 was revised to correct this immaterial error. Additionally, in preparing the Consolidated Financial Statements for the year ended December 31, 2016, management discovered that the amount for Cost of goods sold previously reported for the three and six months ended June 30, 2016 included an immaterial error due to an under-allocation of LIFO (last-in, first-out) expense of $3 and $10, respectively. The amount for Cost of goods sold in the accompanying Statement of Consolidated Operations for the three and six months ended June 30, 2016 was revised to correct this immaterial error.

References in these Notes to "ParentCo" refer to Alcoa Inc., a Pennsylvania corporation, and its consolidated subsidiaries (through October 31, 2016, at which time was renamed Arconic Inc. (Arconic)).

Separation Transaction. On November 1, 2016 (the "Separation Date"), Alcoa Corporation separated from ParentCo into a standalone, publicly-traded company, effective at 12:01 a.m. Eastern Standard Time, (the "Separation Transaction"). Alcoa Corporation is comprised of the bauxite mining, alumina refining, aluminum smelting and casting, and energy operations of ParentCo's former Alumina and Primary Metals segments, as well as the Warrick, Indiana rolling operations and the 25.1% equity interest in the rolling mill at the joint venture in Saudi Arabia, both of which were part of ParentCo's Global Rolled Products segment. ParentCo, which later changed its name to Arconic, continues to own the operations within its Global Rolled Products (except for the aforementioned rolling operations that are owned by Alcoa Corporation), Engineered Products and Solutions, and Transportation and Construction Solutions segments.

To effect the Separation Transaction, ParentCo undertook a series of transactions to separate the net assets and certain legal entities of ParentCo, resulting in a cash payment of $1,072 to ParentCo by Alcoa Corporation (an additional $247 was paid to Arconic by Alcoa Corporation in the 2017 six-month period, including $243 associated with the sale of certain of the Company's energy operations – see Note C) with the net proceeds of a previous debt offering. In conjunction with the Separation Transaction, 146,159,428 shares of Alcoa Corporation common stock were distributed to ParentCo shareholders. Additionally, Arconic retained 36,311,767 shares of Alcoa Corporation common stock representing its 19.9% retained interest (Arconic sold 23,353,000 of these shares on February 14, 2017 and the remaining 12,958,767 shares on May 4, 2017). "Regular-way" trading of Alcoa Corporation's common stock began with the opening of the New York Stock Exchange on November 1, 2016 under the ticker symbol "AA." Alcoa Corporation's common stock has a par value of $0.01 per share.

In connection with the Separation Transaction, as of October 31, 2016, Alcoa Corporation entered into certain agreements with Arconic to implement the legal and structural separation between the two companies, govern the relationship between Alcoa Corporation and Arconic after the completion of the Separation Transaction, and allocate between Alcoa Corporation and Arconic various assets, liabilities and obligations, including, among other things, employee benefits, environmental liabilities, intellectual property, and tax-related assets and liabilities. These agreements included a Separation and Distribution Agreement, Tax Matters Agreement, Employee Matters Agreement, Transition Services Agreement, certain Patent, Know-How, Trade Secret License and Trademark License Agreements, and Stockholder and Registration Rights Agreement.

ParentCo incurred costs to evaluate, plan, and execute the Separation Transaction, and Alcoa Corporation was allocated a pro rata portion of those costs based on segment revenue (see Cost

Allocations below). ParentCo recognized $152 from January 2016 through October 2016 and $24 in 2015 for costs related to the Separation Transaction, of which $68 and $12, respectively, was allocated to Alcoa Corporation. Accordingly, in the 2016 second quarter and six-month period, an allocation of $22 and $31, respectively, was included in Selling, general administrative, and other expenses on the accompanying Statement of Consolidated Operations.

Principles of Consolidation. The Consolidated Financial Statements of Alcoa Corporation include the accounts of Alcoa Corporation and companies in which Alcoa Corporation has a controlling interest, including those that comprise the Alcoa World Alumina & Chemicals (AWAC) joint venture (see below). 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.

AWAC is an unincorporated global joint venture between Alcoa Corporation and Alumina Limited of Australia (Alumina Limited) and consists of several affiliated operating entities, which own, or have an interest in, or operate the bauxite mines and alumina refineries within Alcoa Corporation's Bauxite and Alumina segments (except for the Poços de Caldas mine and refinery and a portion of the São Luís refinery, all in Brazil) and the Portland smelter in Australia. Alcoa Corporation owns 60% and Alumina Limited owns 40% of these individual entities, which are consolidated by the Company for financial reporting purposes and include Alcoa of Australia Limited, Alcoa World Alumina LLC (AWA), and Alcoa World Alumina Brasil Ltda. (AWAB). Alumina Limited's interest in the equity of such entities is reflected as Noncontrolling interest on the accompanying Consolidated Balance Sheet.

Prior to the Separation Date, Alcoa Corporation did not operate as a separate, standalone entity. Alcoa Corporation's operations were included in ParentCo's financial results. Accordingly, for all periods prior to the Separation Date, the accompanying Consolidated Financial Statements were prepared from ParentCo's historical accounting records and were presented on a standalone basis as if Alcoa Corporation's operations had been conducted independently from ParentCo. Such Consolidated Financial Statements include the historical operations that were considered to comprise Alcoa Corporation's businesses, as well as certain assets and liabilities that were historically held at ParentCo's corporate level but were specifically identifiable or otherwise attributable to Alcoa Corporation. ParentCo's net investment in these operations is reflected as Parent Company net investment on Alcoa Corporation's Consolidated Balance Sheet. All significant transactions and accounts within Alcoa Corporation have been eliminated. All significant intercompany transactions between ParentCo and Alcoa Corporation were included within Parent Company net investment in the accompanying Consolidated Financial Statements.

Cost Allocations. The description and information on cost allocations is applicable for all periods included in the Consolidated Financial Statements prior to the Separation Date.

The Consolidated Financial Statements of Alcoa Corporation include general corporate expenses of ParentCo that were not historically charged to Alcoa Corporation for certain support functions that were 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 were included in the accompanying Statement of Consolidated Operations within Cost of goods sold, Selling, general administrative and other expenses, and Research and development expenses. These expenses were 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 was excluded from Alcoa Corporation's Consolidated Balance Sheet. Financing costs related to these debt obligations were 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 were included in the accompanying Statement of Consolidated Operations within Interest expense.

The following table reflects the allocations described above:

	Second quarter ended	Six months ended
	June 30, 2016	
Cost of goods sold (1)	$ 13	$ 26
Selling, general administrative, and other expenses (2)	46	77
Research and development expenses	—	2
Provision for depreciation, depletion, and amortization	5	10
Restructuring and other charges (3)	(1)	—
Interest expense	60	119
Other income, net	2	9

(1) Allocation principally relates to expenses for ParentCo's retained pension and other postretirement benefits associated with closed and sold operations.
(2) Allocation includes costs incurred by ParentCo associated with the Separation Transaction (see Separation Transaction above).
(3) Allocation primarily relates to layoff programs for ParentCo corporate employees.

Management believes the assumptions regarding the allocation of ParentCo's general corporate expenses and financing costs were reasonable.

Nevertheless, the Consolidated 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 consolidated results of operations, financial position, and cash flows had it been a standalone company during the periods prior to the Separation Date. 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, were included as related party transactions in the Consolidated Financial Statements and are considered to be effectively settled for cash at the time the transaction was recorded. The total net effect of the settlement of these transactions is reflected in the accompanying Statement of Consolidated Cash Flows as a financing activity and in Alcoa Corporation's Consolidated Balance Sheet as Parent Company net investment.

Cash Management. The description and information on cash management is applicable for all periods included in the Consolidated Financial Statements prior to the Separation Date.

Cash was 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 prior to the Separation Date. Only cash amounts specifically attributable to Alcoa Corporation were reflected on the Company's Consolidated Balance Sheet. Transfers of cash, both to and from ParentCo's centralized cash management system, were reflected as a component of Parent Company net investment on Alcoa Corporation's Consolidated Balance Sheet and as a financing activity on the accompanying Consolidated Statement of Cash Flows.

ParentCo had an arrangement with several financial institutions to sell certain customer receivables without recourse on a revolving basis. The sale of such receivables was completed through the use of a bankruptcy-remote special-purpose entity, which was a consolidated subsidiary of ParentCo. In connection with this arrangement, certain of Alcoa Corporation's customer receivables were sold on a revolving basis to this bankruptcy-remote subsidiary of ParentCo; these sales were reflected as a component of Parent Company net investment on Alcoa Corporation's accompanying Consolidated Balance Sheet.

ParentCo participated in several accounts payable settlement arrangements with certain vendors and third-party intermediaries. These arrangements provided that, at the vendor's request, the third-party intermediary advance the amount of the scheduled payment to the vendor, less an appropriate discount, before the scheduled payment date and ParentCo made 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 were settled, at the vendor's request, before the scheduled payment date; these settlements were reflected as a component of Parent Company net investment on Alcoa Corporation's Consolidated Balance Sheet.

Related Party Transactions. Transactions between Alcoa Corporation and Arconic have been presented as related party transactions in the accompanying Consolidated Financial Statements. Sales to Arconic from Alcoa Corporation were $209 and $402 in the 2017 second quarter and six-month period, respectively, and $262 and $499 in the 2016 second quarter and six-month period, respectively. As of

June 30, 2017 and December 31, 2016, outstanding receivables from Arconic were $90 and $67, respectively, and were included in Receivables from customers on the accompanying Consolidated Balance Sheet.

B. Recently Adopted and Recently Issued Accounting Guidance

Adopted

On January 1, 2017, Alcoa Corporation adopted changes issued by the Financial Accounting Standards Board (FASB) to the subsequent measurement of inventory. Prior to these changes, an entity was 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 or the retail inventory method. Prior to these changes, Alcoa Corporation applied the net realizable value market option to measure non-LIFO inventories at the lower of cost or market. The adoption of these changes had no impact on the Consolidated Financial Statements.

On January 1, 2017, Alcoa Corporation adopted changes issued by the FASB 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 de-designation of that hedging relationship provided that all other hedge accounting criteria continue to be met. The adoption of these changes had no immediate impact on the Consolidated Financial Statements; however, this guidance will need to be considered in the event the existing counterparty to any of Alcoa Corporation's derivative instruments changes to a new counterparty.

On January 1, 2017, Alcoa Corporation adopted changes issued by the FASB to equity method investments. These changes eliminate 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. The adoption of these changes had no immediate impact on the Consolidated Financial Statements; however, this guidance will need to be considered in the event any of Alcoa Corporation's investments undergo a change as previously described.

On January 1, 2017, Alcoa Corporation adopted changes issued by the FASB to employee share-based payment accounting. Prior to these changes, 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. Prior to these changes, 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. Prior to these changes, there was 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. The adoption of these changes had an immaterial impact on the Consolidated Financial Statements.

On January 1, 2017, Alcoa Corporation adopted changes issued by the FASB to the accounting for intra-entity transactions, other than inventory. Prior to these changes, no immediate tax impact is recognized in an entity's financial statements as a result of intra-entity transfers of assets. An entity is precluded from reflecting a tax benefit or expense from an intra-entity asset transfer between entities that file separate tax returns, whether or not such entities are in different tax jurisdictions, until the asset has been sold to a third party or otherwise recovered. The buyer of such asset is prohibited from recognizing a deferred tax asset for the temporary difference arising from the excess of the buyer's tax basis over the cost to the seller. The changes require the current and deferred income tax consequences of the intra-entity transfer to be recorded when the transaction occurs. The exception to defer the tax consequences of inventory transactions is maintained. The adoption of these changes had an immaterial impact on the Consolidated Financial Statements.

On January 1, 2017, Alcoa Corporation adopted changes issued by the FASB to consolidation accounting. Prior to these changes, an entity was required to consider indirect economic interests in a variable interest entity held through related parties under common control as direct interests in their entirety in the entity's assessment of whether it is the primary beneficiary of the variable interest entity. The changes result in an entity considering such indirect economic interests only on a proportionate basis as indirect interests instead of as direct interests in their entirety. The adoption of these changes had no impact on the Consolidated Financial Statements; however, this guidance will need to be considered in future assessments of whether Alcoa Corporation is the primary beneficiary of a variable interest entity.

Issued

In January 2017, the FASB issued changes to accounting for business combinations. These changes clarify the definition of a business for the purposes of evaluating whether a particular transaction should be accounted for as an acquisition or disposal of a business or an asset. Generally, a business is an integrated set of assets and activities that contain inputs, processes, and outputs, although outputs are not required. These changes provide a "screen" to determine whether an integrated set of assets and activities qualifies as a business. If substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets, the definition of a business has not been met and the transaction should be accounted for as an acquisition or disposal of an asset. Otherwise, an entity is required to evaluate whether the integrated set of assets and activities include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output and are no longer to consider whether a market participant could replace any missing elements. These changes also narrow the definition of an output. Currently, an output is defined as the ability to provide a return in the form of dividends, lower costs, or other economic benefits directly to investors, owners, members, or participants. An output would now be defined as the ability to provide goods or services to customers, investment income, or other revenues. These changes become effective for Alcoa Corporation on January 1, 2018. Management has determined that the adoption of these changes will not have an immediate impact on the Consolidated Financial Statements. This guidance will need to be considered in the event Alcoa Corporation acquires or disposes of an integrated set of assets and activities.

In January 2017, the FASB issued changes to the assessment of goodwill for impairment as it relates to the quantitative test. Currently, there are two steps when performing a quantitative impairment test. The first step requires an entity to compare the current fair value of a reporting unit to its carrying value. In the event the reporting unit's estimated fair value is less than its carrying value, an entity performs the second step, which is to compare the carrying amount of the reporting unit's goodwill with the implied fair value of that goodwill. 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. These changes eliminate the second step of the quantitative impairment test. Accordingly, an entity would recognize an impairment of goodwill for a reporting unit, if under what is currently referred to as the first step, the estimated fair value of the reporting unit is less than the carrying value. The impairment would be equal to the excess of the reporting unit's carrying value over its fair value not to exceed the total amount of goodwill applicable to that reporting unit. These changes become effective for Alcoa Corporation on January 1, 2020. Management has determined that the adoption of these changes will not have an immediate impact on the Consolidated Financial Statements. This guidance will need to be considered each time Alcoa Corporation performs an assessment of goodwill for impairment under the quantitative test.

In March 2017, the FASB issued changes to the presentation of net periodic benefit cost related to pension and other postretirement benefit plans. These changes require that an entity report the service cost component of net periodic benefit cost in the same line item(s) on the statement of operations as other compensation costs arising from services rendered by the pertinent employees during a reporting period. The other components of net periodic benefit cost (see Note J) are required to be presented separately from the service cost component. In other words, these other components may be aggregated and presented as a separate line item or they may be included in existing line items on the statement of operations other than such line items that include the service cost component. Currently, Alcoa Corporation includes all components of net periodic benefit cost in Cost of goods sold (business employees) and Selling, general administrative, and other expenses (corporate employees) consistent with the location of other compensation costs related to the respective employees. Additionally, these changes only allow the service cost component to be capitalized as applicable (e.g., as a cost of internally manufactured inventory). These changes become effective for Alcoa Corporation on January 1, 2018. Management is currently evaluating the potential impact of these changes on the Consolidated Financial Statements.

In May 2017, the FASB issued changes to the accounting for stock-based compensation when there has been a modification to the terms or conditions of a share-based payment award. These changes require an entity to account for the modification only when there has been a substantive change to the terms or conditions of a share-based payment award. A substantive change occurs when the fair value, vesting conditions or balance sheet classification (liability or equity) of a share-based payment award is/are different immediately before and after the modification. Currently, an entity is required to account for any modification in the terms or conditions of a share-based payment award. These changes become effective for Alcoa Corporation on January 1, 2018. Management has determined that the adoption of these changes will not have an immediate impact on the Consolidated Financial Statements. This guidance will need to be considered if Alcoa Corporation initiates a modification that is determined to be a substantive change to an outstanding stock-based award.

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. The Company has a project team, which is performing a detailed review of the terms and provisions of its customer contracts, and expects to finalize its assessment of the potential impact of these changes on the Consolidated Financial Statements in the third quarter of 2017. That said, 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. Alcoa Corporation's sales of its products to customers represent single performance obligations, which are not expected to be impacted by these changes. As a result, management does not currently expect the adoption of these changes to have a material impact on the Consolidated Financial Statements.

C. Acquisitions and Divestitures – In February 2017, Alcoa Corporation's wholly-owned subsidiary, Alcoa Power Generating Inc., completed the sale of its 215-megawatt Yadkin Hydroelectric Project (Yadkin) to Cube Hydro Carolinas, LLC for $246 in cash ($241 was received in the 2017 first quarter and $5 was received in the 2017 second quarter). In the 2017 six-month period, Alcoa Corporation recognized a gain of $120 (pre- and after-tax) in Other income, net on the accompanying Statement of Consolidated Operations. In accordance with the Separation and Distribution Agreement (see Note A), Alcoa Corporation remitted $243 of the proceeds to Arconic. At December 31, 2016, Alcoa Corporation had a liability of $243, which was included in Other current liabilities on the accompanying Consolidated Balance Sheet. The sale of Yadkin is subject to post-closing adjustments related to potential earnouts through January 31, 2027, unless the provisions of the earnouts are met earlier. Any such adjustment would result in Alcoa Corporation receiving additional cash (none of which would be remitted to Arconic) and recognizing income. 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. Prior to the divestiture, the power generated by Yadkin was primarily sold into the open market. Yadkin generated sales of $29 in 2016, and had approximately 30 employees as of December 31, 2016.

D. Restructuring and Other Charges – In the second quarter and six-month period of 2017, Alcoa Corporation recorded Restructuring and other charges of $12 and $22, respectively, which were comprised of the following components: $5 and $18, respectively, for additional contract costs related to the curtailed Wenatchee (Washington) smelter; $11 and $13, respectively, for layoff costs related to cost reduction initiatives, including the separation of approximately 110 employees in the Aluminum segment; and a reversal of $4 and $9, respectively, associated with several reserves related to prior periods.

In the second quarter and six-month period of 2016, Alcoa Corporation recorded Restructuring and other charges of $8 and $92, respectively, which were comprised of the following components: $8 and $86, respectively, for additional net costs related to decisions made in late 2015 to permanently close and demolish the Warrick (Indiana) smelter and to curtail the Wenatchee smelter and Point Comfort (Texas) refinery (see below); $3 and $11, respectively, for layoff costs related to cost reduction initiatives, including the separation of approximately 30 employees in the Aluminum segment; and a reversal of $2 and $5, respectively, associated with several layoff reserves related to prior periods. Restructuring and other charges in the 2016 second quarter also included a credit of $1 related to the allocation of Corporate restructuring to Alcoa Corporation (see Cost Allocations in Note A).

In the 2016 six-month period, the additional net costs related to the closure and curtailment actions included accelerated depreciation of $70 related to the Warrick smelter as it continued to operate through March 2016; a reversal of $20 ($1 in the 2016 second quarter) associated with severance costs initially recorded in late 2015; and $36 ($9 in the 2016 second quarter) in other costs. Additionally in the second quarter of 2016, remaining inventories, mostly operating supplies and raw materials, were written down to their net realizable value, resulting in a charge of $5 ($2 in the 2016 second quarter), which was recorded in Cost of goods sold on the accompanying Statement of Consolidated Operations. The other costs of $36 ($9 in the 2016 second quarter) represent $27 ($10 in the 2016 second quarter) for contract terminations, $7 in asset retirement obligations for the rehabilitation of a related coal mine in the United States, and $2 (($1) in the 2016 second quarter) in other related costs.

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:

	Second quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Bauxite	$ —	$ —	$ —	$ 1
Alumina	—	(1)	—	3
Aluminum	12	10	21	88
Segment total	12	9	21	92
Corporate	—	(1)	1	—
Total restructuring and other charges	$ 12	$ 8	$ 22	$ 92

As of June 30, 2017, approximately 60 of the 110 employees associated with 2017 restructuring programs were separated. The remaining separations for 2017 restructuring programs are expected to be completed by the end of 2017. As of June 30, 2017, the separations associated with 2016 and 2015 restructuring programs were essentially complete.

In the 2017 second quarter and six-month period, cash payments of $5 and $5, respectively, were made against layoff reserves related to 2017 restructuring programs, $1 and $2, respectively, were made against layoff reserves related to 2016 restructuring programs, and $4 and $12, respectively, were made against layoff reserves related to 2015 restructuring programs.

Activity and reserve balances for restructuring charges were as follows:

	Layoff costs	Other costs	Total
Reserve balances at December 31, 2015	$ 137	$ 15	$ 152
2016 :			
Cash payments	(74)	(35)	(109)
Restructuring charges	32	168	200
Other*	(57)	(120)	(177)
Reserve balances at December 31, 2016	38	28	66
2017 :			
Cash payments	(19)	(26)	(45)
Restructuring charges	13	17	30
Other*	(11)	—	(11)
Reserve balances at June 30, 2017	$ 21	$ 19	$ 40

* Other includes reversals of previously recorded restructuring charges and the effects of foreign currency translation. In the 2017 six-month period and 2016, Other for layoff costs also included a reclassification of $3 (see Note J) and $16, respectively, in pension benefits costs, as these obligations were included in Alcoa Corporation's separate liability for pension benefits obligations. Additionally in 2016, Other for other costs also included a reclassification of the following restructuring charges: $97 in asset retirement and $26 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 2017, with the exception of $2, which is expected to be paid by no later than the end of 2019 for contract termination and special layoff benefit payments.

E. Segment Information – Effective in the first quarter of 2017, management elected to change the profit and loss measure of Alcoa Corporation's reportable segments from After-tax operating income (ATOI) to Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) for internal reporting and performance measurement purposes. This change was made to enhance the transparency and visibility of the underlying operating performance of each segment. Alcoa Corporation calculates Adjusted EBITDA as Total sales (third-party and intersegment) minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; and Research and development expenses. Previously, Alcoa Corporation calculated ATOI as Adjusted EBITDA minus (plus) the following items: Provision for depreciation, depletion, and amortization; Equity loss (income); Loss (gain) on certain asset sales; and Income taxes. Alcoa Corporation's Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Also effective in the first quarter of 2017, management initiated a realignment of the Company's internal business and organizational structure. This realignment consisted of combining Alcoa Corporation's aluminum smelting, casting, and rolling businesses, along with the majority of the energy business, into a new Aluminum business unit, as well as moving the financial results of previously closed operations, such as the Warrick smelter and Suriname refinery, into Corporate. The realignment was executed to align strategic, operational, and commercial activities, as well as to take advantage of synergies and reduce costs. The new Aluminum business unit is managed as a single operating segment. Prior to this change, each of these businesses were managed as individual operating segments and comprised the Aluminum, Cast Products, Energy, and Rolled Products segments. The existing Bauxite and Alumina segments and the new Aluminum segment represent Alcoa Corporation's operating and reportable segments. The chief operating decision maker function regularly reviews the financial information, including Sales and Adjusted EBITDA, of these three operating segments to assess performance and allocate resources.

Segment information for all prior periods presented was revised to reflect the new segment structure, as well as the new measure of profit and loss.

