

**THIRD AMENDMENT TO  
COLLATERAL DEPOSIT AGREEMENT  
to the  
POWER SALES AGREEMENT BY AND AMONG  
PUBLIC UTILITY DISTRICT NO. 1 OF CHELAN COUNTY, WASHINGTON,  
ALCOA POWER GENERATING INC. AND ALCOA CORPORATION**

This Third Amendment to Collateral Deposit Agreement (the "Third Amendment"), dated as of May \_\_, 2017 (the "Amendment Date") by and among Public Utility District No. 1 of Chelan County, Washington (the "District"), Alcoa Power Generating, Inc. ("APGI") and Alcoa Corporation ("Alcoa") (collectively, APGI and Alcoa are referred to herein as the "Purchaser" and, collectively with the District, the "Parties" or individually, a "Party").

The District, APGI and Alcoa (as assignee from its former parent company Alcoa Inc.) are parties to that certain Collateral Deposit Agreement made effective as of June 14, 2013, as amended by the First Amendment to the Collateral Deposit Agreement dated February 13, 2015 and by the Second Amendment to the Collateral Deposit Agreement dated November 2, 2016 (collectively, the "CDA") to provide credit assurances to secure Alcoa's and APGI's Obligations under a Power Sales Agreement dated as of July 14, 2008, which was thereafter amended by that certain Amendment One to Power Sales Agreement dated as of August 23, 2011, by Amendment Two to Power Sales Agreement made effective as of March 31, 2014, and by Amendment Three to the Power Sales Agreement dated November 2, 2016, each by and among the District, APGI and Alcoa (collectively the "PSA"). Pursuant to the PSA, the District has supplied energy for Alcoa's aluminum plant in Chelan County known as Wenatchee Works.

Pursuant to the PSA, Alcoa is required to pay a Shutdown Settlement Amount if Wenatchee Works remains Shutdown for the eighteen month period ending June 18, 2017. Were that to occur, pursuant to Appendix E of the PSA, as amended, the Shutdown Settlement Amount of \$66,949,573 would be due to the District on June 19, 2017. Alcoa has advised that the economics do not currently support a restart of Wenatchee Works and Alcoa has requested a deferral of its obligation to pay the Shutdown Settlement Amount on June 19, 2017, to preserve the opportunity for restart at a later date. The District is agreeable to a partial deferral of that payment under the terms and conditions set forth in Amendment Four to the Power Sales Agreement dated as of the date hereof ("Amendment Four," and collectively with the PSA, the "Agreement"). The obligations of the Purchaser to the District under the Agreement are required to be secured in accordance with the provisions of the CDA which sets forth the collateral posting requirements for Performance Assurance as defined in the Agreement and the conditions under which the District will be required to release and return Performance Assurance. To the extent there are any inconsistencies between the terms and conditions of the Agreement and the CDA, as amended hereby, the CDA shall prevail.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein provided, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the Parties agree to amend the CDA as follows:

1. Definitions. All terms used herein in capitalized form and not otherwise herein defined have the meanings ascribed to such terms in the CDA and the Agreement.

2. Amendments to Definitions. The following definitions in Section 1 of the CDA are hereby amended to read as follows:

“Agreement” means the Power Sales Agreement dated as of July 14, 2008, among the District, APCI, and Alcoa (as assignee from its former parent company Alcoa Inc), as amended by that certain Amendment One to Power Sales Agreement dated as of August 23, 2011, by Amendment Two to Power Sales Agreement made effective as of March 31, 2014, by Amendment Three to Power Sales Agreement dated as of November 2, 2016 and by Amendment Four to Power Sales Agreement dated as of May \_\_, 2017, each among the District, APCI and Alcoa, as the same may be thereafter amended from time to time.

3. Addition of Section 4(f). A new Section 4(f) is hereby added to the CDA as follows:

(f) As a result of Amendment Four to the Power Sales Agreement and notwithstanding anything to the contrary contained herein, the Collateral Requirement required under the CDA, and the Performance Assurance required under the PSA, currently in the amount of \$83,025,254, will remain the same, without recalculation, through June 20, 2018. A new Collateral Requirement calculation would be performed by June 20, 2018 in accordance with the CDA and the Agreement.

4. Preservation of CDA; Reaffirmation. Except as modified and amended by the terms hereof, the terms and provisions of the CDA are incorporated herein by reference as if expressly set forth herein, are hereby reaffirmed and shall remain in full force and effect. The parties acknowledge that no other amendment or modification to the CDA, whether oral or in writing, has been made from the date of its execution.

5. Authority to Sign. Each individual signing this Third Amendment on behalf of a Party warrants that he or she has all necessary power and authority to sign on behalf of and bind that Party.

6. Execution. This Third Amendment may be executed in any number of counterparts and by the Parties on separate counterparts, each of which, when so executed and delivered, shall be an original, but all such counterparts shall together constitute but one and the same instrument.

*[Signature Pages to Follow]*

IN WITNESS HEREOF, the Parties have executed this Third Amendment as of the date first written above.

**“District”**

**Public Utility District No. 1  
of Chelan County, Washington**

By: \_\_\_\_\_

Print name: \_\_\_\_\_

Title: General Manager

Date: \_\_\_\_\_

**“Purchaser”**

**Alcoa Power Generating Inc.**

By: \_\_\_\_\_

Print name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Alcoa Corporation**

By: \_\_\_\_\_

Print name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

