

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

This Second Amendment to Collateral Deposit Agreement (the “Collateral Agreement”), dated as of \_\_\_\_\_, 2016 (the “Effective Date”) between Public Utility District No. 1 of Chelan County, Washington (“the District”), Alcoa Power Generating, Inc. (“APGI”) and Alcoa Corp. (“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, Inc. (“Former Alcoa”) have heretofore entered into 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 (collectively, the “Original CDA”) to provide credit assurances to secure the Former 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 August 23, 2011 and by Amendment Two to Power Sales Agreement made effective as of March 31, 2014, each between the District, APGI and Former Alcoa (collectively the “Original PSA”).

Former Alcoa has undergone a restructuring pursuant to which Former Alcoa conveyed its worldwide aluminum operations, including Wenatchee Works, to Alcoa Corp., and has assigned to Alcoa Corp., and Alcoa Corp. as assumed, all of Former Alcoa’s rights and obligations under the Original PSA, as amended by Amendment Three to Power Sales Agreement between the Purchaser and the District, dated as of the date hereof (collectively, the “Agreement”) and all of Former Alcoa’s obligations under the Original CDA. The District has consented to such assignments, subject to Alcoa Corp.’s assumption of Former Alcoa’s obligations under the Original CDA, as amended hereby, and the satisfaction of certain other conditions. Alcoa Corp. has agreed, and by the execution hereof, hereby evidences its agreement, to assume and perform such obligations. The Obligations of the Purchaser to the District under the Agreement are intended to be secured in accordance with the provisions of Original CDA, as amended hereby, which sets forth the administration of any required 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 Ordinal CDA as amended hereby (collectively, the “Collateral Agreement”), the Collateral Agreement 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 Original 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 Original CDA and the Agreement.

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

“Agreement” means the Power Sales Agreement dated as of July 14, 2008, among APGI, Alcoa, Inc. and the District , as amended by that certain Amendment One to Power Sales Agreement dated as August 23, 2011 and by Amendment Two to Power Sales Agreement made effective as of March 31, 2014, each between the District, APGI and Alcoa, Inc., and as further amended by Amendment Three to Power Sales Agreement dated as of \_\_\_\_\_, 2016 among the District, APGI and Alcoa Corp. as the same may be thereafter amended from time to time.

3. Amendment to Section 4(c). Section 4(c) of the Original CDA is hereby amended to read in its entirety as follows:

(c) The “Collateral Requirement” is the amount calculated, as of the date of the notice, which is equal to the sum of:

the greater of (i) the highest three (3) months of Periodic Payments, as defined in the Agreement, due in the twelve (12) months preceding the date of calculation or (ii) the amount that the District estimates will be the sum of the highest three (3) months of Periodic Payments that will become due in the twelve (12) month period immediately following the month in which such calculation is made,

And

the greater of (i), an amount equal to the Shutdown Settlement Amount for the applicable fiscal year in which the calculation is made (to be adjusted each fiscal year thereafter during which collateralization is required, based on the amounts shown in Column B of Appendix E of the Agreement, as adjusted by “Amendment Two to Restated and Amended Industrial Power Sales Contract” dated 7/14/08), which amount shall be deemed to

be zero upon payment in full of the Shutdown Settlement Amount, or (ii) an amount equal to \$40 million.

At the written request of either Party based upon a change in facts or circumstances, the other Party agrees to negotiate in good faith amendments (increases and decreases) to the Collateral Requirement described in this clause, to the extent warranted.

4. Amendment to Definition of “Excess Performance Assurance”. The definition of “Excess Performance Assurance” contained in Section 5 of the Original CDA is hereby amended to read as follows:

“Excess Performance Assurance” is an amount, calculated as of the date of the demand, which is equal to (x) less (y), but no less than zero, where:

(x) is the net sum of

the Value of Performance Assurance provided by or credited to the Purchaser for the benefit of the District and not released as of the time the Purchaser made the demand, and

(y) is the net sum of

the greater of (i) the highest three (3) months of Periodic Payments, as defined in the Agreement, due in the twelve (12) months preceding the date of calculation or (ii) the amount that the District estimates will be the sum of the highest three (3) months of Periodic Payments that will become due in the twelve (12) month period immediately following the month in which such calculation is made,

And

the greater of (i), an amount equal to the Shutdown Settlement Amount for the applicable fiscal year in which the calculation is made (to be adjusted each fiscal year thereafter during which collateralization is required, based on the amounts shown in Column B of Appendix E of the Agreement, as adjusted by “Amendment Two to Restated and Amended Industrial Power Sales Contract” dated 7/14/08), which amount shall be deemed to be zero upon payment in full of the Shutdown Settlement Amount, or (ii) an amount equal to \$40 million.

At the written request of either Party based upon a change in facts or circumstances, the other Party agrees to negotiate in good faith amendments (increases and decreases) to the Collateral Requirement described in clause (y), to the extent warranted.

5. Effective Date; Preservation of Original CDA; Reaffirmation.

Except as modified and amended by the terms hereof, the terms and provisions of the Original CDA are hereby 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 Original CDA, whether oral or in writing, has been made from the date of its execution.

6. Assumption of Liabilities and Obligations.

For the avoidance of doubt, Alcoa Corp., by its execution hereof, hereby assumes and agrees to pay and perform the duties, obligations and liabilities of Former Alcoa under the Original CDA, as modified hereby, whether arising before or after the execution hereof.

7. Authority to Sign.

Each individual signing this Second Amendment on behalf of a Party warrants that he or she has the full power and authority to sign on behalf of and bind that Party.

8. Execution.

This Second 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 caused this Second Amendment to be duly executed effective as of the date first written above.

**The District**

**The Purchaser**

Public Utility District No. 1 of Chelan County

Alcoa Power Generating Inc.

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Alcoa Corp.

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