

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

| For the year ended December 31, | 2018 | 2017 | 2016 |
|--|-------------|-------------|--------------|
| Sales (E) | \$ 13,403 | \$ 11,652 | \$ 9,318 |
| Cost of goods sold (exclusive of expenses below) | 10,081 | 8,991 | 7,877 |
| Selling, general administrative, and other expenses | 248 | 280 | 356 |
| Research and development expenses | 31 | 32 | 33 |
| Provision for depreciation, depletion, and amortization | 733 | 750 | 718 |
| Restructuring and other charges (D) | 527 | 309 | 318 |
| Interest expense (S) | 122 | 104 | 243 |
| Other expenses (income), net (S) | 64 | 27 | (65) |
| Total costs and expenses | 11,806 | 10,493 | 9,480 |
| Income (Loss) before income taxes | 1,597 | 1,159 | (162) |
| Provision for income taxes (P) | 726 | 600 | 184 |
| Net income (loss) | 871 | 559 | (346) |
| Less: Net income attributable to noncontrolling interest | 644 | 342 | 54 |
| Net Income (Loss) Attributable to Alcoa Corporation | 227 | 217 | (400) |
| Earnings per Share Attributable to Alcoa Corporation Common Shareholders (F): | | | |
| Basic | \$ 1.22 | \$ 1.18 | \$ (2.19) |
| Diluted | \$ 1.20 | \$ 1.16 | \$ (2.19) |

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

Alcoa Corporation and subsidiaries
Consolidated Balance Sheet
(in millions)

| December 31, | 2018 | 2017 |
|---|------------------|------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents (O) | \$ 1,113 | \$ 1,358 |
| Receivables from customers | 830 | 811 |
| Other receivables | 173 | 232 |
| Inventories (I) | 1,644 | 1,453 |
| Fair value of derivative instruments (O) | 73 | 113 |
| Prepaid expenses and other current assets | 301 | 271 |
| Total current assets | 4,134 | 4,238 |
| Properties, plants, and equipment, net (J) | 8,327 | 9,138 |
| Investments (H) | 1,360 | 1,410 |
| Deferred income taxes (P) | 560 | 814 |
| Fair value of derivative instruments (O) | 82 | 128 |
| Other noncurrent assets (S) | 1,475 | 1,719 |
| Total Assets | \$ 15,938 | \$ 17,447 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable, trade | \$ 1,663 | \$ 1,898 |
| Accrued compensation and retirement costs | 400 | 459 |
| Taxes, including income taxes | 426 | 282 |
| Fair value of derivative instruments (O) | 82 | 185 |
| Other current liabilities (C) | 347 | 412 |
| Long-term debt due within one year (L & O) | 1 | 16 |
| Total current liabilities | 2,919 | 3,252 |
| Long-term debt, less amount due within one year (L & O) | 1,801 | 1,388 |
| Accrued pension benefits (N) | 1,407 | 2,341 |
| Accrued other postretirement benefits (N) | 868 | 1,100 |
| Asset retirement obligations (Q) | 529 | 617 |
| Environmental remediation (R) | 236 | 258 |
| Fair value of derivative instruments (O) | 261 | 1,105 |
| Noncurrent income taxes (P) | 301 | 309 |
| Other noncurrent liabilities and deferred credits (S) | 222 | 279 |
| Total liabilities | 8,544 | 10,649 |
| Contingencies and commitments (R) | | |
| Equity | | |
| Alcoa Corporation shareholders' equity: | | |
| Common stock (M) | 2 | 2 |
| Additional capital | 9,611 | 9,590 |
| Retained earnings | 341 | 113 |
| Accumulated other comprehensive loss (G) | (4,565) | (5,182) |
| Total Alcoa Corporation shareholders' equity | 5,389 | 4,523 |
| Noncontrolling interest (A) | 2,005 | 2,275 |
| Total equity | 7,394 | 6,798 |
| Total Liabilities and Equity | \$ 15,938 | \$ 17,447 |

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

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

| For the year ended December 31, | 2018 | 2017 | 2016 |
|---|-----------------|-----------------|---------------|
| Cash from Operations | | | |
| Net income (loss) | \$ 871 | \$ 559 | \$ (346) |
| Adjustments to reconcile net income (loss) to cash from operations: | | | |
| Depreciation, depletion, and amortization | 733 | 752 | 718 |
| Deferred income taxes (P) | (36) | 176 | (46) |
| Equity earnings, net of dividends (H) | 17 | 9 | 48 |
| Restructuring and other charges (D) | 527 | 309 | 318 |
| Net gain from investing activities—asset sales (S) | — | (116) | (164) |
| Net periodic pension benefit cost (N) | 146 | 111 | 66 |
| Stock-based compensation (M) | 35 | 24 | 28 |
| Other | (59) | 32 | (16) |
| Changes in assets and liabilities, excluding effects of acquisitions, divestitures, and foreign currency translation adjustments: | | | |
| (Increase) in receivables | (43) | (118) | (234) |
| (Increase) Decrease in inventories | (278) | (238) | 1 |
| (Increase) Decrease in prepaid expenses and other current assets | (32) | 43 | (52) |
| (Decrease) Increase in accounts payable, trade | (165) | 377 | 6 |
| (Decrease) in accrued expenses | (319) | (563) | (320) |
| Increase (Decrease) in taxes, including income taxes | 241 | 111 | (148) |
| Pension contributions (N) | (992) | (106) | (66) |
| (Increase) in noncurrent assets | (101) | (99) | (184) |
| (Decrease) Increase in noncurrent liabilities | (97) | (39) | 80 |
| Cash provided from (used for) operations | 448 | 1,224 | (311) |
| Financing Activities | | | |
| Net transfers from former parent company | — | — | 806 |
| Cash paid to former parent company related to separation (A) | — | (247) | (1,072) |
| Net change in short-term borrowings (original maturities of three months or less) | — | 7 | (4) |
| Additions to debt (original maturities greater than three months) (L) | 560 | 21 | 1,228 |
| Payments on debt (original maturities greater than three months) (L) | (135) | (60) | (34) |
| Proceeds from the exercise of employee stock options (M) | 23 | 43 | 10 |
| Repurchase of common stock (M) | (50) | — | — |
| Contributions from noncontrolling interest (A) | 149 | 80 | 48 |
| Distributions to noncontrolling interest | (827) | (342) | (233) |
| Other | (8) | (8) | — |
| Cash (used for) provided from financing activities | (288) | (506) | 749 |
| Investing Activities | | | |
| Capital expenditures | (399) | (405) | (404) |
| Proceeds from the sale of assets and businesses (C) | 1 | 245 | 112 |
| Additions to investments (H) | (7) | (66) | (3) |
| Sales of investments (H) | — | — | 146 |
| Cash used for investing activities | (405) | (226) | (149) |
| Effect of exchange rate changes on cash and cash equivalents and restricted cash | (4) | 14 | 13 |
| Net change in cash and cash equivalents and restricted cash | (249) | 506 | 302 |
| Cash and cash equivalents and restricted cash at beginning of year | 1,365 | 859 | 557 |
| Cash and cash equivalents and restricted cash at end of year | \$ 1,116 | \$ 1,365 | \$ 859 |

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