ALCOA CORPORATION ANNOUNCES PENSION FUNDING AFTER CLOSING OF DEBT OFFERING

May 22, 2018

PITTSBURGH--(BUSINESS WIRE)-- Alcoa Corporation (NYSE:AA) today made discretionary contributions to its U.S. pension plans of $500 million, the gross proceeds of a recently closed debt offering.

On May 17, 2018, Alcoa Nederland Holding B.V., a wholly-owned subsidiary of Alcoa, closed its offering of $500 million aggregate principal amount of 6.125 percent senior notes due 2028. The notes were sold in a private placement to qualified institutional buyers in accordance with Rule 144A under the Securities Act of 1933, as amended, (the "Securities Act") and to certain non-United States persons in offshore transactions in accordance with Regulation S under the Securities Act.

"This discretionary funding is in complete alignment with our strategic priority to strengthen the balance sheet, as it reduces near-term pension funding risk using a fixed-rate, 10-year maturity instrument," said Executive Vice President and Chief Financial Officer William Oplinger. "Further, because the debt increase is offset by a lower net pension liability, it is leverage neutral and does not impact our 2018 capital allocation strategy."

As the Company has previously publicly stated, including in its May 2018 investor presentation, Alcoa's 2018 capital allocation framework is to:

- Maintain liquidity with a cash balance greater than $1 billion;
- Spend approximately $300 million in sustaining capital expenditures;
- Drive value creation through approximately $150 million in return-seeking capital expenditures;
- Optimize liabilities by reducing debt and pension/other postretirement employee benefits liabilities by a combined approximately $300 million, plus additional reductions with 50 percent of excess cash above $1 billion cash balance; and
- Return cash to stockholders using the remaining 50 percent of excess cash above the $1 billion cash balance.

In April 2018, Alcoa optimized roughly one third of its targeted $300 million in liabilities when the Company purchased group annuity contracts and transferred approximately $555 million in obligations, and related assets, of defined benefit pension plans in Canada. As part of the annuity agreements, Alcoa contributed approximately $95 million to facilitate the annuity transaction and maintain the funding level of the remaining plan obligations.

In the remainder of 2018, Alcoa expects to achieve further liability optimization of approximately $200 million, either through discretionary contributions to its pension plans, reducing funded debt in Brazil, or both.

About Alcoa

Alcoa is a global industry leader in bauxite, alumina, and aluminum products, and is built on a foundation of strong values and operating excellence dating back nearly 130 years to the world-changing discovery that made aluminum an affordable and vital part of modern life. Since developing the aluminum industry, and throughout our history, our talented Alcoans have followed on with breakthrough innovations and best practices that have led to efficiency, safety, sustainability, and stronger communities wherever we operate.

Forward-Looking Statements

This press release 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," "intends," "may," "outlook," "plans," "projects," "seeks," "sees," "should," "targets," "will," "would," or other words of similar meaning. All statements that reflect Alcoa's expectations, assumptions or projections about the future, other than statements of historical fact, are forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties, and changes in circumstances that are difficult to predict. Although Alcoa 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. Additional information concerning factors that could cause actual results to differ materially from those projected in the forward-looking statements is contained in our filings with the Securities and Exchange Commission. Alcoa disclaims any obligation to update publicly any forward-looking statements, whether in response to new information, future events or otherwise, except as required by applicable law.

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