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The operating results of Alcoa Corporation's reportable segments were as follows (differences between segment totals and combined totals are in Corporate):

	Bauxite	Alumina	Aluminum	Total
Second quarter ended June 30, 2017				
Sales:				
Third-party sales – unrelated party	$ 80	$ 749	$ 1,779	$2,608
Third-party sales – related party	—	—	209	209
Intersegment sales	208	384	3	595
Total sales	$ 288	$ 1,133	$ 1,991	$3,412
Adjusted EBITDA	$ 98	$ 227	$ 221	$ 546
Supplemental information:				
Depreciation, depletion, and amortization	$ 19	$ 53	$ 108	$ 180
Equity (loss) income	—	(6)	3	(3)
Second quarter ended June 30, 2016				
Sales:				
Third-party sales – unrelated party	$ 87	$ 601	$ 1,335	$2,023
Third-party sales – related party	—	—	262	262
Intersegment sales	182	321	2	505
Total sales	$ 269	$ 922	$ 1,599	$2,790
Adjusted EBITDA	$ 99	$ 114	$ 180	$ 393
Supplemental information:				
Depreciation, depletion, and amortization	$ 19	$ 47	$ 104	$ 170
Equity loss	—	(7)	(10)	(17)

	Bauxite	Alumina	Aluminum	Total
Six months ended June 30, 2017				
Sales:				
Third-party sales – unrelated party	$ 150	$ 1,483	$ 3,392	$5,025
Third-party sales – related party	—	—	402	402
Intersegment sales	427	745	7	1,179
Total sales	$ 577	$ 2,228	$ 3,801	$6,606
Adjusted EBITDA	$ 208	$ 524	$ 427	$1,159
Supplemental information:				
Depreciation, depletion, and amortization	$ 37	$ 102	$ 209	$ 348
Equity loss	—	(5)	(4)	(9)
Six months ended June 30, 2016				
Sales:				
Third-party sales – unrelated party	$ 131	$ 1,097	$ 2,650	$3,878
Third-party sales – related party	—	—	499	499
Intersegment sales	357	613	36	1,006
Total sales	$ 488	$ 1,710	$ 3,185	$5,383
Adjusted EBITDA	$ 176	$ 129	$ 345	$ 650
Supplemental information:				
Depreciation, depletion, and amortization	$ 36	$ 92	$ 207	$ 335
Equity loss	—	(21)	(17)	(38)

The following table reconciles total segment Adjusted EBITDA to consolidated net income (loss) attributable to Alcoa Corporation:

	Second quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Total segment Adjusted EBITDA	$ 546	$ 393	$1,159	$ 650
Unallocated amounts:				
Impact of LIFO (I)	(8)	(1)	(22)	17
Metal price lag (1)	11	2	17	4
Corporate expense (2)	(36)	(50)	(70)	(86)
Provision for depreciation, depletion, and amortization	(190)	(178)	(369)	(355)
Restructuring and other charges (D)	(12)	(8)	(22)	(92)
Interest expense	(25)	(66)	(51)	(130)
Other (expenses) income, net (N)	(6)	23	94	(16)
Other (3)	(43)	(59)	(81)	(133)
Consolidated income (loss) before income taxes	237	56	655	(141)
Provision for income taxes	(99)	(68)	(209)	(86)
Net income attributable to noncontrolling interest	(63)	(43)	(146)	(38)
Consolidated net income (loss) attributable to Alcoa Corporation	$ 75	$ (55)	$ 300	$(265)

(1) 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 aluminum operations. 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.

(2) Corporate expense is primarily composed of general administrative and other expenses of operating the corporate headquarters and other global administrative facilities.

(3) Other includes, among other items, the Adjusted EBITDA of previously closed operations as applicable, pension and other postretirement benefit expenses associated with closed and sold operations, and intersegment profit elimination.

F. Earnings Per Share – Basic earnings per share (EPS) amounts are computed by dividing earnings by the average number of common shares outstanding. Diluted EPS amounts assume the issuance of common stock for all potentially dilutive share equivalents outstanding.

The information used to compute basic and diluted EPS attributable to Alcoa Corporation common shareholders was as follows (shares in millions):

	Second quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Net income (loss) attributable to Alcoa Corporation	$ 75	$ (55)	$ 300	$ (265)
Average shares outstanding – basic	184	182	184	182
Effect of dilutive securities:				
Stock options	1	—	1	—
Stock and performance awards	1	—	1	—
Average shares outstanding – diluted	186	182	186	182

In the 2016 second quarter and six-month period, the EPS included on the accompanying Statement of Consolidated Operations was calculated based on the 182,471,195 shares of Alcoa Corporation common stock distributed on the Separation Date in conjunction with the completion of the Separation Transaction and is considered pro forma in nature. Prior to November 1, 2016, Alcoa Corporation did not have any issued and outstanding publicly-traded common stock.

Options to purchase 1 million shares of common stock at a weighted average exercise price of $36.28 were outstanding as of June 30, 2017, but were not included in the computation of diluted EPS because they were anti-dilutive, as the exercise prices of the options were greater than the average market price of Alcoa Corporation's common stock.

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G. Accumulated Other Comprehensive Loss

The following table details the activity of the three components that comprise Accumulated other comprehensive loss for both Alcoa Corporation's shareholders and noncontrolling interest:

	Alcoa Corporation Second quarter ended June 30,		Noncontrolling interest Second quarter ended June 30,	
	2017	2016	2017	2016
Pension and other postretirement benefits (J)				
Balance at beginning of period	$ (2,286)	$ (362)	$ (57)	$ (55)
Other comprehensive income:				
Unrecognized net actuarial loss and prior service cost/benefit	53	—	19	1
Tax benefit	2	1	—	—
Total Other comprehensive income before reclassifications, net of tax	55	1	19	1
Amortization of net actuarial loss and prior service cost/benefit (1)	49	12	1	—
Tax (expense) benefit (2)	(2)	(4)	—	1
Total amount reclassified from Accumulated other comprehensive loss, net of tax (6)	47	8	1	1
Total Other comprehensive income	102	9	20	2
Balance at end of period	$ (2,184)	$ (353)	$ (37)	$ (53)
Foreign currency translation				
Balance at beginning of period	$ (1,416)	$ (1,603)	$ (563)	$ (672)
Other comprehensive (loss) income (3)	(99)	166	(37)	32
Balance at end of period	$ (1,515)	$ (1,437)	$ (600)	$ (640)
Cash flow hedges (K)				
Balance at beginning of period	$ (98)	$ 508	$ 84	$ (5)
Other comprehensive (loss) income:				
Net change from periodic revaluations	(50)	(225)	(30)	18
Tax benefit (expense)	19	47	9	(5)
Total Other comprehensive (loss) income before reclassifications, net of tax	(31)	(178)	(21)	13
Net amount reclassified to earnings:				
Aluminum contracts (4)	31	—	—	—
Energy contracts (5)	(2)	—	(1)	—
Interest rate contracts (5)	—	7	—	5
Sub-total	29	7	(1)	5
Tax (expense) benefit (2)	(4)	(3)	1	(2)
Total amount reclassified from Accumulated other comprehensive (loss) income, net of tax (6)	25	4	—	3
Total Other comprehensive (loss) income	(6)	(174)	(21)	16
Balance at end of period	$ (104)	$ 334	$ 63	$ 11

	Alcoa Corporation Six months ended June 30, 2017	Alcoa Corporation Six months ended June 30, 2016	Noncontrolling interest Six months ended June 30, 2017	Noncontrolling interest Six months ended June 30, 2016
Pension and other postretirement benefits (J)				
Balance at beginning of period	$(2,330)	$ (352)	$ (56)	$ (56)
Other comprehensive income (loss):				
Unrecognized net actuarial loss and prior service cost/benefit	48	(22)	18	1
Tax benefit	3	8	—	—
Total Other comprehensive income (loss) before reclassifications, net of tax	51	(14)	18	1
Amortization of net actuarial loss and prior service cost/benefit (1)	99	20	1	2
Tax expense (2)	(4)	(7)	—	—
Total amount reclassified from Accumulated other comprehensive loss, net of tax (6)	95	13	1	2
Total Other comprehensive income (loss)	146	(1)	19	3
Balance at end of period	$(2,184)	$ (353)	$ (37)	$ (53)
Foreign currency translation				
Balance at beginning of period	$(1,655)	$(1,851)	$ (677)	$ (779)
Other comprehensive income (3)	140	414	77	139
Balance at end of period	$(1,515)	$(1,437)	$ (600)	$ (640)
Cash flow hedges (K)				
Balance at beginning of period	$ 210	$ 603	$ 1	$ (3)
Other comprehensive (loss) income:				
Net change from periodic revaluations	(430)	(345)	90	15
Tax benefit (expense)	77	75	(27)	(4)
Total Other comprehensive (loss) income before reclassifications, net of tax	(353)	(270)	63	11
Net amount reclassified to earnings:				
Aluminum contracts (4)	49	(5)	—	—
Energy contracts (5)	(3)	—	(2)	—
Interest rate contracts (5)	—	7	—	5
Sub-total	46	2	(2)	5
Tax (expense) benefit (2)	(7)	(1)	1	(2)
Total amount reclassified from Accumulated other comprehensive income (loss), net of tax (6)	39	1	(1)	3
Total Other comprehensive (loss) income	(314)	(269)	62	14
Balance at end of period	$ (104)	$ 334	$ 63	$ 11

(1) These amounts were included in the computation of net periodic benefit cost for pension and other postretirement benefits (see Note J).

(2) These amounts were included in Provision for income taxes on the accompanying Statement of Consolidated 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 Consolidated Operations.

(5) These amounts were included in Other expenses (income), net on the accompanying Statement of Consolidated 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 Consolidated Operations in the line items indicated in footnotes 1 through 5.

H. Investments – A summary of unaudited financial information for Alcoa Corporation's equity investments is as follows (amounts represent 100% of investee financial information):

	Second quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Sales	$ 958	$ 904	$1,874	$1,796
Cost of goods sold	716	679	1,394	1,360
Net income	19	14	42	29

I. Inventories

	June 30, 2017	December 31, 2016
Finished goods	$ 245	$ 226
Work-in-process	268	220
Bauxite and alumina	426	429
Purchased raw materials	440	363
Operating supplies	144	137
LIFO reserve	(236)	(215)
	$ 1,287	$ 1,160

At June 30, 2017 and December 31, 2016, the total amount of inventories valued on a LIFO basis was $443, or 29%, and $393, or 29%, respectively, of total inventories before LIFO adjustments. The inventory values, prior to the application of LIFO, are generally determined under the average cost method, which approximates current cost.

J. Pension and Other Postretirement Benefits – The components of net periodic benefit cost were as follows:

	Second quarter ended June 30,		Six months ended June 30,	
Pension benefits	2017	2016**	2017	2016**
Service cost	$ 17	$ 12	$ 35	$ 24
Interest cost	60	19	121	37
Expected return on plan assets	(98)	(31)	(197)	(60)
Recognized net actuarial loss	46	10	92	19
Amortization of prior service cost	2	2	4	3
Special termination benefits*	3	—	3	1
Net periodic benefit cost	$ 30	$ 12	$ 58	$ 24

* These amounts were recorded in Restructuring and other charges on the accompanying Statement of Consolidated Operations (see Note D).

** In the 2016 second quarter and six-month period, Alcoa Corporation also recognized multiemployer expense related to pension benefits of $23 and $45, respectively.

	Second quarter ended June 30,		Six months ended June 30,	
Other postretirement benefits	2017	2016*	2017	2016*
Service cost	$ 1	$ —	$ 2	$ —
Interest cost	9	1	19	2
Recognized net actuarial loss	4	—	7	—
Amortization of prior service benefit	(2)	—	(3)	—
Net periodic benefit cost	$ 12	$ 1	$ 25	$ 2

* In the 2016 second quarter and six-month period, Alcoa Corporation also recognized multiemployer expense related to other postretirement benefits of $9 and $17, respectively.

K. 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, interest rates, 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 Alcoa Corporation's Board of Directors on the scope of its activities.

Alcoa Corporation's aluminum, energy, and foreign exchange contracts are held for purposes other than trading. They are used primarily to mitigate uncertainty and volatility, and to cover underlying exposures. Alcoa Corporation is not involved in trading activities for energy, weather derivatives, or other nonexchange commodity trading activities.

Several of Alcoa Corporation's aluminum, energy, and foreign exchange contracts are classified as Level 1 or Level 2 under the fair value hierarchy. The total fair value of these derivative contracts recorded as assets and liabilities was $21 and $33, respectively, at June 30, 2017 and $5 and $2, respectively, at December 31, 2016. Certain of these contracts are designated as hedging instruments, either fair value or cash flow, and the remaining are not designated as such. Combined, Alcoa Corporation recognized a loss of $2 and $24 in Other expenses (income), net on the accompanying Statement of Consolidated Operations in the 2017 second quarter and six-month period, respectively. Additionally, for the contracts designated as cash flow hedges, Alcoa Corporation recognized an unrealized gain of $25 and a loss of $25 in Other comprehensive loss in the 2017 second quarter and six-month period, respectively.

In addition to the Level 1 and 2 derivative instruments described above, Alcoa Corporation has several derivative instruments classified as Level 3 under the fair value hierarchy. These instruments are composed of (i) embedded aluminum derivatives and an embedded credit derivative related to energy supply contracts and (ii) freestanding financial contracts related to energy purchases on the spot market, all of which are associated with nine smelters and three refineries. Certain of the embedded aluminum derivatives and financial contracts were designated as cash flow hedging instruments. All of these Level 3 derivative instruments are described below in detail and are enumerated as D1 through D11.

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).

D1 through D5. Alcoa Corporation has two power contracts (D1 and D2), 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 (D3 through D5), 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 (one of the contracts no longer requires the use of prices beyond this curve). Additionally, for three of the contracts, management also estimates the Midwest premium, generally, for the next twelve months based on recent transactions and then holds the premium estimated in that twelfth month constant for the remaining duration of the contract. Significant increases or decreases in the actual LME price beyond 10 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 Consolidated Balance Sheet while realized gains and losses were included in Sales on the accompanying Statement of Consolidated Operations.

D6. Alcoa Corporation had a power contract (expired in October 2016 – see D10 below) separate from above that contains an LME-linked embedded derivative. Prior to its expiration, the embedded derivative was 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 (income), net on the accompanying Statement of Consolidated Operations while realized gains and losses were included in Cost of goods sold on the accompanying Statement of Consolidated 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 Consolidated Balance Sheet. This deferred credit was recognized in Other expenses (income), net on the accompanying Statement of Consolidated Operations as power was received over the life of the contract.

D7. 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 Consolidated Operations while realized gains and losses were included in Cost of goods sold on the accompanying Statement of Consolidated Operations as gas purchases were made under the contract.

D8. 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 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 were included in Other expenses (income), net on the accompanying Statement of Consolidated Operations while realized gains and losses were included in Cost of goods sold on the accompanying Statement of Consolidated Operations as electricity purchases were 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 Consolidated Balance Sheet. This deferred charge is recognized in Other expenses (income), net on the accompanying Statement of Consolidated Operations as power is received over the life of the contract.

D9. Alcoa Corporation has a power contract, which contains an embedded derivative that indexes the difference in the respective credit spread of Alcoa Corporation and the counterparty. 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 Consolidated Operations while realized gains and losses were included in Cost of goods sold on the accompanying Statement of Consolidated Operations as electricity purchases were made under the contract.

D10 and D11. Alcoa Corporation has a financial contract (D10) that hedges the anticipated power requirements at one of its smelters that began in November 2016. At that time, the energy supply contract related to this smelter had expired (see D6 above) and Alcoa Corporation began purchasing electricity directly from the spot market. Beyond the term where market information is available, management 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 of the financial contract. Lower prices in the power market would cause a decrease in the derivative asset. The financial contract had been designated as a cash flow hedge of future purchases of electricity (this designation ceased in December 2016 – see below). Through November 2016, unrealized gains and losses on this contract were recorded in Other comprehensive (loss) income on the accompanying Consolidated Balance Sheet, while realized gains and losses were recorded in Cost of goods sold as electricity purchases were made from the spot market. In August 2016, Alcoa Corporation gave the required notice to terminate this financial contract one year from the date of notification. As a result, Alcoa Corporation decreased both the related derivative asset recorded in Other noncurrent assets and the unrealized gain recorded in Accumulated other comprehensive loss by $84, which related to the August 2017 through 2036 timeframe, resulting in no impact to Alcoa Corporation's earnings. In December 2016, the smelter experienced an unplanned outage, resulting in a portion of the financial contract no longer qualifying for hedge accounting, at which point management elected to discontinue hedge accounting for all of the remainder of the contract (through August 2017). As a result, Alcoa Corporation reclassified an unrealized gain of $7 from Accumulated other comprehensive loss to Other income, net related to the portion of the contract that no longer qualified for hedge accounting. The remaining $6 unrealized gain in Accumulated other comprehensive loss related to the portion management elected to discontinue hedge accounting is reclassified to Cost of goods sold as electricity purchases are made from the spot market through the termination date of the financial contract. Additionally, from December 2016 through August 2017, unrealized gains and losses on this contract are recorded in Other expenses (income), net, and realized gains and losses are recorded in Other expenses (income), net as electricity purchases are made from the spot market.

In January 2017, Alcoa Corporation and the counterparty entered into a new financial contract (D11) to hedge the anticipated power requirements at this smelter for the period from August 2017 through July 2021 and amended the existing financial contract to both reduce the hedged amount of anticipated power requirements and to move up the effective termination date to July 31, 2017. The new financial contract has been designated as a cash flow hedge of future purchases of electricity. Unrealized gains and losses on the new financial contract were recorded in Other comprehensive loss on the accompanying Consolidated Balance Sheet. Once the designated hedge period begins in August 2017, realized gains and losses will be recorded in Cost of goods sold as electricity purchases are made from the spot market.

The following table presents quantitative information related to the significant unobservable inputs described above for Level 3 derivative contracts:

	Fair value at June 30, 2017	Unobservable input	Range ($ in full amounts)
Assets:			
Embedded aluminum derivatives (D3 through D5)*	$ 83	Price of aluminum beyond forward curve	Aluminum: $2,317 per metric ton in 2027 to $2,377 per metric ton in 2029 (two contracts) and $2,717 per metric ton in 2036 (one contract) Midwest premium: $0.0770 per pound in 2017 to $0.0950 per pound in 2029 (two contracts) and 2036 (one contract)
Embedded aluminum derivative (D7)	—	Interrelationship of future aluminum and oil prices	Aluminum: $1,911 per metric ton in 2017 to $1,952 per metric ton in 2018 Oil: $47 per barrel in 2017 to $50 per barrel in 2018
Financial contract (D11)	243	Interrelationship of forward energy price and the Consumer Price Index and price of electricity beyond forward curve	Electricity: $94.71 per megawatt hour in 2017 to $63.76 per megawatt hour in 2021
Financial contract (D10)	11	Interrelationship of forward energy price and the Consumer Price Index	Electricity: $104.22 per megawatt hour in July 2017
Liabilities:			
Embedded aluminum derivative (D1)	271	Interrelationship of LME price to the amount of megawatt hours of energy needed to produce the forecasted metric tons of aluminum	Aluminum: $1,911 per metric ton in 2017 to $2,314 per metric ton in 2027 Electricity: rate of 4 million megawatt hours per year
Embedded aluminum derivative (D8)	30	Interrelationship of LME price to the amount of megawatt hours of energy needed to produce the forecasted metric tons of aluminum	Aluminum: $1,911 per metric ton in 2017 to $1,963 per metric ton in 2019 Midwest premium: $0.0770 per pound in 2017 to $0.0950 per pound in 2019 Electricity: rate of 2 million megawatt hours per year
Embedded aluminum derivative (D2)	14	Interrelationship of LME price to overall energy price	Aluminum: $1,866 per metric ton in 2017 to $1,982 per metric ton in 2019
Embedded credit derivative (D9)	33	Estimated credit spread between Alcoa Corporation and counterparty	4.10% (Alcoa Corporation – 7.21% and counterparty – 3.11%)

* The fair value of these embedded aluminum derivatives is lower by $11 compared to the respective amount reflected in the Level 3 tables presented below. This is due to the fact that these contracts are in a liability position for the current portion and in an asset position for the noncurrent portion, and are reflected as such on the accompanying Consolidated Balance Sheet. However, these derivatives are reflected as a net asset in the above table for purposes of presenting the assumptions utilized to measure the fair value of these derivative instruments in their entirety.

The fair values of Level 3 derivative instruments recorded as assets and liabilities in the accompanying Consolidated Balance Sheet were as follows:

Asset Derivatives	June 30, 2017	December 31, 2016
Derivatives designated as hedging instruments:		
Prepaid expenses and other current assets:		
Embedded aluminum derivatives	$ —	$ 29
Financial contract	88	—
Other noncurrent assets:		
Embedded aluminum derivatives	94	468
Financial contract	155	—
Total derivatives designated as hedging instruments	$ 337	$ 497
Derivatives not designated as hedging instruments:		
Prepaid expenses and other current assets:		
Financial contract	$ 11	$ 17
Total derivatives not designated as hedging instruments	$ 11	$ 17
Total Asset Derivatives	$ 348	$ 514
Liability Derivatives		
Derivatives designated as hedging instruments:		
Other current liabilities:		
Embedded aluminum derivatives	$ 42	$ 17
Other noncurrent liabilities and deferred credits:		
Embedded aluminum derivatives	254	187
Total derivatives designated as hedging instruments	$ 296	$ 204
Derivatives not designated as hedging instruments:		
Other current liabilities:		
Embedded aluminum derivative	$ 16	$ 10
Embedded credit derivative	5	5
Other noncurrent liabilities and deferred credits:		
Embedded aluminum derivative	14	18
Embedded credit derivative	28	30
Total derivatives not designated as hedging instruments	$ 63	$ 63
Total Liability Derivatives	$ 359	$ 267

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The following tables present a reconciliation of activity for Level 3 derivative contracts:

Second quarter ended June 30, 2017	Assets		Liabilities	
	Embedded aluminum derivatives	Financial contracts	Embedded aluminum derivatives	Embedded credit derivative
Opening balance – April 1, 2017	$ 131	$ 346	$ 356	$ 29
Total gains or losses (realized and unrealized) included in:				
Sales	19	—	(8)	—
Cost of goods sold	—	(3)	—	(1)
Other expenses, net	—	(27)	(6)	5
Other comprehensive loss	(56)	(62)	(13)	—
Purchases, sales, issuances, and settlements*	—	—	—	—
Transfers into and/or out of Level 3*	—	—	—	—
Other	—	—	(3)	—
Closing balance – June 30, 2017	$ 94	$ 254	$ 326	$ 33
Change in unrealized gains or losses included in earnings for derivative contracts held at June 30, 2017:				
Sales	$ —	$ —	$ —	$ —
Cost of goods sold	—	—	—	—
Other expenses, net	—	(27)	(6)	5

* In the 2017 second quarter, 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.

Six months ended June 30, 2017	Assets		Liabilities	
	Embedded aluminum derivatives	Financial contracts	Embedded aluminum derivatives	Embedded credit derivative
Opening balance – January 1, 2017	$ 497	$ 17	$ 232	$ 35
Total gains or losses (realized and unrealized) included in:				
Sales	30	—	(15)	—
Cost of goods sold	—	(5)	—	(2)
Other income, net	—	8	8	—
Other comprehensive loss	(433)	107	108	—
Purchases, sales, issuances, and settlements*	—	119	—	—
Transfers into and/or out of Level 3*	—	—	—	—
Other	—	8	(7)	—
Closing balance – June 30, 2017	$ 94	$ 254	$ 326	$ 33
Change in unrealized gains or losses included in earnings for derivative contracts held at June 30, 2017:				
Sales	$ —	$ —	$ —	$ —
Cost of goods sold	—	—	—	—
Other income, net	—	8	8	—

* In January 2017, there was an issuance of a new financial contract (see D11 above). In the 2017 six-month period, 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. Realized gains or losses on the derivative are reclassified from other comprehensive income 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 financial contract (through November 2016 – see D10 above) that have been designated as cash flow hedges as described below. Additionally, in January 2017, Alcoa Corporation entered into a new financial contract, which was designated as a cash flow hedging instrument and was classified as Level 3 under the fair value hierarchy (see D11 above), that will replace the existing financial contract in August 2017.

Embedded aluminum derivatives (D1 through D5). 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, 2017 and December 31, 2016, these embedded aluminum derivatives hedge forecasted aluminum sales of 2,994 kmt and 3,127 kmt, respectively.

Alcoa Corporation recognized a net unrealized loss of $43 and $541 in the 2017 second quarter and six-month period, respectively, and $253 and $368 in the 2016 second quarter and six-month period, respectively, in Other comprehensive (loss) income related to these five derivative instruments. Additionally, Alcoa Corporation reclassified a realized loss of $27 and $45 in the 2017 second quarter and six-month period, respectively, and less than $1 and $5 in the 2016 second quarter and six-month period, respectively, from Accumulated other comprehensive loss to Sales. Assuming market rates remain constant with the rates at June 30, 2017, a realized loss of $30 is expected to be recognized in Sales over the next 12 months.

There was no ineffectiveness related to these five derivative instruments in the 2017 second quarter and six-month period and the 2016 second quarter and six-month period.

Financial contracts (D10 and D11). Alcoa Corporation has a financial contract that hedges the anticipated power requirements at one of its smelters that became effective when the existing power contract expired in October 2016. In August 2016, Alcoa Corporation elected to terminate most of the remaining term of this financial contract (see D10 above). Additionally, in December 2016, management elected to discontinue hedge accounting for this contract (see D10 above). This financial contract hedged forecasted electricity purchases of 1,969,544 megawatt hours prior to December 2016.

In the 2017 second quarter and six-month period, Alcoa Corporation reclassified a realized gain of $3 and $5, respectively, from Accumulated other comprehensive loss to Cost of goods sold. In the 2016 second quarter and six-month period, Alcoa Corporation recognized an unrealized gain of $45 and $39, respectively, in Other comprehensive income. Additionally, Alcoa Corporation recognized a gain of $3 in Other expenses, net related to hedge ineffectiveness in the 2016 six-month period. There was no ineffectiveness related to the financial contract in the 2016 second quarter.

In addition, in January 2017, Alcoa Corporation entered into a new financial contract that hedges the anticipated power requirements at this smelter for the period from August 2017 through July 2021 (see D11 above). At June 30, 2017, this financial contract hedges forecasted electricity purchases of 9,835,452 megawatt hours. In the 2017 second quarter and six-month period, Alcoa Corporation recognized an unrealized loss of $62 and an unrealized gain of $107, respectively, in Other comprehensive loss. Assuming market rates remain consistent with the rates at June 30, 2017, a realized gain of $61 is expected to be recognized in Cost of goods sold over the next 12 months. Additionally, Alcoa Corporation recognized a gain of $3 and $4 in Other expenses (income), net related to hedge ineffectiveness in the 2017 second quarter and six-month period, respectively.

Derivatives Not Designated As Hedging Instruments

Alcoa Corporation has two (three prior to October 2016) Level 3 embedded aluminum derivatives (D6 through D8) and one Level 3 embedded credit derivative (D9) that do not qualify for hedge accounting treatment and one Level 3 financial contract that management elected to discontinue hedge accounting treatment (see D10 above). As such, gains and losses related to the changes in fair value of these instruments are recorded directly in earnings. In the 2017 and 2016 second quarter, Alcoa Corporation recognized a loss of $29 and $6, respectively, in Other expenses (income), net, of which a gain of $6 and a loss of $4, respectively, related to the embedded aluminum derivatives, a loss of $5 and $2, respectively, related to the embedded credit derivative, and a loss of $30 (2017 second quarter) related to the financial contract. In the 2017 and 2016 six-month period, Alcoa Corporation recognized a loss of $4 and $9, respectively, in Other (income) expenses, net, of which a loss of $8 and $8, respectively, related to the embedded aluminum derivatives, a loss of $1 (2016 six-month period) related to the embedded credit derivative, and a gain of $4 (2017 six-month period) related to the financial contract.

Material Limitations

The disclosures with respect to commodity prices, interest rates, and foreign currency exchange risk do not consider 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 several 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, 2017		December 31, 2016	
	Carrying value	Fair value	Carrying value	Fair value
Cash and cash equivalents	$ 954	$ 954	$ 853	$ 853
Restricted cash	11	11	6	6
Long-term debt due within one year	19	19	21	21
Long-term debt, less amount due within one year	1,418	1,566	1,424	1,573

The following methods were used to estimate the fair values of other financial instruments:

Cash and cash equivalents and Restricted cash. 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 quoted market prices for public debt and on interest rates that are currently available to Alcoa Corporation for issuance of debt with similar terms and maturities for non-public debt. The fair value amounts for all Long-term debt were classified in Level 2 of the fair value hierarchy.

L. Income Taxes – The effective tax rate was 41.8% (provision on income) and 121.4% (provision on income) for the 2017 and 2016 second quarters, respectively, and 31.9% (provision on income) and 61.0% (provision on a loss) for the 2017 and 2016 six-month periods, respectively.

Alcoa Corporation's estimated annual effective tax rate for 2017 was 31.9% as of June 30, 2017. This rate differs from the U.S. federal statutory rate of 35% primarily due to foreign income taxed in lower rate jurisdictions, partially offset by domestic losses not tax benefitted. The domestic losses are net of the gain on the sale of Yadkin (see Note C).

For the 2017 six-month period, the Provision for income taxes was composed of three components as follows: (i) the application of the estimated annual effective tax rate for 2017 of 31.9% to pretax income of $655, (ii) a net discrete income tax benefit of $2 for several small items, and (iii) an unfavorable impact of $2 related to the interim period treatment of operational losses in certain jurisdictions for which no tax benefit was recognized (expected to reverse by the end of 2017).

For the 2017 second quarter, the Provision for income taxes is composed of two components as follows: (i) the difference between the application of the estimated annual 2017 effective tax rate as of June 30, 2017 of 31.9% to pretax income for the 2017 six-month period of $655 and the application of the estimated annual 2017 effective tax rate as of March 31, 2017 of 32.9% to pretax income for the 2017 three-month period of $418 and (ii) an unfavorable impact of $28 related to the interim period treatment of operational losses in certain jurisdictions for which no tax benefit was recognized (expected to reverse by the end of 2017).

The rate for the 2016 second quarter differs from the U.S. federal statutory rate of 35% primarily due to U.S. losses and tax credits with no tax benefit realizable by Alcoa Corporation.

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 by Alcoa

Corporation and 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 composition of Alcoa Corporation's net deferred tax asset by jurisdiction as of December 31, 2016 was as follows:

	Domestic	Foreign	Total
Deferred tax assets	$ 1,346	$ 1,742	$ 3,088
Valuation allowance	(1,057)	(698)	(1,755)
Deferred tax liabilities	(272)	(612)	(884)
	$ 17	$ 432	$ 449

The Company has several income tax filers in various foreign countries. Of the $432 million net deferred tax asset included under the "Foreign" column in the table above, approximately 90% relates to four of the Company's income tax filers as follows: a $259 million net deferred tax asset for Alcoa Alumínio S.A. ("Alumínio") in Brazil; a $195 million net deferred tax asset for Alcoa World Alumina Brasil Ltda. ("AWAB") in Brazil; a $108 million deferred tax asset for Alúmina Española, S.A. ("Española" and collectively with Alumínio and AWAB, the "Foreign Filers") in Spain; and a $177 million net deferred tax liability for Alcoa of Australia Limited in Australia.

The future realization of the net deferred tax asset for each of the Foreign Filers was based on projections of the respective future taxable income (defined as the sum of pretax income, other comprehensive income, and permanent tax differences), exclusive of reversing temporary differences and carryforwards. The realization of the net deferred tax assets of the Foreign Filers is not dependent on any tax planning strategies. Historically, the Foreign Filers each generated taxable income in the three-year cumulative period ending December 31, 2016. Management has also forecasted taxable income for each of the Foreign Filers in 2017 and for the foreseeable future. This forecast is based on macroeconomic indicators and involves assumptions related to, among others: commodity prices; volume levels; and key inputs and raw materials, such as bauxite, caustic soda, alumina, calcined petroleum coke, liquid pitch, energy (fuel oil, natural gas, electricity), labor, and transportation costs. These are the same assumptions used by management to develop a financial and operating plan, which is used to run the Company and measure performance against actual results.

The majority of the Foreign Filers' net deferred tax assets relate to tax loss carryforwards. The Foreign Filers do not have a history of tax loss carryforwards expiring unused. Additionally, tax loss carryforwards have an infinite life under the respective income tax codes in Brazil and Spain. That said, utilization of an existing tax loss carryforward is limited to 30% and 25% of taxable income in a particular year in Brazil and Spain, respectively.

Accordingly, management concluded that the net deferred tax assets of the Foreign Filers will more likely than not be realized in future periods, resulting in no need for a partial or full valuation allowance as of December 31, 2016.

As of June 30, 2017, Alcoa Corporation's net deferred tax asset was $436. There has not been a material change in the facts and circumstances underlying the analysis described above. As such, management concluded that the net deferred tax assets of the Foreign Filers will more likely than not be realized in future periods, resulting in no need for a partial or full valuation allowance as of June 30, 2017.

M. Contingencies and Commitments

Contingencies

Unless specifically described to the contrary, all matters within Note M are the full responsibility of Alcoa Corporation pursuant to the Separation and Distribution Agreement. Additionally, the Separation and Distribution Agreement provides for cross-indemnities between the Company and Arconic for claims subject to indemnification.

Litigation

On June 5, 2015, 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 judgment to the Delaware Supreme Court, which set the appeal for argument for November 2, 2016. On November 4, 2016, the Delaware Supreme Court affirmed the judgment of the Delaware Superior Court granting ParentCo's motion. Remaining in the case were Glencore's claims for costs and fees it incurred related to the previously described Superfund action. On March 7, 2017, Alcoa Corporation and Glencore agreed in principle to settle these claims and on March 17, 2017 requested and were granted an adjournment of the court's scheduled March 21, 2017 conference. On April 5, 2017, Alcoa and Glencore entered into a settlement agreement to resolve these remaining claims. Accordingly, on April 24, 2017, the court dismissed the case at the request of the parties. The amount of the proposed settlement was not material. This matter is now closed.

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; a date for the hearing has been scheduled for May 2018. As a result of the conclusion of the European Commission Matter on January 26, 2016 (see Note R in Alcoa Corporation's Annual Report on Form 10-K for the year ended December 31, 2016), ParentCo's 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, Alcoa Corporation is unable to reasonably predict the ultimate outcome for this matter.

Environmental Matters

Alcoa Corporation participates in environmental assessments and cleanups at several 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, among others, the nature and extent of contamination, changes in remedial requirements, and technological changes.

Alcoa Corporation's remediation reserve balance was $317 and $324 at June 30, 2017 and December 31, 2016 (of which $51 and $60 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.

In the 2017 second quarter and six-month period, the remediation reserve was increased by $3. The change in both periods was due to a net charge associated with several sites and was recorded in Cost of goods sold on the accompanying Statement of Consolidated Operations.

Payments related to remediation expenses applied against the reserve were $11 and $20 in the 2017 second quarter and six-month period, respectively. These amounts include expenditures currently mandated, as well as those not required by any regulatory authority or third party. The respective change in the reserve also reflects an increase of $2 due to the effects of foreign currency translation in the 2017 second quarter, and an increase of both $5 due to the effects of foreign currency translation and $5 for the reclassification of an amount previously included in Alcoa Corporation's liability for asset retirement obligations on the Company's Consolidated Balance Sheet as of December 31, 2016 in the 2017 six-month period.

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 Separation and Distribution Agreement includes provisions for the assignment or allocation of environmental liabilities between Alcoa Corporation and Arconic, including certain remediation obligations associated with environmental matters. In general, the respective parties are responsible for the environmental matters associated with their operations, and with the properties and other assets assigned to each. Additionally, the Separation and Distribution Agreement lists environmental matters with a shared responsibility between the two companies with an allocation of responsibility and the lead party responsible for management of each matter. For matters assigned to Alcoa Corporation under the Separation and Distribution Agreement, Alcoa Corporation has agreed to indemnify Arconic in whole or in part for environmental liabilities arising from operations prior to the Separation Date. The following description provides details regarding the current status of certain significant reserves related to current or former Alcoa Corporation sites. With the exception of the Fusina, Italy matter, Alcoa Corporation assumed full responsibility of the matters described below.

Sherwin, TX— In connection with ParentCo's sale of the Sherwin alumina refinery, which was required to be divested as part of ParentCo's acquisition of Reynolds Metals Company in 2000, ParentCo agreed to retain responsibility for the remediation of the then existing environmental conditions, as well as a pro rata share of the final closure of the active bauxite residue waste disposal areas (known as the Copano facility). All ParentCo obligations regarding the Sherwin refinery and Copano facility were transferred from ParentCo to Alcoa Corporation as part of the Separation Transaction on November 1, 2016. At June 30, 2017 and December 31, 2016, the reserve balance associated with Sherwin was $30. Approximately half of the project funding is expected to be spent through 2019 with the balance dependent on the schedule to complete repurposing or closure of the waste disposal areas.

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 polychlorinated biphenyls (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 provided final approval for the project and ParentCo began work on the final project design at that time; Alcoa Corporation began construction on the project in April 2017 with an estimated completion in 2018. At June 30, 2017 and December 31, 2016, the reserve balance associated with this matter was $16 and $24, respectively.

Fusina and Portovesme, Italy— In 1996, ParentCo acquired the Fusina smelter and rolling operations and the Portovesme smelter, both of which were owned by ParentCo’s former subsidiary Alcoa Trasformazioni S.r.l. (“Trasformazioni”) (Trasformazioni is now a subsidiary of Alcoa Corporation and owns the Fusina smelter and Portovesme smelter sites, and Fusina Rolling S.r.l., a new ParentCo subsidiary, owns the Fusina rolling operations), 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 the Fusina operations 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. Based on the final agreement with Ligestra, ParentCo’s share of all costs and payments was $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. On March 30, 2017, the MOE provided authorization to Trasformazioni to dispose of excavated waste into a third-party landfill. As such, the soil remediation excavation work is expected to begin in October 2017. The responsibility for the execution of groundwater remediation project/emergency containment has been transferred to the MOE in accordance with the February 2014 settlement agreement and remediation is slated to begin in late 2017 or in 2018.

Effective with the Separation Transaction, Arconic retained the portion of this obligation related to the Fusina rolling operations. Specifically, under the Separation and Distribution Agreement, Trasformazioni, and with it the Fusina properties, were assigned to Alcoa Corporation. Fusina Rolling S.r.l., entered into a lease agreement for the portion of property that included the rolling operation. Pursuant to the Separation and Distribution Agreement, the liabilities at Fusina described above were allocated between Alcoa Corporation (Trasformazioni) and Arconic (Fusina Rolling S.r.l.). Arconic will pay $7 (€7) for the portion of remediation expenses associated with the section of property that includes the rolling operation as the project is completed.

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 mid-2016 and is expected to be completed in 2019. After further discussions with the MOE regarding the groundwater remediation project, Alcoa Corporation and Ligestra are working to find a common remediation solution. The ultimate outcome of this matter may result in a change to the existing reserve for Portovesme.

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 early 2016 and is expected to be completed by the end of 2017. At June 30, 2017 and December 31, 2016, the reserve balance associated with this matter was $6 and $8, respectively.

East St. Louis, IL— ParentCo had an ongoing remediation project related to an area used for the disposal of bauxite residue from former alumina refining operations. The project, which was selected by the EPA in a Record of Decision (ROD) issued in July 2012, is aimed at implementing a soil cover over the affected area. On November 1, 2013, the U.S. Department of Justice lodged a consent decree on behalf of the U.S. Environmental Protection Agency (EPA) for ParentCo to conduct the work outlined in the ROD. This consent decree was entered as final in February 2014 by the U.S. Department of Justice. As a result, ParentCo began construction in March 2014; the fieldwork on a majority of this project was completed by the end of June 2016. A completion report was approved by the EPA in September 2016 and this matter, for the completed portion of the project, transitioned into a long-term (approximately 30 years) inspection, maintenance, and monitoring program. Fieldwork for the remaining portion of the project is expected to be completed in 2018, at which time it would also transition into a long-term inspection, maintenance, and monitoring program. This obligation was transferred from ParentCo to Alcoa Corporation as part of the Separation Transaction on November 1, 2016. At June 30, 2017 and December 31, 2016, the reserve balance associated with this matter was $4.

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.

On January 16, 2017, Spain's National Court issued a decision in favor of the Company related to the assessment received in September 2010. On March 6, 2017, the Company was notified that Spain's tax authorities did not file an appeal, for which the deadline has passed. As a result, the assessment related to the 2003 through 2005 tax years is null and void. Spain's National Court has not yet rendered a decision related to the assessment received in July 2013 for the 2006 through 2009 tax years. The amount of this assessment on a standalone basis, including interest, was $150 (€131) as of June 30, 2017.

The Company believes it has meritorious arguments to support its tax position and intends to vigorously litigate the remaining assessment through Spain's court system. However, in the event the Company is unsuccessful, a portion of the remaining assessment may be offset with existing tax loss carryforwards available to the Spanish consolidated tax group, which would be shared between the Company and Arconic as provided for in the Tax Matters Agreement related to the Separation Transaction. Additionally, it is possible that the Company may receive similar assessments for tax years subsequent to 2009 (see below). Despite the favorable decision received on the first assessment, at this time, the Company is unable to reasonably predict the ultimate outcome for this matter.

This Spanish consolidated tax group has been under audit (began in September 2015) for the 2010 through 2013 tax years. Spain's tax authorities are nearing the end of the audit and have informed both Alcoa Corporation and Arconic of their intent to issue an assessment similarly disallowing certain interest deductions as the two assessments described above. On August 3, 2017, in lieu of receiving a formal assessment, all parties agreed to a settlement related to the 2010 through 2013 tax years. For Alcoa Corporation, this settlement is not material to the Company's Consolidated Financial Statements. Given the stage of the appeal of the assessment for the 2006 through 2009 tax years in Spain's National Court, the settlement of the 2010 through 2013 tax years will not impact the ultimate outcome of that proceeding.

In March 2013, AWAB 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 $31 (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, the Company is unable to reasonably predict an outcome for this matter.

Between 2000 and 2002, Alcoa Alumínio (Alumínio), an indirect wholly-owned subsidiary of Alcoa Corporation, 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"), Brazil, 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. On February 21, 2017, the lead judge of the STJ issued a ruling confirming that Alumínio should be held liable in this matter. On March 16, 2017, Alumínio filed an appeal to have its case reheard before the five-judge panel as originally agreed to by the STJ in August 2012. At June 30, 2017, the assessment, including penalties and interest, totaled $44 (R$145). While Alcoa Corporation believes it has meritorious defenses, the Company is unable to reasonably predict the ultimate outcome for this matter.

Other

In connection with ParentCo's sale in 2001 of Reynolds Metals Company's ("Reynolds," a subsidiary of Alcoa Corporation), 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 one of its affiliate entities, 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. In response to this complaint, Reynolds filed both a motion to dismiss, including a jury demand, and a motion to withdraw the reference to the bankruptcy court based on the jury demand. On July 18, 2017, the district court ordered that any trial would be held to a jury in district court, but that the bankruptcy court would retain jurisdiction on all pre-trial matters. This matter is neither estimable nor probable; therefore, at this time, Alcoa Corporation is unable to reasonably predict the ultimate outcome.

On October 4, 2016, the state of Texas filed suit against Sherwin in the bankruptcy proceeding seeking to hold Sherwin responsible for remediation of alleged environmental conditions at the facility. On October 11, 2016, Sherwin filed a similar suit against Reynolds in the case. On November 10, 2016, Reynolds filed motions to dismiss the Gregory Power complaint and to withdraw the case from bankruptcy court. On November 23, 2016, the bankruptcy court approved Sherwin's plans for cessation of its operations. On February 16, 2017, Sherwin filed a bankruptcy Chapter 11 Plan and on February 17, 2017 the court approved that Plan. As provided in the Plan, Sherwin, including certain affiliated companies, and Reynolds are negotiating a settlement to allocate among them ownership of and responsibility for certain areas of the refinery. On July 12, 2017, the bankruptcy court entered a stipulation by the parties further extending the time to negotiate and file a settlement through August 28, 2017 (previous date was June 27, 2017).

General

In addition to the matters discussed above, various other lawsuits, claims, and proceedings have been or may be instituted or asserted against Alcoa Corporation, including those pertaining to environmental, product liability, safety and health, contract dispute, and tax matters, and other actions and claims arising out of the normal course of business. 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 has an investment in a joint venture related to the 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 Alcoa Corporation and consists of three separate companies as follows: one each for the mine and refinery, the smelter, and the rolling mill. Alcoa Corporation accounts for its investment in the joint venture under the equity method. As of June 30, 2017 and December 31, 2016, the carrying value of Alcoa Corporation's investment in this joint venture was $877 and $853, respectively.

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 obtained by the joint venture companies, which has been partially 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 Alcoa Corporation's total equity contribution in the joint venture related to the capital investment in the project would be approximately $1,100, of which Alcoa Corporation has contributed $982. 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. Separate from the capital investment in the project, Alcoa

Corporation contributed $11 and $36 (Ma'aden contributed $33 and $108) to the joint venture in the 2017 second quarter and six-month period, respectively, for short-term funding purposes in accordance with the terms of the joint venture companies' financing arrangements. Both partners may be required to make such additional contributions in future periods.

The smelting and rolling mill companies have project financing totaling $4,038 (reflects principal repayments made through June 30, 2017), of which $1,014 represents Alcoa Corporation's share (the equivalent of Alcoa Corporation's 25.1% interest in the smelting and rolling mill companies). Alcoa Corporation has issued guarantees (see below) to the lenders in the event that the smelting and rolling mill 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). Alcoa Corporation's guarantees for the smelting and rolling mill companies cover total debt service requirements of $94 in principal and up to a maximum of approximately $20 in interest per year (based on projected interest rates). At both June 30, 2017 and December 31, 2016, the combined fair value of the guarantees was $3, which was included in Other noncurrent liabilities and deferred credits on the accompanying Consolidated Balance Sheet.

The mining and refining company has project financing totaling $2,192, of which $550 represents AWAC's 25.1% interest in the mining and refining company. Alcoa Corporation, on behalf of AWAC, has issued guarantees (see below) 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). Alcoa Corporation's guarantees for the mining and refining company cover total debt service requirements of $120 in principal and up to a maximum of approximately $20 in interest per year (based on projected interest rates). At both June 30, 2017 and December 31, 2016, the combined fair value of the guarantees was $3, which was included in Other noncurrent liabilities and deferred credits on the accompanying Consolidated Balance Sheet. In the event Alcoa Corporation would be required to make payments under the guarantees, 40% of such amount would be contributed to Alcoa Corporation by Alumina Limited, consistent with its ownership interest in AWAC.

As a result of the Separation Transaction, the various lenders to the joint venture companies required Arconic to maintain joint and several guarantees with Alcoa Corporation. In the event of default by any of the joint venture companies, the lenders would make a claim against both Alcoa Corporation and Arconic. Accordingly, Alcoa Corporation would perform under its guarantee; however, if the Company failed to perform, Arconic would be required to perform under its own guarantee. Arconic would then subsequently seek indemnification from Alcoa Corporation under the terms of the Separation and Distribution Agreement.

N. Other Expenses (Income), Net

	Second quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Equity loss	$ 3	$ 19	$ 10	$ 41
Foreign currency (gains) losses, net	(11)	1	5	13
Net loss (gain) from asset sales	4	(34)	(116)	(32)
Net loss on mark-to-market derivative instruments (K)	19	6	16	9
Other, net	(9)	(15)	(9)	(15)
	$ 6	$ (23)	$ (94)	$ 16

In the 2017 six-month period, Net gain from asset sales included a $120 gain related to the sale of Yadkin (see Note C). In the 2016 second quarter and six-month period, Net gain from asset sales included a $27 gain related to the sale of an equity interest in a natural gas pipeline in Australia.

O. Subsequent Events – Management evaluated all activity of Alcoa and concluded that no subsequent events have occurred that would require recognition in the Consolidated Financial Statements or disclosure in the Notes to the Consolidated Financial Statements, except as described below.

On July 11, 2017, Alcoa Corporation announced plans to restart three (161,400 metric tons of capacity) of the five potlines (269,000 metric tons of capacity) at the Warrick (Indiana) smelter, which is expected to be complete in the second quarter of 2018. This smelter was previously permanently closed in March 2016. The capacity identified for restart will directly supply the existing rolling mill at the Warrick location, to improve efficiency of the integrated site and provide an additional source of metal to help meet an anticipated increase in production volumes. Alcoa Corporation expects to incur restart expenses between $30 and $35 (pre- and after-tax), or $0.16 and $0.19 per diluted share, in the second half of 2017. Additionally, the Company expects to reverse liabilities related to the original closure of approximately $25 (pre- and after-tax), or $0.13 per diluted share, in the third quarter of 2017. These liabilities primarily consist of asset retirement and environmental remediation obligations that were necessary due to the previous decision to demolish the smelter.

Report of Independent Registered Public Accounting Firm*

To the Shareholders and Board of Directors of Alcoa Corporation:

We have reviewed the accompanying consolidated balance sheet of Alcoa Corporation and its subsidiaries (Alcoa Corporation) as of June 30, 2017, and the related statements of consolidated operations, consolidated comprehensive income (loss), and changes in consolidated equity for the three-month and six-month periods ended June 30, 2017 and 2016 and the statement of consolidated cash flows for the six-month periods ended June 30, 2017 and 2016. These consolidated interim financial statements are the responsibility of Alcoa Corporation's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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), 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 consolidated 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), the consolidated balance sheet as of December 31, 2016, and the related statements of consolidated operations, consolidated comprehensive (loss) income, changes in consolidated equity, and consolidated cash flows for the year then ended (not presented herein), and in our report dated March 15, 2017, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet information as of December 31, 2016, is fairly stated in all material respects in relation to the consolidated balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
August 3, 2017

* 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.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

(dollars in millions, except per-share amounts, average realized prices, and average cost amounts; bauxite production and shipments in millions of dry metric tons (mdmt); alumina and aluminum production and shipments in thousands of metric tons (kmt))

References in this Management's Discussion and Analysis of Financial Condition and Results of Operations to "ParentCo" refer to Alcoa Inc., a Pennsylvania corporation, and its consolidated subsidiaries (through October 31, 2016, at which time was renamed Arconic Inc. (Arconic)).

Separation Transaction

On November 1, 2016 (the "Separation Date"), Alcoa Corporation (or the "Company) separated from ParentCo into a standalone, publicly-traded company, effective at 12:01 a.m. Eastern Standard Time, (the "Separation Transaction"). Alcoa Corporation is comprised of the bauxite mining, alumina refining, aluminum smelting and casting, and energy operations of ParentCo's former Alumina and Primary Metals segments, as well as the Warrick, Indiana rolling operations and the 25.1% equity interest in the rolling mill at the joint venture in Saudi Arabia, both of which were part of ParentCo's Global Rolled Products segment. ParentCo, which later changed its name to Arconic, continues to own the operations within its Global Rolled Products (except for the aforementioned rolling operations that are owned by Alcoa Corporation), Engineered Products and Solutions, and Transportation and Construction Solutions segments.

To effect the Separation Transaction, ParentCo undertook a series of transactions to separate the net assets and certain legal entities of ParentCo, resulting in a cash payment of $1,072 to ParentCo by Alcoa Corporation (an additional $247 was paid to Arconic by Alcoa Corporation in the 2017 six-month period, including $243 associated with the sale of certain of the Company's energy operations – see Financing Activities in Liquidity and Capital Resources below) with the net proceeds of a previous debt offering. In conjunction with the Separation Transaction, 146,159,428 shares of Alcoa Corporation common stock were distributed to ParentCo shareholders. Additionally, Arconic retained 36,311,767 shares of Alcoa Corporation common stock representing its 19.9% retained interest (Arconic sold 23,353,000 of these shares on February 14, 2017 and the remaining 12,958,767 shares on May 4, 2017). "Regular-way" trading of Alcoa Corporation's common stock began with the opening of the New York Stock Exchange on November 1, 2016 under the ticker symbol "AA." Alcoa Corporation's common stock has a par value of $0.01 per share.

In connection with the Separation Transaction, as of October 31, 2016, Alcoa Corporation entered into certain agreements with Arconic to implement the legal and structural separation between the two companies, govern the relationship between Alcoa Corporation and Arconic after the completion of the Separation Transaction, and allocate between Alcoa Corporation and Arconic various assets, liabilities and obligations, including, among other things, employee benefits, environmental liabilities, intellectual property, and tax-related assets and liabilities. These agreements included a Separation and Distribution Agreement, Tax Matters Agreement, Employee Matters Agreement, Transition Services Agreement, certain Patent, Know-How, Trade Secret License and Trademark License Agreements, and Stockholder and Registration Rights Agreement.

ParentCo incurred costs to evaluate, plan, and execute the Separation Transaction, and Alcoa Corporation was allocated a pro rata portion of those costs based on segment revenue (see Cost Allocations below). ParentCo recognized $152 from January 2016 through October 2016 and $24 in 2015 for costs related to the Separation Transaction, of which $68 and $12, respectively, was allocated to Alcoa Corporation. Accordingly, in the 2016 second quarter and six-month period, an allocation of $22 and $31, respectively, was included in Selling, general administrative, and other expenses on Alcoa Corporation's Statement of Consolidated Operations.

Basis of Presentation

Prior to the Separation Date, Alcoa Corporation did not operate as a separate, standalone entity. Alcoa Corporation's operations were included in ParentCo's financial results. Accordingly, for all periods prior to the Separation Date, Alcoa Corporation's Consolidated Financial Statements were prepared from ParentCo's historical accounting records and were presented on a standalone basis as if Alcoa Corporation's operations had been conducted independently from ParentCo. Such Consolidated Financial Statements include the historical operations that were considered to comprise Alcoa Corporation's businesses, as well as certain assets and liabilities that were historically held at ParentCo's corporate level but were specifically identifiable or otherwise attributable to Alcoa Corporation.

In the 2016 second quarter and six-month period, the earnings per share included on Alcoa Corporation's Statement of Consolidated Operations was calculated based on the 182,471,195 shares of Alcoa Corporation common stock distributed on the Separation Date in conjunction with the completion of the Separation Transaction and is considered pro forma in nature. Prior to November 1, 2016, Alcoa Corporation did not have any issued and outstanding publicly-traded common stock.

Cost Allocations

The description and information on cost allocations is applicable for all periods included in Alcoa Corporation's Consolidated Financial Statements prior to the Separation Date.

The Consolidated Financial Statements of Alcoa Corporation include general corporate expenses of ParentCo that were not historically charged to Alcoa Corporation for certain support functions that were 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 were included in Alcoa Corporation's Statement of Consolidated Operations within Cost of goods sold, Selling, general administrative and other expenses, and Research and development expenses. These expenses were 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 was excluded from Alcoa Corporation's Consolidated Balance Sheet. Financing costs related to these debt obligations were 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 were included in Alcoa Corporation's Statement of Consolidated Operations within Interest expense.

The following table reflects the allocations described above:

	Second quarter ended June 30, 2016	Six months ended June 30, 2016
Cost of goods sold (1)	$ 13	$ 26
Selling, general administrative, and other expenses (2)	46	77
Research and development expenses	—	2
Provision for depreciation, depletion, and amortization	5	10
Restructuring and other charges (3)	(1)	—
Interest expense	60	119
Other income, net	2	9

(1) Allocation principally relates to expenses for ParentCo's retained pension and other postretirement benefits associated with closed and sold operations.
(2) Allocation includes costs incurred by ParentCo associated with the Separation Transaction (see above).
(3) Allocation primarily relates to layoff programs for ParentCo corporate employees.

Management believes the assumptions regarding the allocation of ParentCo's general corporate expenses and financing costs were reasonable.

Nevertheless, the Consolidated 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 consolidated results of operations, financial position, and cash flows had it been a standalone company during the periods prior to the Separation Date. 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, were included as related party transactions in Alcoa Corporation's Consolidated Financial Statements and are considered to be effectively settled for cash at the time the transaction was recorded. The total net effect of the settlement of these transactions is reflected in Alcoa Corporation's Statement of Consolidated Cash Flows as a financing activity and in the Alcoa Corporation's Consolidated Balance Sheet as Parent Company net investment.

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Results of Operations

Selected Financial Data **:**

	Second quarter ended June 30,		Six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Sales	$ 2,859	$ 2,323	$5,514	$4,452
Net income (loss) attributable to Alcoa Corporation	75	(55)	300	(265)
Diluted earnings per share attributable to Alcoa Corporation common shareholders	0.40	(0.29)	1.61	(1.45)
Shipments of alumina (kmt)	2,388	2,266	4,643	4,434
Shipments of aluminum products (kmt)	833	770	1,634	1,534
Alcoa Corporation’s average realized price per metric ton of alumina	$ 314	$ 265	$ 319	$ 247
Alcoa Corporation’s average realized price per metric ton of primary aluminum	2,199	1,854	2,141	1,835

Net income attributable to Alcoa Corporation was $75 in the 2017 second quarter and $300 in the 2017 six-month period compared with Net loss attributable to Alcoa Corporation of $55 in the 2016 second quarter and $265 in the 2016 six-month period. The improvement in results of $130 in the 2017 second quarter and $565 in the 2017 six-month period was principally related to a higher average realized price for each of alumina and primary aluminum and the absence of allocated interest expense and costs related to the Separation Transaction. These positive impacts were partially offset in the 2017 second quarter and somewhat offset in the 2017 six-month period by increased input and maintenance costs, a higher income tax provision, and higher net income attributable to a noncontrolling interest partner in certain of Alcoa Corporation’s operations. A gain on the sale of certain energy operations and lower restructuring-related charges also contributed to the improvement in the 2017 six-month period.

Sales improved $536, or 23%, and $1,062, or 24%, in the 2017 second quarter and six-month period, respectively, compared to the same periods in 2016. In both periods, the increase was largely attributable to a higher average realized price for each of primary aluminum and alumina and higher volume for both aluminum products and alumina.

Cost of goods sold (COGS) as a percentage of Sales was 80.8% in the 2017 second quarter and 78.9% in the 2017 six-month period compared with 83.6% in the 2016 second quarter and 85.5% in the 2016 six-month period. The percentage in both periods was positively impacted by a higher average realized price for each of alumina and primary aluminum, somewhat offset by increased costs for energy (including $13 related to a financial contract – see below), caustic, and maintenance. Net unfavorable foreign currency movements due to a weaker U.S. dollar and an unfavorable LIFO (last in, first out) inventory adjustment (difference of $39 – see Reconciliation of Total Segment Adjusted EBITDA to Consolidated Net Income (Loss) Attributable to Alcoa Corporation in Segment Information below) also contributed to the referenced offset in the 2017 six-month period.

Selling, general administrative, and other expenses (SG&A) decreased $18 and $31 in the 2017 second quarter and six-month period, respectively, compared to the corresponding periods in 2016. In both periods, the decline was principally due to the absence of costs ($22-second quarter and $31-six months) related to the Separation Transaction (see above). SG&A as a percentage of Sales decreased from 3.9% in the 2016 second quarter to 2.5% in the 2017 second quarter, and from 3.9% in the 2016 six-month period to 2.6% in the 2017 six-month period.

Restructuring and other charges in the 2017 second quarter and six-month period were $12 and $22, respectively, which were comprised of the following components: $5 and $18, respectively, for additional contract costs related to the curtailed Wenatchee (Washington) smelter; $11 and $13, respectively, for layoff costs related to cost reduction initiatives, including the separation of approximately 110 employees in the Aluminum segment; and a reversal of $4 and $9, respectively, associated with several reserves related to prior periods.

Restructuring and other charges in the 2016 second quarter and six-month period were $8 and $92, respectively, which were comprised of the following components: $8 and $86, respectively, for additional net costs related to decisions made in late 2015 to permanently close and demolish the Warrick (Indiana) smelter and to curtail the Wenatchee smelter and Point Comfort (Texas) refinery (see below); $3 and $11, respectively, for layoff costs related to cost reduction initiatives, including the separation of approximately 30 employees in the Aluminum segment; and a reversal of $2 and $5, respectively, associated with several layoff reserves related to prior periods. Restructuring and other charges in the 2016 second quarter also included a credit of $1 related to the allocation of Corporate restructuring to Alcoa Corporation (see Cost Allocations in Separation Transaction above).

In the 2016 six-month period, the additional net costs related to the closure and curtailment actions included accelerated depreciation of $70 related to the Warrick smelter as it continued to operate through March 2016; a reversal of $20 ($1 in the 2016 second quarter) associated with severance costs initially recorded in late 2015; and $36 ($9 in the 2016 second quarter) in other costs. Additionally in the second quarter of 2016, remaining inventories, mostly operating supplies and raw materials, were written down to their net realizable value, resulting in a charge of $5 ($2 in the 2016 second quarter), which was recorded in COGS. The other costs of $36 ($9 in the 2016 second quarter) represent $27 ($10 in the 2016 second quarter) for contract terminations, $7 in asset retirement obligations for the rehabilitation of a related coal mine in the United States, and $2 (($1) in the 2016 second quarter) in other related costs.

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:

	Second quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Bauxite	$ —	$ —	$ —	$ 1
Alumina	—	(1)	—	3
Aluminum	12	10	21	88
Segment total	12	9	21	92
Corporate	—	(1)	1	—
Total restructuring and other charges	$ 12	$ 8	$ 22	$ 92

As of June 30, 2017, approximately 60 of the 110 employees associated with 2017 restructuring programs were separated. The remaining separations for 2017 restructuring programs are expected to be completed by the end of 2017. As of June 30, 2017, the separations associated with 2016 and 2015 restructuring programs were essentially complete.

In the 2017 second quarter and six-month period, cash payments of $5 and $5, respectively, were made against layoff reserves related to 2017 restructuring programs, $1 and $2, respectively, were made against layoff reserves related to 2016 restructuring programs, and $4 and $12, respectively, were made against layoff reserves related to 2015 restructuring programs.

Interest expense declined $41, or 62%, in the 2017 second quarter and $79, or 61%, in the 2017 six-month period compared to the corresponding periods in 2016. The decrease in both periods was due to the absence of an allocation ($60-second quarter and $119-six months) to Alcoa Corporation of ParentCo's interest expense related to the Separation Transaction (see above), somewhat offset by interest expense ($22-second quarter and $43-six months) associated with $1,250 of debt issued by Alcoa Corporation in September 2016.

Other expenses, net was $6 in the 2017 second quarter compared with Other income, net of $23 in the 2016 second quarter, and Other income, net was $94 in the 2017 six-month period compared to Other expenses, net of $16 in the 2016 six-month period.

The change of $29 in the 2017 second quarter was mostly related to the absence of both 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), and a net unfavorable change in mark-to-market derivative instruments ($13). These items were partially offset by a smaller equity loss related to Alcoa Corporation's share of the aluminum complex joint venture in Saudi Arabia ($15) and net favorable foreign currency movements ($12).

In the 2017 six-month period, the change of $110 was largely attributable to a gain ($120) on the sale of the Yadkin Hydroelectric Project (Yadkin – see Aluminum in Segment Information below) and a smaller equity loss related to Alcoa Corporation's share of the aluminum complex joint venture in Saudi Arabia ($32). These items were somewhat offset by the absence of both 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 was 41.8% (provision on income) and 121.4% (provision on income) for the 2017 and 2016 second quarters, respectively, and 31.9% (provision on income) and 61.0% (provision on a loss) for the 2017 and 2016 six-month periods, respectively.

Alcoa Corporation's estimated annual effective tax rate for 2017 was 31.9% as of June 30, 2017. This rate differs from the U.S. federal statutory rate of 35% primarily due to foreign income taxed in lower rate jurisdictions, partially offset by domestic losses not tax benefitted. The domestic losses are net of the gain on the sale of Yadkin (see Aluminum in Segment Information below).

For the 2017 six-month period, the Provision for income taxes was composed of three components as follows: (i) the application of the estimated annual effective tax rate for 2017 of 31.9% to pretax income of $655, (ii) a net discrete income tax benefit of $2 for several small items, and (iii) an unfavorable impact of $2 related to the interim period treatment of operational losses in certain jurisdictions for which no tax benefit was recognized (expected to reverse by the end of 2017).

For the 2017 second quarter, the Provision for income taxes is composed of two components as follows: (i) the difference between the application of the estimated annual 2017 effective tax rate as of June 30, 2017 of 31.9% to pretax income for the 2017 six-month period of $655 and the application of the estimated annual 2017 effective tax rate as of March 31, 2017 of 32.9% to pretax income for the 2017 three-month period of $418 and (ii) an unfavorable impact of $28 related to the interim period treatment of operational losses in certain jurisdictions for which no tax benefit was recognized (expected to reverse by the end of 2017).

The rate for the 2016 second quarter differs from the U.S. federal statutory rate of 35% primarily due to U.S. losses and tax credits with no tax benefit realizable by Alcoa Corporation.

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 by Alcoa Corporation and 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.

Net income attributable to noncontrolling interest was $63 in the 2017 second quarter and $146 in the 2017 six-month period compared with $43 in the 2016 second quarter and $38 in the 2016 six-month period. These amounts are entirely related to Alumina Limited of Australia's (Alumina Limited) 40% ownership interest in several affiliated operating entities, which own, or have an interest in, or operate the bauxite mines and alumina refineries within Alcoa Corporation's Bauxite and Alumina segments (except for the Poços de Caldas mine and refinery and a portion of the São Luís refinery, all in Brazil) and the Portland smelter (Aluminum segment) in Australia. These individual entities comprise an unincorporated global joint venture between Alcoa Corporation and Alumina Limited known as Alcoa World Alumina and Chemicals (AWAC). Alcoa Corporation owns 60% of these individual entities, which are consolidated by the Company for financial reporting purposes and include Alcoa of Australia Limited, Alcoa World Alumina LLC, and Alcoa World Alumina Brasil Ltda. Alumina Limited's 40% interest in the earnings of such entities is reflected as Noncontrolling interest on Alcoa Corporation's Statement of Consolidated Operations.

In the 2017 second quarter and six-month period, these combined entities generated higher net income compared to the same periods in 2016. The favorable change in earnings in both periods was mainly driven by an improvement in operating results, slightly offset by the absence of a $27 ($8 was noncontrolling interest's share) gain on the sale of an equity interest in a natural gas pipeline in Australia and $26 ($7 was noncontrolling interest's share) in combined higher energy costs and mark-to-market losses (see below). In both periods, the improvement in these combined entities' operating results was mostly due to a higher average realized price for both alumina and bauxite, somewhat offset by higher costs for caustic and an increase in maintenance expense for planned overhauls and outages in Western Australia (see Bauxite and Alumina in Segment Information below).

Alcoa Corporation has purchased electricity in the spot market for one of its smelters since the Company's contract with a local energy provider expired in October 2016, as a new energy contract was not able to be negotiated. In order to manage the Company's exposure against the variable energy rates that occur in the spot market, Alcoa Corporation had previously entered into a financial contract with a counterparty to effectively convert the Company's variable power price to a fixed power price. At the beginning of 2017, Alcoa Corporation held a favorable position in the financial contract, which was scheduled to early terminate in August 2017, as a result of a decision made by management in August 2016.

In January 2017, Alcoa Corporation began the process of restarting capacity at this smelter, which was halted due to an unexpected power outage that occurred in December 2016. As a result, Alcoa Corporation and the same counterparty to the existing financial contract entered into a new financial contract to effectively convert the Company's variable power price to a fixed power price from August 2017 through July 2021. Additionally, the effective termination of the existing financial contract was moved up to July 31, 2017. In order to obtain the most favorable terms under the new financial contract that could be negotiated, Alcoa Corporation conceded a portion of the existing financial contract that was favorable to the Company for the April through July 2017 period.

As a result of this concession, Alcoa Corporation sought an additional financial contract to cover the exposure to variable power rates for the April through July 2017 period. In March 2017, Alcoa Corporation secured such a contract with a different counterparty; however, the price of power in the spot market rose significantly between January and March 2017. Consequently, the fixed power price secured by this additional financial contract is significantly higher than the fixed power price previously secured by the existing financial contract described above. Accordingly, in the 2017 second quarter, Alcoa Corporation realized $13 in higher energy costs (included in COGS) and $13 in mark-to-market losses (included in Other expenses, net) related to the financial contracts.

On July 11, 2017, Alcoa Corporation announced plans to restart three (161 kmt of capacity) of the five potlines (269 kmt of capacity) at the Warrick smelter, which is expected to be complete in the second quarter of 2018. This smelter was previously permanently closed in March 2016. The capacity identified for restart will directly supply the existing rolling mill at the Warrick location, to improve efficiency of the integrated site and provide an additional source of metal to help meet an anticipated increase in production volumes. Alcoa Corporation expects to incur restart expenses between $30 and $35 (pre- and after-tax), or $0.16 and $0.19 per diluted share, in the second half of 2017. Additionally, the Company expects to reverse liabilities related to the original closure of approximately $25 (pre- and after-tax), or $0.13 per diluted share, in the third quarter of 2017. These liabilities primarily consist of asset retirement and environmental remediation obligations that were necessary due to the previous decision to demolish the smelter.

Segment Information

Effective in the first quarter of 2017, management elected to change the profit and loss measure of Alcoa Corporation’s reportable segments from After-tax operating income (ATOI) to Adjusted EBITDA (Earnings before interest, taxes, depreciation, and amortization) for internal reporting and performance measurement purposes. This change was made to enhance the transparency and visibility of the underlying operating performance of each segment. Alcoa Corporation calculates Adjusted EBITDA as Total sales (third-party and intersegment) minus the following items: Cost of goods sold; Selling, general administrative, and other expenses; and Research and development expenses. Previously, Alcoa Corporation calculated ATOI as Adjusted EBITDA minus (plus) the following items: Provision for depreciation, depletion, and amortization; Equity loss (income); Loss (gain) on certain asset sales; and Income taxes. Alcoa Corporation’s Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Also effective in the first quarter of 2017, management initiated a realignment of the Company’s internal business and organizational structure. This realignment consisted of combining Alcoa Corporation’s aluminum smelting, casting, and rolling businesses, along with the majority of the energy business, into a new Aluminum business unit, as well as moving the financial results of previously closed operations, such as the Warrick smelter and Suriname refinery, into Corporate. The realignment was executed to align strategic, operational, and commercial activities, as well as to take advantage of synergies and reduce costs. The new Aluminum business unit is managed as a single operating segment. Prior to this change, each of these businesses were managed as individual operating segments and comprised the Aluminum, Cast Products, Energy, and Rolled Products segments. The existing Bauxite and Alumina segments and the new Aluminum segment represent Alcoa Corporation’s operating and reportable segments. The chief operating decision maker function regularly reviews the financial information, including Sales and Adjusted EBITDA, of these three operating segments to assess performance and allocate resources.

Segment information for all prior periods presented was revised to reflect the new segment structure, as well as the new measure of profit and loss.

Bauxite

	Second quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Production (1),(2) (mdmt)	11.0	11.1	22.1	21.8
Third-party shipments (mdmt)	1.6	1.7	3.0	2.9
Alcoa Corporation’s average cost per dry metric ton of bauxite (3)	$ 18	$ 16	$ 17	$ 15
Third-party sales	$ 80	$ 87	$ 150	$ 131
Intersegment sales	208	182	427	357
Total sales	$ 288	$ 269	$ 577	$ 488
Adjusted EBITDA	$ 98	$ 99	$ 208	$ 176

(1) The production amounts do not include additional bauxite (approximately 3 million metric tons per annum) that Alcoa Corporation is entitled to receive (i.e. an amount in excess of its equity ownership interest) from certain other partners at the mine in Guinea.

(2) In the second quarter of 2017, Alcoa Corporation revised the respective production amount for the 2016 first, second, and third quarters to reflect refinements to individual mine data. As a result, the production reflected in this table for the 2016 second quarter and six-month period were revised from prior period reports. Total bauxite production for annual 2016 remains unchanged at 45.0 mdmt.

(3) 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 1% in the 2017 second quarter and increased 1% in the 2017 six-month period compared with the corresponding periods in 2016.

The decline in the 2017 second quarter was mostly related to a force majeure event (labor unrest) at the mine in Guinea, which has since been resolved.

In the 2017 six-month period, the improvement was primarily the result of a planned increase in production at the Juruti (Brazil) mine and higher production at the Huntly (Australia) mine. These positive impacts were mostly offset by lower production at both the Trombetas (Brazil) mine, due to a 20-day work stoppage in January caused by periods of heavy rain that disrupted normal operations, and the Boké (Guinea) mine, as a result of the previously mentioned force majeure event.

Third-party sales for the Bauxite segment decreased 8% in the 2017 second quarter and improved 15% in the 2017 six-month period compared to the same periods in 2016. The decline in the 2017 second quarter was primarily due to lower volume, mainly caused by the previously mentioned force majeure event. In the 2017 six-month period, the increase was largely attributable to higher volume as this segment continues to expand its third-party bauxite portfolio.

Intersegment sales increased 14% and 20% in the 2017 second quarter and six-month period, respectively, compared with the corresponding periods in 2016 virtually all due to a higher average realized price.

Adjusted EBITDA for this segment decreased $1 in the 2017 second quarter and rose $32 in the 2017 six-month period compared to the same periods in 2016.

The decline in the 2017 second quarter was principally the result of net unfavorable foreign currency movements due to a weaker U.S. dollar, particularly against the Brazilian real; higher costs for fuel oil (absence of Brazil tax credit); an increase in maintenance expense for planned overhauls in Western Australia; and the previously mentioned force majeure event. These negative impacts were mostly offset by the previously mentioned higher average realized price for intersegment sales.

In the 2017 six-month period, the improvement was mostly driven by the previously mentioned higher average realized price for intersegment sales, somewhat offset by net unfavorable foreign currency movements due to a weaker U.S. dollar, particularly against the Brazilian real.

In the 2017 third quarter (comparison with the 2016 third quarter), higher third-party shipments and sales are anticipated related to previously executed customer contracts. Also, higher costs, including maintenance and transportation, are expected.

Alumina

	Second quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Production (kmt)	3,249	3,316	6,460	6,646
Third-party shipments (kmt)	2,388	2,266	4,643	4,434
Alcoa Corporation’s average realized third-party price per metric ton of alumina	$ 314	$ 265	$ 319	$ 247
Alcoa Corporation’s average cost per metric ton of alumina*	$ 255	$ 233	$ 249	$ 230
Third-party sales	$ 749	$ 601	$1,483	$1,097
Intersegment sales	384	321	745	613
Total sales	$ 1,133	$ 922	$2,228	$1,710
Adjusted EBITDA	$ 227	$ 114	$ 524	$ 129

* Includes all production-related costs, including raw materials consumed; conversion costs, such as labor, materials, and utilities; depreciation and amortization; and plant administrative expenses.

At June 30, 2017, Alcoa Corporation had 2,305 kmt of idle capacity on a base capacity of 15,064 kmt. Both idle capacity and base capacity were unchanged compared to March 31, 2017.

Alumina production decreased 2% and 3% in the 2017 second quarter and six-month period, respectively, compared with the corresponding periods in 2016, largely attributable to the absence of production from the remaining operating capacity at the Point Comfort (Texas) refinery (2,305 kmt-per-year), which was fully curtailed by the end of June 2016. At the beginning of 2016, the curtailed capacity of this refinery was 670 kmt and increased to 2,305 kmt by the end of the 2016 six-month period.

Third-party sales for the Alumina segment improved 25% in the 2017 second quarter and 35% in the 2017 six-month period compared to the same periods in 2016. The increase in both periods was mostly related to an 18% (second quarter) and 29% (six months) rise in average realized price and a 5% (both periods) improvement in volume. In both periods, the change in average realized price was principally driven by a 21% (second quarter) and 41% (six months) higher average alumina index price (86% (2017 second quarter) and 84% (2016 second quarter) and 86% (2017 and 2016 six-month periods) of smelter-grade third-party shipments were based on the alumina index price).

Intersegment sales increased 20% and 22% in the 2017 second quarter and six-month period, respectively, compared with the corresponding periods in 2016 primarily due to a higher average realized price. This positive impact in the 2017 six-month period was somewhat offset by lower demand from the Aluminum segment.

Adjusted EBITDA for this segment rose $113 in the 2017 second quarter and $395 in the 2017 six-month period compared to the same periods in 2016. The improvement in both periods was mainly related to the previously mentioned higher average realized price, somewhat offset by higher costs for bauxite and caustic and an increase in maintenance expense for outages in Western Australia. Net unfavorable foreign currency movements due to a weaker U.S. dollar, especially against the Australian dollar and Brazilian real, also contributed to the slight offset in the 2017 six-month period.

In the 2017 third quarter (comparison with the 2016 third quarter), higher costs for both bauxite and caustic are expected.

Aluminum

	Second quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Primary aluminum production (kmt)	575	595	1,134	1,195
Third-party aluminum shipments (kmt)	833	770	1,634	1,534
Alcoa Corporation’s average realized third-party price per metric ton of primary aluminum*	$ 2,199	$ 1,854	$2,141	$1,835
Alcoa Corporation’s average cost per metric ton of primary aluminum**	$ 2,001	$ 1,731	$1,952	$1,742
Third-party sales	$ 1,988	$ 1,597	$3,794	$3,149
Intersegment sales	3	2	7	36
Total sales	$ 1,991	$ 1,599	$3,801	$3,185
Adjusted EBITDA	$ 221	$ 180	$ 427	$ 345

* Average realized price per metric ton of primary 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 and amortization; and plant administrative expenses.

In February 2017, Alcoa Corporation’s wholly-owned subsidiary, Alcoa Power Generating Inc., completed the sale of a 215-megawatt hydroelectric project, Yadkin, to Cube Hydro Carolinas, LLC (see Other expenses (income), net in Results of Operations above). 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. Prior to the divestiture, the power generated by Yadkin was primarily sold into the open market. Yadkin generated sales of $29 in 2016, and had approximately 30 employees as of December 31, 2016.

At June 30, 2017, Alcoa Corporation had 778 kmt of idle capacity on a base capacity of 3,133 kmt. Both idle capacity and base capacity were unchanged compared to March 31, 2017.

Primary aluminum production decreased 3% and 5% in the 2017 second quarter and six-month period, respectively, compared with the corresponding periods in 2016. The decline in both periods was principally the result of lower production at the Portland (Australia) smelter due to an unexpected power outage that occurred in December 2016 as a result of a fault in the Victorian transmission network. This event resulted in management halting production of one of the potlines, which is currently in the process of being ramped up to full production (expected in the 2017 fourth quarter).

Third-party sales for the Primary Metals segment improved 24% in the 2017 second quarter and 20% in the 2017 six-month period compared to the same periods in 2016. In both periods, the increase was mainly attributable to a 19% (second quarter) and 17% (six months) rise in average realized price of primary aluminum and an 8% (second quarter) and 7% (six months) improvement in overall aluminum volume.

The change in average realized price of primary aluminum was largely driven by a 24% (second quarter) and 22% (six months) higher average LME price (on 15-day lag). The higher overall aluminum volume was related to this segment’s rolling operations, primarily due to a tolling arrangement with Arconic (began on November 1, 2016), slightly offset in the 2017 second quarter and somewhat offset in the 2017 six-month period by lower demand for primary aluminum, including from Arconic.

Intersegment sales declined 81% in the 2017 six-month period compared with the corresponding period in 2016 due to the absence of energy sales to the Warrick smelter (included in Corporate – see description of segment realignment above), which was permanently closed at the end of March 2016.

Adjusted EBITDA for this segment rose $41 in the 2017 second quarter and $82 in the 2017 six-month period compared to the same periods in 2016. The improvement in both periods was mostly related to the previously mentioned higher average realized price of primary aluminum, partially offset by higher costs for alumina (global) and energy (mostly in Spain).

In the 2017 third quarter (comparison with the 2016 third quarter), higher input costs, including alumina, energy, and carbon, are expected. Also, third-party aluminum shipments and sales will be favorably impacted due to the tolling arrangement with Arconic.

Reconciliation of Total Segment Adjusted EBITDA to Consolidated Net Income (Loss) Attributable to Alcoa Corporation

	Second quarter ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
Total segment Adjusted EBITDA	$ 546	$ 393	$ 1,159	$ 650
Unallocated amounts:				
Impact of LIFO	(8)	(1)	(22)	17
Metal price lag (1)	11	2	17	4
Corporate expense (2)	(36)	(50)	(70)	(86)
Provision for depreciation, depletion, and amortization	(190)	(178)	(369)	(355)
Restructuring and other charges	(12)	(8)	(22)	(92)
Interest expense	(25)	(66)	(51)	(130)
Other (expenses) income, net	(6)	23	94	(16)
Other (3)	(43)	(59)	(81)	(133)
Consolidated income (loss) before income taxes	237	56	655	(141)
Provision for income taxes	(99)	(68)	(209)	(86)
Net income attributable to noncontrolling interest	(63)	(43)	(146)	(38)
Consolidated net income (loss) attributable to Alcoa Corporation	$ 75	$ (55)	$ 300	$ (265)

(1) 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 aluminum operations. 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.

(2) Corporate expense is primarily composed of general administrative and other expenses of operating the corporate headquarters and other global administrative facilities.

(3) Other includes, among other items, the Adjusted EBITDA of previously closed operations as applicable, pension and other postretirement benefit expenses associated with closed and sold operations, and intersegment profit elimination.

The changes in the Impact of LIFO, Metal price lag, Corporate expense, and Other reconciling items (see Results of Operations above for significant changes in the remaining reconciling items) for the 2017 second quarter and six-month period compared with the corresponding periods in 2016 (unless otherwise noted) consisted of:

- a change in the Impact of LIFO, mostly due to an increase in the price of alumina at June 30, 2017 indexed to December 31, 2016 compared to a decrease in the price of alumina at June 30, 2016 indexed to December 31, 2015;
- a change in Metal price lag, the result of a higher increase in the price of aluminum at June 30, 2017 indexed to December 31, 2016 compared to the price of aluminum at June 30, 2016 indexed to December 31, 2015 (the increase in the price of aluminum in both periods was mostly driven by higher base metal prices (LME));
- a decline in Corporate expense, largely attributable to the absence of expenses related to the Separation Transaction ($22-second quarter and $31-six months); and
- a change in Other, principally the result of an unfavorable energy impact from a long-term power contract related to the Rockdale (Texas) smelter and the permanent closures of the Suriname refinery and Warrick smelter (six months only).

Environmental Matters

See the Environmental Matters section of Note M to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q.

Liquidity and Capital Resources

Cash From Operations

Cash provided from operations was $385 in the 2017 six-month period compared with cash used for operations of $441 in the same period of 2016. The improvement in cash from operations of $826 was mostly due to higher operating results (net income (loss) plus net add-back for noncash transactions in earnings); a favorable change in noncurrent assets of $133, which was mainly the result of the absence of a $200 prepayment made under a natural gas supply agreement in Australia; and a positive change associated with working capital of $93.

Financing Activities

Cash used for financing activities was $338 in the 2017 six-month period, an increase of $578 compared with cash provided from financing activities of $240 in the corresponding period of 2016.

The use of cash in the 2017 six-month period was principally driven by a cash payment of $247 (see Investing Activities below) to Arconic related to the Separation Transaction, mostly representing the net proceeds from the sale of Yadkin (see Aluminum in Segment Information above) in accordance with the Separation and Distribution Agreement, and $99 in net cash paid to Alumina Limited (see Noncontrolling interest in Results of Operations above).

In the 2016 six-month period, the source of cash was primarily the result of $335 in net transfers from Parent Company, somewhat offset by $84 in cash paid to Alumina Limited (see Noncontrolling interest in Results of Operations above).

Alcoa Corporation’s cost of borrowing and ability to access the capital markets are affected not only by market conditions but also by the short- and long-term debt ratings assigned to Alcoa Corporation’s debt by the major credit rating agencies.

On April 24, 2017, Fitch Ratings (Fitch) assigned a BB+ rating for Alcoa Corporation’s long-term debt. Additionally, Fitch assigned the current outlook as stable.

Investing Activities

Cash provided from investing activities was $44 in the 2017 six-month period compared with cash used for investing activities of $43 in the 2016 six-month period, resulting in an increase in cash provided of $87.

In the 2017 six-month period, the source of cash was largely attributable to $243 in net proceeds received (see Financing Activities above) from the sale of Yadkin (see Aluminum in Segment Information above), mostly offset by $159 in capital expenditures and $36 in equity contributions related to the aluminum complex joint venture in Saudi Arabia.

The use of cash in the 2016 six-month period was mainly due to $172 in capital expenditures and a $13 payment as a result of a post-closing adjustment associated with the December 2014 divestiture of an ownership stake in a smelter in the United States. These items were mostly offset by $145 in proceeds from the sale of an equity interest in a natural gas pipeline in Australia.

Recently Adopted and Recently Issued Accounting Guidance

See Note B to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q.

Forward-Looking Statements

This report contains statements that relate to future events and expectations and, as such, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include those containing such words as “anticipates,” “believes,” “could,” “estimates,” “expects,” “forecasts,” “goal,” “intends,” “may,” “outlook,” “plans,” “projects,” “seeks,” “sees,” “should,” “targets,” “will,” “would,” or other words of similar meaning. All statements by Alcoa Corporation that reflect expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements, including, without limitation, forecasts concerning global demand growth for bauxite, alumina, and aluminum, and supply/demand balances; statements, projections or forecasts of future financial results or operating performance; and statements about strategies, outlook, 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 that management believes are appropriate in the circumstances. Forward-looking statements are subject to known and unknown risks, uncertainties, and changes in circumstances that are difficult to predict and are not guarantees of future performance. Although Alcoa Corporation believes that the expectations reflected in any forward-looking statements are based on reasonable assumptions, it can give no assurance that these expectations will be attained and it is possible that actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Such risks and uncertainties include, but are not limited to: (a) material adverse changes in aluminum industry conditions, including global supply and demand conditions and fluctuations in London Metal Exchange-based prices and premiums, as applicable, for primary aluminum, alumina, and other products, and fluctuations in indexed-based and spot prices for alumina; (b) deterioration in global economic and financial market conditions generally; (c) unfavorable changes in the markets served by Alcoa Corporation; (d) the impact of changes in foreign currency exchange rates on costs and results; (e) increases in energy costs; (f) changes in discount rates or investment returns on pension assets; (g) the 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 anticipated from restructuring programs and productivity improvement, cash sustainability, technology advancements, and other initiatives; (h) the inability to realize expected benefits, in each case as planned and by targeted completion dates, from acquisitions, divestitures, facility closures, curtailments, restarts or expansions, or joint ventures; (i) political, economic, and regulatory risks in the countries in which Alcoa Corporation operates or sells products; (j) the outcome of contingencies, including legal proceedings, government or regulatory investigations, and environmental remediation; (k) the impact of cyberattacks and potential information technology or data security breaches; and (l) the other risk factors described in Alcoa Corporation’s Form 10-K for the year ended December 31, 2016, including under Part I, Item 1A thereof, and in other reports filed by Alcoa Corporation with the United States Securities and Exchange Commission, including in the following sections of this report: the Derivatives section of Note K and Note M to the Consolidated Financial Statements; and the discussion included above under Segment 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. Market projections are subject to the risks discussed above and other risks in the market.

Dissemination of Company Information

Alcoa Corporation intends to make future announcements regarding company developments and financial performance through its website at www.alcoa.com.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

See the Derivatives section of Note K to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q.

Item 4. Controls and Procedures.

(a) Evaluation of Disclosure Controls and Procedures

Alcoa Corporation's Chief Executive Officer and Chief Financial Officer have evaluated the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report, and they have concluded that these controls and procedures are effective.

(b) Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting during the second quarter of 2017, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

Item 4. Mine Safety Disclosures.

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Securities and Exchange Commission Regulation S-K (17 CFR 229.104) is included in Exhibit 95 of this report, which is incorporated herein by reference.

Item 6. Exhibits.

2.	Amended and Restated Alcoa Corporation to Arconic Inc. Trademark License Agreement, dated as of June 25, 2017, by and between Alcoa USA Corp. and Arconic Inc.
10.1	Alcoa Corporation Annual Cash Incentive Compensation Plan (as Amended and Restated as of May 10, 2017), incorporated by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K dated May 15, 2017
10.2	Alcoa Corporation 2016 Stock Incentive Plan (as Amended and Restated as of May 10, 2017), incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K dated May 15, 2017
10.3	Terms and Conditions for Restricted Share Units Annual Director Awards, effective May 9, 2017
10.4	Alcoa Corporation Amended and Restated Change in Control Severance Plan, dated as of July 31, 2017
10.5	Form of Amended and Restated Indemnification Agreement by and between Alcoa Corporation and individual directors or officers, effective August 1, 2017
15.	Letter regarding unaudited interim financial information
31.	Certifications pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
95.	Mine Safety Disclosure
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

Alcoa Corporation

August 3, 2017	By /s/ WILLIAM F. OPLINGER
Date	William F. Oplinger Executive Vice President and Chief Financial Officer (Principal Financial Officer)
August 3, 2017	By /s/ MOLLY S. BEERMAN
Date	Molly S. Beerman Vice President and Controller (Principal Accounting Officer)

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EXHIBIT 2

EXECUTION VERSION

AMENDED AND RESTATED TRADEMARK LICENSE AGREEMENT

THIS AMENDED AND RESTATED TRADEMARK LICENSE AGREEMENT (this " **Agreement** "), made and entered into as of the 25th day of June 2017, by and between **ALCOA USA CORP.** a corporation organized under the laws of Delaware (" **Licensor** ") and **ARCONIC INC.** (f/k/a 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 , Licensor and Licensee previously entered into a Trademark License Agreement (the " **Original Agreement** "), made and entered into as of the 31st day of October, 2016 (the " **Effective Date** ");

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 , pursuant to the Original Agreement, Licensee obtained from Licensor, subject to the terms and conditions set forth in the Original 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 granted such rights, upon the terms and subject to the conditions set forth in the Original Agreement; and

WHEREAS , Licensor and Licensee desire to amend and restate the Original Agreement in its entirety in order to make certain changes reflected 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 and its subsidiaries and affiliates 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 ventures.

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 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 **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.

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 supersede all prior understandings and writings relating thereto, including the Original Agreement. 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 Licensee:

Arconic Inc.
201 Isabella Street
Pittsburgh, PA 15212
Attn.: General Counsel

If to Licensor:

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 shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided , however , that Licensee may not assign its rights or delegate its obligations under this Agreement without the express prior written consent of Licensor. Notwithstanding the foregoing, but subject to Schedule 4, no such consent shall be required for the assignment of Licensee's rights and obligations under this Agreement in connection with a Change of Control of Licensee so long as the resulting, surviving or transferee Person assumes all the obligations of Licensee by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to Licensor. Licensor may freely assign any or all of its rights or obligations under this Agreement. 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.

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 date hereof.

ALCOA USA CORP.

By: /s/ Jeffrey D. Heeter
Name: Jeffrey D. Heeter
Title: EVP & General Counsel

ARCONIC INC.

By: /s/ Max W. Laun
Name: Max W. Laun
Title: VP & General Counsel

[Signature Page to A&R 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, but in all cases only 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 (1/2 %) 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 and its subsidiaries and affiliates 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 10.3

ALCOA CORPORATION
TERMS AND CONDITIONS FOR RESTRICTED SHARE UNITS
ANNUAL DIRECTOR AWARDS
Effective May 9, 2017

These terms and conditions, including Appendices A and B attached hereto (jointly, the "Award Terms"), are authorized by the Board of Directors. They are deemed to be incorporated into and form a part of every Award of Restricted Share Units issued as an annual equity award to a Director on or after May 9, 2017 under the Alcoa Corporation 2016 Stock Incentive Plan (the "Plan").

Terms that are defined in the Plan have the same meanings in the Award Terms.

General Terms and Conditions

1. This Award of Restricted Share Units is granted as the Participant's annual equity award pursuant to the Company's Non-Employee Director Compensation Policy (the "Director Compensation Policy"). The number of Shares subject to this Award has been determined by dividing the dollar value of the annual equity award provided for under the Director Compensation Policy by the fair market value of a Share on the grant date, rounded to the nearest number of whole Shares. Restricted Share Units are subject to the provisions of the Plan and the provisions of the Award Terms. If the Plan and the Award Terms are inconsistent, the provisions of the Plan will govern. Interpretations of the Plan and the Award Terms by the Board are binding on the Participant and the Company. A Restricted Share Unit is an undertaking by the Company to issue the number of Shares indicated in the Participant's account with the Company's designated stock plan broker or service provider (the "Broker"), subject to the fulfillment of certain conditions, except to the extent otherwise provided in the Plan or herein. A Participant has no voting rights or rights to receive dividends on Restricted Share Units, but the Board of Directors may authorize that dividend equivalents be accrued on Restricted Share Units upon vesting in accordance with paragraphs 2 and 4 below. Any dividend equivalents on Restricted Share Units will be paid in the same manner and at the same time as the Restricted Share Units to which they relate, as set forth in paragraph 5 below.

Vesting and Payment

2. A Restricted Share Unit vests on the first anniversary date of the grant date, or, if earlier, the date of the next subsequent annual meeting of stockholders following the grant date.

3. Except as provided in paragraph 4, if a Participant's service with the Company is terminated before the Restricted Share Unit vests, the Award is forfeited and is automatically canceled.

4. The following are exceptions to the vesting rules:

- Death or Disability : a Restricted Share Unit held by a Participant who dies while a Director or whose service as a Director terminates due to permanent and total disability is not forfeited but becomes fully vested as of the date of the Participant's death or termination of service due to disability, as applicable.

  A Participant is deemed to be permanently and totally disabled if the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. A Participant shall not be considered to be permanently and totally disabled unless the Participant furnishes proof of the existence thereof in such form and manner, and at such times, as the Company may require. In the event of a dispute, the determination whether a Participant is permanently and totally disabled will be made by the Board.

- Change in Control : to the extent that (i) a Replacement Award is not provided to the Participant following a Change in Control; or (ii) the Participant's service is not continued by the successor or survivor corporation in connection with or following such Change in Control, the Restricted Share

Unit will become fully vested immediately prior to the consummation of the Change in Control subject to the Participant’s continued service through the date of such Change in Control.

5. *Payment* . A Participant will receive one Share upon payment of each vested Restricted Share Unit. Payment of vested Restricted Share Units is governed by the Alcoa Corporation 2016 Deferred Fee Plan for Directors (the “Deferred Fee Plan”). Except as otherwise set forth in the Deferred Fee Plan, payment of vested Restricted Share Units will occur upon the earlier of the Participant’s “separation from service” (as defined in Section 409A of the Code and the Treasury Regulations thereunder) and the Participant’s death, within the payment periods specified in the Deferred Fee Plan. In accordance with the deferral election provisions of the Deferred Fee Plan, the Participant may elect to receive payment of his or her vested Restricted Share Units in either a single lump sum or in up to ten (10) annual installments, except as otherwise required or recommended due to applicable local law or set forth in the Deferred Fee Plan. In the absence of such election by the Participant, a vested Restricted Share Unit will be paid in a single lump sum.

Taxes

6. The Participant acknowledges that the Participant will consult with his or her personal tax advisor regarding any income tax, social security contributions or other tax-related items (“Taxes”) that arise in connection with the Restricted Share Units. The Participant is relying solely on such advisor and is not relying in any part on any statement or representation of the Company or any of its agents. The Company shall not be responsible for withholding any applicable Taxes, unless required by applicable law. The Company may take such action as it deems appropriate to ensure that all Taxes, which are the Participant’s sole and absolute responsibility, are withheld or collected from the Participant, if and to the extent required by applicable law. In this regard, the Company will have the power and the right to require the Participant to remit to the Company the amount necessary to satisfy federal, state and local taxes, U.S. or non-U.S., required by law or regulation to be withheld with respect to any taxable event arising as a result of the Restricted Share Units. Notwithstanding the foregoing, unless otherwise determined by the Board, any obligation to withhold Taxes will be met by the Company by withholding from the Shares to be issued upon payment of the Restricted Share Unit that number of Shares with a fair market value on the payment date equal to the Taxes required to be withheld at the minimum required rates or, to the extent permitted under applicable accounting principles, at up to the maximum individual tax rate for the applicable tax jurisdiction.

Beneficiaries

7. If permitted by the Company, the Participant will be entitled to designate one or more beneficiaries to receive all Restricted Share Units that have not yet vested or that have vested but have not been paid at the time of death of the Participant. All beneficiary designations will be on beneficiary designation forms approved for the Plan. Copies of the form will generally be available from the Broker or may otherwise be obtained from the Company.

8. Beneficiary designations on an approved form will be effective at the time received by the Company, including, as applicable, through submission to the Broker. A Participant may revoke a beneficiary designation at any time by written notice to the Company, including as applicable, through submission to the Broker, or by filing a new designation form. Any designation form previously filed by a Participant will be automatically revoked and superseded by a later-filed form.

9. A Participant will be entitled to designate any number of beneficiaries on the form, and the beneficiaries may be natural or corporate persons.

10. The failure of any Participant to obtain any recommended signature on the form will not prohibit the Company from treating such designation as valid and effective. No beneficiary will acquire any beneficial or other interest in any Restricted Share Unit prior to the death of the Participant who designated such beneficiary.

11. Unless the Participant indicates on the form that a named beneficiary is to receive Restricted Share Units only upon the prior death of another named beneficiary, all beneficiaries designated on the form will be entitled to share equally in the Restricted Share Units. Unless otherwise indicated, all such beneficiaries will have an equal, undivided interest in all such Restricted Share Units.

12. Should a beneficiary die after the Participant but before the Restricted Share Unit is paid, such beneficiary's rights and interest in the Award will be transferable by the beneficiary's last will and testament or by the laws of descent and distribution. A named beneficiary who predeceases the Participant will obtain no rights or interest in a Restricted Share Unit, nor will any person claiming on behalf of such individual. Unless otherwise specifically indicated by the Participant on the beneficiary designation form, beneficiaries designated by class (such as "children," "grandchildren" etc.) will be deemed to refer to the members of the class living at the time of the Participant's death, and all members of the class will be deemed to take " per capita ."

13. If a Participant does not designate a beneficiary or if the Company does not permit a beneficiary designation, the Restricted Share Units that have not yet vested or been paid at the time of death of the Participant will be paid to the Participant's legal heirs pursuant to the Participant's last will and testament or by the laws of descent and distribution.

Adjustments

14. In the event of an Equity Restructuring, the Board will equitably adjust the Restricted Share Unit as it deems appropriate to reflect the Equity Restructuring, which may include (i) adjusting the number and type of securities subject to the Restricted Share Unit; and (ii) adjusting the terms and conditions of the Restricted Share Unit. The adjustments provided under this paragraph 14 will be nondiscretionary and final and binding on all interested parties, including the affected Participant and the Company; provided that the Board will determine whether an adjustment is equitable.

Miscellaneous Provisions

15. *Stock Exchange Requirements; Applicable Laws.* Notwithstanding anything to the contrary in the Award Terms, no Shares issuable upon vesting and payment of the Restricted Share Units, and no certificate representing all or any part of such Shares, shall be issued or delivered if, in the opinion of counsel to the Company, such issuance or delivery would cause the Company to be in violation of, or to incur liability under, any securities law, or any rule, regulation or procedure of any U.S. national securities exchange upon which any securities of the Company are listed, or any listing agreement with any such securities exchange, or any other requirement of law or of any administrative or regulatory body having jurisdiction over the Company or a Subsidiary.

16. *Stockholder Rights.* No person or entity shall be entitled to vote, receive dividends or be deemed for any purpose the holder of any Shares until the Restricted Share Unit shall have vested and been paid in the form of Shares in accordance with the provisions of the Award Terms.

17. *Notices* . Any notice required or permitted under the Award Terms shall be in writing and shall be deemed sufficient when delivered personally or sent by confirmed email, telegram, or fax or five days after being deposited in the mail, as certified or registered mail, with postage prepaid, and addressed to the Company at the Company's principal corporate offices or to the Participant at the address maintained for the Participant in the Company's records or, in either case, as subsequently modified by written notice to the other party.

18. *Severability and Judicial Modification* . If any provision of the Award Terms is held to be invalid or unenforceable under the applicable laws of any country, state, province, territory or other political subdivision or the Company elects not to enforce such restriction, the remaining provisions shall remain in full force and effect and the invalid or unenforceable provision shall be modified only to the extent necessary to render that provision valid and enforceable to the fullest extent permitted by law. If the invalid or unenforceable provision cannot be, or is not, modified, that provision shall be severed from the Award Terms and all other provisions shall remain valid and enforceable.

19. *Successors.* The Award Terms shall be binding upon and inure to the benefit of the Company and its successors and assigns, on the one hand, and the Participant and his or her heirs, beneficiaries, legatees and personal representatives, on the other hand.

20. *Appendices* . Notwithstanding any provisions in the Award Terms, for Participants residing and/or providing services outside the United States, the Restricted Share Unit shall be subject to the additional terms and conditions set forth in Appendix A to the Award Terms and to any special terms and conditions for the Participant's country set forth in Appendix B to the Award Terms. Moreover, if the Participant relocates outside the United States or relocates between the countries included in Appendix B, subject to compliance with Section 409A of the Code, the additional terms and conditions set forth in Appendix A and the special terms and conditions for such country set forth in Appendix B will apply to the Participant, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendices constitute part of the Award Terms.

21. *Imposition of Other Requirements* . The Company reserves the right to impose other requirements on the Participant's participation in the Plan, on the Restricted Share Unit and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

22. *Compliance with Code Section 409A* . It is intended that the Restricted Share Unit granted pursuant to the Award Terms be compliant with Section 409A of the Code and the Award Terms shall be interpreted, construed and operated to reflect this intent. Notwithstanding the foregoing, the Award Terms and the Plan may be amended at any time, without the consent of any party, to the extent necessary or desirable to satisfy any of the requirements under Section 409A of the Code, but the Company shall not be under any obligation to make any such amendment. Further, the Company and its Subsidiaries do not make any representation to the Participant that the Restricted Share Unit granted pursuant to the Award Terms satisfies the requirements of Section 409A of the Code, and the Company and its Subsidiaries will have no liability or other obligation to indemnify or hold harmless the Participant or any other party for any tax, additional tax, interest or penalties that the Participant or any other party may incur in the event that any provision of the Award Terms or any amendment or modification thereof or any other action taken with respect thereto, is deemed to violate any of the requirements of Section 409A of the Code.

23. *Waiver* . A waiver by the Company of breach of any provision of the Award Terms shall not operate or be construed as a waiver of any other provision of the Award Terms, or of any subsequent breach by the Participant or any other Participant.

24. *No Advice Regarding Award* . The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding the Participant's participation in the Plan, or the Participant's acquisition or sale of the underlying Shares. The Participant is hereby advised to consult with the Participant's own personal tax, legal and financial advisors regarding the Participant's participation in the Plan before taking any action related to the Plan.

25. *Governing Law and Venue.* As stated in the Plan, the Restricted Share Unit and the provisions of the Award Terms and all determinations made and actions taken thereunder, to the extent not otherwise governed by the laws of the United States, shall be governed by the laws of the State of Delaware, United States of America, without reference to principles of conflict of laws, and construed accordingly. The jurisdiction and venue for any disputes arising under, or any actions brought to enforce (or otherwise relating to), the Restricted Share Unit will be exclusively in the courts in the State of Delaware, including the Federal Courts located therein (should Federal jurisdiction exist).

26. *Electronic Delivery and Acceptance* . The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

27. *Entire Agreement* . The Award Terms and the Plan embody the entire understanding and agreement of the parties with respect to the subject matter hereof, and no promise, condition, representation or warranty, express or implied, not stated or incorporated by reference herein, shall bind either party hereto.

Acceptance of Award

28. In accordance with Section 15(c) of the Plan (as in effect at the grant date), the Participant may reject the Restricted Share Unit by notifying the Company within 30 days of the grant date that he or she does not accept the Restricted Share Unit. The Participant's acceptance of the Restricted Share Unit constitutes the Participant's acceptance of and agreement with the Award Terms. Notwithstanding the foregoing, if required by the Company, the Participant will provide a signed copy of the Award Terms in such manner and within such timeframe as may be requested by the Company. The Company has no obligation to issue Shares to the Participant if the Participant does not accept the Restricted Share Unit.

Signature: ______________________________

Print Name: ______________________________

Date: ______________________________

APPENDIX A
TO THE ALCOA CORPORATION
2016 Stock Incentive Plan
Terms and Conditions for Restricted Share Units
For Non-U.S. Participants

This Appendix A contains additional (or, if so indicated, different) terms and conditions that govern the Restricted Share Units if the Participant resides and/or provides services outside of the United States. Capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and the Terms and Conditions for Restricted Share Units (the "Terms and Conditions").

A. *Termination* . This provision supplements paragraph 3 of the Terms and Conditions.

The Company will determine when the Participant is no longer providing services for purposes of the Restricted Share Units (including whether the Participant may still be considered to be providing services while on a leave of absence).

B. *Responsibility for Taxes* . This provision supplements paragraph 6 of the Terms and Conditions.

The Participant acknowledges that, regardless of any action taken by the Company or any Subsidiary, the ultimate liability for all Taxes is and remains the Participant's responsibility and may exceed any amount actually withheld by the Company or any Subsidiary. The Participant further acknowledges that the Company (a) makes no representations or undertakings regarding the treatment of any Taxes in connection with any aspect of these Restricted Shares Units, including, but not limited to, the grant, vesting or payment of Restricted Shares Units, the subsequent sale of Shares acquired pursuant to the Restricted Share Unit and the receipt of any dividends or dividend equivalents; and (b) does not commit to and is under no obligation to structure the terms of the Restricted Share Units or any aspect of the Restricted Share Units to reduce or eliminate the Participant's liability for Taxes or achieve any particular tax result. The Participant shall not make any claim against the Company or any Subsidiary, or their respective board, officers or employees, related to Taxes arising from this Award. Furthermore, if the Participant has become subject to Taxes in more than one jurisdiction, the Participant acknowledges that the Company or a Subsidiary may be required to withhold or account for Taxes in more than one jurisdiction.

The Participant shall pay to the Company or any Subsidiary any amount of Taxes that the Company or any Subsidiary may be required to withhold or account for as a result of the Participant's participation in the Plan that cannot be satisfied by the means described in paragraph 6 of the Terms and Conditions. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if the Participant fails to comply with his or her obligations in connection with the Taxes.

C. *Nature of Award.* In accepting the Restricted Share Units, the Participant acknowledges, understands and agrees that:

a. the Plan is established voluntarily by the Company, is discretionary in nature and may be modified, amended, suspended, or terminated by the Company at any time, to the extent permitted by the Plan;

b. this Award of Restricted Share Units and the Participant's participation in the Plan shall not create a right to, or be interpreted as forming an employment contract with the Company;

c. the Participant's participation in the Plan is voluntary;

d. the future value of the Shares subject to the Restricted Share Unit is unknown and cannot be predicted with certainty;

e. no claim or entitlement to compensation or damages shall arise from forfeiture of any portion of this Award of Restricted Share Units resulting from termination of the Participant's service as a Director (for any reason whatsoever and regardless of whether later found to be invalid or in breach of the laws of any applicable jurisdiction), and, in consideration of this Award of Restricted Share Units, the Participant irrevocably agrees never to institute any claim against the Company and any Subsidiary, waives his or her ability, if any, to bring any such claim, and releases the Company and all Subsidiaries from any such claim; if, notwithstanding the foregoing, any such claim is allowed by a court of competent jurisdiction, then, by participating in the Plan, the Participant shall be deemed irrevocably to have agreed not to pursue such claim and agrees to execute any and all documents necessary to request dismissal or withdrawal of such claims;

f. unless otherwise provided in the Plan or by the Company in its discretion, this Award of Restricted Share Units and the benefits under the Plan evidenced by these Award Terms do not create any entitlement to have this Award of Restricted Share Units or any such benefits transferred to, or assumed by, another company nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Shares; and

g. neither the Company nor any Subsidiary shall be liable for any foreign exchange rate fluctuation between the Participant's local currency and the United States Dollar that may affect the value of the Restricted Share Units or of any amounts due to the Participant pursuant to the Restricted Share Units or the subsequent sale of any Shares acquired under the Plan.

D. Data Privacy. The Participant hereby explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of the Participant's personal data as described in these Award Terms and any other grant materials for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan and this Award.

The Participant understands that the Company may hold certain personal information about the Participant, including, but not limited to, the Participant's name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number, nationality, any shares of stock held in the Company, details of all Restricted Share Units or any other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan and this Award.

The Participant understands that Data will be transferred to the Broker, or such additional or other stock plan service providers as may be selected by the Company, which are assisting the Company with the implementation, administration and management of the Plan and this Award. The Participant understands that the recipients of Data are located in the United States, and that the recipients' country may have different data privacy laws and protections than the Participant's country. The Participant understands that the Participant may request a list with the names and addresses of any other potential recipients of Data by contacting the Company. The Participant authorizes the Company, the Broker and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan and this Award to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing the Participant's participation in the Plan and this Award. The Participant understands that Data will be held only as long as is necessary to implement, administer and manage the Participant's participation in the Plan and this Award. The Participant understands that the Participant may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing the Company. Further, the Participant understands that the Participant is providing the consents herein on a purely voluntary basis. If the Participant does not consent, or if the Participant later seeks to revoke the Participant's consent, the Participant's service as a Director will not be affected; the only consequence of refusing or withdrawing the Participant's consent is that the Company would not be able to grant this Award of Restricted Share Units or other Awards to the Participant or administer or maintain such Awards. Therefore, the Participant understands that refusing or withdrawing the Participant's consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of the Participant's refusal to consent or withdrawal of consent, the Participant understands that the Participant may contact the Company.

E. *Language* . If the Participant has received these Award Terms, or any other document related to this Award of Restricted Share Units and/or the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

F. *Insider Trading Restrictions/Market Abuse Laws* . The Participant acknowledges that, depending on his or her country, the Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect his or her ability to acquire or sell Shares or rights to Shares under the Plan during such times as the Participant is considered to have "inside information" regarding the Company (as defined by applicable laws in his or her country). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable Company insider trading policy. The Participant acknowledges that it is his or her responsibility to comply with any applicable restrictions, and the Participant should consult his or her personal advisor on this matter.

G. *Foreign Asset/Account Reporting Requirements, Exchange Controls and Tax Requirements* . The Participant acknowledges that his or her country may have certain foreign asset and/or account reporting requirements and exchange controls which may affect his or her ability to acquire or hold Shares under the Plan or cash received from participating in the Plan (including from any dividends received or sale proceeds arising from the sale of Shares) in a brokerage or bank account outside his or her country. The Participant understands that he or she may be required to report such accounts, assets or transactions to the tax or other authorities in his or her country. The Participant also may be required to repatriate sale proceeds or other funds received as a result of the Participant's participation in the Plan to his or her country through a designated bank or broker and/or within a certain time after receipt. The Participant acknowledges that it is his or her responsibility to be compliant with all such requirements, and that the Participant should consult his or her personal legal and tax advisors, as applicable, to ensure the Participant's compliance.

APPENDIX B
TO THE ALCOA CORPORATION
2016 Stock Incentive Plan
Terms and Conditions for Restricted Share Units
For Non-U.S. Participants

Capitalized terms used but not defined in this Appendix B have the meanings set forth in the Plan and the Terms and Conditions for Restricted Share Units (the "Terms and Conditions").

Terms and Conditions

This Appendix B includes special terms and conditions that govern the Restricted Share Units if the Participant resides and/or provides services in one of the countries listed below.

If the Participant is a citizen or resident of a country other than the country in which the Participant is currently residing and/or providing services, or if the Participant transfers to another country after the grant of Restricted Share Units or is considered a resident of another country for local law purposes, the Board shall, in its discretion, determine to what extent the special terms and conditions contained herein shall be applicable to the Participant.

Notifications

This Appendix B also includes information regarding exchange controls, tax and certain other issues of which the Participant should be aware with respect to participation in the Plan. The information is based on the securities, exchange control, tax and other laws in effect in the respective countries as of October 2016. Such laws are often complex and change frequently. As a result, the Company strongly recommends that the Participant not rely on the information in this Appendix B as the only source of information relating to the consequences of participation in the Plan because the information may be out of date at the time the Participant receives Shares or sells Shares acquired under the Plan.

In addition, the information contained herein is general in nature and may not apply to the Participant's particular situation and the Company is not in a position to assure the Participant of any particular result. Accordingly, the Participant should seek appropriate professional advice as to how the relevant laws in the Participant's country may apply to his or her situation.

Finally, if the Participant is a citizen or resident of a country other than the country in which the Participant currently provides services and/or resides, or if the Participant transfers to another country after the grant of the Restricted Share Unit, or is considered a resident of another country for local law purposes, the information contained herein may not be applicable to the Participant in the same manner.

CANADA

Notifications

Securities Law Information.

The Participant is permitted to sell Shares acquired under the Plan through the Broker, provided the resale of such Shares takes place outside of Canada through the facilities of a stock exchange on which the Stock is listed. The Stock is currently traded on the New York Stock Exchange, which is located outside of Canada, under the ticker symbol “AA”, and Shares acquired under the Plan may be sold through this exchange.

Foreign Asset/Account Reporting Information.

The Participant is required to report his or her foreign property on Form T1135 (Foreign Income Verification Statement) if the total cost of such foreign property exceeds C$100,000 at any time during the year. The form must be filed by April 30th of each year. Foreign property includes Shares acquired under the Plan, and may include Restricted Share Units granted under the Plan. When Shares are acquired, their cost generally is the adjusted cost base (“ACB”) of the Shares. The ACB ordinarily would equal the fair market value of the Shares at the time of acquisition, but if the Participant owns other shares of the same company, this ACB may have to be averaged with the ACB of the other shares. The Participant should consult with his or her personal tax advisor to determine his or her reporting requirements.

EXHIBIT 10.4

ALCOA CORPORATION
AMENDED AND RESTATED CHANGE IN CONTROL
SEVERANCE PLAN

The Company hereby adopts, as of July 31, 2017, an amendment and restatement of the Alcoa Corporation Change in Control Severance Plan that originally became effective on November 1, 2016 and was subsequently amended on December 1, 2016 (“the Plan ”). This Plan is intended to be a severance pay plan governed by Title I of the Employee Retirement Income Security Act of 1974, as amended, and has been adopted primarily for the purpose of providing benefits for a select group of management or highly compensated employees. All benefits under the Plan will be paid solely from the general assets of the Company. All capitalized terms used herein are defined in Section 1 hereof.

Section 1. DEFINITIONS . As hereinafter used:

1.1 “ Affiliate ” shall have the meaning set forth in Rule 12b-2 under Section 12 of the Exchange Act.

1.2 “ Applicable Multiplier ” shall mean three (3) for a Tier I Employee and two (2) for a Tier II Employee; provided, however, that, with respect to an Eligible Employee who incurs a Severance during the Pre-Retirement Age Period, such multiplier shall be equal to (x) the number of full and partial months remaining until such Eligible Employee attains Mandatory Retirement Age, (y) divided by twelve.

1.3 “ Applicable Period ” shall mean a specified period immediately following an Eligible Employee’s Severance Date which shall be thirty six (36) months for a Tier I Employee and twenty-four (24) months for a Tier II Employee; provided, however, that, with respect to an Eligible Employee who incurs a Severance during the Pre-Retirement Age Period, the Applicable Period shall mean the period remaining until such Eligible Employee attains Mandatory Retirement Age.

1.4 “ Beneficial Owner ” shall have the meaning set forth in Rule 13d-3 under the Exchange Act.

1.5 “ Board ” means the Board of Directors of the Company.

1.6 “ Cause ” means: (i) the willful and continued failure by the Eligible Employee to substantially perform the Eligible Employee’s duties with the Employer that has not been cured within thirty (30) days after a written demand for substantial performance is delivered to the Eligible Employee by the Board, which demand specifically identifies the manner in which the Board believes that the Eligible Employee has not substantially performed the Eligible Employee’s duties, or (ii) the willful engaging by the Eligible Employee in conduct which is demonstrably and materially injurious to the Company, monetarily or otherwise. For purposes of clauses (i) and (ii) of this definition, (x) no act, or failure to act, on the Eligible Employee’s part shall be deemed “willful” unless done, or omitted to be done, by the Eligible Employee not in good faith and without reasonable belief that the Eligible Employee’s act, or failure to act, was in the best interest of the Company and (y) in the event of a dispute concerning the application of this provision, no claim by the Company that Cause exists shall be given effect unless the Company establishes to the Board by clear and convincing evidence that Cause exists and the Board finding to that effect is adopted by the affirmative vote of not less than three quarters (3/4) of the entire membership of the Board (after reasonable notice to the Eligible Employee and an opportunity for the Eligible Employee, together with the Eligible Employee’s counsel, to be heard by the Board).

1.7 “ Change in Control ” shall be deemed to have occurred if the event set forth in any one of the following paragraphs shall have occurred:

(a) any one person or more than one person acting as a group (a " Person ") acquires, whether by purchase in the market, tender offer, reorganization, merger, statutory share exchange or consolidation, other similar transaction involving the Company or any of its subsidiaries or otherwise (a " Transaction "), common stock of the Company possessing 30% or more of the total voting power of the stock of the Company unless (A) all or substantially all of the individuals and entities that were the beneficial owners of the then-outstanding shares of common stock of the Company (the " Outstanding Company Common Stock ") or the combined voting power of the then outstanding voting securities of the Company (the " Outstanding Company Voting Securities ") immediately prior to such Transaction own, directly or indirectly, 50% or more of the then outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Transaction (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Transaction of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, and (B) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Transaction were members of the board of directors of the Company at the time of the Transaction (which in the case of a market purchase shall be the date 30% ownership was first acquired, in the case of a tender offer, when at least 30% of the Company's shares were tendered, and in other events upon the execution of the initial agreement or of the action of the Board providing for such Transaction); and provided, further, that, for purposes of this paragraph, the following acquisitions shall not constitute a Change in Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, or (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate;

(b) a majority of the members of the Board is replaced during any 12-month period by (i) directors whose appointment or election is not endorsed by a majority of the Board before the date of such appointment or election and/or (ii) whose appointment or election is in connection with an election contest or through use of proxy access procedures included in the Company's organizational documents;

(c) any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person) assets of the Company that have a total gross fair market value of more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions; or

(d) the consummation of a complete liquidation or dissolution of the Company.

Further, and for the avoidance of doubt, a transaction will not constitute a Change in Control if its sole purpose is to (i) change the jurisdiction of the Company's incorporation, or (ii) create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

Provided, however, solely with respect to any Severance Pay that the Committee determines to be subject to Section 409A of the Code (and not excepted therefrom), and a Change in Control is a distribution event for purposes of such Severance Pay, the foregoing definition of Change in Control shall be interpreted, administered, limited and construed in a manner necessary to ensure that the occurrence of any such event shall result in a Change in Control only if such event qualifies as a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation, as applicable, within the meaning of Treasury Regulation Section 1.409A-3(i)(5) or Section 162(m) of the Code, as applicable.

1.8 " Code " means the Internal Revenue Code of 1986, as it may be amended from time to time.

1.9 " Committee " means the Compensation Committee of the Board.

1.10 " Company " means Alcoa Corporation, a Delaware corporation, or any successors thereto.

1.11 " DB Pension Plan " means any tax-qualified, supplemental or excess defined benefit pension plan maintained by the Company or any of its Affiliates and any other defined benefit plan or agreement entered into between the Eligible Employee and the Company or any of its Affiliates which is designed to provide the Eligible Employee with supplemental defined benefit retirement benefits.

1.12 " DC Pension Plan " means any tax-qualified, supplemental or excess defined contribution plan maintained by the Company or any of its Affiliates and any other defined contribution plan or agreement entered into between the Eligible Employee and the Company or any of its Affiliates which is designed to provide the Eligible Employee with supplemental defined contribution retirement benefits.

1.13 " Eligible Employee " means any Tier I or Tier II Employee. An Eligible Employee becomes a " Severed Employee " once he or she incurs a Severance.

1.14 " Employer " means the Company or any of its subsidiaries which is an employer of the Eligible Employee.

1.15 " Entity " means any individual, entity, person (within the meaning of Section 3(a)(9) of the Exchange Act) or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act), other than (i) an employee plan of the Company or any of its Affiliates, (ii) any Affiliate of the Company, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by shareholders of the Company in substantially the same proportions as their ownership of the Company.

1.16 " Exchange Act " shall mean the Securities Exchange Act of 1934, as amended from time to time.

1.17 " Excise Tax " shall mean any excise tax imposed under Section 4999 of the Code.

1.18 " Good Reason " in respect of an Eligible Employee means the occurrence, in connection with a Change in Control, of:

(a) the assignment to the Eligible Employee of any duties inconsistent with the Eligible Employee's employment status with the Employer immediately prior to the Change in Control or a substantial adverse alteration in the nature or status of the Eligible Employee's responsibilities from those in effect immediately prior to the Change in Control, including, but not limited to, (x) with respect to a Tier I Employee who held the office of Chief Executive Officer of the Company immediately prior to the Change in Control, the Eligible Employee's ceasing to hold the office as the sole chief executive officer of the Company (or its parent or successor) and to function in that capacity, reporting directly to the board of directors of a public company, and (y) with respect to any other Tier I Employee or a Tier II Employee, the Eligible Employee's ceasing to report directly to at least the same level officer of a public company as that to which he or she reported prior to the Change in Control;

(b) a reduction by the Company in the Eligible Employee's total compensation and benefits in the aggregate from that in effect immediately prior to the Change in Control. Total compensation and benefits includes, but is not limited to (1) annual base salary, annual variable compensation opportunity (taking into account applicable performance criteria and the target bonus amount of annual variable compensation); (2) long term stock-based and cash incentive opportunity (taking into account applicable performance criteria and the target stock-based compensation amount);

and (3) benefits and perquisites under pension, savings, life insurance, medical, health, disability, accident and material fringe benefit plans of the Company or its subsidiaries or Affiliates in which the Eligible Employee was participating immediately before the Change in Control;

(c) the relocation of the Eligible Employee’s principal place of employment to a location more than fifty (50) miles from the Eligible Employee’s principal place of employment immediately prior to the Change in Control; or

(d) the failure by the Employer to pay to the Eligible Employee any portion of the Eligible Employee’s compensation, within fourteen (14) days of the date such compensation is due.

The Eligible Employee’s right to terminate the Eligible Employee’s employment for Good Reason shall not be affected by the Eligible Employee’s incapacity due to physical or mental illness. The Eligible Employee’s continued employment shall not constitute consent to, or a waiver of rights with respect to, any act or failure to act constituting Good Reason hereunder. For purposes of any determination regarding the existence of Good Reason, any good faith determination by the Eligible Employee that Good Reason exists shall be conclusive.

1.19 “ Mandatory Retirement Age ” means, solely for purposes of this Plan, age 75.

1.20 “ Notice of Termination ” shall have the meaning set forth in Section 3.6.

1.22 “ Pre-Retirement Age Period ” means the period immediately preceding an Eligible Employee’s Mandatory Retirement Age, which shall be three (3) years for a Tier I Employee and two (2) years for a Tier II Employee.

1.23 A “ Separation from Service ” means (i) an Eligible Employee ceases to provide any services to the Company in any capacity (whether as an employee or an independent contractor), other than bona fide services at a level that does not exceed more than fifty (50) percent of the average level of bona fide services (whether as an employee or an independent contractor) performed by the Eligible Employee over the preceding thirty-six (36) month period (or the full period of services to the Company if the Eligible Employee has been providing services to the Company for less than thirty-six (36) months), and (ii) the Company and the Eligible Employee reasonably anticipate that such cessation will be permanent. An Eligible Employee’s Separation from Service will be determined in accordance with Section 409A of the Code and Treasury Regulation Section 1.409A-1(h).

1.24 “ Severance ” means an Eligible Employee’s Separation from Service on or within two years immediately following the date of the Change in Control, (x) by the Employer other than for Cause, or (y) by the Eligible Employee for Good Reason. In addition, for purposes of this Plan, the Eligible Employee shall be deemed to have incurred a Severance, if (i) the Eligible Employee’s Separation from Service occurs because his employment is terminated by the Employer without Cause prior to a Change in Control (whether or not a Change in Control ever occurs) and such termination was at the request or direction of an Entity who has entered into an agreement with the Company the consummation of which would constitute a Change in Control or (ii) the Eligible Employee’s Separation from Service occurs because he or she terminates his or her employment for Good Reason prior to a Change in Control (whether or not a Change in Control ever occurs) and the circumstance or event which constitutes Good Reason occurs at the request or direction of such Entity. For purposes of any determination regarding the applicability of the immediately preceding sentence, any position taken by the Eligible Employee shall be presumed to be correct unless the Company establishes to the Board by clear and convincing evidence that such position is not correct. An Eligible Employee will not be considered to have incurred a Severance if his or her employment is discontinued by reason of the Eligible Employee’s death or a physical or mental condition causing such Eligible Employee's inability to substantially perform his or her duties with the Company, including, without limitation, such condition entitling him or her to benefits under any sick pay or disability income policy or program of the Company.

1.25 " Severance Date " means the date on which an Eligible Employee's Severance takes place.

1.26 " Severance Pay " means the payment determined pursuant to Section 2.1(a) hereof.

1.27 " Tier I Employee " means the Chief Executive Officer, the Chief Financial Officer and the General Counsel of the Company.

1.28 " Tier II Employee " means any corporate officer (other than an assistant officer) of the Company as the Committee determines, which employee is not a Tier I Employee.

Section 2. BENEFITS .

2.1 Severance Payments and Benefits . Each Eligible Employee who incurs a Severance shall be entitled, subject to Section 2.4, to receive the following payments and benefits from the Company.

(a) Severance Pay equal to the product of (i) the sum of (x) the Severed Employee's annual base salary, and (y) his or her target annual variable compensation with respect to the year in which the Change in Control occurs; provided, however, that in the event of an Eligible Employee's Severance prior to a Change in Control, the variable compensation component of the Severance Pay due under this Section 2.1(a) will be based on his or her target annual variable compensation with respect to the year prior to the year in which the Eligible Employee's Severance Date occurs; and (ii) the Applicable Multiplier. For purposes of this Section 2.1(a), annual base salary shall be the higher of (i) base monthly salary in the calendar month immediately preceding a Change in Control or (ii) base monthly salary in the calendar month immediately preceding the Severed Employee's Severance Date (in either case without regard to any reductions therein which constitute Good Reason) multiplied by twelve.

(b) A lump sum payment equal to a pro-rated amount of the Eligible Employee's target annual variable compensation with respect to the year in which the Change in Control occurs; provided, however, that in the event of an Eligible Employee's Severance prior to a Change in Control, the pro-rated variable compensation component of the Severance Pay due under this Section 2.1(b) will be based on the amount of annual variable compensation paid to the Eligible Employee under the Company's Incentive Compensation Plan(s) for the fiscal year prior to the year in which the Eligible Employee's Severance Date occurs; in either case, the payment due under this Section 2.1(b) will be pro-rated to reflect the number of days worked by the Eligible Employee in the fiscal year of Severance prior to such Severance Date.

(c) During the Applicable Period, or until the earlier commencement of employment by the Severed Employee with an employer providing benefits, the Company shall arrange to provide the Severed Employee and anyone entitled to claim through the Severed Employee life, accident and health (including medical, behavioral, prescription drug, dental and vision) benefits substantially similar to those provided to the Severed Employee and anyone entitled to claim through the Severed Employee immediately prior to Employee's Severance Date or, if more favorable to the Severed Employee, those provided to the Severed Employee and those entitled to claim through the Severed Employee immediately prior to the first occurrence of an event or circumstance constituting Good Reason, at no greater after tax cost to the Severed Employee than the after tax cost to the Severed Employee immediately prior to such Severance Date or occurrence.

(d) In addition to the retirement benefits to which the Severed Employee is entitled under each DC Pension Plan or any successor plan thereto, the Company shall pay the Severed Employee a lump sum amount, in cash, equal to the product of (i) the value of contributions or allocations actually made by the Company to all DC Pension Plans, on behalf of the Severed Employee, with respect to the calendar year immediately preceding the year in which the Change in Control occurs (but assuming such contributions and allocations had been based on the annualized base salary plus target annual variable compensation as determined in Section 2.1(a)) and (ii) the Applicable Multiplier. Such contributions or allocations shall specifically not include any employee deferrals or contributions, or any earnings.

(e) In addition to the retirement benefits to which the Severed Employee is entitled under each DB Pension Plan or any successor plan thereto, the Company shall pay the Severed Employee a lump sum amount, in cash, equal to the excess of the actuarial equivalent of the aggregate retirement pension (taking into account any early retirement subsidies associated therewith and determined in accordance with each of the DB Pension Plan's normal form of payment, commencing at the date (but in no event earlier than the end of the Applicable Period) as of which the actuarial equivalent of such form of payment is greatest) which the Severed Employee would have accrued and vested in under the terms of all DB Pension Plans determined:

(i) without regard to any amendment to any DB Pension Plan made subsequent to a Change in Control and on or prior to the date of the Severed Employee's Severance Date, which amendment adversely affects in any manner the computation of retirement benefits thereunder, and

(ii) as if the Severed Employee had accumulated (after the Severed Employee's Severance Date) a number of additional months of age and service credit thereunder as if the Severed Employee had remained employed by the Company during the Applicable Period (for all such purposes of determining pension benefits and eligibility for such benefits including all applicable retirement subsidies), and

(iii) as if the Severed Employee had been credited under each DB Pension Plan compensation for each full calendar month during the Applicable Period following the calendar month of the Severed Employee's Severance Date equal to the Severed Employee's annualized base salary plus target annual variable compensation as determined in Section 2.1(a) divided by twelve over the actuarial equivalent of the aggregate retirement pension (taking into account any early retirement subsidies associated therewith and determined in accordance with each of the DB Pension Plan's normal form of payment commencing at the date (but in no event earlier than the Severed Employee's Severance Date) as of which the actuarial equivalent of such form of payment is greatest) which the Severed Employee had accrued and vested in pursuant to the provisions of the DB Pension Plans as of the Severed Employee's Severance Date.

For purposes of this Section 2.1(e), "actuarial equivalent" shall be determined based upon the Severed Employee's age as of the Severed Employee's Severance Date using the same assumptions utilized under the Pension Plan for Certain Salaried Employees of Alcoa USA Corp., Section 8.3(d)(ii) or the successor to such provision (without regard to applicable dollar limitations) immediately prior to the Severed Employee's Severance Date or, if more favorable to the Severed Employee, immediately prior to the first occurrence of an event or circumstance constituting Good Reason.

(f) If the Severed Employee would have become entitled to benefits under the Company's post-retirement health care or life insurance plans, as in effect immediately prior to the Severed Employee's Severance Date or, if more favorable to the Severed Employee, as in effect immediately prior to the first occurrence of an event or circumstance constituting Good Reason, had the Severed Employee's employment terminated at any time during the Applicable Period, the Company shall provide such post-retirement health care or life insurance benefits to the Severed Employee and the Severed Employee's dependents commencing on the later of (i) the date on which such coverage would have first become available and (ii) the date on which benefits described in 2.1(c) terminate and ending upon the death of the Eligible Employee. Any such benefit, which is dependent on service or compensation shall be determined as if the Severed Employee had accumulated (after the Severed Employee's Severance Date) a number of additional months of age and service credit thereunder as if the Severed Employee had remained employed by the Company up to the foregoing commencement date, and as if the Severed Employee had been credited with compensation for each full calendar month following the calendar month of the Severed Employee's Severance Date up to the foregoing commencement date equal to the Severed Employee's annualized based salary as determined in Section 2.1(a) divided by twelve plus the Severed Employee's target annual variable compensation as determined in Section 2.1(a) divided by twelve. Except for the additional service and compensation during the Applicable Period, nothing herein is intended to provide the Severed Employee with benefits, which exceed the benefits provided to other participants in said post-retirement health care or life insurance plans, as in effect from time to time.

(g) The Company shall provide the Severed Employee with reasonable outplacement services suitable to the Severed Employee's position for a period of six (6) months or, if earlier, until the first acceptance by the Severed Employee of an offer of employment.

The amounts described in Sections 2.1(a), (b), (d) and (e) shall be paid to the Eligible Employee in a cash lump sum as soon as practicable after the Severance Date but in no event later than 60 days after the Severance Date; provided, that if the Severed Employee is, as of the Severance Date, a "specified employee" within the meaning of Section 409A of the Code as determined in accordance with the methodology duly adopted by the Company as in effect on the Severance Date, then such amounts shall instead be paid on the first business day following the date that is six months after the Severance Date (or if sooner, upon the death of the Severed Employee), with interest at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code, from the first business day after the Severance Date through the date of payment.

In order to comply with Section 409A of the Code, the following shall apply to health care benefits provided pursuant to Sections 2.1(c) and (f), the costs of which are not fully paid by the Severed Employee (the " Health Benefits "). Any and all reimbursements of eligible expenses made pursuant to the Health Benefits shall be made no later than the end of the calendar year next following the calendar year in which the expenses were incurred. The amount of expenses that are eligible for reimbursement or of in-kind benefits that are provided pursuant to the Health Benefits in any given calendar year shall not affect the expenses that are eligible for reimbursement or benefits to be provided pursuant to the Health Benefits in any other calendar year, except as specifically permitted by Treasury Regulation Section 1.409A-3(i)(iv)(B). The Severed Employee's right to the Health Benefits may not be liquidated or exchanged for any other benefit.

2.2 Excise Tax .

(a) In the event that the benefits provided for in this Plan (together with any other benefits or amounts) otherwise constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this Section 2.2 be subject to the Excise Tax, then the Eligible Employee's benefits under this Plan shall be either: (i) delivered in full, or (ii) delivered as to such lesser extent as would result in no portion of such benefits being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the Excise Tax, results in the receipt by the Eligible Employee on an after-tax basis, of the greatest amount of benefits, notwithstanding that all or a portion of such benefits may be subject to the Excise Tax. In the event of a reduction of benefits hereunder, the Accounting Firm (as defined below) shall determine which benefits shall be reduced so as to achieve the objective set forth in the preceding sentence. In no event shall the foregoing be interpreted or administered so as to result in an acceleration of payment or further deferral of payment of any amounts (whether under this Plan or any other arrangement) in violation of Section 409A of the Code.

(b) Unless the Company and the Eligible Employee otherwise agree in writing, all determinations required to be made under this Section 2.2, including the manner and amount of any reduction in the Eligible Employee's benefits under this Plan, and the assumptions to be utilized in arriving at such determinations, shall be promptly determined and reported in writing to the Company and the Eligible Employee by the Company's independent public accounting firm or other independent advisor selected by the Company that is not serving as the accounting firm or auditor for the individual, entity or group effecting the Change in Control (the " Accounting Firm "), and all such computations and determinations shall be conclusive and binding upon the Eligible Employee and the Company. All fees and expenses of the Accounting Firm shall be borne solely by the Company. For purposes of making the calculations required by this Section 2.2, the Accounting Firm may make reasonable assumptions and approximations concerning the application of Sections 280G and 4999 of the Code. The Company and the Eligible Employee shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably request to make a determination under this Section 2.2.

2.3 Legal Fees . The Company shall pay to the Eligible Employee all legal fees and expenses incurred by the Eligible Employee in disputing in good faith any issue hereunder or in seeking in good faith to obtain or enforce any benefit or right provided by this Plan; provided , that the payment of legal fees hereunder by the Company shall not be required if the Eligible Employee pursues such dispute in a manner inconsistent with the provisions of Sections 3.4 and 3.5 hereof; and provided further , that, the Eligible Employee shall be required to repay any such amounts to the Company to the extent that an arbitrator issues a final, unappealable order setting forth a determination that the position taken by the Eligible Employee was frivolous or advanced in bad faith. The Company shall pay to the Eligible Employee all legal fees and expenses incurred in connection with any tax audit or proceeding to the extent attributable to the application of Section 4999 of the Code to any payment or benefit provided hereunder. Such payments shall be made within fourteen (14) business days after delivery of the Eligible Employee's written requests for payment accompanied with such evidence of fees and expenses incurred as the Company reasonably may require. In order to comply with Section 409A of the Code, in no event shall the payments by the Company under this Section 2.3 be made later than the end of the calendar year next following the calendar year in which such fees and expenses were incurred, provided, that the Eligible Employee shall have submitted an invoice for such fees and expenses at least fourteen (14) business days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred. The amount of such legal fees and expenses that the Company is obligated to pay in any given calendar year shall not affect the legal fees and expenses that the Company is obligated to pay in any other calendar year, and the Eligible Employee's right to have the Company pay such legal fees and expenses may not be liquidated or exchanged for any other benefit.

2.4 Withholding . The Company shall be entitled to withhold from amounts to be paid to the Severed Employee hereunder any federal, state or local withholding or other taxes or charges (or foreign equivalents of such taxes or charges) which it is from time to time required to withhold.

2.5 Status of Plan Payments . Neither Severance Pay nor any payment made pursuant to Section 2.1(b), (d) or (e) hereof shall constitute "compensation" (or similar term) under the Company's and its Affiliates' employee benefit plans, including any DB Pension Plan or DC Pension Plan.

2.6 Mitigation; Setoff . The Severed Employee is not required to seek other employment or attempt in any way to reduce any amounts payable to him or her under the Plan. Further, except as specifically provided in Section 2.1(c), no payment or benefit provided for in this Plan shall be reduced by any compensation earned by the Severed Employee as a result of employment by another employer, by retirement benefits, by offset against any amount claimed to be owed by the Severed Employee to the Company or its Affiliates, or otherwise.

Section 3. PLAN ADMINISTRATION; CLAIMS PROCEDURES.

3.1 The Committee shall administer the Plan and may interpret and construe the terms of the Plan, prescribe, amend and rescind rules and regulations under the Plan and make all other determinations necessary or advisable for the administration of the Plan, subject to all of the provisions of the Plan, including, without limitation, Section 3.4. Any determination by the Committee shall be final and binding with respect to the subject matter thereof on all Eligible Employees.

3.2 The Committee may delegate any of its duties hereunder to such person or persons from time to time as it may designate.

3.3 The Committee is empowered, on behalf of the Plan, to engage accountants, legal counsel and such other personnel as it deems necessary or advisable to assist it in the performance of its duties under the Plan. The functions of any such persons engaged by the Committee shall be limited to the specified services and duties for which they are engaged, and such persons shall have no other duties, obligations or responsibilities under the Plan. Such persons shall exercise no discretionary authority or discretionary control respecting the management of the Plan. All reasonable expenses thereof shall be borne by the Company.

3.4 In the event of a claim by a Severed Employee, such Severed Employee shall present the reason for his or her claim, dispute or controversy in writing to the Committee. The Committee shall, within sixty (60) days after receipt of such written claim, dispute or controversy, send a written notification to the Severed Employee as to its disposition. In the event the claim, dispute or controversy is wholly or partially denied, such written notification shall (i) state the specific reason or reasons for the denial, (ii) make specific reference to pertinent Plan provisions on which the denial is based, (iii) provide a description of any additional material or information necessary for the Severed Employee to perfect the claim, dispute or controversy and an explanation of why such material or information is necessary, and (iv) set forth the procedure by which the Severed Employee may appeal the denial of his or her claim, dispute or controversy. In the event a Severed Employee wishes to appeal the denial of his or her claim, dispute or controversy he or she may request a review of such denial by making application in writing to the Committee within sixty (60) days after receipt of such denial. Such Severed Employee (or his or her duly authorized legal representative) may, upon written request to the Committee, review any documents pertinent to his or her claim, dispute or controversy and submit in writing, issues and comments in support of his or her position. Within sixty (60) days after receipt of a written appeal (unless special circumstances require an extension of time, but in no event more than one hundred twenty (120) days after such receipt), the Committee shall notify the Severed Employee of the final decision. The final decision shall be in writing and shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions on which the decision is based. Notwithstanding the foregoing, any claim, dispute or controversy regarding whether an Eligible Employee was terminated for Cause shall be submitted to the Board in accordance with Section 1.6, and upon the mutual agreement of the Severed Employee and the Committee, any claim, dispute or controversy that has been submitted by the Severed Employee in writing to the Committee may be submitted directly to arbitration in accordance with Section 3.5.

3.5 Any unresolved claim, dispute or controversy arising under or in connection with the Plan, and which is not resolved in accordance with Section 3.4, shall be settled exclusively by arbitration in New York City or at any other mutually agreed upon location. All claims, disputes and controversies shall be submitted to the CPR Institute for Dispute Resolution (" <u>CPR</u> ") in accordance with the CPR's rules then in effect; provided, however, that the evidentiary standards set forth in this Agreement shall apply. The claim, dispute or controversy shall be heard and decided by three arbitrators selected from CPR's employment panel. The arbitrator's decision shall be final and binding on all parties. Judgment may be entered on the arbitrator's award in any court having jurisdiction.

3.6 Any purported termination of an Eligible Employee's employment shall be communicated by written Notice of Termination from one party hereto to the other party in accordance with Section 5.7. For purposes of this Agreement, a " <u>Notice of Termination</u> " shall mean a notice which shall indicate the specific termination provision in this Plan relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Eligible Employee's employment under the provision so indicated, and shall specify the Severance Date (which, in the case of a termination by the Company, shall not be less than thirty (30) days and, in the case of a termination by the Eligible Employee, shall not be less than fifteen (15) days nor more than sixty (60) days, respectively, from the date such Notice of Termination is given). The Company and the Eligible Employee shall take all steps necessary (including with regard to any post-termination services by the Eligible Employee) to ensure that any termination described in this Section 3.6 constitutes a Separation from Service occurring on the Severance Date.

Section 4. PLAN MODIFICATION OR TERMINATION .

The Plan may be amended or terminated by the Board at any time; provided, however, that the Committee may make amendments to the Plan (i) that are required by law, (ii) that will have minimal effect upon the Company's cost of providing benefits, or (iii) that do not change or alter the character and intent of the Plan; and further provided that the Plan may not be terminated, or amended in any manner that adversely affects any Eligible Employee, (A) within two years immediately following a Change in Control, or (B) within one year prior to a Change in Control.

Section 5. GENERAL PROVISIONS .

5.1 Except as otherwise provided herein or by law, no right or interest of any Eligible Employee under the Plan shall be assignable or transferable, in whole or in part, either directly or by operation of law or otherwise, including without limitation by execution, levy, garnishment, attachment, pledge or in any manner; no attempted assignment or transfer thereof shall be effective; and no right or interest of any Eligible Employee under the Plan shall be liable for, or subject to, any obligation or liability of such Eligible Employee. When a payment is due under this Plan to an Eligible Employee who is unable to care for his or her affairs, payment may be made directly to his or her legal guardian or personal representative.

Nothing herein is intended to affect an employee's rights under any unemployment law or severance contract or plan.

5.2 Neither the establishment of the Plan, nor any modification thereof, nor the creation of any fund, trust or account, nor the payment of any benefits shall be construed as giving any Eligible Employee, or any person whomsoever, the right to be retained in the service of the Company or any Affiliate, and all Eligible Employees shall remain subject to discharge to the same extent as if the Plan had never been adopted.

5.3 If any provision of this Plan shall be held invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions hereof, and this Plan shall be construed and enforced as if such provisions had not been included.

5.4 This Plan shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors and assigns of the parties, including each Eligible Employee, present and future, and any successor to the Company. If an Eligible Employee shall die while any amount would still be payable to such Eligible Employee hereunder if the Eligible Employee had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Plan to the executor, personal representative or administrators of the Eligible Employee's estate.

5.5 The headings and captions herein are provided for reference and convenience only, shall not be considered part of the Plan, and shall not be employed in the construction of the Plan.

5.6 The Plan shall not be funded. No Eligible Employee shall have any right to, or interest in, any assets of the Company which may be applied by the Company to the payment of benefits or other rights under this Plan.

5.7 Any notice or other communication required or permitted pursuant to the terms hereof shall have been duly given when delivered or mailed by United States Mail, first class, postage prepaid, addressed to the intended recipient at his, her or its last known address.

5.8 This Plan shall be construed and enforced according to the laws of the state of Delaware to the extent not preempted by federal law, which shall otherwise control.

EXHIBIT 10.5

FORM OF AMENDED AND RESTATED INDEMNIFICATION AGREEMENT

This Amended and Restated Indemnification Agreement ("Agreement") is made as of August 1, 2017 and was originally effective as of November 1, 2016 (the "Effective Date"), by and between Alcoa Corporation, a Delaware corporation (the "Company"), and ___________("Indemnitee"). Except as provided herein, this Agreement supersedes and replaces any and all previous Agreements between the Company and Indemnitee covering the subject matter of this Agreement.

RECITALS

WHEREAS, the Board of Directors of the Company (the "Board") believes that highly competent persons have become more reluctant to serve publicly-held corporations as directors or officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company and its stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future;

WHEREAS, the Amended and Restated Bylaws of the Company (the "Bylaws") require indemnification of the officers and directors of the Company, and Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "DGCL"); however, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the Board has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified; and

WHEREAS, Indemnitee may not be willing to serve or continue to serve as an officer or director without the supplemental protections and indemnifications afforded to it under this Agreement.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to serve as a director or officer of the Company or as an agent of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that if Indemnitee is employed with the Company (or any of its subsidiaries or any Enterprise), such employment relationship is at will, and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect to service as a director or officer of the Company, by the Amended and Restated Certificate of Incorporation of the Company (the "Certificate of Incorporation"), the Bylaws and the DGCL. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as a director, officer or agent of the Company as provided in Section 16 hereof.

Section 2. Definitions. As used in this Agreement:

(a) References to "agent" shall mean any person who is or was a director, officer, or employee of the Company or a subsidiary of the Company or other person authorized by the Company to act for the Company, to include such person serving in such capacity as a director, officer, employee, fiduciary or other official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company.

(b) A "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

i. Acquisition of Stock by Third Party. Any one person or more than one person acting as a group (a " Person ") acquires, whether by purchase in the market, tender offer, reorganization, merger, statutory share exchange or consolidation, other similar transaction involving the Company or any of its subsidiaries or otherwise (a " Transaction "), common stock of the Company possessing 30% or more of the total voting power of the stock of the Company unless (A) all or substantially all of the individuals and entities that were the beneficial owners of the then-outstanding shares of common stock of the Company (the " Outstanding Company Common Stock ") or the combined voting power of the then outstanding voting securities of the Company (the " Outstanding Company Voting Securities ") immediately prior to such Transaction own, directly or indirectly, 50% or more of the then outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Transaction (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Transaction of the Outstanding Company Common Stock and the Outstanding

Company Voting Securities, as the case may be, and (B) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Transaction were members of the Board at the time of the Transaction (which in the case of a market purchase shall be the date 30% ownership was first acquired, in the case of a tender offer, when at least 30% of the Company's shares were tendered, and in other events upon the execution of the initial agreement or of the action of the Board providing for such Transaction); and provided, further, that, for purposes of this paragraph, the following acquisitions shall not constitute a Change in Control: (A) any acquisition directly from the Company, (B) any acquisition by the Company, or (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliate;

ii. Change in Board of Directors. A majority of the members of the Board is replaced during any 12-month period by (A) directors whose appointment or election is not endorsed by a majority of the Board before the date of such appointment or election and/or (B) whose appointment or election is in connection with an election contest or through use of proxy access procedures included in the Company's organizational documents;

iii. Corporate Transactions. Any Person acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such Person) assets of the Company that have a total gross fair market value of more than 40% of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions; or

iv. Liquidation. The consummation of a complete liquidation or dissolution of the Company.

Further and for the avoidance of doubt, a transaction will not constitute a Change in Control if its sole purpose is to (i) change the jurisdiction of the Company's incorporation, or (ii) create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

Provided, however, solely with respect to any amounts that the Committee determines to be subject to Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), (and not excepted therefrom), and a Change in Control is a distribution event for purposes of such amounts, the foregoing definition of Change in Control shall be interpreted, administered, limited and construed in a manner necessary to ensure that the occurrence of any such event shall result in a Change in Control only if such event qualifies as a change in the ownership or effective control of a corporation, or a change in the ownership of a substantial portion of the assets of a corporation, as applicable, within the meaning of Treasury Regulation Section 1.409A-3(i)(5).

(c) "Corporate Status" describes the status of a person who is or was a director, officer, employee or agent of the Company or of any other corporation, limited liability company, partnership or joint venture, trust or other enterprise which such person is or was serving at the request of the Company.

(d) "Disinterested Director" shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(e) "Enterprise" shall mean the Company and any other corporation, limited liability company, partnership, joint venture, trust or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, employee, agent or fiduciary.

(f) "Expenses" shall include all reasonable attorneys' fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include (i) Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, and (ii) for purposes of Section 14(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement, by litigation or otherwise. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(g) "Independent Counsel" shall mean a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past three years has been, retained to represent: (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(h) The term "Proceeding" shall include any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, legislative or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee's part while acting pursuant to Indemnitee's Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement or advancement of Expenses can be provided under this Agreement.

(i) Reference to "other enterprise" shall include employee benefit plans; references to "fines" shall include any excise tax assessed with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor, by reason of Indemnitee's Corporate Status. Pursuant to this Section 3, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses, judgments, fines and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding had no reasonable cause to believe that Indemnitee's conduct was unlawful. The parties hereto intend that this Agreement shall provide to the fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Certificate of Incorporation, the Bylaws, vote of its stockholders or Disinterested Directors or applicable law.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor by reason of Indemnitee's Corporate Status. Pursuant to this Section 4, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court (as hereinafter defined) or any court in which the Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness or otherwise asked to participate in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 8. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 3, 4, or 5, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) by reason of Indemnitee's Corporate Status.

(b) For purposes of Section 8(a), the meaning of the phrase "to the fullest extent permitted by applicable law" shall include, but not be limited to:

i. to the fullest extent permitted by the provision of the DGCL that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the DGCL, and

ii. to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 9. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification payment in connection with any claim involving Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision; or

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act (as defined in Section 2(b) hereof) or similar provisions of state statutory law or common law, (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or Section 904 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of the Company by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) except as provided in Section 14(d) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

Section 10. Advances of Expenses. Notwithstanding any provision of this Agreement to the contrary (other than Section 14(d)), the Company shall advance, to the extent not prohibited by law, the Expenses incurred and paid by Indemnitee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnitee or any Proceeding initiated by Indemnitee with the prior approval of the Board as provided in Section 9(c), and such advancement shall be made within twenty (20) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. In accordance with Section 14(d), advances shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that the Indemnitee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement, except as may be expressly required by the DGCL. This Section 10 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 9.

Section 11. Procedure for Notification and Defense of Claim.

(a) Indemnitee shall notify the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. The written notification to the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. The omission by Indemnitee to notify the Company hereunder will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement except to the extent that such delay materially and adversely affects the Company's ability to participate in the defense of such Proceeding, and any delay in so notifying the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) The Company will be entitled to participate in the Proceeding at its own expense and, except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any such Claim, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses subsequently directly incurred by Indemnitee in connection with Indemnitee's defense of such Claim other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its own legal counsel in such Claim, but all Expenses related to such counsel incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's own expense; provided , that if (i) Indemnitee's employment of its own legal counsel has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of such Claim, (iii) after a Change in Control, Indemnitee's employment of its own counsel has been approved by the Independent Counsel, or (iv) the Company shall not in fact have employed counsel to assume the defense of such Claim, then Indemnitee shall be entitled to retain its own separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any such Claim) and all Expenses related to such separate counsel shall be borne by the Company.

Section 12. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 11(a), a determination, if required by applicable law, with respect to Indemnitee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee, or (D) if so directed by the Board, by the stockholders of the Company; and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom. The Company promptly will advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) hereof, the Independent Counsel shall be selected as provided in this Section 12(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided , however , that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Delaware Court for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 12(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(a) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which Indemnitee reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that Indemnitee’s conduct was unlawful.

(c) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee’s action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of the Enterprise as to matters Indemnitee reasonably believes are within such Person’s professional or expert competence. The provisions of this Section 13(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

(d) The knowledge and/or actions, or failure to act, of any director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 14. Remedies of Indemnitee.

(a) Subject to Section 14(e), in the event that (i) a determination is made pursuant to Section 12 that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 10, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 12(a) within ninety (90) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6 or 7 or the second to last sentence of Section 12(a) within ten (10) days after receipt by the Company of a written request therefor, (v) payment of indemnification pursuant to Section 3, 4 or 8 is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification or (vi) in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by the Delaware Court of Indemnitee's entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 14(a). The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 12(a) that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 12(a) that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement. It is the intent of the Company that, to the fullest extent permitted by law, the Indemnitee not be required to incur legal fees or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnitee hereunder. The Company shall, to the fullest extent permitted by law, indemnify Indemnitee against any and all Expenses and, if requested by Indemnitee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company if, in the case of indemnification, Indemnitee is wholly successful on the underlying claims; if Indemnitee is not wholly successful on the underlying claims, then such indemnification shall be only to the extent Indemnitee is successful on such underlying claims or otherwise as permitted by law, whichever is greater.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnitee to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

Section 15. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Certificate of Incorporation, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Certificate of Incorporation, the Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, employees, or agents of the Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The

Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event of any payment made by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such other corporation, limited liability company, partnership, joint venture, trust or other enterprise.

Section 16. Duration of Agreement; Successors and Assigns. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or (b) one (1) year after the final termination of any Proceeding then pending in respect of which Indemnitee is granted rights of indemnification or advancement of Expenses hereunder and of any proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement relating thereto. The indemnification and advancement of expenses rights provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 17. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 18. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director or officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director or officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Certificate of Incorporation, the Bylaws and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 19. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 20. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide to the Company.

(b) If to the Company to

Alcoa Corporation
201 Isabella Street
Pittsburgh, PA 15212
Attn: General Counsel

or to any other address as may have been furnished to Indemnitee by the Company.

Section 21. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

Section 22. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Court of Chancery of the State of Delaware (the “Delaware Court”), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, irrevocably The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 as its agent in the State of Delaware as such party’s agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 24. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof. This Agreement is a supplement to and in furtherance of the Certificate of Incorporation and the Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

ALCOA CORPORATION	INDEMNITEE
By: ______________________________	______________________________
Name:	Name:
Office:	Address: ______________________________
	______________________________
	______________________________

[Signature Page to Indemnification Agreement]

EXHIBIT 15

August 3, 2017

Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

RE: Alcoa Corporation

Commissioners:

We are aware that our report dated August 3, 2017 on our review of interim financial information of Alcoa Corporation and its subsidiaries (Alcoa Corporation) for the three- and six-month periods ended June 30, 2017 and 2016 and included in Alcoa Corporation's quarterly report on Form 10-Q for the quarter ended June 30, 2017 is incorporated by reference in its Registration Statements on Form S-8 (Nos. 333-214420, 333-214423, and 333-218038).

Very truly yours,

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania

Certifications

I, Roy C. Harvey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alcoa Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2017

/s/ ROY C. HARVEY

Name: Roy C. Harvey
Title: President and Chief Executive Officer

I, William F. Oplinger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Alcoa Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 3, 2017

/s/ WILLIAM F. OPLINGER

Name: William F. Oplinger
Title: Executive Vice President and Chief Financial Officer

EXHIBIT 32

Certification
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), each of the undersigned officers of Alcoa Corporation, a Delaware corporation (the " Company "), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended June 30, 2017 (the " Form 10-Q ") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 3, 2017	/s/ ROY C. HARVEY
	Name: Roy C. Harvey
	Title: President and Chief Executive Officer
Date: August 3, 2017	/s/ WILLIAM F. OPLINGER
	Name: William F. Oplinger
	Title: Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.

MINE SAFETY DISCLOSURE

At Alcoa Corporation, management strives to work safely in a manner that protects and promotes the health and well-being of the Company's employees, contractors, and the communities in which Alcoa Corporation operates because it is fundamentally the right thing to do. Despite uncertainties and economic challenges, Alcoa Corporation remains committed to living its values and managing risks accordingly.

Alcoa Corporation's health and safety systems are anchored by committed people who are actively engaged and effectively support a safe work environment, safe work methods, and overall production system stability. Each day, people at all levels proactively monitor and intervene to defend against weaknesses that develop in Alcoa Corporation's safety systems by identifying potential hazards and error-likely situations and responding to eliminate or control them.

In the table below, there are disclosures involving the Point Comfort, TX alumina refinery. All citations have been or are being addressed. None constituted an imminent danger.

Dodd-Frank Act Disclosure of Mine Safety and Health Administration Safety Data

Certain of Alcoa Corporation's U.S. facilities are subject to regulation by the Mine Safety and Health Administration (MSHA) under the U.S. Federal Mine Safety and Health Act of 1977 (the "Mine Act"). The MSHA inspects these facilities on a regular basis and issues various citations and orders when it believes a violation has occurred under the Mine Act. Whenever the MSHA issues a citation or order, it also generally proposes a civil penalty, or fine, related to the alleged violation. Citations or orders can be contested and appealed, and as part of that process, are often reduced in severity and amount, and are sometimes dismissed.

Management believes the following mine safety disclosures meet the requirements of section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act").

Mine Safety Data. The table and other data below present mine safety information related to Alcoa Corporation's U.S. facilities subject to MSHA regulation, as required by section 1503(a)(1) of the Dodd-Frank Act. The following data reflects citations and orders received from the MSHA during the quarter ended June 30, 2017, as reflected in the MSHA system on June 30, 2017, and the proposed penalties received from the MSHA during such period. ($ in full amounts)

Mine or Operating Name/MSHA Identification Number (1)	Section 104 S&S Citations (3) (#)	Section 104(b) Orders (4) (#)	Section 104(d) Citations and Orders (5) (#)	Section 110(b)(2) Violations (6) (#)	Section 107(a) Orders (7) (#)	Total Dollar Value of MSHA Assessments Pro-posed (8) ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violations Under Section 104(e) (yes/no)	Received Notice of Potential to Have Pattern Under Section 104(e) (yes/no)	Legal Actions Pending as of Last Day of Period (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Point Comfort, TX Alumina Refinery (2)	—	—	—	—	—	$ 0	—	no	no	6	1	6

(1) The MSHA assigns an identification number to each mine or operation and may or may not assign separate identification numbers to related facilities. The information provided in this table is presented by mine or operation rather than the MSHA identification number because that is how Alcoa Corporation manages and operates its business, and management believes that this presentation is more useful to investors.

(2) Under the Interagency Agreement dated March 29, 1979 between the MSHA, the U.S. Department of Labor, and The Occupational Safety and Health Administration, alumina refineries (such as Alcoa Corporation's Point Comfort facility) are subject to MSHA jurisdiction.

(3) Represents the total number of citations issued under section 104 of the Mine Act, for violations of mandatory health or safety standards that could significantly and substantially contribute to a serious injury if left unabated. This includes the citations listed under the column headed §104(d).

(4) Represents the total number of orders issued under section 104(b) of the Mine Act, which represents a failure to abate a citation under section 104(a) within the period prescribed by the MSHA. This results in an order of immediate withdrawal from the area of the mine affected by the condition until the MSHA determines that the violation has been abated.

(5) Represents the total number of citations and orders issued under section 104(d) of the Mine Act for unwarrantable failure to comply with mandatory health or safety standards.

(6) Represents the total number of flagrant violations identified under section 110(b)(2) of the Mine Act.

(7) Represents the total number of imminent danger orders issued under section 107(a) of the Mine Act.

(8) Amounts represent the total dollar value of proposed assessments received.

During the quarter ended June 30, 2017, Alcoa Corporation had no mining-related fatalities, and none of the Company's mining operations received written notice from the MSHA of a pattern of, or the potential to have a pattern of, violations of mandatory health or safety standards that are of such nature as could have significantly and substantially contributed to the cause and effect of mine health or safety hazards under section 104(e) of the Mine Act.

The Federal Mine Safety and Health Review Commission (the "Commission") is an independent adjudicative agency that provides administrative trial and appellate review of legal disputes arising under the Mine Act. As of June 30, 2017, Alcoa Corporation had a total of 6 matters pending before the Commission. Five of these matters concern contests of citations or orders issued under section 104 of the Mine Act, along with the contests of the proposed penalties for each of these. The other matter was a retaliation complaint filed by an employee, which was dismissed by an Administrative Law Judge on September 28, 2016. The employee has appealed the dismissal to the Commission, where the matter is pending. All of these matters concern citations, orders or proposed assessments issued by MSHA during 2017 (one), 2016 (one), 2015 (three) or 2014 (one).